

Group Annual Report 2021



The RCN Foundation Group Annual Report and Financial Statements 1 January to 31 December 2021

Contents

| | |
|------------------------------------------|----|
| Introduction from the Chair and Director | 3 |
| Report of the Trustees | 4 |
| Financial review | 20 |
| Principal risks and uncertainties | 24 |
| Board of Trustees | 26 |
| Reference and administrative details | 27 |
| Structure, governance and management | 29 |
| Thank you to all our supporters | 32 |
| Statement of Trustees' responsibilities | 34 |
| Independent auditor's report | 35 |
| Financial statements | 39 |

Our purpose is to support and strengthen nursing and midwifery to improve the health and wellbeing of the public.

Our values are to be:

- **relevant for today and ready for tomorrow**
- **focused on impact**
- **accountable**
- **ambitious.**

Registered Charity: 1134606 | Scottish Registered Charity: SC043663 | Registered Company: 7026001

This document has been designed in collaboration with RCN members to ensure it meets most accessibility standards. However, if this does not fit your requirements, please contact corporate.communications@rcn.org.uk



Introduction from the RCN Foundation Chair and Director

The RCN Foundation Group Annual Report shares highlights from our work in 2021 and sets out our plans for 2022. It also contains our financial statements for 2021.

As the pandemic continued across the UK and beyond, our work to support and strengthen the health and social care nursing and midwifery teams remained our top priority. Having quickly reorientated our work in 2020 so that we could provide emergency assistance to those in the professions hardest hit by the pandemic, we hoped that 2021 would become a year of trying to rebalance our work. It quickly became clear that this was not to be the case.

Alongside our ambition to deliver on our long-term priorities, we realised that we would need to 'flex and pivot' in order to address the ongoing challenges posed by the pandemic, not only for nursing and midwifery, but also for our own organisation. We faced a number of challenges brought on by the pandemic that had an impact on our programmes, operations and finances at a time when nursing and midwifery staff most needed us. These included fewer community fundraising events leading to less income in this area and slower delivery of some of our projects due to staff shortages.

However, our firm commitment to nursing and midwifery, to the health and care sectors, and to patients, those who needed support and their families, did not falter. We continued to provide a safety net through our benevolent grants, increased clinical skills and expertise through our education grants, and funded projects that will not only advance our knowledge of the impact of the pandemic on nursing practice, but also improve the care of some of society's most vulnerable individuals. Our annual report sets out what we have achieved in 2021 as well as the challenges that we faced.

During 2021, the work of our subsidiary charity, the COVID-19 Healthcare Support Appeal, continued to deliver tangible benefit and impact for wider health and care staff affected by the pandemic. The charity, set up following a £5m donation from TikTok, allocated the majority of its funding in grants to organisations working in health and social care. In 2021, the charity made grants totalling nearly £1.7m to 20 organisations. Since the start of the pandemic, over 9,000 individuals have been supported. Having fulfilled the purpose for which it was established, the charity intends to close at the end of 2022.

There is no doubt that it has been a tough 12 months for everyone involved in health and care and that it will continue to be so for the foreseeable future. We will continue to support collective efforts to build the longer-term recovery and resilience of the health and care sectors which is so vitally needed through the work that we do. It has never been more important to work together, and we can only look to the future with hope by doing so.

To all those who supported us this year, and made our work possible, we say a huge thank you. Your commitment and faith in us have once again enabled us to deliver real benefit for nursing and midwifery across the UK. Finally, we would also like to thank all those we were able to support in some way over the last year – thank you for allowing us to be part of your journey.



Professor Jane Cummings CBE RN
Chair



Deepa Korea
Director

Report of the Trustees for the year ending 31 December 2021

(incorporating the Directors' report)

The Board of Trustees of the RCN Foundation Group (comprising the RCN Foundation and the COVID-19 Healthcare Support Appeal) presents its annual report and financial statements for the year ended 31 December 2021 in accordance with Generally Accepted Accounting Practice in the United Kingdom (UK GAAP), the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP), the Charities Act 2011 and the Companies Act 2006; the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

This document is a summary of our activities and finances in 2021. It can be downloaded from the Foundation's website (rcnfoundation.rcn.org.uk), where there are further details about the Foundation's work and that of its subsidiary, the COVID-19 Healthcare Support Appeal.

Objectives

Throughout 2021, the RCN Foundation continued to deliver on key areas of work aimed at meeting our purpose of supporting and strengthening nursing and midwifery to improve the health and wellbeing of the public. Despite the challenges presented by the pandemic, we carried out a robust programme of activity with a focus on achieving positive outcomes for nursing and midwifery staff, and the public. Our objectives for 2021, as listed in the 2020 Annual Report and Accounts, and the progress made against these objectives, are set out below.

1. Implement a strong programme of grant-making that focuses on the Foundation's core areas of funding: hardship; education; nursing-led projects that support children and young people's mental health and wellbeing; learning disability nursing; supporting the mental health and wellbeing of the nursing and midwifery team in all settings; and raising the profile of the profession.

During the year, we continued to support members of the nursing and midwifery team who were facing hardship by funding the Lamplight Support Service (LSS) which was administered by the Royal College of Nursing. LSS provided advice and grants to nurses, midwives and nursing support workers who were facing financial hardship because of a wide range of issues including physical and mental ill health, debt, relationship breakdowns, caring responsibilities, and domestic abuse. The majority of grants were for cost-of-living expenses. Support to nurses, midwives and nursing support workers affected by COVID-19 reduced significantly in 2021, although this was continually monitored throughout the year.

In 2021, the Foundation made grants to the value of £206,000 through LSS (2020: £225,000), with 76% of grant recipients reporting that they were more financially independent as a result of the grant they received. 961 individuals benefited from telephone assessments (2020: 1,088) and were, on average £6,000 (2020: £5,800) better off as a result of the advice they received.

During 2020 and early 2021, the Foundation engaged in discussions with the RCN about the future delivery of the benevolent service, given that the agreement to provide hardship support through the LSS was due to end on 31 December 2021. A proposal setting out the Foundation's expectations about the future service was formally submitted to the RCN at the beginning of 2021. The RCN decided not to take the proposal forward and the board therefore agreed that the Foundation would instead deliver the benevolent service from January 2022 onward.

From April 2021, the Foundation began planning for the development and implementation of the new service. The service would encompass grant-making and signposting, with technology playing a greater role in its delivery. Staff and processes were put in place for the service to be launched on 4 January 2022. Alongside the delivery of this new service in 2022, the Foundation also plans to undertake a comprehensive review of the current landscape in relation to modern benevolent support for the professions.

Hardship case study

"I will be forever grateful for the help I was given."

Hannah*, Nursing Support Worker

Hannah had been a nursing support worker for a number of years before she became pregnant at the height of the pandemic. As she was on the frontline, she soon had to stop working to keep both her and her baby safe. She was terrified about how she would be able to pay the bills and provide for her child, without putting themselves at risk.

After contacting our hardship service, Hannah had a phone interview and was awarded a Hardship Grant of £1,000 to pay for items required for her baby. She says "The support was unbelievable; it means the whole world. I was given help when I needed it the most."

*Different name used for anonymity

We continued to support those seeking to improve their clinical skills and expertise through education and training. In 2021, the Foundation awarded £149,000 in education grants (2020: £150,000) to 97 individuals (2020: 70). These grants were for a broad range of activities encompassing postgraduate studies and courses aimed at contributing to continuing professional development. Once again, the courses being undertaken were in a variety of topics including respiratory care, diabetes, and mental health. In addition, we also awarded grants to those with a first non-nursing degree wishing to take up a degree in nursing.

The Monica Baly award for the history of nursing was awarded to a team of researchers from Edinburgh Napier University for a project entitled *Witches' stories – accused and persecuted for helping others: documentary analysis of early midwives and nurses/healers as reported within the Scottish Witchcraft Survey database (1536-1746)*. The research team investigated the stories of these individual nurses and midwives, documented who they were, and reflected on their practices from today's health care perspective.

Following a review of the funding landscape for undergraduate nursing and midwifery students entering university, our partnership grants programme with the Leathersellers' Company Charitable Fund to fund these students came to an end. Keen to continue the successful partnership, Leathersellers made a further financial commitment to the Foundation towards an education programme aimed at non-specialist nurses to train in early interventions to support children and young people's mental health and emotional wellbeing. The Foundation will provide match funding towards this grant. Our successful joint grant-making partnership with the Worshipful Company of Needle makers, for nurses and midwives using needles in their work, continued for another year.

After analysis of the reach of the Foundation's Professional Bursary Scheme, the board agreed to reduce the maximum grant available under the Scheme to £1,600 which took effect from the autumn round of applications. This will enable the Foundation to increase the number of grants it is able to award, without compromising applicants' ability to access continuing professional development opportunities.

The Foundation funded The University of Edinburgh to develop and deliver a Postgraduate Certificate in Neurological Rehabilitation and Care. This programme was undertaken in partnership with the brain injury charity SameYou and was delivered using funds raised through the Omaze fundraising initiative in 2018. Thirty two students commenced the programme in May 2021. Three students withdrew due to changes in their clinical practice and a further two withdrew due to personal circumstances. 27 nurses remain enrolled on the programme. An important outcome of this course has been the positive impact on students' personal and professional development, clinical knowledge, and patient experience demonstrated through their reflective assignments.

A number of initiatives were undertaken during the year to boost the quality and quantity of applications for education grants. A pilot webinar was developed which set out the elements of a good grant application. The event was live and recorded. Feedback was positive and the webinar will be held again in 2022. Anecdotal feedback from grant reviewers suggested that they had seen an increase in the quality of grant applications. Conversion rates for applications to grants also increased.

The Foundation also piloted a new Helping Hands scheme, whereby Foundation alumni (previous successful education grant recipients) supported applicants through the grant application process. Evaluation of the scheme demonstrated that one in two of those who received this support were successful in their application for a grant. Importantly, the scheme also demonstrated a positive impact in terms of increasing successful applications from ethnic minority applicants. This initiative will be rolled out fully in 2022.

Education case study

“The bursary has enhanced my practice as a midwife and provided a crucial step in my progression towards becoming an independent researcher.”

Layla, Research Midwife

Layla was granted £1,975 towards the completion of “The Practice of Evidence-Based Health Care” – a Master’s level module undertaken through the University of Oxford’s Continuing Education Department. This course enabled Layla to learn how to evaluate the quality of different types of research studies in a systematic way and apply this knowledge to clinical scenarios and decision-making.

Since completing the module Layla has presented at several study days run by the charity Action on Pre-eclampsia. The knowledge she gained from the evidence-based practice module was crucial in helping her to develop these presentations.

Layla was able to secure funding to undertake a full Master’s degree. The award gave her the confidence to apply for a pre-doctoral fellowship. She has been encouraged to apply for a doctoral fellowship with the National Institute for Health Research (NIHR). The course motivated Layla to pursue further academic study and to take on greater responsibility as a researcher.

“The RCN Foundation grant enabled me to obtain a Master’s degree and proved a catalyst for further opportunities. I would strongly encourage anyone thinking of applying to go for it.”

Layla went on to win the Trevor Clay Professional Bursary Scheme Award which was presented at the RCN Foundation Virtual Impact Awards 2020 by Professor Jacqueline Dunkley-Bent OBE, Chief Midwifery Officer for NHS England and a trustee of the RCN Foundation.



Education case study

“It will give me a sense of accomplishment and pride to forever have my name associated with the RCN Foundation.”

James, Nurse

James was awarded a grant of £7,500 over three years to undertake an MA in Adult Nursing at the University of Salford. Having previously worked in the music industry, James decided to pursue a career in nursing after a life-changing experience volunteering at a government hospital in Sierra Leone.

During the clinical placements on his course, he was exposed to a wide variety of nursing specialities and developed a greater understanding of the nursing process. James received a Distinction upon completion of his course and now works in the Acute Medical Unit at St George’s Hospital, London.

James hopes eventually to become a nurse consultant in emergency medicine. In the future, he would like to undertake a Master’s degree in Advanced Clinical Practice, having already worked as a charge nurse.

“The bursary has greatly alleviated some of the financial pressure of returning to education. Once you’re a nurse, you’re a nurse all day, every day. I can’t imagine not being that.”

Dr Ruth May, Chief Nursing Officer for England presented James with the Margaret Parkinson Award at the RCN Foundation Virtual Impact Awards 2020 for outstanding achievement in student nursing.



A number of nursing-led projects were supported during the year. A proportion of these projects, which had been funded over multiple years, were completed during the year. All of our funded projects continued to be affected to varying degrees by the pandemic. Our approach during this period was therefore to offer support and flexibility to enable funded projects to continue.

Four projects were completed during 2021:

- Aneurin Bevan University Health Board – this project aimed to tackle loneliness and isolation in care homes in Wales.
- University of West London – this was scoping research to understand the contribution of nurses to improving the health and wellbeing of children, adults and older people with learning disabilities now and for the future.

- Institute of Health Visitors – this project was supported in direct response to the pandemic. Funding was for the provision of emotional wellbeing at work support to health visiting teams during the pandemic.
- RCN – the England pilot of the RCN Prince of Wales Nursing Cadet Scheme.

In 2021, the Foundation funded five new projects. In response to the pandemic, the Foundation undertook its own review to identify the gaps in COVID-19 related research taking place. The aim of the review was to ascertain where the Foundation might best direct any funding relating to nursing-led COVID-19 research. This review led to two projects being funded through open calls.

The first of these was the EMPATH study carried out by Northumbria University and the University of the Highlands and Islands, which sought to identify the current evidence on the effectiveness, acceptability and feasibility of Psychological First Aid (PFA) for nursing teams working in care home settings. The research looked at where in the UK PFA was being used and how it was being implemented. Through a UK-wide web-based, cross-sectional survey, the project compared levels of safety, calmness, self and community efficacy, connectedness and hope, stress, resilience and coping in care home staff working in settings that had or had not implemented PFA. Qualitative data relating to the lived experience of PFA in a care home setting was obtained through a further questionnaire. The project will be completed in 2022.

The second project was the COVID-19 leadership study, carried out by Queen Margaret University in Scotland. The aim of the project was to explore nurses' and midwives' perspectives and experiences of effective leadership strategies during the pandemic; make recommendations for how healthy practices could be incorporated into future leadership strategies within nursing and midwifery beyond the pandemic; and identify any convergence, divergence and silence in nurses and midwives' experiences of effective leadership strategies across the four nations during the pandemic. The project will be completed in 2022.

An urgent priority identified by the Foundation during the pandemic was the disproportionately high numbers of people with learning disabilities (also referred to as people with intellectual disabilities) who were dying from COVID-19. To address this, the Foundation funded the CAREVIS study, a partnership project between the University of Hertfordshire and the charity Beyond Words. The aim of the project was to develop a picture story book to provide information in pictures about having the COVID-19 vaccine.

As the book was being developed, people with learning disabilities and people who care for them were asked for their input. The picture book is being widely distributed to people with learning disabilities and those who care for them, including family and friends, paid carers, nurses, social workers, and other professionals who support them. The book has been published and is freely available on the Beyond Words website. The project team will also evaluate the impact that the picture book has had. The project will be completed in 2022.

In 2021, the Foundation developed a three-year grants programme focused on its key priority of nursing-led interventions to support children and young people's mental health and emotional wellbeing. The first call under this programme was launched during the year. The University of Huddersfield was awarded a grant to develop a limited data set of assessment tools for children and young people's mental health and emotional wellbeing. The project aims to understand which assessment tools enhance and complement the therapeutic relationship between the young person and the nurse. It will develop a web-based app holding a dataset of evidence-based assessment tools for non-specialist nurses to use in a variety of educational, health and social care settings. The project will be completed in 2022.

Finally, the Foundation awarded funding to the RCN for a project entitled the *Mary Abbott Archive – Sharing nurses' life stories through their archives*. This project will highlight how the personal collections of the late Mary Abbott are an exemplar of how historical papers, images, biography and oral history interview recordings can be linked together to improve online accessibility and promote knowledge about the achievements of individual nurses. This will be done in two phases, working with Mary Abbott's own collection and then selecting other individuals from the RCN's own collections who have had a similar impact and creating the same ease of access to their stories. The project will be completed in 2023.

A number of other projects remained ongoing throughout the year. These were: *Inside the Black Box: An Ethnographic Examination of Nurses' Professional Judgement in Nurse Staffing Systems in England and Wales* led by the University of Cardiff; an exploration and evaluation of Band 5 nurses' leadership development and practice led by the University of Northumbria; QNI's Care Home Nurses' Network; and the IMPACT Foundation project to support nursing students in Bangladesh.

As part of our objective to raise the profile and public understanding of the professions, the Foundation continued its partnership with the Chief Nursing Officers (CNOs) of England, Northern Ireland, Republic of Ireland, Scotland and Wales on a joint project to raise the status and profile of nursing and midwifery.

Work on the project began in earnest during the year to create a digital media campaign to demonstrate the breadth of the nursing and midwifery professions. The campaign will be aimed at the general public, practitioners and policy makers. A creative agency, Salt Thinking, worked on the development of the campaign and collating the material for it. Seven case studies will be featured, with individuals from different parts of the professions and from across the five countries.

In November, the Foundation held its annual lecture, entitled *Folk Healers and Midwives Accused of Witchcraft in Scotland 1563-1736*. Dr Nicola Ring, Nessa McHugh and Rachel Davidson-Welch from Edinburgh Napier University discussed their investigation of the stories of individual nurses and midwives who had been accused of witchcraft and reflected on their practices from today's health care perspective. The lecture attracted over 400 attendees and was the RCN Foundation's most popular annual lecture to date.

The Foundation's charitable expenditure during the year was 80% of its total expenditure incurred in the year.



Project case study

Witches' Stories – righting a historical wrong

To celebrate the International Year of the Nurse and Midwife, the RCN Foundation awarded a Monica Baly fund grant to an Edinburgh Napier University research team exploring the links between witchcraft, folk healing and modern nursing and midwifery. Using archival documents, the team found that among 3,200 people accused of witchcraft in Scotland between 1563 and 1736, a portion practiced folk healing to tend to the sick and to support women during childbirth.

The team collated its research to write biographies of these individuals, deepening understanding of specific midwifery and healing practices of the time. Thanks to this research, and the grant that funded it, the names of some early nurses and midwives accused of witchcraft are now known.



Project case study

Institute of Health Visiting: Emotional Wellbeing at Work Programme project

When the pandemic began, upheavals to how health visitors work rapidly affected their psychological wellbeing. The Institute of Health Visiting (iHV) proposed that better mental health support could sustain health visitors as they redeployed into unfamiliar roles or took on challenging caseloads. The iHV proposed the creation of an Emotional Wellbeing at Work Programme (EWW) for health visitors across England, Northern Ireland, Scotland and Wales.

The Foundation awarded £48,300 to fund the project. A total of 58 health visitors participated in online sessions where facilitators focused on sharing restorative supervision practices. All participants reported that their coping skills around chronic stress improved. They also valued having a safe space to talk over challenges and get support from peers. The Journal of Health Visiting published a report on the programme, and outcomes have been presented at both the iHV evidence-based conference in September 2021 and the iHV leadership conference in December 2020. As a result of the programme's success, iHV has secured further funding to train programme champions to use the model and roll it out in their workplace.

2. Ensure that the impact of funded projects is effectively measured and that outcomes from projects are widely disseminated so that they reach appropriate audiences through a variety of channels.

In 2021, the Foundation took an increasingly proactive and targeted approach to increase the reach, visibility and media coverage around the impact and outcome of funded projects. A number of projects received media publicity during the year.

This included the launch communications for the Monica Baly History of Nursing research project awarded to Edinburgh Napier University. The story was featured by a number of news and broadcast outlets, including STV, *the Scottish Metro*, *Mail and Sun*, *Nursing Standard* and *Nursing Times*.

There was also coverage of another Foundation funded project led by the University of Hertfordshire in conjunction with the charity Beyond Words, which aimed to create and evaluate a visual resource to help people with intellectual disabilities give their consent to receiving the COVID-19 vaccine. Coverage included a news piece in *Nursing Standard*.

Finally, we received online coverage of a research project, led by Northumbria University, and the University of Highlands and Islands in Scotland, which investigated the importance of psychological first aid training as a tool to support the mental health and emotional wellbeing of nurses working in care homes during the pandemic. The story was featured on the Healthcare Newsdesk and Psychreg shared sites.

At the end of the year, the Foundation's Grants Committee reviewed a proposed new impact framework model for the Foundation. This will be reviewed by the board in 2022.

3. Implement a programme of targeted communications to raise the profile of the work of the Foundation. This will encompass messaging across the Foundation's various communication platforms and a review of branding.

In 2021, the Foundation worked alongside creative marketing agency, Salt Thinking, who gave up their time on a pro bono basis to undertake a brand review for the charity. Work on the brand review has received input from the board and remains ongoing.

As part of a series of measures designed to deliver a more cohesive donor engagement experience for the Foundation's supporters the *2020 Impact Report* was, for the first time, sent via post to more than 5,000 donors. This approach also included the implementation of a quarterly supporter e-newsletter, with news and updates on the Foundation's work and impact. This resulted in more than 250 supporters increasing their engagement with the Foundation by updating their details, expressing further interest in fundraising and legacy initiatives, or volunteering to share their story with the Foundation.

The Foundation's 2021 Impact Awards took place virtually in October. More than 170 people registered to attend the event, which shone a spotlight on the awardees and their achievements. It was also an opportunity to highlight the 2020 Impact Award recipients, following the cancellation of the 2020 awards due to COVID-19. Guest presenters of the awards included the Chief Nursing Officers of England and Northern Ireland, and England's Chief Midwifery Officer. The virtual nature of the event meant that the Foundation was able to connect with people across the UK who would have been unable to join an in-person event. LV= sponsored the event with a contribution of £4,000 for which we are very grateful.

Throughout 2021, the Foundation increased its visibility across social media platforms including Facebook, Twitter and Instagram. Community giving initiatives such as the Song Club series of concerts and The Sizzle Show delivered via Instagram Live introduced the Foundation to new audiences.

As the Foundation's social media presence grew, there were strong levels of engagement across different channels for initiatives such as the Virtual Impact Awards, Annual Lecture, educational grants rounds and Nurses' Day.

4. Ensure that income from investments and fundraising meets budgeted targets and is able to support the delivery of our work. Develop a clear and measurable fundraising strategy for the Foundation.

Against the backdrop of the ongoing pandemic, income from investments and fundraising performed relatively well during the year, in line with budgets and forecasts. In 2021, the value of the combined portfolio was £41.1m (2020: £38.6m).

In July, the Board of Trustees approved a new Fundraising Strategy. The strategy identified opportunities to maximise engagement and philanthropic support for the Foundation and to develop a long-term and sustainable fundraising programme, which aimed to develop diversified income streams.

During the year, the Foundation continued with its telephone fundraising upgrade campaign achieving a 23% participation rate against a target of 20%. A first reactivation and conversion campaign was also implemented which resulted in a 34% participation rate against a target of 20%.

The Foundation received a number of notable donations during the year. The UK-based online food delivery business, Deliveroo, made a £300,000 donation to support educational grants for nursing and midwifery staff across the UK working within the NHS. This donation was made up of donations from customers and suppliers in response to COVID-19 towards Deliveroo's *Supporting the NHS* campaign.

A donation of £22,500 was also received from the Apax Foundation which consisted of an individual donation matched by the Apax Foundation.

A donation of £20,000 was also received from the family of a deceased nurse who wished to establish an education grant in her name, to be called the Olufunke Adeyeye RCN Foundation Education Grant. This scheme will provide education grants for nurses, midwives and health care support workers from ethnic minority backgrounds.

For the third consecutive year, the Foundation received a donation from the Privy Purse Charitable Trust. In 2021, the donation was made at an increased level to that made in previous years in recognition of the ongoing challenges facing charities and the nursing and midwifery professions during the pandemic.

The Foundation was the beneficiary of a number of community fundraising initiatives during the year. A key initiative was led by singer/songwriter and Squeeze co-founder Chris Difford who, following his support of the Foundation through The Song Club album in 2020, curated a series of Zoom concerts in the first half of 2021, including in celebration of Nurses' Day.

Eleven runners took part in the Virtual London Marathon and Royal Parks Half Marathon events, collectively raising more than £5,500. Runners included RCN staff members, friends and family of Foundation staff members, members of the public and nursing staff.

Finally, RCN staff member and artist, Carl Bevan ran an art raffle to raise funds for the RCN Foundation and homeless charity, Llamau. This initiative raised £1,275 for the Foundation.

Work took place during the year on the Foundation's approach to ethical investments. As part of the first phase of this approach, the Board of Trustees agreed to exclude a number of areas from the Foundation's investment portfolio including cluster bombs and landmines, adult entertainment, alcohol, armaments, civilian firearms, gambling, tobacco, extraction of thermal coal, and production of oil tar sands. In 2022, the Foundation will further review its portfolio to identify any other potential areas for exclusions.

5. Continue to contribute positively to the RCN Group working cohesively to achieve shared objectives.

The Foundation continued to be involved with RCN Group initiatives during the year. In 2021, RCN Congress activities included an online education programme, as part of which the Foundation organised a panel event entitled *The Courage of Compassion: giving nurses a voice to lead*. This event highlighted the King's Fund report *The Courage of Compassion* and its impact on leadership within nursing and midwifery. The event was viewed by 191 people at its peak which compared to an average audience of 93 for other events within the programme.

The Foundation also continued to work closely with the RCN's Corporate Relations Team to explore joint opportunities to work together.

6. Continue to strengthen our own organisational performance, capacity to deliver and impact, including in the areas of governance, finance and technology.

During the year, the Foundation appointed four new trustees to the board and six new advisers to its Committees. Trustees and advisers came from a broad range of backgrounds including finance, fundraising, marketing and communications, nursing and midwifery, grant-making and benevolence. As a result of these appointments, the Foundation's governance was significantly strengthened.

The development of the Foundation's Benevolent Service throughout the year was a key activity under this objective. Opening in 2022, the new service will, for the first time, be delivered using a digital platform to enable applicants to experience a smoother application process. Plans have also been put in place to support those without access to digital platforms. Two new roles within the Foundation were created to deliver this service and both roles were successfully filled before the end of the year.

The pandemic continued to bring increased focus on the work of the Foundation. As a result, the Foundation increased its communication capacity with the addition of a digital marketing and communications role to the team.

Work was undertaken on the Foundation's approach to equality, diversity and inclusion. The board underlined its firm commitment to ensuring that principles of equality, diversity and inclusion underpinned all aspects of its work by agreeing an Equality, Diversity and Inclusion Statement. Alongside the Statement, the board also agreed a set of guiding principles and goals designed to support the delivery of its approach.

Equality, Diversity and Inclusion at the RCN Foundation – Our Ambition

The RCN Foundation will be a champion of equality, diversity, inclusion and human rights, and recognises the value of being a diverse, fair and inclusive employer.

As a charity and grant-giver, the RCN Foundation aspires to work towards creating an inclusive culture within which our beneficiaries and the wider public can participate, contribute and thrive without fear of discrimination, barriers and exclusion.

We recognise that there is a profound relationship between inequality and health. Through our work and the way in which we operate, we aim to respond to, and positively address, the impact of health inequalities and their adverse effect on individuals and communities.

7. Ensure that the RCN Foundation has put in place the financial and operational steps needed to address the impact of the COVID-19 pandemic on the charity and our ability to continue to support the nursing and midwifery professions. This includes supporting the work of the RCN Foundation's subsidiary charity, the COVID-19 Healthcare Support Appeal.

The final grants from the Foundation's COVID-19 Support Fund were made at the beginning of 2021 to support nursing and midwifery staff affected by the pandemic, following which the fund was closed. Despite this, the Foundation continued to closely monitor any potential impact of the pandemic on nursing and midwifery staff facing hardship throughout the year to ascertain whether the fund would need to reopen.

A number of COVID-19 projects were funded during the year which have been highlighted in earlier sections of this report. There were also various COVID-19-related fundraising initiatives during the early part of the year which again have been highlighted above.

The Foundation continued to operate and monitor a COVID-19 risk register to flag any potential risks caused by the ongoing pandemic on its governance, finances and operations. As new variants of the disease continue to emerge, the board has agreed that the COVID-19 risk register will remain in place in 2022.

The Foundation's subsidiary charity, the COVID-19 Healthcare Support Appeal (CHSA), continued to make grants to health and care organisations whose beneficiaries had been affected by the pandemic. Grant-making fell into three priority areas – emergency aid and hardship; psychological support; and recovery and resilience.

In 2021, the CHSA Board of Trustees agreed grants to 20 organisations totalling £1,681,275. Further details about CHSA and its work is set out in its [annual report and accounts](#).

Policies

During 2021, the board approved the following policies: Donations Acceptance Policy, Conflicts of Interest Policy, Trustee and External Adviser Recruitment Policy, and the RCN Group Risk Policy.

Our position on modern slavery

Our policy is to assess and address anti-modern slavery laws in our own organisation and we expect organisations we work with to adopt and enforce policies to comply with the legislation.

Objectives for 2022

1. Implement a strong programme of grant-making that focuses on the Foundation's core areas of funding: hardship; education; nursing-led projects that support children and young people's mental health and wellbeing; learning disability nursing; supporting the mental health and wellbeing of the nursing and midwifery team in all settings; and raising the profile of the professions.
2. Ensure that the impact of funded projects is effectively measured and that outcomes from projects are widely disseminated so that they reach appropriate audiences through a variety of channels.
3. Implement a programme of targeted communications to raise the profile of the work of the Foundation. This will encompass messaging across the Foundation's various digital and other communication platforms.
4. Ensure that income from investments and fundraising meets budgeted targets and is able to support the delivery of our work. Implement key aspects of the fundraising strategy agreed in 2021.
5. Continue to strengthen our own organisational performance, capacity to deliver and impact, including in the areas of governance, finance and technology.
6. Support and deliver the work of the RCN Foundation's subsidiary charity, the COVID-19 Healthcare Support Appeal. Evaluate the impact of the subsidiary charity's grant-making. Close the subsidiary charity at the end of 2022, ensuring that all funds have been effectively expended in line with charitable objectives.
7. Continue to contribute positively to the RCN Group working cohesively to achieve shared objectives.

Treatment Room 1

Fire exit

Way Out



Financial review

Investments, policy and performance

The RCN Foundation Group is subject to the Trustee Act 2000. The Group's investment objective is to seek to protect real income and capital growth over time. The Trustees accept that in achieving this objective the portfolio will be subject to short-term volatility but nevertheless they would like to achieve their goal with a low to medium level of risk.

The board oversees the management of the group's investment portfolio and monitors the performance of the investment manager. The Income Generation and Investment Committee review the investment strategy, policy and performance and make recommendations to the board as appropriate

The Trustees specified that a part of the portfolio should be accessible at relatively short notice. Therefore the investment managers retain a short-term fund consisting of cash, short-term deposits and short-dated bonds. During 2021, £500,000 was withdrawn from the short-term fund for cashflow purposes. At 31 December 2021, £500,000 was held in the short-term fund as Money Market Investments and is shown as a current asset on the balance sheet (31 December 2020: £1m).

The Investment Committee agreed to adopt a segregated approach, investing in fixed interest issues and individual shares rather than funds as being the most efficient way of achieving the agreed asset allocation and the group's ethical requirements.

The fund managers have discretion over the selection of stocks but the contract with Sarasin & Partners stipulates the Trustees' requirement for the investments to be managed in a socially responsible manner in line with their values and corporate policies. Specific restrictions include the avoidance of any investment in companies that manufacture tobacco products and alcohol, and in companies that are involved in gambling, adult entertainment, armaments, cluster bombs and landmines and civilian firearms. Moreover, the portfolio excludes investments in companies dealing with the extractions of thermal coal and the production of oil tar sands. Environmental, social and governance (ESG) factors are also embedded in the investment process for stock selection.

The fund managers manage the Foundation's investments with a long-term investment time horizon. The investment objective is to aim to protect the assets from inflation by maintaining the 'real' value of the capital and income. A balance is sought between providing income for the short term and real capital growth to provide income for the long term. The Trustees accept that in achieving this objective the portfolio will be subject to short-term volatility, and have taken a low to medium level of risk approach.

2021 showed an improvement compared to 2020 for the Group's investments both in terms of income generated and increase in the value of the portfolio. The gross investment income in the year ended 31 December 2021 was £809,000 (associated investment management fees of £169,000) which was 3.3% higher compared to the gross income received in 2020 (£783,000). The movement in the investments resulted in a significant increase in the market value of the combined portfolio from £38.6m at the start of the year to £41.6m at the end of the year.

This increase in value can mainly be attributed to a higher return on equities, properties and alternative investments. The market value of investments is subject to the fluctuation of the open market and are thus exposed to a degree of uncertainty and speculation.

We are working closely with Sarasin & Partners to monitor our portfolio and the expected income arising from it to best inform our operational activities as we expect 2022 to also be an unusual year, given the ongoing COVID-19 pandemic.

Review of financial position

The financial statements are presented in the format required under the 'Statement of Recommended Practice: Accounting and Reporting by Charities' (SORP FRS 102) and the statement of financial activities reflects the strategic objectives of the RCN Foundation and Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The statement of financial activities for the year ended 31 December 2021 and the balance sheet as at 31 December 2021 are set out on pages 40 and 42. The statement of financial activities shows that the RCN Foundation Group had a net surplus of £2.8m in the year ended 31 December 2021 (31 December 2020: net surplus of £1.7m).

Income

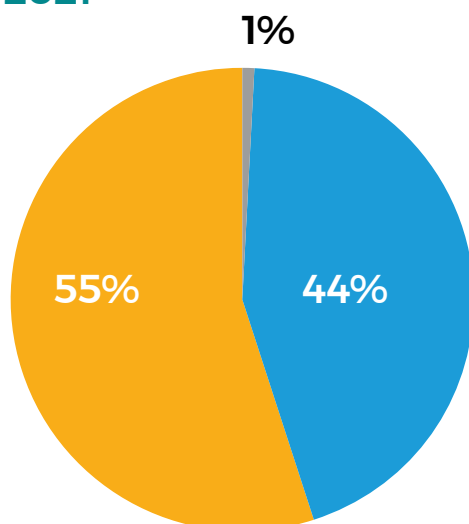
The RCN Foundation income is made up of income from donations and legacies, income from trading activities and investment income.

Total income in the year was £1.465m which is 359% lower than the previous year (31 December 2020: £6.722m). The negative variance is attributable to the exceptional one-off donation received from TikTok in 2020 which resulted in the creation of the subsidiary charity – the COVID-19 Healthcare Support Appeal (CHSA). The income received in 2021 is broadly in line with the income received in 2019 (£1.598m).

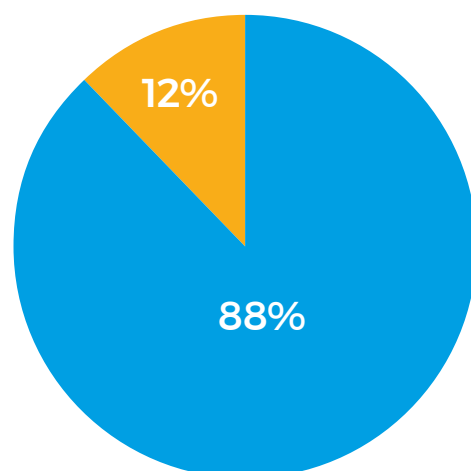
Legacies, donations and gift aid amounted to £648,000 (31 December 2020: £5.909m). Income earned from other trading activities includes licence income of £5,000 (31 December 2020: £30,000) and sponsorship income of £3,000 (31 December 2020: £nil).

Investment income for the year was £809,000 (31 December 2020: £783,000) of which £609,000 was unrestricted (31 December 2020: £602,000). The RCN Foundation Group investments reported net gains of £3.534m (31 December 2020: £2.486m gains) mainly due to unrealised gains on the investment portfolio.

2021



2020



■ Donations and Gift Aid
 ■ Investment income
 ■ Other trading activities

Expenditure

Total expenditure in the year amounted to £3.877m (31 December 2020: £5.718m) of which £3.237m (31 December 2020: £3.579m) was from unrestricted funds.

In 2021 expenditure decreased by 32% compared to 2020. The variance is due to the high amount of benevolent grants awarded in response to the COVID-19 pandemic in 2020 (as shown in the table below). In 2021 the support to the pandemic continued and has focused on awarding grants to organisations through the CHSA subsidiary.

2021 vs 2020 expenditure

| | Education and training £'000 | Benevolent £'000 | Clinical practice £'000 | Research £'000 |
|------|---------------------------------|---------------------|----------------------------|-------------------|
| 2020 | £354 | £4,752 | £144 | £104 |
| 2021 | £321 | £2,541 | £186 | £425 |

In 2021, £2.861m in grants were paid (31 December 2020: £4.894m). Of these, £340,000 was paid to individuals - £206,000 relates to benevolent grants awarded through the Lamplight Support Service (31 December 2020: £239,000), £149,000 to educational bursaries (31 December 2020: £169,000). The Foundation Group paid £22,000 to individuals for COVID-19 grants (31 December 2020: £1,489).

£2.521m was paid by the RCN Foundation Group to 33 organisations – of which £1.750m was paid to 21 organisations for COVID-19 specific grants. £350,000 was paid to RCN UK as part of the agreement to run the Lamplight Support Services (which administered benevolent grants to individuals) (31 December 2020: £279,000) – this expenditure has been charged against unrestricted funds.

A fee is agreed in advance to meet the cost of the service provided by the RCN for governance, finance, marketing, and other services and is included within unrestricted expenditure. This was £626,000 in the year ended 31 December 2021 (31 December 2020: £571,000). The fee reflects staff costs for those RCN employees working on behalf of the RCN Foundation Group plus 12% overheads for RCN Foundation staff and 20% VAT for CHSA staff. The increase in fee is due to the recruitment of two new roles, Digital Marketing and Communications Officer and the Benevolent Grants Manager.

In the expenditure note (Note 4 of the Financial Statements), the fee is allocated to the activities on which these staff members work.

The total cost of raising funds in the year was £433,000, this figure includes investment management fees, the portion of management fees allocated to this activity as well as a share of support costs (31 December 2020: £364,000). The investment management fee is calculated as a proportion of the value of the portfolio and varies accordingly (31 December 2021: £169,000; 31 December 2020: £158,000).

In the year Trustee expenses of £1,101 were incurred (31 December 2020: £1,197). The negative variance is due to Trustees not incurring travel or subsistence costs due to the COVID-19 pandemic restrictions. These costs are treated as unrestricted expenditure.

Reserves

The RCN Foundation Group has adopted a reserves position which it considers appropriate to ensure it can meet its objectives and at the same time manage the expectations of both its potential supporters and beneficiaries.

The level of free reserves at 31 December 2021 was £30.496m (31 December 2020: £30.337m). This excludes those unrestricted funds that have been earmarked for particular purposes by the Trustees and are shown as designated funds on the balance sheet, and excludes tangible fixed assets. The increase in reserves is due to the net gains on the investment portfolio.

The investment and reserves policies reflect the Trustees' acknowledgment that the RCN Foundation Group is largely reliant on reserves and investment income for the furtherance of its charitable objectives for the foreseeable future. The Trustees also acknowledge the inherent risk in holding the majority of its assets within the investment portfolio, namely the fluctuation in market values, this risk is considered when setting the reserves policy.

RCN Foundation Group accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime, and has not prepared a strategic report for that purpose.



Principle risks and uncertainties

Our risk management framework is used to test the organisation's key decisions and influence the use of our resources. Risks are assessed on a quarterly basis by the Board of Trustees to ensure that adequate measures are in place to manage the identified risks. Risk appetite is the level of risk that the Foundation is willing to take in order to meet its strategic objectives. There are a range of appetites for different risks and these are set out below.

Financial

Appetite for risk: low



There is an ongoing dependency on reserves and investment income. We continue to rely heavily on returns from our investment income to support our activities. Trustees have continued to prioritise the need to diversify sources of income over time, though with a clear understanding that results will not be immediate. A new fundraising strategy was agreed by the board in 2021 which will be deployed from 2022 onwards. The strategy will focus on particular areas of voluntary income which have greater potential for a positive return for the Foundation. The COVID-19 pandemic continued to impact on both voluntary and investment income, with steps put in place to mitigate the risk to income returns.

Governance

Appetite for risk: low



There were a number of governance risks that were kept under review during the year. These included: the ability to recruit new Trustees and Advisers with the skills and experience required to fill existing vacancies; the potential for board and committee meetings to be inquorate due to the demands of the pandemic on Trustees who worked clinically; and the need to conduct a governance review. A programme of work to mitigate these risks was implemented including using an external agency to support the recruitment of new Trustees and Advisers; and contacting Trustees prior to all meetings to confirm attendance and ensure quoracy.

Regulatory



Appetite for risk: low

The Foundation's appetite for regulatory risk is low. Consequently, we keep under review a number of regulatory frameworks and ensure that processes are in place to address any regulatory issues. Members of the Foundation's senior management team review briefings setting out any changes to regulator frameworks, including those from the Charity Commission and Fundraising Regulator.

Operational

Appetite for risk: medium



The ability to deliver our ambitious grant-making plans continued to feature as a key risk. In 2021, this continued to be exacerbated by the constraints to public life caused by the pandemic. In this context, the key risks that were monitored during the year included: the ability of projects to deliver to time and within budget; and the uptake of education grants by frontline staff who were overwhelmed by the pandemic. Other operational risks that were monitored during the year included the development of the new Benevolent Service, and the impact of the pandemic on staff health, wellbeing and morale. These risks were mitigated in a number of ways. An organised programme of regular contact with projects was undertaken in order to provide ongoing support during the pandemic. Additional marketing activities were undertaken to ensure the uptake of education grants, and a clear project plan was drawn up and implemented in relation to the Benevolent Service. Finally, all senior managers were tasked with supporting staff wellbeing throughout the year.

External

Appetite for risk: medium



As in 2020, the key external risk for the Foundation during 2021 remained the impact of the pandemic on the Foundation's finances and operations. This was kept under review by the board through the COVID-19 risk register. A key risk that was discussed during the year was the relatively low profile and visibility of the Foundation, and how this could be mitigated. The Foundation received pro bono support and services from a communications agency to begin work on profile and visibility. This work will continue into 2022.



Board of Trustees

External Advisers; Reference and Administrative Details; Structure, Governance and Management

Board of Trustees

The Trustees who are in office or have been during 2021 are:

Professor Jane Cummings RN, CBE, Chair of the Board

Christine Scott-Perry, Vice-Chair and Chair of the Appointments Panel

Elizabeth Jane Cantrell (from 1 September 2021), Chair of the Scotland Committee

Catherine Deakin (from 1 September 2021)

Gregory Dix (from 1 September 2021), Chair of the Wales Committee

Professor Jacqueline Dunkley-Bent OBE

Gordon Hull

David Jones, Chair of the Income Generation and Investment Committee

Moya Kirmond

Rachel Lambert-Forsyth, Chair of the Grants Committee

Professor Charlotte McArdle

Anthony Osijo (from 1 September 2021)

Atul Patel MBE (resigned 31 August 2021)

External Advisers

Nichola Ashby (Grants Committee) (resigned 9 September 2021)

Victoria Bennett (Income Generation and Investment Committee) (from 1 September 2021)

Professor Michael Brown (Scotland Committee)

Ann Gow (Grants Committee) (from 1 September 2021)

Joanne Griffin (Income Generation and Investment Committee)

Alison Hoad (Income Generation and Investment Committee) (from 1 September 2021)

Professor Angela Hopkins (Wales Committee) (resigned 8 June 2021)

Dawn Jackson (Grants Committee) (from 1 September 2021)

Mickella Lewis-Purvis (Grants Committee) (from 1 September 2021)

Yvette Lloyd (Income Generation and Investment Committee)

Professor Donna Mead OBE (Wales Committee)

Jane Miles (Grants Committee)

Dr Susan Morgan (Wales Committee) (retired 26 September 2021)

Tanya Strange MBE (Wales Committee)

Sian Thomas (Wales Committee)

Vivien Waterfield (Income Generation and Investment Committee) (from 1 September 2021)

Jayne Young (Appointments Panel) (resigned 24 May 2021)

Reference and administrative details

Registered office

20 Cavendish Square, London W1G 0RN

Telephone 020 7409 3333

Website: rcnfoundation.rcn.org.uk

Bankers

National Westminster Bank PLC
250 Regent Street, London W1B 3BN

Independent auditors

Crowe U.K. LLP
55 Ludgate Hill, London EC4M 7JW

Lawyers

Bates Wells and Braithwaite
2-6 Cannon Street, London EC4M 6YH

Taylor Vinters LLP
Tower 42, 33rd Floor, 25 Old Broad Street, London EC2N 1HQ

Investment managers

Sarasin & Partners LLP
Juxon House, 100 St Paul's Churchyard, London EC4M 8BU

Charity and Company registration numbers

Registered Charity: 1134606

Scottish registered charity SC043663

Registered Company: 7026001



Structure, governance and management

Constitution

The RCN Foundation was registered as a charity on 2 March 2010. It was registered as a company limited by guarantee in December 2009 and the Royal College of Nursing in the United Kingdom (RCN UK) is the sole member. The Memorandum and Articles of Association were incorporated on 22 September 2009.

The Foundation was set up as a result of a review of the legal and governance structure of the Royal College of Nursing, which is no longer a registered charity.

The Foundation has a Memorandum of Agreement with the Royal College of Nursing that sets out how the two organisations will work together to support nursing and midwifery, and improve care.

Objects

The objects of the RCN Foundation are to:

- promote the science and art of nursing and the better education and training of persons providing nursing in health and social care and their efficiency in the profession of nursing including those who are students
- promote the advancement of nursing as a profession in all or any of its branches
- promote through the medium of international agencies and otherwise the foregoing purposes in other countries
- relieve and prevent charitable need of persons providing nursing in health and social care including those who are students, those who have retired and the dependents of any such persons.

In referring to nursing within its objects, the Foundation also provides support to midwives and health care support workers.

Public benefit statement

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have regard to the Charity Commission's guidance on Charities and Public Benefit.

Governance

The RCN Foundation's Board of Trustees is independent of the Royal College of Nursing (RCN UK). The board has provision for no fewer than seven and no more than 12 trustees, four of whom are members of the Royal College of Nursing and a member of RCN Council is included in the recruitment process. At least three of the members of the Board of Trustees must have no previous connection with the RCN. This enables us to retain our strong connections with the RCN whilst maintaining our independence.

The Board of Trustees normally meets quarterly with the addition of an annual board awayday. The two substantive committees of the board – the Grants Committee, and the Income Generation and Investment Committee – also meet on a quarterly basis.

The Grants Committee is accountable to the board for the development and implementation of the grant-making strategy which spans grant-making for hardship and education, nursing-led practice development and research projects; and activities that raise the profile of the professions. The Income Generation and Investment Committee is accountable to the board for the development and delivery of the fundraising, marketing and communications strategy, as well as keeping the investment strategy under regular review and monitoring the performance of the investment manager.

The membership of these committees is largely drawn from the board and the committees are chaired by a trustee. We have also appointed additional independent members with particularly relevant experience and expertise to our committees.

The Appointments Panel oversees the recruitment and appointment of Trustees, Chair and Vice Chair elections, and committee appointments on behalf of the board. It also oversees Trustees' induction, development programmes and performance review.

The Foundation also has two country committees, one for Scotland and a second for Wales. The role of these committees is to raise the profile of the Foundation's work in their respective countries; bring knowledge of the key country-specific issues affecting nursing, midwifery and health care to the attention of the Foundation; and aim to raise funds for the Foundation's work. Country committees are chaired by a trustee from the relevant country.

Terms of reference for all committees have been agreed by the board.

Management

The RCN Foundation operates from the RCN's national headquarters and is staffed by RCN employees under a services agreement which is kept under regular review. The staffing complement comprises the following roles: Foundation Director; Head of Grants and Impact; Head of Fundraising and Communications; Grants Manager; Fundraising and Communications Manager; Clerk to the Trustees; and Team Administrator. Additionally, the Foundation is supported by a dedicated member of the RCN Finance team.

The Foundation is also supported throughout the year by a number of RCN staff as required.

Compliance

Our key governance documents, processes and controls are in place to ensure that the Foundation operates in an efficient and effective way in order to best deliver its charitable objectives. We conduct regular effectiveness reviews of these.

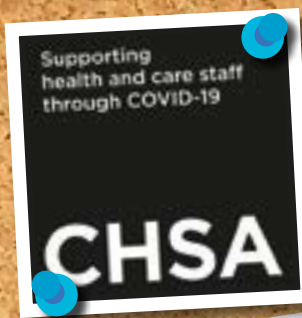
The Foundation has a clear statement of purpose and a set of organisational values which are described in our strategy document, a summary of which will be made available on the website in 2022.

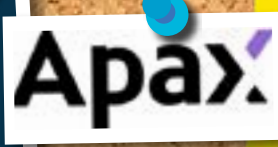
We review our strategy each year and we have an annual plan against which our activities and achievements for that year are monitored. A financial strategy was developed in 2019.

Conflicts of interest

We have a register of interests which is updated regularly. We have guidance for managing conflicts which was reviewed and updated in 2021 and we ask Trustees and advisers to identify any conflicts at the beginning of each meeting.







Thank you to all our supporters

We are extraordinarily grateful to each and every individual, team and organisation who have supported us during the year. With their vital help, we have been able to continue to achieve our purpose of supporting and strengthening nursing and midwifery to improve the health and wellbeing of the public. This year in particular has been like no other; and so we also want to thank the many new donors who have helped us to support frontline staff during the COVID-19 pandemic. Every donation we receive, whether big or small, makes a real difference to the lives of hundreds of nurses, midwives and health care practitioners, and through them patients and families.

Thank you.



Statement of Trustees' responsibilities

The Trustees (who are also directors of RCN Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information;
- the Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees' Annual Report on pages 4 to 18 was approved by the board and signed on its behalf by:



Professor Jane Cummings RN, CBE
Chair of the Board of Trustees
Date: 26 April 2022

Independent auditor's report to the members and Trustees of the RCN Foundation

Opinion

We have audited the financial statements of RCN Foundation ('the charitable company') for the year ended 31 December 2021 which comprise the Statement of Financial Activities (SOFA), the Balance Sheet the Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Trustees' report, which includes the directors' report, prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the statement of responsibilities set out on page 34, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were the General Data Protection Regulations (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of legacy income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing of legacy income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body and the charitable company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Tina Allison
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London, United Kingdom

Date: 12 May 2022

Financial statements



Statement of financial activities 31 December 2021 (Incorporating the income and expenditure account)

| | | Unrestricted funds | | Restricted funds | | Endowment funds | | | |
|------------------------------------------------------------------|------|--------------------|--------------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------------------|--------------------------------------|
| | Note | RCNF 2021 £'000 | RCNF Group 2021 £'000 | RCNF 2021 £'000 | RCNF Group 2021 £'000 | RCNF 2021 £'000 | RCNF Group 2021 £'000 | RCNF 31 December 2021 £'000 | RCNF Group 31 December 2021 £'000 |
| Income from: | | | | | | | | | |
| Income and endowments | | | | | | | | | |
| Donations and legacies | 2 | 96 | 124 | 524 | 524 | – | – | 620 | 648 |
| Income earned from other activities | | | | | | | | | |
| Investment income | 3 | 609 | 609 | 200 | 200 | – | – | 809 | 809 |
| Income earned from other trading activities | | | | | | | | | |
| Sponsorship income | | 3 | 3 | – | – | – | – | 3 | 3 |
| Licence income | | – | – | 5 | 5 | – | – | 5 | 5 |
| Total income | | 708 | 736 | 729 | 729 | – | – | 1,437 | 1,465 |
| Expenditure | | | | | | | | | |
| Cost of raising funds | 4 | 433 | 433 | – | – | – | – | 433 | 433 |
| Expenditure on charitable activities: | | | | | | | | | |
| Education and training | | 140 | 140 | 181 | 181 | – | – | 321 | 321 |
| Benevolent fund | | 524 | 2,270 | 245 | 245 | – | – | 769 | 2,515 |
| Clinical practice and promoting the profession | | 184 | 184 | – | – | – | – | 184 | 184 |
| Research | | 209 | 209 | 215 | 215 | – | – | 424 | 424 |
| Total expenditure | 4 | 1,490 | 3,236 | 641 | 641 | – | – | 2,131 | 3,877 |
| Net income/(expenditure) before investment gains/(losses) | | (782) | (2,500) | 88 | 88 | – | – | (694) | (2,412) |
| Net gains on investments | 13 | 2,611 | 2,611 | 841 | 841 | 82 | 82 | 3,534 | 3,534 |
| Net income for the year | | 1,829 | 111 | 929 | 929 | 82 | 82 | 2,840 | 1,122 |
| Transfers between funds | 13 | (68) | (68) | 70 | 70 | (2) | (2) | – | – |
| Net movement in funds | 13 | 1,761 | 43 | 999 | 999 | 80 | 80 | 2,840 | 1,122 |
| Reconciliation of funds | | | | | | | | | |
| Fund balances brought forward at the start of the period | 13 | 29,170 | 30,919 | 9,152 | 9,152 | 703 | 703 | 39,025 | 40,774 |
| Fund balances carried forward at the end of the period | 12 | 30,931 | 30,962 | 10,151 | 10,151 | 783 | 783 | 41,865 | 41,896 |

Notes on pages 44 to 66 form part of these financial statements.

Statement of financial activities 31 December 2020

(Incorporating the income and expenditure account)

| | | Unrestricted funds | | Restricted funds | | Endowment funds | | | |
|------------------------------------------------------------------|------|--------------------|--------------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------------------|--------------------------------------|
| | Note | RCNF 2020 £'000 | RCNF Group 2020 £'000 | RCNF 2020 £'000 | RCNF Group 2020 £'000 | RCNF 2020 £'000 | RCNF Group 2020 £'000 | RCNF 31 December 2020 £'000 | RCNF Group 31 December 2020 £'000 |
| Income from: | | | | | | | | | |
| Income and endowments | | | | | | | | | |
| Donations and legacies | 2 | 113 | 4,260 | 1,649 | 1,649 | – | – | 1,762 | 5,909 |
| Income earned from other activities | | | | | | | | | |
| Investment income | 3 | 602 | 602 | 181 | 181 | – | – | 783 | 783 |
| Income earned from other trading activities | | | | | | | | | |
| Sponsorship income | | – | – | – | – | – | – | – | – |
| Licence income | | 30 | 30 | – | – | – | – | 30 | 30 |
| Total income | | 745 | 4,892 | 1,830 | 1,830 | – | – | 2,575 | 6,722 |
| Expenditure | | | | | | | | | |
| Cost of raising funds | 4 | 364 | 364 | – | – | – | – | 364 | 364 |
| Expenditure on charitable activities: | | | | | | | | | |
| Education and training | | 164 | 164 | 190 | 190 | – | – | 354 | 354 |
| Benevolent fund | | 555 | 2,953 | 1,773 | 1,773 | – | – | 2,328 | 4,726 |
| Clinical practice and promoting the profession | | 65 | 65 | – | – | – | – | 65 | 65 |
| Research | | 33 | 33 | 176 | 176 | – | – | 209 | 209 |
| Total expenditure | 4 | 1,181 | 3,579 | 2,139 | 2,139 | – | – | 3,320 | 5,718 |
| Net income/(expenditure) before investment gains/(losses) | | (436) | 1,313 | (309) | (309) | – | – | (745) | 1,004 |
| Net gains on investments | 13 | 1,839 | 1,839 | 593 | 593 | 54 | 54 | 2,486 | 2,486 |
| Net income for the year | | 1,403 | 3,152 | 284 | 284 | 54 | 54 | 1,741 | 3,490 |
| Transfers between funds | | – | – | 17 | 17 | (17) | (17) | – | – |
| Net movement in funds | 13 | 1,403 | 3,152 | 301 | 301 | 37 | 37 | 1,741 | 3,490 |
| Reconciliation of funds | | | | | | | | | |
| Fund balances brought forward at the start of the period | 13 | 27,767 | 27,767 | 8,851 | 8,851 | 666 | 666 | 37,284 | 37,284 |
| Fund balances carried forward at the end of the period | 12 | 29,170 | 30,919 | 9,152 | 9,152 | 703 | 703 | 39,025 | 40,774 |

Balance sheet as at 31 December 2021

| | | RCN Foundation | | RCN Foundation Group | |
|------------------------------------------------|------|------------------------------|---------------------------------------------|------------------------------|---------------------------------------------|
| | Note | 31 December 2021 £'000 | 31 December 2020 as restated £'000 | 31 December 2021 £'000 | 31 December 2020 as restated £'000 |
| Fixed assets | | | | | |
| Tangible assets | 6 | 2 | 4 | 2 | 4 |
| Long-term investments | 8.1 | 41,134 | 37,596 | 41,134 | 37,596 |
| Total fixed assets | | 41,136 | 37,600 | 41,136 | 37,600 |
| Current assets | | | | | |
| Debtors | 9 | 135 | 84 | 131 | 84 |
| Short-term investments | 8.2 | 500 | 1,000 | 500 | 1,000 |
| Cash at bank and in hand | | 724 | 752 | 1,474 | 3,810 |
| Total current assets | | 1,359 | 1,836 | 2,105 | 4,894 |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 10 | (592) | (411) | (1,308) | (1,720) |
| Net current assets | | 767 | 1,425 | 797 | 3,174 |
| Total assets less current liabilities | | 41,903 | 39,025 | 41,933 | 40,774 |
| Creditors: amounts falling due after one year | 10 | (38) | – | (38) | |
| Total net assets | | 41,865 | 39,025 | 41,895 | 40,774 |
| The funds of the charity | | | | | |
| Restricted funds: | | | | | |
| Permanent endowment | 13 | 765 | 685 | 765 | 685 |
| Expendable endowment | 13 | 18 | 18 | 18 | 18 |
| Restricted income funds | 13 | 10,151 | 9,152 | 10,151 | 9,152 |
| Total restricted funds | | 10,934 | 9,855 | 10,934 | 9,855 |
| Unrestricted funds: | | | | | |
| Revaluation reserve | 12 | 8,991 | 7,901 | 8,991 | 7,901 |
| General funds | | 21,474 | 20,689 | 21,505 | 22,438 |
| Designated funds | 13 | 466 | 580 | 466 | 580 |
| Total unrestricted funds | 13 | 30,931 | 29,170 | 30,962 | 30,919 |
| Total charity funds | | 41,865 | 39,025 | 41,896 | 40,774 |

Approved and authorised for issue by the Board of Trustees on 26 April 2022 and signed on their behalf by:



Professor Jane Cummings RN, CBE
Chair of the Board of Trustees

Statement of cash flows

| | | RCN Foundation | | RCN Foundation Group | |
|--------------------------------------------------------------------------------------------|------|------------------|---------------------------------|----------------------|---------------------------------|
| | Note | 31 December 2021 | 31 December 2020 as restated | 31 December 2021 | 31 December 2020 as restated |
| | | £'000 | £'000 | £'000 | £'000 |
| Reconciliation of net movement in funds to net cash flow from operating activities: | | | | | |
| Net movement in funds | | 2,840 | 1,741 | 1,121 | 3,490 |
| Dividends and interest from investments | | (809) | (783) | (809) | (783) |
| (Gains) from investments | | (3,534) | (2,486) | (3,534) | (2,486) |
| (Increase)/decrease in debtors | 9 | (51) | 41 | (47) | 41 |
| Increase/(decrease) in creditors | 10 | 219 | (198) | (374) | 1,110 |
| Net cash (used)/generated in operating activities | | (1,335) | (1,685) | (3,643) | 1,372 |
| Cash flows from investing activities: | | | | | |
| Dividends and interest from investments | 3 | 809 | 783 | 809 | 783 |
| Proceeds from sale of investments | 8.1 | 10,144 | 11,254 | 10,144 | 11,254 |
| Purchase of investments | 8.1 | (10,118) | (12,238) | (10,118) | (12,238) |
| Net cash provided by/(used by) investing activities | | 835 | (201) | 835 | (201) |
| Change in cash and cash equivalents in the reporting period | | (500) | (1,886) | (2,808) | 1,171 |
| Opening cash at bank | | 752 | 1,627 | 3,810 | 1,627 |
| Opening cash in investments | | 1,320 | 2,330 | 1,320 | 2,330 |
| Cash and cash equivalents at the beginning of the reporting period | | 2,072 | 3,957 | 5,130 | 3,957 |
| Change in cash and cash equivalents due to exchange rate movements | | 8 | 1 | 8 | 1 |
| Cash and cash equivalents at the end of the reporting period | | 1,586 | 2,072 | 2,336 | 5,130 |
| Represented by: | | | | | |
| Closing cash at bank | | 724 | 752 | 1,474 | 3,810 |
| Closing cash held in investment portfolio | | 362 | 320 | 362 | 320 |
| Closing cash in short-term investment | | 500 | 1,000 | 500 | 1,000 |

Please see note 16 for further information regarding the restatement of 2020 comparatives.

Notes to the financial statements

1. Accounting policies

The consolidated financial statements presented show the consolidated statement of financial activities, balance sheet and the statement of cash flows of the RCN Foundation Group for the year ended 31 December 2021.

The RCN Foundation Group financial statements consolidate the accounts of the RCN Foundation and its subsidiary, COVID-19 Healthcare Support Appeal.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

The RCN Foundation is a private company limited by guarantee (registered company: 7026001), it was registered as a charity (registered charity: 1134606) on 2 March 2010.

a. Accounting convention

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investments at market value, and are in accordance with the Statement of Recommended Practice: Accounting and Reporting for Charities (SORP 2019) guidance on the application of the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) effective 1 January 2015 and the Companies Act 2006, and Charities Accounts (Scotland regulations 2006) and Charities and Trustee Investment (Scotland) Act 2005.

The RCN Foundation meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of disclosure exemptions available to it in respect of its separate financial statements. Accordingly, exemption has been taken in relation to disclosure of remuneration of key management personnel.

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

The Trustees consider that there are no material uncertainties about the RCN Foundation's ability to continue as a going concern. The most significant areas of adjustment and key assumptions that affect items in the financial statements are to do with the valuation of investments. Since the market value of investments are dependent on the fluctuation of the open market these are exposed to a degree of uncertainty and speculation.

b. Statement of cash flows

The RCN UK prepares and files a consolidated statement of cash flows which includes the cash flows of the RCN Foundation. Under FRS 102, a statement of cash flow is incorporated within these financial statements for the year ended 31 December 2021.

c. Income

All income is accounted for when the RCN Foundation has entitlement to the funds, the amount can be quantified and it is probable that the income will be received.

Income includes interest and dividends receivable from the investment portfolio, donations and legacies to the various restricted funds held by the RCN Foundation, and unrestricted legacies and donations gifted to the RCN Foundation.

Legacy income is accrued at the point that the entitlement and measurability of the amount become known and it is probable that the legacy income will be received. Measurability in the case of residual and pecuniary legacies is counted from the earlier of estate financial statements being finalised and cash received.

d. Expenditure

Expenditure is recognised on an accruals basis and allocated according to the RCN Foundation's objectives. Charitable activities relate to the objectives which are explained within the Trustees' report of this annual report and financial statements. Restricted expenditure relates to grants and awards paid out under the terms of the individual funds.

Where expenditure cannot be directly allocated under these main categories, they are allocated across activities in the ratio shown below based on actual direct expenditure incurred on the activities.

| | 31 December 2021 % | 31 December 2020 % |
|------------------------|------------------------------|------------------------------|
| Cost of raising funds | 20 | 9 |
| Education and training | 15 | 11 |
| Benevolent fund | 36 | 73 |
| Clinical practice | 9 | 4 |
| Research | 20 | 3 |

Cost of raising funds

The cost of raising funds relate to the fee paid to the investment managers and other costs incurred by the charity to raise funds for its charitable work.

Objective 1: Education and training

Promoting the science and art of nursing and the better education and training of nurses and their efficiency in the profession of nursing.

Objective 2: Benevolent funds

Assisting nurses who by reason of adversity, ill-health or otherwise are in need of assistance of any nature.

Objective 3: Clinical practice

Supporting the development of clinical practice and the improvement of care.

Objective 4: Research

To fund nursing-led innovation projects and research and development activity to support the development of leading edge clinical practice, educational tools and the improvement of patient care.

Grants payable

Grants and bursaries payable are charged to the Statement of Financial Activities in the year in which the grant is awarded and the successful granting is conveyed to the recipient. In cases where the offer is conditional, grants are wholly recognised as expenditure in the year when the conditions have been satisfied by the recipient. If there are conditions that are within the control of the RCN Foundation the expenditure is recognised to the extent the conditions are fulfilled. Those grants which are payable in future periods are included in creditors as set out in note 10.

The grant payable to RCN UK for the LampLight Support Service is recognised on a yearly basis for the duration of the grant due to the terms of the agreement, which aligns the grant payable to the cost of providing the service in the year.

Support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support cost have been allocated are set out in note 4. Governance costs include all cost of compliance with constitutional and statutory requirements, including legal and audit fees and the cost of Trustee meetings and are included within support costs.

e. Irrecoverable value added tax

Where value added tax is incurred and cannot be recovered it is expensed in the Statement of Financial Activities. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

f. Tangible assets – software

The only asset held by the RCN Foundation is a customer relationship management database. The database depreciates over five years using straight line depreciation after deducting any residual value at the end of the useful life of the database.

g. Investments

Investments are initially recognised at their transaction value and subsequently measured at their market value, where market value represents the mid-market price on the last trading day before the period end. Investments purchased as part of the treasury management, which are intended to be held for less than one year, are shown as current assets (short-term investments). Investments held to generate longer term income and capital growth are shown within fixed assets. All gains and losses are taken to the statement of financial activities as they arise. Realised and unrealised investment gains and losses are combined in the statement of financial activities. Any unrealised or realised gains arising from investments are taken to the fund for which the investments are held.

h. Endowments

Where funds are given to be held as capital, they are shown as endowment funds in the financial statements. Expendable endowments are those where the trusts' terms provide for the expenditure of capital rather than its preservation. Permanent endowment funds are donations that have been given to the RCN Foundation to be held as capital with no power to convert the funds to income. Permanent endowment funds are held by the RCN Foundation as a corporate Trustee and do not form part of the corporate property of the charitable company. Investment income generated from the endowment funds is allocated to these restricted funds.

i. Restricted income funds

Where income is received for purposes specified by the donor or the terms of appeal under which it was raised, that income is shown as restricted in the statement of financial activities. This includes income arising from endowment funds if it is restricted in use by the donor. Expenditure for the specified purposes is shown as restricted expenditure. Any unexpended balance at the balance sheet date is carried forward as a restricted income fund.

j. Unrestricted funds

Unrestricted funds are expendable at the discretion of the Trustees in the furtherance of the objects of the RCN Foundation.

k. Designated funds

Designated funds are unrestricted funds that have been earmarked for a particular purpose by the Trustees. The designated funds are set out in note 13.

In 2019, the RCN Foundation received the final instalment of £134,000 from CAF America, as a result of a the fundraising campaign led by RCN UK Ambassador Emilia Clarke on the online fundraising platform Omaze in 2018. The grant has been designated by the Trustees for educational purposes and in 2021 £100,635 (2020: £45,000) have been spent on the ongoing advanced practice education programme in the specialism of neuro rehabilitation. The RCN Foundation is planning to spend the remaining funds in the next two years.

l. Financial instruments

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

m. Pensions

The RCN UK operates defined benefit and defined contribution schemes. As the RCN Foundation staff are employed by the RCN UK and work for the RCN Foundation in accordance with the service level agreement (SLA) they fall within the pension schemes of the RCN UK.

n. Critical accounting judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial performance date and the amounts reported for income and expenditure during the year. However, the nature of the estimates means that actual outcomes could differ from those estimates.

For the avoidance of doubt there are no critical accounting judgements or estimates applied in these financial statements.

o. Going concern

A detailed forecast was prepared to assess organisational financial resilience during the COVID-19 pandemic. The assessment anticipates net movement in the funds for the next 12 months from the date of signing off the financial statements.

The RCN Foundation's Income, Generation and Investment Committee has reviewed and approved the assessment of the RCN Foundation's financial resources. The assessment includes a thorough review of the RCN Foundation's cash flow forecast, investment income and donations pledged.

The board is of the opinion that the sustainability and viability of the business as a going concern are not threatened. Therefore, it is not appropriate to modify the key assumptions and judgments while preparing the financial statements for the business. The RCN Foundation is considered to have sufficient resources to meet its obligations as they fall due for at least 12 months after the signing of the financial statements.

2. Donations and legacies

RCN Foundation

| | Unrestricted | | | Restricted | | Total donations and legacies | |
|----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------------------|--|
| | 31 December 2021 £'000 | 31 December 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 | |
| Regular giving | 11 | 10 | 97 | 97 | 108 | 107 | |
| Major donors | 24 | 3 | 21 | 1,208 | 45 | 1,211 | |
| Legacies | (34) | 59 | 69 | 5 | 35 | 64 | |
| Corporate income and partnership | 57 | 12 | 320 | 238 | 377 | 250 | |
| Other donations | 37 | 21 | 7 | 99 | 44 | 120 | |
| Gift aid | 1 | 8 | 10 | 2 | 11 | 10 | |
| Total | 96 | 113 | 524 | 1,649 | 620 | 1,762 | |

The negative amount in legacies for 2021 relates to a legacy incorrectly accounted for in 2020.

RCN Foundation Group

| | Unrestricted | | | Restricted | | Total donations and legacies | |
|----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------------------|--|
| | 31 December 2021 £'000 | 31 December 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 | |
| Regular giving | 11 | 10 | 97 | 97 | 108 | 107 | |
| Major donors | 24 | 4,123 | 21 | 1,208 | 45 | 5,331 | |
| Legacies | (34) | 59 | 69 | 5 | 35 | 64 | |
| Corporate income and partnership | 57 | 12 | 320 | 238 | 377 | 250 | |
| Other donations | 65 | 48 | 7 | 99 | 72 | 147 | |
| Gift aid | 1 | 8 | 10 | 2 | 11 | 10 | |
| Total | 124 | 4,260 | 524 | 1,649 | 648 | 5,909 | |

3. Investment income

| | 31 December 2021 £'000 | 31 December 2020 £'000 |
|-------------------------|---------------------------|---------------------------|
| UK equities | 337 | 279 |
| Overseas equities | 310 | 301 |
| UK fixed interest | 162 | 174 |
| Bank interest | – | 5 |
| Overseas fixed interest | – | 24 |
| Total | 809 | 783 |

All investments are owned solely by the RCN Foundation.

4. Analysis of total expenditure

4.1. RCN Foundation

| | Cost of raising funds | | Charitable activities | | Support costs | | Total expenditure | |
|---------------------------|-----------------------|---------------|-----------------------|---------------|---------------|---------------|------------------------------|------------------------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 |
| Grants/bursaries: | | | | | | | | |
| — to organisations | – | – | 840 | 625 | – | – | 840 | 625 |
| — to individuals | – | – | 340 | 1,907 | – | – | 340 | 1,907 |
| RCN UK service fee | 179 | 179 | 264 | 206 | 183 | 159 | 626 | 544 |
| Investment management fee | 169 | 158 | – | – | – | – | 169 | 158 |
| Fundraising costs | 21 | – | – | – | – | – | 21 | – |
| Trustee costs | – | – | – | – | 47 | 1 | 47 | 1 |
| Audit and tax advice | – | – | – | – | 14 | 13 | 14 | 13 |
| Publicity and events | – | – | – | – | 32 | 21 | 32 | 21 |
| Professional services | – | – | – | – | 30 | 40 | 30 | 40 |
| Travel and subsistence | – | – | – | – | – | 2 | – | 2 |
| IT costs | – | – | – | – | – | 2 | – | 2 |
| Miscellaneous cost | – | – | – | – | 12 | 7 | 12 | 7 |
| | 369 | 337 | 1,444 | 2,738 | 318 | 245 | 2,131 | 3,320 |
| Support costs | 64 | 27 | 254 | 218 | (318) | (245) | – | – |
| Total | 433 | 364 | 1,698 | 2,956 | – | – | 2,131 | 3,320 |

Support costs are allocated across the charitable activities and the cost of raising funds based on the actual costs incurred on these activities.

External audit fee – auditor services of £13,830 including VAT are included in these financial statements (31 December 2020: £12,600).

4.2. RCN Foundation Group

| | Cost of raising funds | | Charitable activities | | Support costs | | Total expenditure | |
|---------------------------|-----------------------|------------|-----------------------|--------------|---------------|------------|-------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Grants/bursaries: | | | | | | | | |
| — to organisations | – | – | 2,521 | 2,963 | – | – | 2,521 | 2,963 |
| — to individuals | – | – | 340 | 1,907 | – | – | 340 | 1,907 |
| RCN UK service fee | 179 | 179 | 264 | 231 | 183 | 160 | 626 | 570 |
| Investment management fee | 169 | 158 | – | – | – | – | 169 | 158 |
| Fundraising costs | 21 | – | – | – | – | – | 21 | – |
| Trustee costs | – | – | – | – | 47 | 1 | 47 | 1 |
| Audit and tax advice | – | – | – | – | 23 | 22 | 23 | 22 |
| Publicity and events | – | – | – | – | 36 | 20 | 36 | 20 |
| Professional services | – | – | – | – | 82 | 65 | 82 | 65 |
| Travel and subsistence | – | – | – | – | – | 2 | – | 2 |
| IT costs | – | – | – | – | – | 2 | – | 2 |
| Miscellaneous cost | – | – | – | – | 12 | 8 | 12 | 8 |
| | 369 | 337 | 3,125 | 5,101 | 383 | 280 | 3,877 | 5,718 |
| Support costs | 64 | 27 | 319 | 253 | (383) | (280) | – | – |
| Total | 433 | 364 | 3,444 | 5,354 | – | – | 3,877 | 5,718 |

Support costs are allocated across the charitable activities and the cost of raising funds based on the actual costs incurred on these activities.

External audit fee – auditor services of £22,830 including VAT are included in these financial statements (31 December 2020: £21,600). This includes £13,830 for the RCN Foundation (31 December 2020: £12,600) and £9,000 for CHSA (31 December 2020: £9,000).

4.3. Expenditure on charitable activities – RCN Foundation

| | Education and training | | Benevolent funds | | Clinical practice | | Research | | Promoting the profession | | Total charitable activities | |
|-----------------------------------------------|------------------------|------------|------------------|--------------|-------------------|------------|------------|------------|--------------------------|-------------|-----------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Grants/bursaries (note 5): | | | | | | | | | | | | |
| – to organisations | 70 | 80 | 350 | 385 | 68 | 106 | 330 | 74 | 22 | (29) | 840 | 616 |
| – to individuals | 111 | 166 | 229 | 1,728 | – | – | – | – | – | – | 340 | 1,894 |
| RCN UK service fee | 92 | 75 | 75 | 54 | 66 | 55 | 31 | 22 | – | – | 264 | 206 |
| RCNF funding projects | – | 1 | – | – | – | – | – | – | – | 1 | – | 2 |
| Care home summit | – | – | – | – | – | – | – | – | – | – | – | – |
| Specialist nursing programme consultancy fees | – | 7 | – | – | – | – | – | – | – | – | – | 7 |
| LSS evaluation costs | – | – | – | – | – | – | – | – | – | – | – | – |
| Fees (agency and Just Giving) | – | – | – | 13 | – | – | – | – | – | – | – | 13 |
| | 273 | 329 | 654 | 2,180 | 134 | 161 | 361 | 96 | 22 | (28) | 1,444 | 2,738 |
| Support costs | 48 | 25 | 115 | 174 | 24 | 13 | 63 | 8 | 4 | (2) | 254 | 218 |
| Total | 321 | 354 | 769 | 2,354 | 158 | 174 | 424 | 104 | 26 | (30) | 1,698 | 2,956 |

In 2021, the RCN UK service fee is allocated to charitable activities according to the time spent by the RCN Foundation staff on each activity.

Staff costs – RCN Foundation

The RCN Foundation does not employ any staff directly. A service level agreement is in place between RCN UK and the RCN Foundation for the provision of services to the RCN Foundation (RCN service fee). Under these arrangements there are ten employees who work for RCN Foundation (31 December 2020: seven employees), three of whom fall into the banding of £60,000 – £70,000 per annum and one falls into the banding of £80,000 – £90,000 per annum. Pension payments made with regard to the highest paid individual amounted to £10,002 (31 December 2020: £9,594).

| | 31 December 2021 £'000 | 31 December 2020 £'000 |
|-----------------------|---------------------------|---------------------------|
| Wages and salaries | 463 | 348 |
| Social security costs | 51 | 39 |
| Other pension costs | 52 | 38 |
| Total | 566 | 425 |

4.4. Expenditure on charitable activities – RCN Foundation Group

| | Education and training | | Benevolent funds | | Clinical practice | | Research | | Promoting the profession | | Total charitable activities | |
|-----------------------------------------------|------------------------|------------|------------------|--------------|-------------------|------------|------------|------------|--------------------------|-------------|-----------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Grants/bursaries (note 5): | | | | | | | | | | | | |
| — to organisations | 70 | 80 | 2,031 | 2,722 | 68 | 106 | 330 | 74 | 22 | (29) | 2,521 | 2,953 |
| — to individuals | 111 | 166 | 229 | 1,728 | – | – | – | – | – | – | 340 | 1,894 |
| RCN UK service fee | 92 | 75 | 75 | 80 | 66 | 55 | 31 | 22 | – | – | 264 | 232 |
| RCNF funding projects | – | 1 | – | – | – | – | – | – | – | 1 | – | 2 |
| Care home summit | – | – | – | – | – | – | – | – | – | – | – | – |
| Specialist nursing programme consultancy fees | – | 7 | – | – | – | – | – | – | – | – | – | 7 |
| LSS evaluation costs | – | – | – | – | – | – | – | – | – | – | – | – |
| Fees (agency and Just Giving) | – | – | – | 13 | – | – | – | – | – | – | – | 13 |
| | 273 | 329 | 2,335 | 4,543 | 134 | 161 | 361 | 96 | 22 | (28) | 3,125 | 5,101 |
| Support costs | 48 | 25 | 180 | 209 | 24 | 13 | 63 | 8 | 4 | (2) | 319 | 253 |
| Total | 321 | 354 | 2,515 | 4,752 | 158 | 174 | 424 | 104 | 26 | (30) | 3,444 | 5,354 |

Staff costs – RCN Foundation Group

The RCN Foundation Group does not employ any staff directly. A service level agreement is in place between RCN UK and the RCN Foundation for the provision of services to the RCN Foundation (RCN service fee) and an arrangement is in place between RCN UK and CHSA for the provision of services to CHSA. Under these arrangements there are ten employees who work for RCN Foundation (31 December 2020: seven employees), three of whom fall into the banding of £60,000 – £70,000 per annum and one falls into the banding of £80,000 – £90,000 per annum. Pension payments made with regard to the highest paid individual amounted to £10,002 (31 December 2020: £9,594). There is one employee who worked for CHSA (2020: one) and they did not earn more than £50,000 in 2021.

| | 31 December 2021 £'000 | 31 December 2020 £'000 |
|-----------------------|---------------------------|---------------------------|
| Wages and salaries | 490 | 363 |
| Social security costs | 54 | 41 |
| Other pension costs | 55 | 40 |
| Total | 599 | 444 |

5. Grants payable

Grants payable – RCN Foundation

| | Unrestricted funds | | Restricted funds | | Total grants payable | |
|---------------------------------------------------------|--------------------|---------------|------------------|---------------|------------------------------|------------------------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 |
| Balance brought forward at start of period | 19 | 92 | 186 | 272 | 205 | 364 |
| Awarded in the period: | | | | | | |
| Grants and bursaries | 539 | 421 | 678 | 2,170 | 1,217 | 2,591 |
| Unused awards written back | – | (29) | (37) | (30) | (37) | (59) |
| Charge to SOFA | 539 | 392 | 641 | 2,140 | 1,180 | 2,532 |
| Paid in period | (558) | (465) | (661) | (2,226) | (1,219) | (2,691) |
| Balance carried forward at the end of the period | – | 19 | 166 | 186 | 166 | 205 |
| Falling due within one year | – | 19 | 128 | 186 | 128 | 205 |
| Falling due after one year | – | – | 38 | – | 38 | – |

Grants payable – RCN Foundation Group

| | Unrestricted funds | | Restricted funds | | Total grants payable | |
|---------------------------------------------------------|--------------------|---------------|------------------|---------------|------------------------------|------------------------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 |
| Balance brought forward at start of period | 1,310 | 92 | 186 | 272 | 1,496 | 364 |
| Awarded in the period: | | | | | | |
| Grants and bursaries | 2,220 | 2,749 | 678 | 2,205 | 2,898 | 4,954 |
| Unused awards written back | – | (29) | (37) | (30) | (37) | (59) |
| Charge to SOFA | 2,220 | 2,720 | 641 | 2,175 | 2,861 | 4,895 |
| Paid in period | (2,830) | (1,502) | (661) | (2,261) | (3,491) | (3,763) |
| Balance carried forward at the end of the period | 700 | 1,310 | 166 | 186 | 866 | 1,496 |
| Falling due within one year | 700 | 1,310 | 128 | 186 | 828 | 1,496 |
| Falling due after one year | – | – | 38 | – | 38 | – |

Grants were awarded as follows:

| | RCN Foundation | | RCN Foundation Group | |
|------------------------------------------------------------|---------------------|---------------------|----------------------|---------------------|
| | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Grants/bursaries to organisations: | | | | |
| Aneurin Bevan University | 10 | – | 10 | – |
| British Association of Social Workers (BASW) | – | – | 90 | 90 |
| Body & Soul | – | – | 98 | 98 |
| Books Beyond Words | – | 10 | – | 10 |
| British Medical Association | – | – | – | 84 |
| Cardiff University | 150 | 70 | 150 | 70 |
| Care Workers Charity | – | – | 150 | 615 |
| Cavell Nurses' Trust | – | – | – | 50 |
| Central and North West London NHS Foundation Trust | – | – | 30 | – |
| Chartered Society of Physiotherapists | – | – | – | 35 |
| COVID-19 Healthcare Support Appeal (CHSA) | – | 21 | – | – |
| College of Paramedics | – | – | – | 150 |
| Doctors in Distress | – | – | 80 | – |
| Edinburgh Napier University | 7 | – | 7 | – |
| Frontline 19 | – | – | 175 | – |
| Impact Foundation | 13 | 6 | 13 | 6 |
| Hospice UK | – | – | 140 | – |
| Hospital Consultants and Specialists Association (HCSA) | – | – | 24 | – |
| Institute of Health Visitors | 16 | 33 | 66 | 33 |
| Intensive Care Society | – | – | 170 | 172 |
| King's Fund | – | 48 | – | 48 |
| Lamplight Support Services (LSS) | 350 | 279 | 350 | 279 |
| Listen Up Storytelling | – | – | 19 | – |
| London School of Economics (LSE) | – | 1 | – | 1 |
| Northumbria University | 20 | 4 | 20 | 4 |
| Nurse Lifeline | – | – | 50 | 50 |
| Pharmacist Support | – | – | 32 | 44 |
| Prison Officers Association (POA) Welfare | – | – | – | 47 |
| Queen Mary University | 19 | – | 19 | – |
| Queen's Nursing Institute (QNI) | 38 | – | 168 | 48 |
| Queen's Nursing Institute Scotland (QNIS) | – | – | 59 | – |
| RCN | – | (29) | 123 | (29) |
| RCN – Prince of Wales Cadet Scheme | 50 | 25 | 50 | 25 |
| RCN – Sharing nurses' life stories | 4 | – | 4 | – |
| Royal College of General Practitioners | – | – | – | 60 |
| Royal College of Occupational Therapists | – | – | – | 32 |
| Royal Medical Benevolent Fund | – | – | – | 25 |

Continued on page 56

| | RCN Foundation | | RCN Foundation Group | |
|-------------------------------------------|---------------------|---------------------|----------------------|---------------------|
| | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Grants/bursaries to organisations: | | | | |
| Continued from page 55 | | | | |
| Salt Thinking | 22 | – | 22 | – |
| Sheffield Hallam University | – | 5 | – | 5 |
| Society and College of Radiographers | – | – | 11 | – |
| Society of Occupational Medicine | – | 5 | – | 5 |
| South Tyneside and Sunderland Charity | – | – | 120 | – |
| TASC (The Ambulance Staff Charity) | – | – | 130 | 128 |
| There for you (UNISON Welfare) | – | – | – | 630 |
| University of Edinburgh | 101 | 118 | 101 | 118 |
| University of West London (UWL) | 10 | 20 | 10 | 20 |
| University of Huddersfield | 10 | – | 10 | – |
| University of Hertfordshire | 20 | – | 20 | – |
| Total grants to organisations | 840 | 616 | 2,521 | 2,953 |

| | RCN Foundation | | RCN Foundation Group | |
|-----------------------------------------|---------------------|---------------------|----------------------|---------------------|
| | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Grants/bursaries to individuals: | | | | |
| Educational bursaries | 149 | 169 | – | 169 |
| Educational bursaries write backs | (37) | (3) | – | (3) |
| Benevolent grants | 206 | 239 | – | 239 |
| COVID-19 related benevolent grants | 22 | 1,489 | – | 1,489 |
| Total grants to individuals | 340 | 1,894 | – | 1,894 |

In the year the RCN Foundation Group awarded educational bursaries to 95 individuals (2020: 70) and benevolent grants to 378 individuals (2020: 372). Additionally RCN Foundation Group awarded COVID-19 related grants to 33 individuals (2020: 3,318) and 20 organisations (2020: 19). For the full list of the grants awarded to organisations please refer to CHSA Annual Report.

In the year the RCN Foundation awarded educational bursaries to 95 individuals (2020: 70) and benevolent grants to 378 individuals (2020: 372). Additionally RCN Foundation awarded COVID-19 related grants to 33 individuals (2020: 3,318).

6. Tangible assets

| | Note | Computer software £'000 | Assets under construction £'000 | Total £'000 |
|-------------------------------------------|------|----------------------------|------------------------------------|----------------|
| Cost or valuation | | | | |
| Balance at 1 January 2021 | | 14 | – | 14 |
| Disposals | | – | – | – |
| Balance at 31 December 2021 | | 14 | – | 14 |
| Accumulated depreciation | | | | |
| Balance at 1 January 2021 | | 10 | – | 10 |
| Charge for the year | | 2 | – | 2 |
| Balance at 31 December 2021 | | 12 | – | 12 |
| Net book value at 31 December 2021 | | 2 | – | 2 |
| Net book value at 31 December 2020 | | 4 | – | 4 |

All fixed assets are owned by the RCN Foundation.

7. Taxation

The RCN Foundation is exempt from tax as all its income is charitable and is applied for charitable purposes.

8. Investments

8.1. Long-term investments

| | 31 December 2021 £'000 | 31 December 2020 as restated £'000 |
|-----------------------------------------------------------|---------------------------|------------------------------------------|
| Market value at the start of the year | 37,273 | 33,802 |
| Additions at cost | 10,118 | 12,238 |
| Disposals at carrying value | (9,960) | (11,241) |
| Redemptions | (184) | (13) |
| Realised gain | 2,435 | 622 |
| Unrealised gain | 1,090 | 1,866 |
| Investments at market value at the end of the year | 40,772 | 37,273 |
| Cash held for reinvestment | 362 | 322 |
| Market value at the end of the year | 41,134 | 37,596 |
| Historic cost at the end of the year | 32,143 | 29,694 |

Investments at market value (including short-term investments) comprise:

| | 31 December 2021 £'000 | 31 December 2020 £'000 |
|--------------------------------------------------|---------------------------|---------------------------|
| Listed investments | | |
| Fixed interest (Government securities and bonds) | 5,384 | 6,258 |
| UK equities | 8,756 | 7,494 |
| Global equities | 21,901 | 19,977 |
| Alternative assets | 2,883 | 2,094 |
| Property | 1,710 | 1,334 |
| Liquid assets in long-term fund | 1,001 | 1,438 |
| Total | 41,635 | 38,595 |

The Trustees believe that the carrying value of the investments is supported by their underlying net assets.

Holdings over 5%

None of the investments represented holdings in excess of 5% of the investment portfolio at the start or the end of the period.

8.2. Short-term investments

| | 31 December 2021 £'000 | 31 December 2020 '000 |
|------------------------------------------------|---------------------------|--------------------------|
| Market value at the start of the year | 1,000 | 1,001 |
| Additions at cost | 1,000 | 4,000 |
| Redemptions | (2,000) | (4,000) |
| Investments at market value at year end | – | 1,001 |
| Cash held for reinvestment | 500 | – |
| Market value at the end of the year | 500 | 1,000 |
| Historic cost at end of the year | 500 | 1,000 |

All investments are owned solely by the RCN Foundation.

9. Debtors

| | RCN Foundation | | RCN Foundation Group | |
|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31 December 2021 £'000 | 31 December 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 |
| Prepayments and accrued income | 127 | 56 | 127 | 56 |
| Trade debtors | 3 | – | 3 | – |
| Due from RCN UK | – | 28 | – | 28 |
| Due from CHSA | 4 | – | – | – |
| Sundry debtor | 1 | – | 1 | – |
| Total | 135 | 84 | 131 | 84 |

10. Creditors

| | RCN Foundation | | RCN Foundation Group | |
|--------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31 December 2021 £'000 | 31 December 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 |
| Amounts falling due within one year | | | | |
| Trade creditors | 77 | – | 77 | – |
| Grants payable (note 5) | 127 | 205 | 828 | 1,496 |
| Accruals | 115 | 59 | 123 | 68 |
| Due to RCN UK | 273 | 146 | 280 | 155 |
| Other creditors | – | 1 | – | 1 |
| Total | 592 | 411 | 1,308 | 1,720 |
| Amounts falling due after one year | | | | |
| Grants payable (note 5) | 38 | – | 38 | – |
| Total | 630 | – | 1,346 | – |

11. Analysis of net assets between funds

RCN Foundation

| | Unrestricted funds | | Restricted funds | | Endowment funds | | Total funds | |
|-------------------------------------------------------------------|--------------------|---------------|------------------|--------------|-----------------|------------|------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fund balances at the end of the period are represented by: | | | | | | | | |
| Software | 2 | 4 | - | - | - | - | 2 | 4 |
| Investments | 30,136 | 28,068 | 10,215 | 8,820 | 783 | 698 | 41,134 | 37,586 |
| Current assets | 1,257 | 1,276 | 101 | 565 | - | 5 | 1,358 | 1,846 |
| - Current liabilities and provisions | (464) | (178) | (127) | (233) | - | - | (591) | (411) |
| - Non current liabilities | - | - | (38) | - | - | - | (38) | - |
| Total net assets | 30,931 | 29,170 | 10,151 | 9,152 | 783 | 703 | 41,865 | 39,025 |

RCN Foundation Group

| | Unrestricted funds | | Restricted funds | | Endowment funds | | Total funds | |
|-------------------------------------------------------------------|--------------------|---------------|------------------|--------------|-----------------|------------|------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fund balances at the end of the period are represented by: | | | | | | | | |
| Software | 2 | 4 | - | - | - | - | 2 | 4 |
| Investments | 30,136 | 28,116 | 10,215 | 8,820 | 783 | 698 | 41,134 | 37,634 |
| Current assets | 2,009 | 4,334 | 101 | 565 | - | 5 | 2,110 | 4,904 |
| - Current liabilities and provisions | (1,185) | (1,535) | (127) | (233) | - | - | (1,312) | (1,768) |
| - Non current liabilities | - | - | (38) | - | - | - | (38) | - |
| Total net assets | 30,962 | 30,919 | 10,151 | 9,152 | 783 | 703 | 41,896 | 40,774 |

12. Revaluation reserve

| | 31 December 2020 as restated | Investment unrealised gain | 31 December 2021 |
|---------------------|---------------------------------|-------------------------------|------------------|
| | £'000 | £'000 | £'000 |
| Revaluation Reserve | 7,901 | 1,090 | 8,991 |
| Total | 7,901 | 1,090 | 8,991 |

In 2021, the revaluation reserve related to the investment portfolio has increased by the value of the unrealised gain for the year.

Only the RCN Foundation has a revaluation reserve.

13. Movement in funds

13.1. RCN Foundation year end 31 December 2021

| | 31 December 2020 £'000 | Income £'000 | Expenditure £'000 | Net investment gains £'000 | Transfers between Funds £'000 | 31 December 2021 £'000 |
|------------------------------------------|------------------------------|-----------------|----------------------|-------------------------------------|----------------------------------------|------------------------------|
| Endowment funds | | | | | | |
| Permanent | | | | | | |
| Educational funds | 88 | – | – | 10 | – | 98 |
| Research fund — Daphne Heald R&D Fund | 597 | – | – | 70 | – | 667 |
| Expendable | | | | | | |
| Educational funds | 2 | – | – | – | (2) | – |
| Benevolent funds | – | – | – | – | – | – |
| Other funds | 16 | – | – | 2 | – | 18 |
| Total endowment funds | 703 | – | – | 82 | (2) | 783 |
| Restricted income funds | | | | | | |
| Educational funds | | | | | | |
| RCNF Professional Education Funds | 3,239 | 68 | (31) | 313 | – | 3,589 |
| Trevor Clay Scholarship Fund | 336 | 7 | (65) | 44 | (30) | 292 |
| John Colyer Fund | 172 | 4 | (15) | 41 | – | 202 |
| Cowdray Scholarship Fund | – | – | – | – | – | – |
| Other educational funds | 271 | 424 | (71) | 16 | 20 | 660 |
| Total educational funds | 4,018 | 503 | (182) | 414 | (10) | 4,743 |
| Benevolent funds | | | | | | |
| RCNF benevolent funds | 3,904 | 179 | (206) | 323 | – | 4,200 |
| Other benevolent funds | 997 | 29 | (39) | 78 | – | 1,065 |
| Total benevolent funds | 4,901 | 208 | (245) | 401 | – | 5,265 |
| Research funds | 233 | 18 | (214) | 26 | 80 | 143 |
| Total restricted funds | 9,152 | 729 | (641) | 841 | 70 | 10,151 |
| Unrestricted funds | | | | | | |
| General funds | 28,590 | 708 | (1,390) | 2,611 | (54) | 30,465 |
| Designated funds | | | | | | |
| Omaze | 512 | – | (100) | – | 54 | 466 |
| Other designated funds | 68 | – | – | – | (68) | – |
| Total designated funds | 580 | – | (100) | – | (14) | 466 |
| Total unrestricted funds | 29,170 | 708 | (1,490) | 2,611 | (68) | 30,931 |
| Total funds | 39,025 | 1,437 | (2,131) | 3,534 | – | 41,865 |

13.2. RCN Foundation year end 31 December 2020

| | 31 December 2019 £'000 | Income £'000 | Expenditure £'000 | Net investment gains £'000 | Transfers between Funds £'000 | 31 December 2020 £'000 |
|------------------------------------------|------------------------------|-----------------|----------------------|-------------------------------------|----------------------------------------|------------------------------|
| Endowment funds | | | | | | |
| Permanent | | | | | | |
| Educational funds | 81 | - | - | 7 | - | 88 |
| Research fund — Daphne Heald R&D Fund | 548 | - | - | 49 | - | 597 |
| Expendable | | | | | | |
| Educational funds | 22 | - | - | (3) | (17) | 2 |
| Benevolent funds | - | - | - | - | - | - |
| Other funds | 15 | - | - | 1 | - | 16 |
| Total endowment funds | 666 | - | - | 54 | (17) | 703 |
| Restricted income funds | | | | | | |
| Educational funds | | | | | | |
| RCNF Professional Education Funds | 2,976 | 60 | (18) | 221 | - | 3,239 |
| Trevor Clay Scholarship Fund | 348 | 6 | (49) | 31 | - | 336 |
| John Colyer Fund | 157 | 3 | (17) | 29 | - | 172 |
| Cowdray Scholarship Fund | - | - | - | - | - | - |
| Other educational funds | 232 | 117 | (106) | 11 | 17 | 271 |
| Total educational funds | 3,713 | 186 | (190) | 292 | 17 | 4,018 |
| Benevolent funds | | | | | | |
| RCNF benevolent Funds | 3,966 | 198 | (239) | 228 | (249) | 3,904 |
| Other benevolent funds | 798 | 1,429 | (1,534) | 55 | 249 | 997 |
| Total benevolent funds | 4,764 | 1,627 | (1,773) | 283 | - | 4,901 |
| Research funds | 374 | 17 | (176) | 18 | - | 233 |
| Total restricted funds | 8,851 | 1,830 | (2,139) | 593 | 17 | 9,152 |
| Unrestricted funds | | | | | | |
| General funds | 27,074 | 745 | (1,068) | 1,839 | - | 28,590 |
| Designated funds | | | | | | |
| Omaze | 557 | - | (45) | - | - | 512 |
| Other designated funds | 136 | - | (68) | - | - | 68 |
| Total designated funds | 693 | - | (113) | - | - | 580 |
| Total unrestricted funds | 27,767 | 745 | (1,181) | 1,839 | - | 29,170 |
| Total funds | 37,284 | 2,575 | (3,320) | 2,486 | - | 39,025 |

13.3. RCN Foundation Group year end 31 December 2021

| | 31 December 2020 £'000 | Income £'000 | Expenditure £'000 | Net investment gains £'000 | Transfers between Funds £'000 | 31 December 2021 £'000 |
|------------------------------------------|------------------------------|-----------------|----------------------|-------------------------------------|----------------------------------------|------------------------------|
| Endowment funds | | | | | | |
| Permanent | | | | | | |
| Educational funds | 88 | - | - | 10 | - | 98 |
| Research fund — Daphne Heald R&D Fund | 597 | - | - | 70 | - | 667 |
| Expendable | | | | | | |
| Educational funds | 2 | - | - | - | (2) | - |
| Benevolent funds | - | - | - | - | - | - |
| Other funds | 16 | - | - | 2 | - | 18 |
| Total endowment funds | 703 | - | - | 82 | (2) | 783 |
| Restricted income funds | | | | | | |
| Educational funds | | | | | | |
| RCNF Professional Education Funds | 3,239 | 68 | (31) | 313 | - | 3,589 |
| Trevor Clay Scholarship Fund | 336 | 7 | (65) | 44 | (30) | 292 |
| John Colyer Fund | 172 | 4 | (15) | 41 | - | 202 |
| Cowdray Scholarship Fund | - | - | - | - | - | - |
| Other educational funds | 271 | 424 | (71) | 16 | 20 | 660 |
| Total educational funds | 4,018 | 503 | (182) | 414 | (10) | 4,743 |
| Benevolent funds | | | | | | |
| RCNF benevolent funds | 3,904 | 179 | (206) | 323 | - | 4,200 |
| Other benevolent funds | 997 | 29 | (39) | 78 | - | 1,065 |
| Total benevolent funds | 4,901 | 208 | (245) | 401 | - | 5,265 |
| Research funds | 233 | 18 | (214) | 26 | 80 | 143 |
| Total restricted funds | 9,152 | 729 | (641) | 841 | 70 | 10,151 |
| Unrestricted funds | | | | | | |
| General funds | 30,339 | 736 | (3,136) | 2,611 | (54) | 30,496 |
| Designated funds | | | | | | |
| Omaze | 512 | - | (100) | - | 54 | 466 |
| Other designated funds | 68 | - | - | - | (68) | - |
| Total designated funds | 580 | - | (100) | - | (14) | 466 |
| Total unrestricted funds | 30,919 | 736 | (3,236) | 2,611 | (68) | 30,962 |
| Total funds | 40,774 | 1,465 | (3,877) | 3,534 | - | 41,896 |

13.4. RCN Foundation Group year end 31 December 2020

| | 31 December 2019 £'000 | Income £'000 | Expenditure £'000 | Net investment gains £'000 | Transfers between Funds £'000 | 31 December 2020 £'000 |
|------------------------------------------|------------------------------|-----------------|----------------------|-------------------------------------|----------------------------------------|------------------------------|
| Endowment funds | | | | | | |
| Permanent | | | | | | |
| Educational funds | 81 | - | - | 7 | - | 88 |
| Research fund — Daphne Heald R&D Fund | 548 | - | - | 49 | - | 597 |
| Expendable | | | | | | |
| Educational funds | 22 | - | - | (3) | (17) | 2 |
| Benevolent funds | - | - | - | - | - | - |
| Other funds | 15 | - | - | 1 | - | 16 |
| Total endowment funds | 666 | - | - | 54 | (17) | 703 |
| Restricted income funds | | | | | | |
| Educational funds | | | | | | |
| RCNF Professional Education Funds | 2,976 | 60 | (18) | 221 | - | 3,239 |
| Trevor Clay Scholarship Fund | 348 | 6 | (49) | 31 | - | 336 |
| John Colyer Fund | 157 | 3 | (17) | 29 | - | 172 |
| Cowdray Scholarship Fund | - | - | - | - | - | - |
| Other educational funds | 232 | 117 | (106) | 11 | 17 | 271 |
| Total educational funds | 3,713 | 186 | (190) | 292 | 17 | 4,018 |
| Benevolent funds | | | | | | |
| RCNF benevolent funds | 3,966 | 198 | (239) | 228 | (249) | 3,904 |
| Other benevolent funds | 798 | 1,429 | (1,534) | 55 | 249 | 997 |
| Total benevolent funds | 4,764 | 1,627 | (1,773) | 283 | - | 4,901 |
| Research funds | 374 | 17 | (176) | 18 | - | 233 |
| Total restricted funds | 8,851 | 1,830 | (2,139) | 593 | 17 | 9,152 |
| Unrestricted funds | | | | | | |
| General funds | 27,074 | 4,892 | (3,466) | 1,839 | - | 30,339 |
| Designated funds | | | | | | |
| Omaze | 557 | - | (45) | - | - | 512 |
| Other designated funds | 136 | - | (68) | - | - | 68 |
| Total designated funds | 693 | - | (113) | - | - | 580 |
| Total unrestricted funds | 27,767 | 4,892 | (3,579) | 1,839 | - | 30,919 |
| Total funds | 37,284 | 6,722 | (5,718) | 2,486 | - | 40,774 |

The funds we hold are for the following purposes:

Educational funds

To provide higher educational facilities, scholarships and annual awards for nurses who are studying or intending to study.

Benevolent funds

To assist nurses who by reason of adversity, ill health or otherwise are in need of assistance.

Research funds

To fund a research and development unit within the RCN and to provide funds to undertake research projects.

Transfers between funds - RCN Foundation

The transfer of £2,000 out of expendable endowments was processed after the Trustees decided to use the expendable endowment to support RCN Foundation educational activities.

The net £70,000 transfer in restricted funds relates to the transfer from expendable endowments to restricted funds for £2,000 and a transfer from unrestricted funds to restricted for £68,000. This last transfer was processed to cover for costs that should have been funded by designated funds instead of restricted funds.

14. Related party transactions

During the year a service charge of £625,982 was incurred by the RCN Foundation Group to RCN based upon the agreed service level agreement to provide staff (31 December 2020: £570,549). As at 31 December 2021, £321,152 is outstanding from RCN Foundation Group to RCN for this service level agreement and arrangement to provide staff.

In 2021, a total of £349,639 (31 December 2020: £279,219) has been paid to the RCN for the LampLight Support Service (LSS). The amount includes redundancy costs for one LSS member of staff. As at 31 December 2021, £54,018 is outstanding from the RCN Foundation Group to RCN (31 December 2020: £10,524 due from RCN).

Moreover, in the year the RCN Foundation awarded RCN two grants to run the Prince of Wales Cadet Scheme (£50,000) and the project "Sharing nurses' life stories through their archives" (£4,000). No balance is outstanding at the end of the year relating to these transactions.

15. Remuneration

None of the Trustees received remuneration. Costs incurred by the RCN Foundation Trustees while carrying out trustee duties amounted to £1,101 in the year (31 December 2020: £1,197). These expenses related to £58 in accommodation and meals and £1,042 in travel. These costs relate to 10 trustees and are made up of both out of pocket expenses reimbursed as well as those paid directly to a third party.

16. Prior period adjustments

Balance sheet

The Balance sheet for 2020 has been restated to correct the value of the revaluation reserves at the end of December 2020. The calculation of 2020 movement in the revaluation reserves did not take into account the full value of the net unrealised gains, £579,000 instead of the restated figure of £1.866m. As a result of the adjustment, the value of general funds available to the charity has decreased to £21.474m. Anyway, the overall value of the unrestricted funds held by the charity has not changed. To correctly reflect the above adjustment, note 8.1 Long-term investments, has been restated.

Statement of cashflow

The Statement of Cashflow for 2020 has been restated to reflect the correct allocation of cash between cash at bank and cash held in the investment portfolio. The closing balance of cash held in investments in 2020 did not include the cash held by the investment manager Sarasin, £322,091 (see note 8.1), while it was included in the opening balance of 2020. This resulted in a difference in cash which was incorrectly attributed to change in cash due to exchange rate movements.

17. Ultimate controlling party

The RCN is the sole company member of the RCN Foundation. It discharges that role as a quasi-trustee by using its membership to further the charitable purposes of the RCN Foundation. However, the RCN Foundation is established for exclusively charitable purposes and the RCN will respect at all times the RCN Foundation's independence as a charity, separate and distinct from the RCN. The ultimate sanction to appoint and dismiss trustees resides with the RCN. The RCN's principal place of business is 20 Cavendish Square, London W1G 0RN. The results of the RCN Foundation are included in the consolidated financial statements of the RCN which are available from the above address.

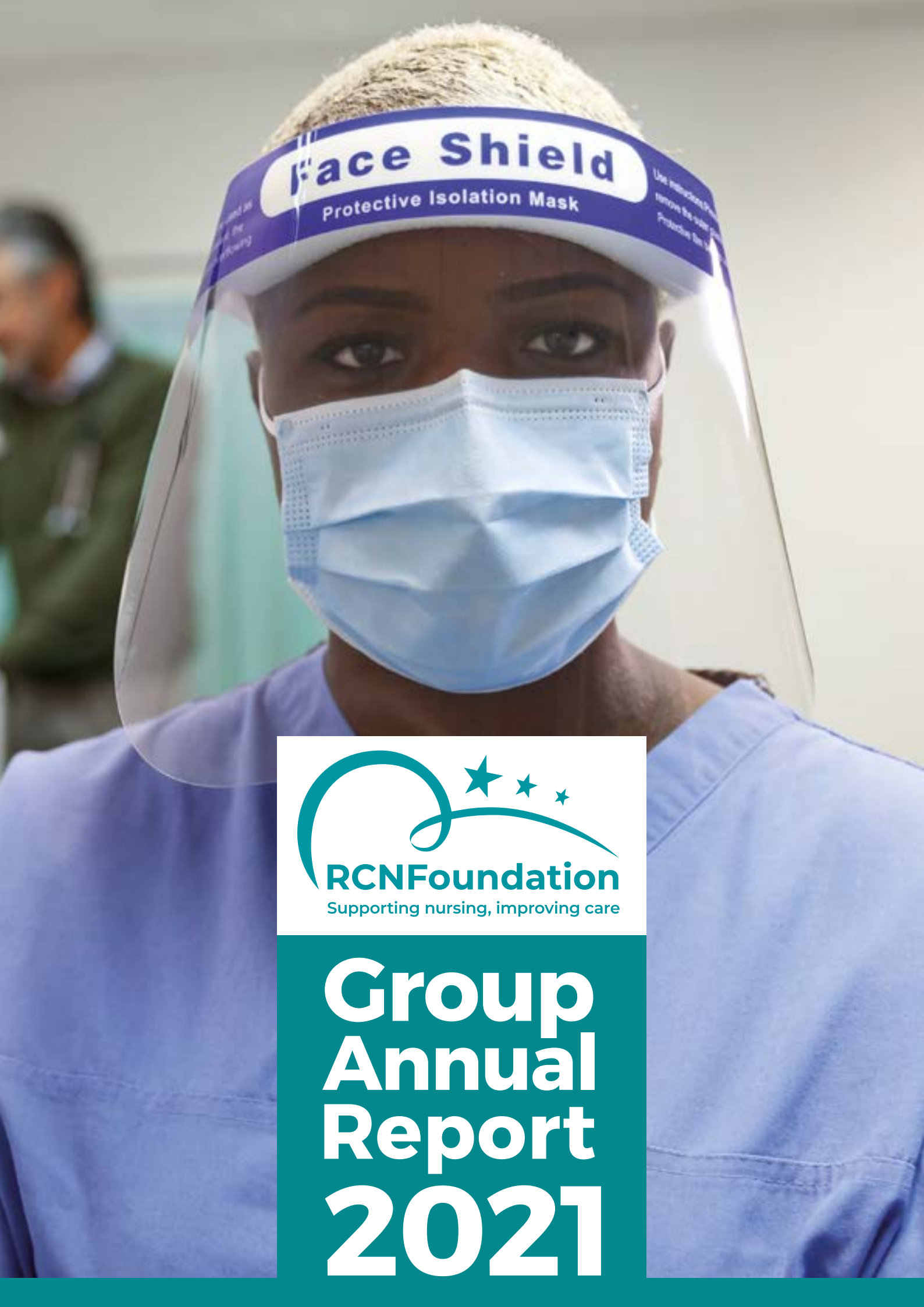


20 Cavendish Square, London W1G 0RN
Tel: 020 7409 3333

rcnfoundation.rcn.org.uk

May 2022 | 010 094

Published by the Royal College of Nursing The RCN is a Royal College set up by Royal Charter and a Special Register Trade Union established under the Trade Union and Labour Relations (Consolidation) Act 1992



Group Annual Report 2021



The RCN Foundation Group Annual Report and Financial Statements 1 January to 31 December 2021

Contents

| | |
|------------------------------------------|----|
| Introduction from the Chair and Director | 3 |
| Report of the Trustees | 4 |
| Financial review | 20 |
| Principal risks and uncertainties | 24 |
| Board of Trustees | 26 |
| Reference and administrative details | 27 |
| Structure, governance and management | 29 |
| Thank you to all our supporters | 32 |
| Statement of Trustees' responsibilities | 34 |
| Independent auditor's report | 35 |
| Financial statements | 39 |

Our purpose is to support and strengthen nursing and midwifery to improve the health and wellbeing of the public.

Our values are to be:

- **relevant for today and ready for tomorrow**
- **focused on impact**
- **accountable**
- **ambitious.**

Registered Charity: 1134606 | Scottish Registered Charity: SC043663 | Registered Company: 7026001

This document has been designed in collaboration with RCN members to ensure it meets most accessibility standards. However, if this does not fit your requirements, please contact corporate.communications@rcn.org.uk



Introduction from the RCN Foundation Chair and Director

The RCN Foundation Group Annual Report shares highlights from our work in 2021 and sets out our plans for 2022. It also contains our financial statements for 2021.

As the pandemic continued across the UK and beyond, our work to support and strengthen the health and social care nursing and midwifery teams remained our top priority. Having quickly reorientated our work in 2020 so that we could provide emergency assistance to those in the professions hardest hit by the pandemic, we hoped that 2021 would become a year of trying to rebalance our work. It quickly became clear that this was not to be the case.

Alongside our ambition to deliver on our long-term priorities, we realised that we would need to 'flex and pivot' in order to address the ongoing challenges posed by the pandemic, not only for nursing and midwifery, but also for our own organisation. We faced a number of challenges brought on by the pandemic that had an impact on our programmes, operations and finances at a time when nursing and midwifery staff most needed us. These included fewer community fundraising events leading to less income in this area and slower delivery of some of our projects due to staff shortages.

However, our firm commitment to nursing and midwifery, to the health and care sectors, and to patients, those who needed support and their families, did not falter. We continued to provide a safety net through our benevolent grants, increased clinical skills and expertise through our education grants, and funded projects that will not only advance our knowledge of the impact of the pandemic on nursing practice, but also improve the care of some of society's most vulnerable individuals. Our annual report sets out what we have achieved in 2021 as well as the challenges that we faced.

During 2021, the work of our subsidiary charity, the COVID-19 Healthcare Support Appeal, continued to deliver tangible benefit and impact for wider health and care staff affected by the pandemic. The charity, set up following a £5m donation from TikTok, allocated the majority of its funding in grants to organisations working in health and social care. In 2021, the charity made grants totalling nearly £1.7m to 20 organisations. Since the start of the pandemic, over 9,000 individuals have been supported. Having fulfilled the purpose for which it was established, the charity intends to close at the end of 2022.

There is no doubt that it has been a tough 12 months for everyone involved in health and care and that it will continue to be so for the foreseeable future. We will continue to support collective efforts to build the longer-term recovery and resilience of the health and care sectors which is so vitally needed through the work that we do. It has never been more important to work together, and we can only look to the future with hope by doing so.

To all those who supported us this year, and made our work possible, we say a huge thank you. Your commitment and faith in us have once again enabled us to deliver real benefit for nursing and midwifery across the UK. Finally, we would also like to thank all those we were able to support in some way over the last year – thank you for allowing us to be part of your journey.



Professor Jane Cummings CBE RN
Chair



Deepa Korea
Director

Report of the Trustees for the year ending 31 December 2021

(incorporating the Directors' report)

The Board of Trustees of the RCN Foundation Group (comprising the RCN Foundation and the COVID-19 Healthcare Support Appeal) presents its annual report and financial statements for the year ended 31 December 2021 in accordance with Generally Accepted Accounting Practice in the United Kingdom (UK GAAP), the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP), the Charities Act 2011 and the Companies Act 2006; the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

This document is a summary of our activities and finances in 2021. It can be downloaded from the Foundation's website (rcnfoundation.rcn.org.uk), where there are further details about the Foundation's work and that of its subsidiary, the COVID-19 Healthcare Support Appeal.

Objectives

Throughout 2021, the RCN Foundation continued to deliver on key areas of work aimed at meeting our purpose of supporting and strengthening nursing and midwifery to improve the health and wellbeing of the public. Despite the challenges presented by the pandemic, we carried out a robust programme of activity with a focus on achieving positive outcomes for nursing and midwifery staff, and the public. Our objectives for 2021, as listed in the 2020 Annual Report and Accounts, and the progress made against these objectives, are set out below.

1. Implement a strong programme of grant-making that focuses on the Foundation's core areas of funding: hardship; education; nursing-led projects that support children and young people's mental health and wellbeing; learning disability nursing; supporting the mental health and wellbeing of the nursing and midwifery team in all settings; and raising the profile of the profession.

During the year, we continued to support members of the nursing and midwifery team who were facing hardship by funding the Lamplight Support Service (LSS) which was administered by the Royal College of Nursing. LSS provided advice and grants to nurses, midwives and nursing support workers who were facing financial hardship because of a wide range of issues including physical and mental ill health, debt, relationship breakdowns, caring responsibilities, and domestic abuse. The majority of grants were for cost-of-living expenses. Support to nurses, midwives and nursing support workers affected by COVID-19 reduced significantly in 2021, although this was continually monitored throughout the year.

In 2021, the Foundation made grants to the value of £206,000 through LSS (2020: £225,000), with 76% of grant recipients reporting that they were more financially independent as a result of the grant they received. 961 individuals benefited from telephone assessments (2020: 1,088) and were, on average £6,000 (2020: £5,800) better off as a result of the advice they received.

During 2020 and early 2021, the Foundation engaged in discussions with the RCN about the future delivery of the benevolent service, given that the agreement to provide hardship support through the LSS was due to end on 31 December 2021. A proposal setting out the Foundation's expectations about the future service was formally submitted to the RCN at the beginning of 2021. The RCN decided not to take the proposal forward and the board therefore agreed that the Foundation would instead deliver the benevolent service from January 2022 onward.

From April 2021, the Foundation began planning for the development and implementation of the new service. The service would encompass grant-making and signposting, with technology playing a greater role in its delivery. Staff and processes were put in place for the service to be launched on 4 January 2022. Alongside the delivery of this new service in 2022, the Foundation also plans to undertake a comprehensive review of the current landscape in relation to modern benevolent support for the professions.

Hardship case study

"I will be forever grateful for the help I was given."

Hannah*, Nursing Support Worker

Hannah had been a nursing support worker for a number of years before she became pregnant at the height of the pandemic. As she was on the frontline, she soon had to stop working to keep both her and her baby safe. She was terrified about how she would be able to pay the bills and provide for her child, without putting themselves at risk.

After contacting our hardship service, Hannah had a phone interview and was awarded a Hardship Grant of £1,000 to pay for items required for her baby. She says "The support was unbelievable; it means the whole world. I was given help when I needed it the most."

*Different name used for anonymity

We continued to support those seeking to improve their clinical skills and expertise through education and training. In 2021, the Foundation awarded £149,000 in education grants (2020: £150,000) to 97 individuals (2020: 70). These grants were for a broad range of activities encompassing postgraduate studies and courses aimed at contributing to continuing professional development. Once again, the courses being undertaken were in a variety of topics including respiratory care, diabetes, and mental health. In addition, we also awarded grants to those with a first non-nursing degree wishing to take up a degree in nursing.

The Monica Baly award for the history of nursing was awarded to a team of researchers from Edinburgh Napier University for a project entitled *Witches' stories – accused and persecuted for helping others: documentary analysis of early midwives and nurses/healers as reported within the Scottish Witchcraft Survey database (1536-1746)*. The research team investigated the stories of these individual nurses and midwives, documented who they were, and reflected on their practices from today's health care perspective.

Following a review of the funding landscape for undergraduate nursing and midwifery students entering university, our partnership grants programme with the Leathersellers' Company Charitable Fund to fund these students came to an end. Keen to continue the successful partnership, Leathersellers made a further financial commitment to the Foundation towards an education programme aimed at non-specialist nurses to train in early interventions to support children and young people's mental health and emotional wellbeing. The Foundation will provide match funding towards this grant. Our successful joint grant-making partnership with the Worshipful Company of Needle makers, for nurses and midwives using needles in their work, continued for another year.

After analysis of the reach of the Foundation's Professional Bursary Scheme, the board agreed to reduce the maximum grant available under the Scheme to £1,600 which took effect from the autumn round of applications. This will enable the Foundation to increase the number of grants it is able to award, without compromising applicants' ability to access continuing professional development opportunities.

The Foundation funded The University of Edinburgh to develop and deliver a Postgraduate Certificate in Neurological Rehabilitation and Care. This programme was undertaken in partnership with the brain injury charity SameYou and was delivered using funds raised through the Omaze fundraising initiative in 2018. Thirty two students commenced the programme in May 2021. Three students withdrew due to changes in their clinical practice and a further two withdrew due to personal circumstances. 27 nurses remain enrolled on the programme. An important outcome of this course has been the positive impact on students' personal and professional development, clinical knowledge, and patient experience demonstrated through their reflective assignments.

A number of initiatives were undertaken during the year to boost the quality and quantity of applications for education grants. A pilot webinar was developed which set out the elements of a good grant application. The event was live and recorded. Feedback was positive and the webinar will be held again in 2022. Anecdotal feedback from grant reviewers suggested that they had seen an increase in the quality of grant applications. Conversion rates for applications to grants also increased.

The Foundation also piloted a new Helping Hands scheme, whereby Foundation alumni (previous successful education grant recipients) supported applicants through the grant application process. Evaluation of the scheme demonstrated that one in two of those who received this support were successful in their application for a grant. Importantly, the scheme also demonstrated a positive impact in terms of increasing successful applications from ethnic minority applicants. This initiative will be rolled out fully in 2022.

Education case study

“The bursary has enhanced my practice as a midwife and provided a crucial step in my progression towards becoming an independent researcher.”

Layla, Research Midwife

Layla was granted £1,975 towards the completion of “The Practice of Evidence-Based Health Care” – a Master’s level module undertaken through the University of Oxford’s Continuing Education Department. This course enabled Layla to learn how to evaluate the quality of different types of research studies in a systematic way and apply this knowledge to clinical scenarios and decision-making.

Since completing the module Layla has presented at several study days run by the charity Action on Pre-eclampsia. The knowledge she gained from the evidence-based practice module was crucial in helping her to develop these presentations.

Layla was able to secure funding to undertake a full Master’s degree. The award gave her the confidence to apply for a pre-doctoral fellowship. She has been encouraged to apply for a doctoral fellowship with the National Institute for Health Research (NIHR). The course motivated Layla to pursue further academic study and to take on greater responsibility as a researcher.

“The RCN Foundation grant enabled me to obtain a Master’s degree and proved a catalyst for further opportunities. I would strongly encourage anyone thinking of applying to go for it.”

Layla went on to win the Trevor Clay Professional Bursary Scheme Award which was presented at the RCN Foundation Virtual Impact Awards 2020 by Professor Jacqueline Dunkley-Bent OBE, Chief Midwifery Officer for NHS England and a trustee of the RCN Foundation.



Education case study

“It will give me a sense of accomplishment and pride to forever have my name associated with the RCN Foundation.”

James, Nurse

James was awarded a grant of £7,500 over three years to undertake an MA in Adult Nursing at the University of Salford. Having previously worked in the music industry, James decided to pursue a career in nursing after a life-changing experience volunteering at a government hospital in Sierra Leone.

During the clinical placements on his course, he was exposed to a wide variety of nursing specialities and developed a greater understanding of the nursing process. James received a Distinction upon completion of his course and now works in the Acute Medical Unit at St George’s Hospital, London.

James hopes eventually to become a nurse consultant in emergency medicine. In the future, he would like to undertake a Master’s degree in Advanced Clinical Practice, having already worked as a charge nurse.

“The bursary has greatly alleviated some of the financial pressure of returning to education. Once you’re a nurse, you’re a nurse all day, every day. I can’t imagine not being that.”

Dr Ruth May, Chief Nursing Officer for England presented James with the Margaret Parkinson Award at the RCN Foundation Virtual Impact Awards 2020 for outstanding achievement in student nursing.



A number of nursing-led projects were supported during the year. A proportion of these projects, which had been funded over multiple years, were completed during the year. All of our funded projects continued to be affected to varying degrees by the pandemic. Our approach during this period was therefore to offer support and flexibility to enable funded projects to continue.

Four projects were completed during 2021:

- Aneurin Bevan University Health Board – this project aimed to tackle loneliness and isolation in care homes in Wales.
- University of West London – this was scoping research to understand the contribution of nurses to improving the health and wellbeing of children, adults and older people with learning disabilities now and for the future.

- Institute of Health Visitors – this project was supported in direct response to the pandemic. Funding was for the provision of emotional wellbeing at work support to health visiting teams during the pandemic.
- RCN – the England pilot of the RCN Prince of Wales Nursing Cadet Scheme.

In 2021, the Foundation funded five new projects. In response to the pandemic, the Foundation undertook its own review to identify the gaps in COVID-19 related research taking place. The aim of the review was to ascertain where the Foundation might best direct any funding relating to nursing-led COVID-19 research. This review led to two projects being funded through open calls.

The first of these was the EMPATH study carried out by Northumbria University and the University of the Highlands and Islands, which sought to identify the current evidence on the effectiveness, acceptability and feasibility of Psychological First Aid (PFA) for nursing teams working in care home settings. The research looked at where in the UK PFA was being used and how it was being implemented. Through a UK-wide web-based, cross-sectional survey, the project compared levels of safety, calmness, self and community efficacy, connectedness and hope, stress, resilience and coping in care home staff working in settings that had or had not implemented PFA. Qualitative data relating to the lived experience of PFA in a care home setting was obtained through a further questionnaire. The project will be completed in 2022.

The second project was the COVID-19 leadership study, carried out by Queen Margaret University in Scotland. The aim of the project was to explore nurses' and midwives' perspectives and experiences of effective leadership strategies during the pandemic; make recommendations for how healthy practices could be incorporated into future leadership strategies within nursing and midwifery beyond the pandemic; and identify any convergence, divergence and silence in nurses and midwives' experiences of effective leadership strategies across the four nations during the pandemic. The project will be completed in 2022.

An urgent priority identified by the Foundation during the pandemic was the disproportionately high numbers of people with learning disabilities (also referred to as people with intellectual disabilities) who were dying from COVID-19. To address this, the Foundation funded the CAREVIS study, a partnership project between the University of Hertfordshire and the charity Beyond Words. The aim of the project was to develop a picture story book to provide information in pictures about having the COVID-19 vaccine.

As the book was being developed, people with learning disabilities and people who care for them were asked for their input. The picture book is being widely distributed to people with learning disabilities and those who care for them, including family and friends, paid carers, nurses, social workers, and other professionals who support them. The book has been published and is freely available on the Beyond Words website. The project team will also evaluate the impact that the picture book has had. The project will be completed in 2022.

In 2021, the Foundation developed a three-year grants programme focused on its key priority of nursing-led interventions to support children and young people's mental health and emotional wellbeing. The first call under this programme was launched during the year. The University of Huddersfield was awarded a grant to develop a limited data set of assessment tools for children and young people's mental health and emotional wellbeing. The project aims to understand which assessment tools enhance and complement the therapeutic relationship between the young person and the nurse. It will develop a web-based app holding a dataset of evidence-based assessment tools for non-specialist nurses to use in a variety of educational, health and social care settings. The project will be completed in 2022.

Finally, the Foundation awarded funding to the RCN for a project entitled the *Mary Abbott Archive – Sharing nurses' life stories through their archives*. This project will highlight how the personal collections of the late Mary Abbott are an exemplar of how historical papers, images, biography and oral history interview recordings can be linked together to improve online accessibility and promote knowledge about the achievements of individual nurses. This will be done in two phases, working with Mary Abbott's own collection and then selecting other individuals from the RCN's own collections who have had a similar impact and creating the same ease of access to their stories. The project will be completed in 2023.

A number of other projects remained ongoing throughout the year. These were: *Inside the Black Box: An Ethnographic Examination of Nurses' Professional Judgement in Nurse Staffing Systems in England and Wales* led by the University of Cardiff; an exploration and evaluation of Band 5 nurses' leadership development and practice led by the University of Northumbria; QNI's Care Home Nurses' Network; and the IMPACT Foundation project to support nursing students in Bangladesh.

As part of our objective to raise the profile and public understanding of the professions, the Foundation continued its partnership with the Chief Nursing Officers (CNOs) of England, Northern Ireland, Republic of Ireland, Scotland and Wales on a joint project to raise the status and profile of nursing and midwifery.

Work on the project began in earnest during the year to create a digital media campaign to demonstrate the breadth of the nursing and midwifery professions. The campaign will be aimed at the general public, practitioners and policy makers. A creative agency, Salt Thinking, worked on the development of the campaign and collating the material for it. Seven case studies will be featured, with individuals from different parts of the professions and from across the five countries.

In November, the Foundation held its annual lecture, entitled *Folk Healers and Midwives Accused of Witchcraft in Scotland 1563-1736*. Dr Nicola Ring, Nessa McHugh and Rachel Davidson-Welch from Edinburgh Napier University discussed their investigation of the stories of individual nurses and midwives who had been accused of witchcraft and reflected on their practices from today's health care perspective. The lecture attracted over 400 attendees and was the RCN Foundation's most popular annual lecture to date.

The Foundation's charitable expenditure during the year was 80% of its total expenditure incurred in the year.



Project case study

Witches' Stories – righting a historical wrong

To celebrate the International Year of the Nurse and Midwife, the RCN Foundation awarded a Monica Baly fund grant to an Edinburgh Napier University research team exploring the links between witchcraft, folk healing and modern nursing and midwifery. Using archival documents, the team found that among 3,200 people accused of witchcraft in Scotland between 1563 and 1736, a portion practiced folk healing to tend to the sick and to support women during childbirth.

The team collated its research to write biographies of these individuals, deepening understanding of specific midwifery and healing practices of the time. Thanks to this research, and the grant that funded it, the names of some early nurses and midwives accused of witchcraft are now known.



Project case study

Institute of Health Visiting: Emotional Wellbeing at Work Programme project

When the pandemic began, upheavals to how health visitors work rapidly affected their psychological wellbeing. The Institute of Health Visiting (iHV) proposed that better mental health support could sustain health visitors as they redeployed into unfamiliar roles or took on challenging caseloads. The iHV proposed the creation of an Emotional Wellbeing at Work Programme (EWW) for health visitors across England, Northern Ireland, Scotland and Wales.

The Foundation awarded £48,300 to fund the project. A total of 58 health visitors participated in online sessions where facilitators focused on sharing restorative supervision practices. All participants reported that their coping skills around chronic stress improved. They also valued having a safe space to talk over challenges and get support from peers. The Journal of Health Visiting published a report on the programme, and outcomes have been presented at both the iHV evidence-based conference in September 2021 and the iHV leadership conference in December 2020. As a result of the programme's success, iHV has secured further funding to train programme champions to use the model and roll it out in their workplace.

2. Ensure that the impact of funded projects is effectively measured and that outcomes from projects are widely disseminated so that they reach appropriate audiences through a variety of channels.

In 2021, the Foundation took an increasingly proactive and targeted approach to increase the reach, visibility and media coverage around the impact and outcome of funded projects. A number of projects received media publicity during the year.

This included the launch communications for the Monica Baly History of Nursing research project awarded to Edinburgh Napier University. The story was featured by a number of news and broadcast outlets, including STV, *the Scottish Metro*, *Mail and Sun*, *Nursing Standard* and *Nursing Times*.

There was also coverage of another Foundation funded project led by the University of Hertfordshire in conjunction with the charity Beyond Words, which aimed to create and evaluate a visual resource to help people with intellectual disabilities give their consent to receiving the COVID-19 vaccine. Coverage included a news piece in *Nursing Standard*.

Finally, we received online coverage of a research project, led by Northumbria University, and the University of Highlands and Islands in Scotland, which investigated the importance of psychological first aid training as a tool to support the mental health and emotional wellbeing of nurses working in care homes during the pandemic. The story was featured on the Healthcare Newsdesk and Psychreg shared sites.

At the end of the year, the Foundation's Grants Committee reviewed a proposed new impact framework model for the Foundation. This will be reviewed by the board in 2022.

3. Implement a programme of targeted communications to raise the profile of the work of the Foundation. This will encompass messaging across the Foundation's various communication platforms and a review of branding.

In 2021, the Foundation worked alongside creative marketing agency, Salt Thinking, who gave up their time on a pro bono basis to undertake a brand review for the charity. Work on the brand review has received input from the board and remains ongoing.

As part of a series of measures designed to deliver a more cohesive donor engagement experience for the Foundation's supporters the *2020 Impact Report* was, for the first time, sent via post to more than 5,000 donors. This approach also included the implementation of a quarterly supporter e-newsletter, with news and updates on the Foundation's work and impact. This resulted in more than 250 supporters increasing their engagement with the Foundation by updating their details, expressing further interest in fundraising and legacy initiatives, or volunteering to share their story with the Foundation.

The Foundation's 2021 Impact Awards took place virtually in October. More than 170 people registered to attend the event, which shone a spotlight on the awardees and their achievements. It was also an opportunity to highlight the 2020 Impact Award recipients, following the cancellation of the 2020 awards due to COVID-19. Guest presenters of the awards included the Chief Nursing Officers of England and Northern Ireland, and England's Chief Midwifery Officer. The virtual nature of the event meant that the Foundation was able to connect with people across the UK who would have been unable to join an in-person event. LV= sponsored the event with a contribution of £4,000 for which we are very grateful.

Throughout 2021, the Foundation increased its visibility across social media platforms including Facebook, Twitter and Instagram. Community giving initiatives such as the Song Club series of concerts and The Sizzle Show delivered via Instagram Live introduced the Foundation to new audiences.

As the Foundation's social media presence grew, there were strong levels of engagement across different channels for initiatives such as the Virtual Impact Awards, Annual Lecture, educational grants rounds and Nurses' Day.

4. Ensure that income from investments and fundraising meets budgeted targets and is able to support the delivery of our work. Develop a clear and measurable fundraising strategy for the Foundation.

Against the backdrop of the ongoing pandemic, income from investments and fundraising performed relatively well during the year, in line with budgets and forecasts. In 2021, the value of the combined portfolio was £41.1m (2020: £38.6m).

In July, the Board of Trustees approved a new Fundraising Strategy. The strategy identified opportunities to maximise engagement and philanthropic support for the Foundation and to develop a long-term and sustainable fundraising programme, which aimed to develop diversified income streams.

During the year, the Foundation continued with its telephone fundraising upgrade campaign achieving a 23% participation rate against a target of 20%. A first reactivation and conversion campaign was also implemented which resulted in a 34% participation rate against a target of 20%.

The Foundation received a number of notable donations during the year. The UK-based online food delivery business, Deliveroo, made a £300,000 donation to support educational grants for nursing and midwifery staff across the UK working within the NHS. This donation was made up of donations from customers and suppliers in response to COVID-19 towards Deliveroo's *Supporting the NHS* campaign.

A donation of £22,500 was also received from the Apax Foundation which consisted of an individual donation matched by the Apax Foundation.

A donation of £20,000 was also received from the family of a deceased nurse who wished to establish an education grant in her name, to be called the Olufunke Adeyeye RCN Foundation Education Grant. This scheme will provide education grants for nurses, midwives and health care support workers from ethnic minority backgrounds.

For the third consecutive year, the Foundation received a donation from the Privy Purse Charitable Trust. In 2021, the donation was made at an increased level to that made in previous years in recognition of the ongoing challenges facing charities and the nursing and midwifery professions during the pandemic.

The Foundation was the beneficiary of a number of community fundraising initiatives during the year. A key initiative was led by singer/songwriter and Squeeze co-founder Chris Difford who, following his support of the Foundation through The Song Club album in 2020, curated a series of Zoom concerts in the first half of 2021, including in celebration of Nurses' Day.

Eleven runners took part in the Virtual London Marathon and Royal Parks Half Marathon events, collectively raising more than £5,500. Runners included RCN staff members, friends and family of Foundation staff members, members of the public and nursing staff.

Finally, RCN staff member and artist, Carl Bevan ran an art raffle to raise funds for the RCN Foundation and homeless charity, Llamau. This initiative raised £1,275 for the Foundation.

Work took place during the year on the Foundation's approach to ethical investments. As part of the first phase of this approach, the Board of Trustees agreed to exclude a number of areas from the Foundation's investment portfolio including cluster bombs and landmines, adult entertainment, alcohol, armaments, civilian firearms, gambling, tobacco, extraction of thermal coal, and production of oil tar sands. In 2022, the Foundation will further review its portfolio to identify any other potential areas for exclusions.

5. Continue to contribute positively to the RCN Group working cohesively to achieve shared objectives.

The Foundation continued to be involved with RCN Group initiatives during the year. In 2021, RCN Congress activities included an online education programme, as part of which the Foundation organised a panel event entitled *The Courage of Compassion: giving nurses a voice to lead*. This event highlighted the King's Fund report *The Courage of Compassion* and its impact on leadership within nursing and midwifery. The event was viewed by 191 people at its peak which compared to an average audience of 93 for other events within the programme.

The Foundation also continued to work closely with the RCN's Corporate Relations Team to explore joint opportunities to work together.

6. Continue to strengthen our own organisational performance, capacity to deliver and impact, including in the areas of governance, finance and technology.

During the year, the Foundation appointed four new trustees to the board and six new advisers to its Committees. Trustees and advisers came from a broad range of backgrounds including finance, fundraising, marketing and communications, nursing and midwifery, grant-making and benevolence. As a result of these appointments, the Foundation's governance was significantly strengthened.

The development of the Foundation's Benevolent Service throughout the year was a key activity under this objective. Opening in 2022, the new service will, for the first time, be delivered using a digital platform to enable applicants to experience a smoother application process. Plans have also been put in place to support those without access to digital platforms. Two new roles within the Foundation were created to deliver this service and both roles were successfully filled before the end of the year.

The pandemic continued to bring increased focus on the work of the Foundation. As a result, the Foundation increased its communication capacity with the addition of a digital marketing and communications role to the team.

Work was undertaken on the Foundation's approach to equality, diversity and inclusion. The board underlined its firm commitment to ensuring that principles of equality, diversity and inclusion underpinned all aspects of its work by agreeing an Equality, Diversity and Inclusion Statement. Alongside the Statement, the board also agreed a set of guiding principles and goals designed to support the delivery of its approach.

Equality, Diversity and Inclusion at the RCN Foundation – Our Ambition

The RCN Foundation will be a champion of equality, diversity, inclusion and human rights, and recognises the value of being a diverse, fair and inclusive employer.

As a charity and grant-giver, the RCN Foundation aspires to work towards creating an inclusive culture within which our beneficiaries and the wider public can participate, contribute and thrive without fear of discrimination, barriers and exclusion.

We recognise that there is a profound relationship between inequality and health. Through our work and the way in which we operate, we aim to respond to, and positively address, the impact of health inequalities and their adverse effect on individuals and communities.

7. Ensure that the RCN Foundation has put in place the financial and operational steps needed to address the impact of the COVID-19 pandemic on the charity and our ability to continue to support the nursing and midwifery professions. This includes supporting the work of the RCN Foundation's subsidiary charity, the COVID-19 Healthcare Support Appeal.

The final grants from the Foundation's COVID-19 Support Fund were made at the beginning of 2021 to support nursing and midwifery staff affected by the pandemic, following which the fund was closed. Despite this, the Foundation continued to closely monitor any potential impact of the pandemic on nursing and midwifery staff facing hardship throughout the year to ascertain whether the fund would need to reopen.

A number of COVID-19 projects were funded during the year which have been highlighted in earlier sections of this report. There were also various COVID-19-related fundraising initiatives during the early part of the year which again have been highlighted above.

The Foundation continued to operate and monitor a COVID-19 risk register to flag any potential risks caused by the ongoing pandemic on its governance, finances and operations. As new variants of the disease continue to emerge, the board has agreed that the COVID-19 risk register will remain in place in 2022.

The Foundation's subsidiary charity, the COVID-19 Healthcare Support Appeal (CHSA), continued to make grants to health and care organisations whose beneficiaries had been affected by the pandemic. Grant-making fell into three priority areas – emergency aid and hardship; psychological support; and recovery and resilience.

In 2021, the CHSA Board of Trustees agreed grants to 20 organisations totalling £1,681,275. Further details about CHSA and its work is set out in its [annual report and accounts](#).

Policies

During 2021, the board approved the following policies: Donations Acceptance Policy, Conflicts of Interest Policy, Trustee and External Adviser Recruitment Policy, and the RCN Group Risk Policy.

Our position on modern slavery

Our policy is to assess and address anti-modern slavery laws in our own organisation and we expect organisations we work with to adopt and enforce policies to comply with the legislation.

Objectives for 2022

1. Implement a strong programme of grant-making that focuses on the Foundation's core areas of funding: hardship; education; nursing-led projects that support children and young people's mental health and wellbeing; learning disability nursing; supporting the mental health and wellbeing of the nursing and midwifery team in all settings; and raising the profile of the professions.
2. Ensure that the impact of funded projects is effectively measured and that outcomes from projects are widely disseminated so that they reach appropriate audiences through a variety of channels.
3. Implement a programme of targeted communications to raise the profile of the work of the Foundation. This will encompass messaging across the Foundation's various digital and other communication platforms.
4. Ensure that income from investments and fundraising meets budgeted targets and is able to support the delivery of our work. Implement key aspects of the fundraising strategy agreed in 2021.
5. Continue to strengthen our own organisational performance, capacity to deliver and impact, including in the areas of governance, finance and technology.
6. Support and deliver the work of the RCN Foundation's subsidiary charity, the COVID-19 Healthcare Support Appeal. Evaluate the impact of the subsidiary charity's grant-making. Close the subsidiary charity at the end of 2022, ensuring that all funds have been effectively expended in line with charitable objectives.
7. Continue to contribute positively to the RCN Group working cohesively to achieve shared objectives.

Treatment Room 1

Fire exit

Way Out



Financial review

Investments, policy and performance

The RCN Foundation Group is subject to the Trustee Act 2000. The Group's investment objective is to seek to protect real income and capital growth over time. The Trustees accept that in achieving this objective the portfolio will be subject to short-term volatility but nevertheless they would like to achieve their goal with a low to medium level of risk.

The board oversees the management of the group's investment portfolio and monitors the performance of the investment manager. The Income Generation and Investment Committee review the investment strategy, policy and performance and make recommendations to the board as appropriate

The Trustees specified that a part of the portfolio should be accessible at relatively short notice. Therefore the investment managers retain a short-term fund consisting of cash, short-term deposits and short-dated bonds. During 2021, £500,000 was withdrawn from the short-term fund for cashflow purposes. At 31 December 2021, £500,000 was held in the short-term fund as Money Market Investments and is shown as a current asset on the balance sheet (31 December 2020: £1m).

The Investment Committee agreed to adopt a segregated approach, investing in fixed interest issues and individual shares rather than funds as being the most efficient way of achieving the agreed asset allocation and the group's ethical requirements.

The fund managers have discretion over the selection of stocks but the contract with Sarasin & Partners stipulates the Trustees' requirement for the investments to be managed in a socially responsible manner in line with their values and corporate policies. Specific restrictions include the avoidance of any investment in companies that manufacture tobacco products and alcohol, and in companies that are involved in gambling, adult entertainment, armaments, cluster bombs and landmines and civilian firearms. Moreover, the portfolio excludes investments in companies dealing with the extractions of thermal coal and the production of oil tar sands. Environmental, social and governance (ESG) factors are also embedded in the investment process for stock selection.

The fund managers manage the Foundation's investments with a long-term investment time horizon. The investment objective is to aim to protect the assets from inflation by maintaining the 'real' value of the capital and income. A balance is sought between providing income for the short term and real capital growth to provide income for the long term. The Trustees accept that in achieving this objective the portfolio will be subject to short-term volatility, and have taken a low to medium level of risk approach.

2021 showed an improvement compared to 2020 for the Group's investments both in terms of income generated and increase in the value of the portfolio. The gross investment income in the year ended 31 December 2021 was £809,000 (associated investment management fees of £169,000) which was 3.3% higher compared to the gross income received in 2020 (£783,000). The movement in the investments resulted in a significant increase in the market value of the combined portfolio from £38.6m at the start of the year to £41.6m at the end of the year.

This increase in value can mainly be attributed to a higher return on equities, properties and alternative investments. The market value of investments is subject to the fluctuation of the open market and are thus exposed to a degree of uncertainty and speculation.

We are working closely with Sarasin & Partners to monitor our portfolio and the expected income arising from it to best inform our operational activities as we expect 2022 to also be an unusual year, given the ongoing COVID-19 pandemic.

Review of financial position

The financial statements are presented in the format required under the 'Statement of Recommended Practice: Accounting and Reporting by Charities' (SORP FRS 102) and the statement of financial activities reflects the strategic objectives of the RCN Foundation and Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The statement of financial activities for the year ended 31 December 2021 and the balance sheet as at 31 December 2021 are set out on pages 40 and 42. The statement of financial activities shows that the RCN Foundation Group had a net surplus of £2.8m in the year ended 31 December 2021 (31 December 2020: net surplus of £1.7m).

Income

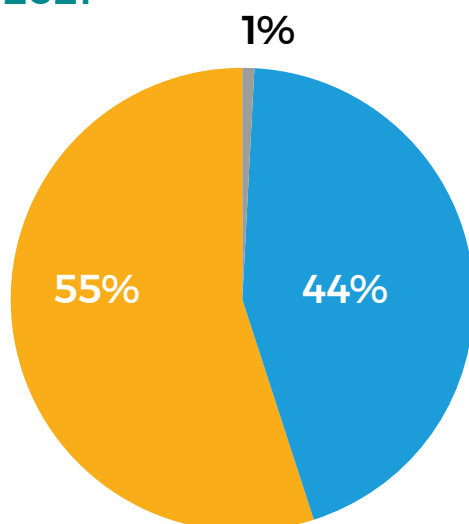
The RCN Foundation income is made up of income from donations and legacies, income from trading activities and investment income.

Total income in the year was £1.465m which is 359% lower than the previous year (31 December 2020: £6.722m). The negative variance is attributable to the exceptional one-off donation received from TikTok in 2020 which resulted in the creation of the subsidiary charity – the COVID-19 Healthcare Support Appeal (CHSA). The income received in 2021 is broadly in line with the income received in 2019 (£1.598m).

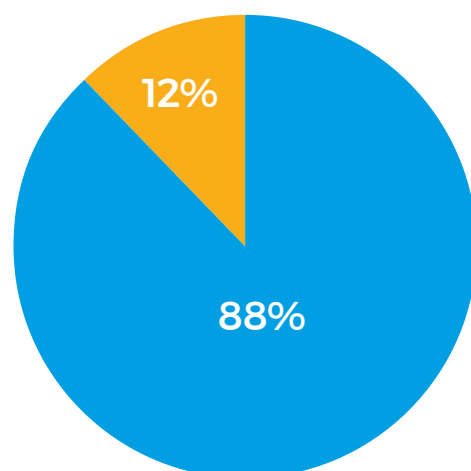
Legacies, donations and gift aid amounted to £648,000 (31 December 2020: £5.909m). Income earned from other trading activities includes licence income of £5,000 (31 December 2020: £30,000) and sponsorship income of £3,000 (31 December 2020: £nil).

Investment income for the year was £809,000 (31 December 2020: £783,000) of which £609,000 was unrestricted (31 December 2020: £602,000). The RCN Foundation Group investments reported net gains of £3.534m (31 December 2020: £2.486m gains) mainly due to unrealised gains on the investment portfolio.

2021



2020



■ Donations and Gift Aid
 ■ Investment income
 ■ Other trading activities

Expenditure

Total expenditure in the year amounted to £3.877m (31 December 2020: £5.718m) of which £3.237m (31 December 2020: £3.579m) was from unrestricted funds.

In 2021 expenditure decreased by 32% compared to 2020. The variance is due to the high amount of benevolent grants awarded in response to the COVID-19 pandemic in 2020 (as shown in the table below). In 2021 the support to the pandemic continued and has focused on awarding grants to organisations through the CHSA subsidiary.

2021 vs 2020 expenditure

| | Education and training £'000 | Benevolent £'000 | Clinical practice £'000 | Research £'000 |
|------|---------------------------------|---------------------|----------------------------|-------------------|
| 2020 | £354 | £4,752 | £144 | £104 |
| 2021 | £321 | £2,541 | £186 | £425 |

In 2021, £2.861m in grants were paid (31 December 2020: £4.894m). Of these, £340,000 was paid to individuals - £206,000 relates to benevolent grants awarded through the Lamplight Support Service (31 December 2020: £239,000), £149,000 to educational bursaries (31 December 2020: £169,000). The Foundation Group paid £22,000 to individuals for COVID-19 grants (31 December 2020: £1,489).

£2.521m was paid by the RCN Foundation Group to 33 organisations – of which £1.750m was paid to 21 organisations for COVID-19 specific grants. £350,000 was paid to RCN UK as part of the agreement to run the Lamplight Support Services (which administered benevolent grants to individuals) (31 December 2020: £279,000) – this expenditure has been charged against unrestricted funds.

A fee is agreed in advance to meet the cost of the service provided by the RCN for governance, finance, marketing, and other services and is included within unrestricted expenditure. This was £626,000 in the year ended 31 December 2021 (31 December 2020: £571,000). The fee reflects staff costs for those RCN employees working on behalf of the RCN Foundation Group plus 12% overheads for RCN Foundation staff and 20% VAT for CHSA staff. The increase in fee is due to the recruitment of two new roles, Digital Marketing and Communications Officer and the Benevolent Grants Manager.

In the expenditure note (Note 4 of the Financial Statements), the fee is allocated to the activities on which these staff members work.

The total cost of raising funds in the year was £433,000, this figure includes investment management fees, the portion of management fees allocated to this activity as well as a share of support costs (31 December 2020: £364,000). The investment management fee is calculated as a proportion of the value of the portfolio and varies accordingly (31 December 2021: £169,000; 31 December 2020: £158,000).

In the year Trustee expenses of £1,101 were incurred (31 December 2020: £1,197). The negative variance is due to Trustees not incurring travel or subsistence costs due to the COVID-19 pandemic restrictions. These costs are treated as unrestricted expenditure.

Reserves

The RCN Foundation Group has adopted a reserves position which it considers appropriate to ensure it can meet its objectives and at the same time manage the expectations of both its potential supporters and beneficiaries.

The level of free reserves at 31 December 2021 was £30.496m (31 December 2020: £30.337m). This excludes those unrestricted funds that have been earmarked for particular purposes by the Trustees and are shown as designated funds on the balance sheet, and excludes tangible fixed assets. The increase in reserves is due to the net gains on the investment portfolio.

The investment and reserves policies reflect the Trustees' acknowledgment that the RCN Foundation Group is largely reliant on reserves and investment income for the furtherance of its charitable objectives for the foreseeable future. The Trustees also acknowledge the inherent risk in holding the majority of its assets within the investment portfolio, namely the fluctuation in market values, this risk is considered when setting the reserves policy.

RCN Foundation Group accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime, and has not prepared a strategic report for that purpose.



Principle risks and uncertainties

Our risk management framework is used to test the organisation's key decisions and influence the use of our resources. Risks are assessed on a quarterly basis by the Board of Trustees to ensure that adequate measures are in place to manage the identified risks. Risk appetite is the level of risk that the Foundation is willing to take in order to meet its strategic objectives. There are a range of appetites for different risks and these are set out below.

Financial

Appetite for risk: low



There is an ongoing dependency on reserves and investment income. We continue to rely heavily on returns from our investment income to support our activities. Trustees have continued to prioritise the need to diversify sources of income over time, though with a clear understanding that results will not be immediate. A new fundraising strategy was agreed by the board in 2021 which will be deployed from 2022 onwards. The strategy will focus on particular areas of voluntary income which have greater potential for a positive return for the Foundation. The COVID-19 pandemic continued to impact on both voluntary and investment income, with steps put in place to mitigate the risk to income returns.

Governance

Appetite for risk: low



There were a number of governance risks that were kept under review during the year. These included: the ability to recruit new Trustees and Advisers with the skills and experience required to fill existing vacancies; the potential for board and committee meetings to be inquorate due to the demands of the pandemic on Trustees who worked clinically; and the need to conduct a governance review. A programme of work to mitigate these risks was implemented including using an external agency to support the recruitment of new Trustees and Advisers; and contacting Trustees prior to all meetings to confirm attendance and ensure quoracy.

Regulatory



Appetite for risk: low

The Foundation's appetite for regulatory risk is low. Consequently, we keep under review a number of regulatory frameworks and ensure that processes are in place to address any regulatory issues. Members of the Foundation's senior management team review briefings setting out any changes to regulator frameworks, including those from the Charity Commission and Fundraising Regulator.

Operational

Appetite for risk: medium



The ability to deliver our ambitious grant-making plans continued to feature as a key risk. In 2021, this continued to be exacerbated by the constraints to public life caused by the pandemic. In this context, the key risks that were monitored during the year included: the ability of projects to deliver to time and within budget; and the uptake of education grants by frontline staff who were overwhelmed by the pandemic. Other operational risks that were monitored during the year included the development of the new Benevolent Service, and the impact of the pandemic on staff health, wellbeing and morale. These risks were mitigated in a number of ways. An organised programme of regular contact with projects was undertaken in order to provide ongoing support during the pandemic. Additional marketing activities were undertaken to ensure the uptake of education grants, and a clear project plan was drawn up and implemented in relation to the Benevolent Service. Finally, all senior managers were tasked with supporting staff wellbeing throughout the year.

External

Appetite for risk: medium



As in 2020, the key external risk for the Foundation during 2021 remained the impact of the pandemic on the Foundation's finances and operations. This was kept under review by the board through the COVID-19 risk register. A key risk that was discussed during the year was the relatively low profile and visibility of the Foundation, and how this could be mitigated. The Foundation received pro bono support and services from a communications agency to begin work on profile and visibility. This work will continue into 2022.



Board of Trustees

External Advisers; Reference and Administrative Details; Structure, Governance and Management

Board of Trustees

The Trustees who are in office or have been during 2021 are:

Professor Jane Cummings RN, CBE, Chair of the Board

Christine Scott-Perry, Vice-Chair and Chair of the Appointments Panel

Elizabeth Jane Cantrell (from 1 September 2021), Chair of the Scotland Committee

Catherine Deakin (from 1 September 2021)

Gregory Dix (from 1 September 2021), Chair of the Wales Committee

Professor Jacqueline Dunkley-Bent OBE

Gordon Hull

David Jones, Chair of the Income Generation and Investment Committee

Moya Kirmond

Rachel Lambert-Forsyth, Chair of the Grants Committee

Professor Charlotte McArdle

Anthony Osijo (from 1 September 2021)

Atul Patel MBE (resigned 31 August 2021)

External Advisers

Nichola Ashby (Grants Committee) (resigned 9 September 2021)

Victoria Bennett (Income Generation and Investment Committee) (from 1 September 2021)

Professor Michael Brown (Scotland Committee)

Ann Gow (Grants Committee) (from 1 September 2021)

Joanne Griffin (Income Generation and Investment Committee)

Alison Hoad (Income Generation and Investment Committee) (from 1 September 2021)

Professor Angela Hopkins (Wales Committee) (resigned 8 June 2021)

Dawn Jackson (Grants Committee) (from 1 September 2021)

Mickella Lewis-Purvis (Grants Committee) (from 1 September 2021)

Yvette Lloyd (Income Generation and Investment Committee)

Professor Donna Mead OBE (Wales Committee)

Jane Miles (Grants Committee)

Dr Susan Morgan (Wales Committee) (retired 26 September 2021)

Tanya Strange MBE (Wales Committee)

Sian Thomas (Wales Committee)

Vivien Waterfield (Income Generation and Investment Committee) (from 1 September 2021)

Jayne Young (Appointments Panel) (resigned 24 May 2021)

Reference and administrative details

Registered office

20 Cavendish Square, London W1G 0RN

Telephone 020 7409 3333

Website: rcnfoundation.rcn.org.uk

Bankers

National Westminster Bank PLC
250 Regent Street, London W1B 3BN

Independent auditors

Crowe U.K. LLP
55 Ludgate Hill, London EC4M 7JW

Lawyers

Bates Wells and Braithwaite
2-6 Cannon Street, London EC4M 6YH

Taylor Vinters LLP
Tower 42, 33rd Floor, 25 Old Broad Street, London EC2N 1HQ

Investment managers

Sarasin & Partners LLP
Juxon House, 100 St Paul's Churchyard, London EC4M 8BU

Charity and Company registration numbers

Registered Charity: 1134606

Scottish registered charity SC043663

Registered Company: 7026001



Structure, governance and management

Constitution

The RCN Foundation was registered as a charity on 2 March 2010. It was registered as a company limited by guarantee in December 2009 and the Royal College of Nursing in the United Kingdom (RCN UK) is the sole member. The Memorandum and Articles of Association were incorporated on 22 September 2009.

The Foundation was set up as a result of a review of the legal and governance structure of the Royal College of Nursing, which is no longer a registered charity.

The Foundation has a Memorandum of Agreement with the Royal College of Nursing that sets out how the two organisations will work together to support nursing and midwifery, and improve care.

Objects

The objects of the RCN Foundation are to:

- promote the science and art of nursing and the better education and training of persons providing nursing in health and social care and their efficiency in the profession of nursing including those who are students
- promote the advancement of nursing as a profession in all or any of its branches
- promote through the medium of international agencies and otherwise the foregoing purposes in other countries
- relieve and prevent charitable need of persons providing nursing in health and social care including those who are students, those who have retired and the dependents of any such persons.

In referring to nursing within its objects, the Foundation also provides support to midwives and health care support workers.

Public benefit statement

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have regard to the Charity Commission's guidance on Charities and Public Benefit.

Governance

The RCN Foundation's Board of Trustees is independent of the Royal College of Nursing (RCN UK). The board has provision for no fewer than seven and no more than 12 trustees, four of whom are members of the Royal College of Nursing and a member of RCN Council is included in the recruitment process. At least three of the members of the Board of Trustees must have no previous connection with the RCN. This enables us to retain our strong connections with the RCN whilst maintaining our independence.

The Board of Trustees normally meets quarterly with the addition of an annual board awayday. The two substantive committees of the board – the Grants Committee, and the Income Generation and Investment Committee – also meet on a quarterly basis.

The Grants Committee is accountable to the board for the development and implementation of the grant-making strategy which spans grant-making for hardship and education, nursing-led practice development and research projects; and activities that raise the profile of the professions. The Income Generation and Investment Committee is accountable to the board for the development and delivery of the fundraising, marketing and communications strategy, as well as keeping the investment strategy under regular review and monitoring the performance of the investment manager.

The membership of these committees is largely drawn from the board and the committees are chaired by a trustee. We have also appointed additional independent members with particularly relevant experience and expertise to our committees.

The Appointments Panel oversees the recruitment and appointment of Trustees, Chair and Vice Chair elections, and committee appointments on behalf of the board. It also oversees Trustees' induction, development programmes and performance review.

The Foundation also has two country committees, one for Scotland and a second for Wales. The role of these committees is to raise the profile of the Foundation's work in their respective countries; bring knowledge of the key country-specific issues affecting nursing, midwifery and health care to the attention of the Foundation; and aim to raise funds for the Foundation's work. Country committees are chaired by a trustee from the relevant country.

Terms of reference for all committees have been agreed by the board.

Management

The RCN Foundation operates from the RCN's national headquarters and is staffed by RCN employees under a services agreement which is kept under regular review. The staffing complement comprises the following roles: Foundation Director; Head of Grants and Impact; Head of Fundraising and Communications; Grants Manager; Fundraising and Communications Manager; Clerk to the Trustees; and Team Administrator. Additionally, the Foundation is supported by a dedicated member of the RCN Finance team.

The Foundation is also supported throughout the year by a number of RCN staff as required.

Compliance

Our key governance documents, processes and controls are in place to ensure that the Foundation operates in an efficient and effective way in order to best deliver its charitable objectives. We conduct regular effectiveness reviews of these.

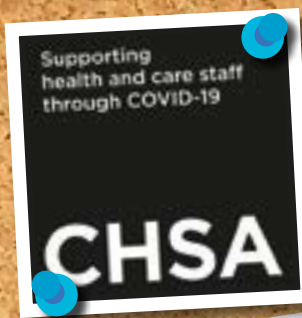
The Foundation has a clear statement of purpose and a set of organisational values which are described in our strategy document, a summary of which will be made available on the website in 2022.

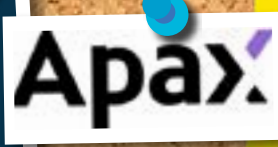
We review our strategy each year and we have an annual plan against which our activities and achievements for that year are monitored. A financial strategy was developed in 2019.

Conflicts of interest

We have a register of interests which is updated regularly. We have guidance for managing conflicts which was reviewed and updated in 2021 and we ask Trustees and advisers to identify any conflicts at the beginning of each meeting.







Thank you to all our supporters

We are extraordinarily grateful to each and every individual, team and organisation who have supported us during the year. With their vital help, we have been able to continue to achieve our purpose of supporting and strengthening nursing and midwifery to improve the health and wellbeing of the public. This year in particular has been like no other; and so we also want to thank the many new donors who have helped us to support frontline staff during the COVID-19 pandemic. Every donation we receive, whether big or small, makes a real difference to the lives of hundreds of nurses, midwives and health care practitioners, and through them patients and families.
Thank you.



Statement of Trustees' responsibilities

The Trustees (who are also directors of RCN Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information;
- the Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees' Annual Report on pages 4 to 18 was approved by the board and signed on its behalf by:



Professor Jane Cummings RN, CBE
Chair of the Board of Trustees
Date: 26 April 2022

Independent auditor's report to the members and Trustees of the RCN Foundation

Opinion

We have audited the financial statements of RCN Foundation ('the charitable company') for the year ended 31 December 2021 which comprise the Statement of Financial Activities (SOFA), the Balance Sheet the Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Trustees' report, which includes the directors' report, prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the statement of responsibilities set out on page 34, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were the General Data Protection Regulations (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of legacy income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing of legacy income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body and the charitable company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Tina Allison
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London, United Kingdom

Date: 12 May 2022

Financial statements



Statement of financial activities 31 December 2021 (Incorporating the income and expenditure account)

| | | Unrestricted funds | | Restricted funds | | Endowment funds | | | |
|------------------------------------------------------------------|------|--------------------|--------------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------------------|--------------------------------------|
| | Note | RCNF 2021 £'000 | RCNF Group 2021 £'000 | RCNF 2021 £'000 | RCNF Group 2021 £'000 | RCNF 2021 £'000 | RCNF Group 2021 £'000 | RCNF 31 December 2021 £'000 | RCNF Group 31 December 2021 £'000 |
| Income from: | | | | | | | | | |
| Income and endowments | | | | | | | | | |
| Donations and legacies | 2 | 96 | 124 | 524 | 524 | – | – | 620 | 648 |
| Income earned from other activities | | | | | | | | | |
| Investment income | 3 | 609 | 609 | 200 | 200 | – | – | 809 | 809 |
| Income earned from other trading activities | | | | | | | | | |
| Sponsorship income | | 3 | 3 | – | – | – | – | 3 | 3 |
| Licence income | | – | – | 5 | 5 | – | – | 5 | 5 |
| Total income | | 708 | 736 | 729 | 729 | – | – | 1,437 | 1,465 |
| Expenditure | | | | | | | | | |
| Cost of raising funds | 4 | 433 | 433 | – | – | – | – | 433 | 433 |
| Expenditure on charitable activities: | | | | | | | | | |
| Education and training | | 140 | 140 | 181 | 181 | – | – | 321 | 321 |
| Benevolent fund | | 524 | 2,270 | 245 | 245 | – | – | 769 | 2,515 |
| Clinical practice and promoting the profession | | 184 | 184 | – | – | – | – | 184 | 184 |
| Research | | 209 | 209 | 215 | 215 | – | – | 424 | 424 |
| Total expenditure | 4 | 1,490 | 3,236 | 641 | 641 | – | – | 2,131 | 3,877 |
| Net income/(expenditure) before investment gains/(losses) | | (782) | (2,500) | 88 | 88 | – | – | (694) | (2,412) |
| Net gains on investments | 13 | 2,611 | 2,611 | 841 | 841 | 82 | 82 | 3,534 | 3,534 |
| Net income for the year | | 1,829 | 111 | 929 | 929 | 82 | 82 | 2,840 | 1,122 |
| Transfers between funds | 13 | (68) | (68) | 70 | 70 | (2) | (2) | – | – |
| Net movement in funds | 13 | 1,761 | 43 | 999 | 999 | 80 | 80 | 2,840 | 1,122 |
| Reconciliation of funds | | | | | | | | | |
| Fund balances brought forward at the start of the period | 13 | 29,170 | 30,919 | 9,152 | 9,152 | 703 | 703 | 39,025 | 40,774 |
| Fund balances carried forward at the end of the period | 12 | 30,931 | 30,962 | 10,151 | 10,151 | 783 | 783 | 41,865 | 41,896 |

Notes on pages 44 to 66 form part of these financial statements.

Statement of financial activities 31 December 2020

(Incorporating the income and expenditure account)

| | | Unrestricted funds | | Restricted funds | | Endowment funds | | | |
|------------------------------------------------------------------|------|--------------------|--------------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------------------|--------------------------------------|
| | Note | RCNF 2020 £'000 | RCNF Group 2020 £'000 | RCNF 2020 £'000 | RCNF Group 2020 £'000 | RCNF 2020 £'000 | RCNF Group 2020 £'000 | RCNF 31 December 2020 £'000 | RCNF Group 31 December 2020 £'000 |
| Income from: | | | | | | | | | |
| Income and endowments | | | | | | | | | |
| Donations and legacies | 2 | 113 | 4,260 | 1,649 | 1,649 | – | – | 1,762 | 5,909 |
| Income earned from other activities | | | | | | | | | |
| Investment income | 3 | 602 | 602 | 181 | 181 | – | – | 783 | 783 |
| Income earned from other trading activities | | | | | | | | | |
| Sponsorship income | | – | – | – | – | – | – | – | – |
| Licence income | | 30 | 30 | – | – | – | – | 30 | 30 |
| Total income | | 745 | 4,892 | 1,830 | 1,830 | – | – | 2,575 | 6,722 |
| Expenditure | | | | | | | | | |
| Cost of raising funds | 4 | 364 | 364 | – | – | – | – | 364 | 364 |
| Expenditure on charitable activities: | | | | | | | | | |
| Education and training | | 164 | 164 | 190 | 190 | – | – | 354 | 354 |
| Benevolent fund | | 555 | 2,953 | 1,773 | 1,773 | – | – | 2,328 | 4,726 |
| Clinical practice and promoting the profession | | 65 | 65 | – | – | – | – | 65 | 65 |
| Research | | 33 | 33 | 176 | 176 | – | – | 209 | 209 |
| Total expenditure | 4 | 1,181 | 3,579 | 2,139 | 2,139 | – | – | 3,320 | 5,718 |
| Net income/(expenditure) before investment gains/(losses) | | (436) | 1,313 | (309) | (309) | – | – | (745) | 1,004 |
| Net gains on investments | 13 | 1,839 | 1,839 | 593 | 593 | 54 | 54 | 2,486 | 2,486 |
| Net income for the year | | 1,403 | 3,152 | 284 | 284 | 54 | 54 | 1,741 | 3,490 |
| Transfers between funds | | – | – | 17 | 17 | (17) | (17) | – | – |
| Net movement in funds | 13 | 1,403 | 3,152 | 301 | 301 | 37 | 37 | 1,741 | 3,490 |
| Reconciliation of funds | | | | | | | | | |
| Fund balances brought forward at the start of the period | 13 | 27,767 | 27,767 | 8,851 | 8,851 | 666 | 666 | 37,284 | 37,284 |
| Fund balances carried forward at the end of the period | 12 | 29,170 | 30,919 | 9,152 | 9,152 | 703 | 703 | 39,025 | 40,774 |

Balance sheet as at 31 December 2021

| | | RCN Foundation | | RCN Foundation Group | |
|------------------------------------------------|------|------------------------------|---------------------------------------------|------------------------------|---------------------------------------------|
| | Note | 31 December 2021 £'000 | 31 December 2020 as restated £'000 | 31 December 2021 £'000 | 31 December 2020 as restated £'000 |
| Fixed assets | | | | | |
| Tangible assets | 6 | 2 | 4 | 2 | 4 |
| Long-term investments | 8.1 | 41,134 | 37,596 | 41,134 | 37,596 |
| Total fixed assets | | 41,136 | 37,600 | 41,136 | 37,600 |
| Current assets | | | | | |
| Debtors | 9 | 135 | 84 | 131 | 84 |
| Short-term investments | 8.2 | 500 | 1,000 | 500 | 1,000 |
| Cash at bank and in hand | | 724 | 752 | 1,474 | 3,810 |
| Total current assets | | 1,359 | 1,836 | 2,105 | 4,894 |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 10 | (592) | (411) | (1,308) | (1,720) |
| Net current assets | | 767 | 1,425 | 797 | 3,174 |
| Total assets less current liabilities | | 41,903 | 39,025 | 41,933 | 40,774 |
| Creditors: amounts falling due after one year | 10 | (38) | – | (38) | |
| Total net assets | | 41,865 | 39,025 | 41,895 | 40,774 |
| The funds of the charity | | | | | |
| Restricted funds: | | | | | |
| Permanent endowment | 13 | 765 | 685 | 765 | 685 |
| Expendable endowment | 13 | 18 | 18 | 18 | 18 |
| Restricted income funds | 13 | 10,151 | 9,152 | 10,151 | 9,152 |
| Total restricted funds | | 10,934 | 9,855 | 10,934 | 9,855 |
| Unrestricted funds: | | | | | |
| Revaluation reserve | 12 | 8,991 | 7,901 | 8,991 | 7,901 |
| General funds | | 21,474 | 20,689 | 21,505 | 22,438 |
| Designated funds | 13 | 466 | 580 | 466 | 580 |
| Total unrestricted funds | 13 | 30,931 | 29,170 | 30,962 | 30,919 |
| Total charity funds | | 41,865 | 39,025 | 41,896 | 40,774 |

Approved and authorised for issue by the Board of Trustees on 26 April 2022 and signed on their behalf by:



Professor Jane Cummings RN, CBE
Chair of the Board of Trustees

Statement of cash flows

| | | RCN Foundation | | RCN Foundation Group | |
|--------------------------------------------------------------------------------------------|------|------------------|---------------------------------|----------------------|---------------------------------|
| | Note | 31 December 2021 | 31 December 2020 as restated | 31 December 2021 | 31 December 2020 as restated |
| | | £'000 | £'000 | £'000 | £'000 |
| Reconciliation of net movement in funds to net cash flow from operating activities: | | | | | |
| Net movement in funds | | 2,840 | 1,741 | 1,121 | 3,490 |
| Dividends and interest from investments | | (809) | (783) | (809) | (783) |
| (Gains) from investments | | (3,534) | (2,486) | (3,534) | (2,486) |
| (Increase)/decrease in debtors | 9 | (51) | 41 | (47) | 41 |
| Increase/(decrease) in creditors | 10 | 219 | (198) | (374) | 1,110 |
| Net cash (used)/generated in operating activities | | (1,335) | (1,685) | (3,643) | 1,372 |
| Cash flows from investing activities: | | | | | |
| Dividends and interest from investments | 3 | 809 | 783 | 809 | 783 |
| Proceeds from sale of investments | 8.1 | 10,144 | 11,254 | 10,144 | 11,254 |
| Purchase of investments | 8.1 | (10,118) | (12,238) | (10,118) | (12,238) |
| Net cash provided by/(used by) investing activities | | 835 | (201) | 835 | (201) |
| Change in cash and cash equivalents in the reporting period | | (500) | (1,886) | (2,808) | 1,171 |
| Opening cash at bank | | 752 | 1,627 | 3,810 | 1,627 |
| Opening cash in investments | | 1,320 | 2,330 | 1,320 | 2,330 |
| Cash and cash equivalents at the beginning of the reporting period | | 2,072 | 3,957 | 5,130 | 3,957 |
| Change in cash and cash equivalents due to exchange rate movements | | 8 | 1 | 8 | 1 |
| Cash and cash equivalents at the end of the reporting period | | 1,586 | 2,072 | 2,336 | 5,130 |
| Represented by: | | | | | |
| Closing cash at bank | | 724 | 752 | 1,474 | 3,810 |
| Closing cash held in investment portfolio | | 362 | 320 | 362 | 320 |
| Closing cash in short-term investment | | 500 | 1,000 | 500 | 1,000 |

Please see note 16 for further information regarding the restatement of 2020 comparatives.

Notes to the financial statements

1. Accounting policies

The consolidated financial statements presented show the consolidated statement of financial activities, balance sheet and the statement of cash flows of the RCN Foundation Group for the year ended 31 December 2021.

The RCN Foundation Group financial statements consolidate the accounts of the RCN Foundation and its subsidiary, COVID-19 Healthcare Support Appeal.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

The RCN Foundation is a private company limited by guarantee (registered company: 7026001), it was registered as a charity (registered charity: 1134606) on 2 March 2010.

a. Accounting convention

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investments at market value, and are in accordance with the Statement of Recommended Practice: Accounting and Reporting for Charities (SORP 2019) guidance on the application of the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) effective 1 January 2015 and the Companies Act 2006, and Charities Accounts (Scotland regulations 2006) and Charities and Trustee Investment (Scotland) Act 2005.

The RCN Foundation meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of disclosure exemptions available to it in respect of its separate financial statements. Accordingly, exemption has been taken in relation to disclosure of remuneration of key management personnel.

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

The Trustees consider that there are no material uncertainties about the RCN Foundation's ability to continue as a going concern. The most significant areas of adjustment and key assumptions that affect items in the financial statements are to do with the valuation of investments. Since the market value of investments are dependent on the fluctuation of the open market these are exposed to a degree of uncertainty and speculation.

b. Statement of cash flows

The RCN UK prepares and files a consolidated statement of cash flows which includes the cash flows of the RCN Foundation. Under FRS 102, a statement of cash flow is incorporated within these financial statements for the year ended 31 December 2021.

c. Income

All income is accounted for when the RCN Foundation has entitlement to the funds, the amount can be quantified and it is probable that the income will be received.

Income includes interest and dividends receivable from the investment portfolio, donations and legacies to the various restricted funds held by the RCN Foundation, and unrestricted legacies and donations gifted to the RCN Foundation.

Legacy income is accrued at the point that the entitlement and measurability of the amount become known and it is probable that the legacy income will be received. Measurability in the case of residual and pecuniary legacies is counted from the earlier of estate financial statements being finalised and cash received.

d. Expenditure

Expenditure is recognised on an accruals basis and allocated according to the RCN Foundation's objectives. Charitable activities relate to the objectives which are explained within the Trustees' report of this annual report and financial statements. Restricted expenditure relates to grants and awards paid out under the terms of the individual funds.

Where expenditure cannot be directly allocated under these main categories, they are allocated across activities in the ratio shown below based on actual direct expenditure incurred on the activities.

| | 31 December 2021 % | 31 December 2020 % |
|------------------------|------------------------------|------------------------------|
| Cost of raising funds | 20 | 9 |
| Education and training | 15 | 11 |
| Benevolent fund | 36 | 73 |
| Clinical practice | 9 | 4 |
| Research | 20 | 3 |

Cost of raising funds

The cost of raising funds relate to the fee paid to the investment managers and other costs incurred by the charity to raise funds for its charitable work.

Objective 1: Education and training

Promoting the science and art of nursing and the better education and training of nurses and their efficiency in the profession of nursing.

Objective 2: Benevolent funds

Assisting nurses who by reason of adversity, ill-health or otherwise are in need of assistance of any nature.

Objective 3: Clinical practice

Supporting the development of clinical practice and the improvement of care.

Objective 4: Research

To fund nursing-led innovation projects and research and development activity to support the development of leading edge clinical practice, educational tools and the improvement of patient care.

Grants payable

Grants and bursaries payable are charged to the Statement of Financial Activities in the year in which the grant is awarded and the successful granting is conveyed to the recipient. In cases where the offer is conditional, grants are wholly recognised as expenditure in the year when the conditions have been satisfied by the recipient. If there are conditions that are within the control of the RCN Foundation the expenditure is recognised to the extent the conditions are fulfilled. Those grants which are payable in future periods are included in creditors as set out in note 10.

The grant payable to RCN UK for the LampLight Support Service is recognised on a yearly basis for the duration of the grant due to the terms of the agreement, which aligns the grant payable to the cost of providing the service in the year.

Support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support cost have been allocated are set out in note 4. Governance costs include all cost of compliance with constitutional and statutory requirements, including legal and audit fees and the cost of Trustee meetings and are included within support costs.

e. Irrecoverable value added tax

Where value added tax is incurred and cannot be recovered it is expensed in the Statement of Financial Activities. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

f. Tangible assets – software

The only asset held by the RCN Foundation is a customer relationship management database. The database depreciates over five years using straight line depreciation after deducting any residual value at the end of the useful life of the database.

g. Investments

Investments are initially recognised at their transaction value and subsequently measured at their market value, where market value represents the mid-market price on the last trading day before the period end. Investments purchased as part of the treasury management, which are intended to be held for less than one year, are shown as current assets (short-term investments). Investments held to generate longer term income and capital growth are shown within fixed assets. All gains and losses are taken to the statement of financial activities as they arise. Realised and unrealised investment gains and losses are combined in the statement of financial activities. Any unrealised or realised gains arising from investments are taken to the fund for which the investments are held.

h. Endowments

Where funds are given to be held as capital, they are shown as endowment funds in the financial statements. Expendable endowments are those where the trusts' terms provide for the expenditure of capital rather than its preservation. Permanent endowment funds are donations that have been given to the RCN Foundation to be held as capital with no power to convert the funds to income. Permanent endowment funds are held by the RCN Foundation as a corporate Trustee and do not form part of the corporate property of the charitable company. Investment income generated from the endowment funds is allocated to these restricted funds.

i. Restricted income funds

Where income is received for purposes specified by the donor or the terms of appeal under which it was raised, that income is shown as restricted in the statement of financial activities. This includes income arising from endowment funds if it is restricted in use by the donor. Expenditure for the specified purposes is shown as restricted expenditure. Any unexpended balance at the balance sheet date is carried forward as a restricted income fund.

j. Unrestricted funds

Unrestricted funds are expendable at the discretion of the Trustees in the furtherance of the objects of the RCN Foundation.

k. Designated funds

Designated funds are unrestricted funds that have been earmarked for a particular purpose by the Trustees. The designated funds are set out in note 13.

In 2019, the RCN Foundation received the final instalment of £134,000 from CAF America, as a result of a the fundraising campaign led by RCN UK Ambassador Emilia Clarke on the online fundraising platform Omaze in 2018. The grant has been designated by the Trustees for educational purposes and in 2021 £100,635 (2020: £45,000) have been spent on the ongoing advanced practice education programme in the specialism of neuro rehabilitation. The RCN Foundation is planning to spend the remaining funds in the next two years.

l. Financial instruments

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

m. Pensions

The RCN UK operates defined benefit and defined contribution schemes. As the RCN Foundation staff are employed by the RCN UK and work for the RCN Foundation in accordance with the service level agreement (SLA) they fall within the pension schemes of the RCN UK.

n. Critical accounting judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial performance date and the amounts reported for income and expenditure during the year. However, the nature of the estimates means that actual outcomes could differ from those estimates.

For the avoidance of doubt there are no critical accounting judgements or estimates applied in these financial statements.

o. Going concern

A detailed forecast was prepared to assess organisational financial resilience during the COVID-19 pandemic. The assessment anticipates net movement in the funds for the next 12 months from the date of signing off the financial statements.

The RCN Foundation's Income, Generation and Investment Committee has reviewed and approved the assessment of the RCN Foundation's financial resources. The assessment includes a thorough review of the RCN Foundation's cash flow forecast, investment income and donations pledged.

The board is of the opinion that the sustainability and viability of the business as a going concern are not threatened. Therefore, it is not appropriate to modify the key assumptions and judgments while preparing the financial statements for the business. The RCN Foundation is considered to have sufficient resources to meet its obligations as they fall due for at least 12 months after the signing of the financial statements.

2. Donations and legacies

RCN Foundation

| | Unrestricted | | | Restricted | | Total donations and legacies | |
|----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------------------|--|
| | 31 December 2021 £'000 | 31 December 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 | |
| Regular giving | 11 | 10 | 97 | 97 | 108 | 107 | |
| Major donors | 24 | 3 | 21 | 1,208 | 45 | 1,211 | |
| Legacies | (34) | 59 | 69 | 5 | 35 | 64 | |
| Corporate income and partnership | 57 | 12 | 320 | 238 | 377 | 250 | |
| Other donations | 37 | 21 | 7 | 99 | 44 | 120 | |
| Gift aid | 1 | 8 | 10 | 2 | 11 | 10 | |
| Total | 96 | 113 | 524 | 1,649 | 620 | 1,762 | |

The negative amount in legacies for 2021 relates to a legacy incorrectly accounted for in 2020.

RCN Foundation Group

| | Unrestricted | | | Restricted | | Total donations and legacies | |
|----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------------------|--|
| | 31 December 2021 £'000 | 31 December 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 | |
| Regular giving | 11 | 10 | 97 | 97 | 108 | 107 | |
| Major donors | 24 | 4,123 | 21 | 1,208 | 45 | 5,331 | |
| Legacies | (34) | 59 | 69 | 5 | 35 | 64 | |
| Corporate income and partnership | 57 | 12 | 320 | 238 | 377 | 250 | |
| Other donations | 65 | 48 | 7 | 99 | 72 | 147 | |
| Gift aid | 1 | 8 | 10 | 2 | 11 | 10 | |
| Total | 124 | 4,260 | 524 | 1,649 | 648 | 5,909 | |

3. Investment income

| | 31 December 2021 £'000 | 31 December 2020 £'000 |
|-------------------------|---------------------------|---------------------------|
| UK equities | 337 | 279 |
| Overseas equities | 310 | 301 |
| UK fixed interest | 162 | 174 |
| Bank interest | – | 5 |
| Overseas fixed interest | – | 24 |
| Total | 809 | 783 |

All investments are owned solely by the RCN Foundation.

4. Analysis of total expenditure

4.1. RCN Foundation

| | Cost of raising funds | | Charitable activities | | Support costs | | Total expenditure | |
|---------------------------|-----------------------|---------------|-----------------------|---------------|---------------|---------------|------------------------------|------------------------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 |
| Grants/bursaries: | | | | | | | | |
| — to organisations | – | – | 840 | 625 | – | – | 840 | 625 |
| — to individuals | – | – | 340 | 1,907 | – | – | 340 | 1,907 |
| RCN UK service fee | 179 | 179 | 264 | 206 | 183 | 159 | 626 | 544 |
| Investment management fee | 169 | 158 | – | – | – | – | 169 | 158 |
| Fundraising costs | 21 | – | – | – | – | – | 21 | – |
| Trustee costs | – | – | – | – | 47 | 1 | 47 | 1 |
| Audit and tax advice | – | – | – | – | 14 | 13 | 14 | 13 |
| Publicity and events | – | – | – | – | 32 | 21 | 32 | 21 |
| Professional services | – | – | – | – | 30 | 40 | 30 | 40 |
| Travel and subsistence | – | – | – | – | – | 2 | – | 2 |
| IT costs | – | – | – | – | – | 2 | – | 2 |
| Miscellaneous cost | – | – | – | – | 12 | 7 | 12 | 7 |
| | 369 | 337 | 1,444 | 2,738 | 318 | 245 | 2,131 | 3,320 |
| Support costs | 64 | 27 | 254 | 218 | (318) | (245) | – | – |
| Total | 433 | 364 | 1,698 | 2,956 | – | – | 2,131 | 3,320 |

Support costs are allocated across the charitable activities and the cost of raising funds based on the actual costs incurred on these activities.

External audit fee – auditor services of £13,830 including VAT are included in these financial statements (31 December 2020: £12,600).

4.2. RCN Foundation Group

| | Cost of raising funds | | Charitable activities | | Support costs | | Total expenditure | |
|---------------------------|-----------------------|------------|-----------------------|--------------|---------------|------------|-------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Grants/bursaries: | | | | | | | | |
| — to organisations | – | – | 2,521 | 2,963 | – | – | 2,521 | 2,963 |
| — to individuals | – | – | 340 | 1,907 | – | – | 340 | 1,907 |
| RCN UK service fee | 179 | 179 | 264 | 231 | 183 | 160 | 626 | 570 |
| Investment management fee | 169 | 158 | – | – | – | – | 169 | 158 |
| Fundraising costs | 21 | – | – | – | – | – | 21 | – |
| Trustee costs | – | – | – | – | 47 | 1 | 47 | 1 |
| Audit and tax advice | – | – | – | – | 23 | 22 | 23 | 22 |
| Publicity and events | – | – | – | – | 36 | 20 | 36 | 20 |
| Professional services | – | – | – | – | 82 | 65 | 82 | 65 |
| Travel and subsistence | – | – | – | – | – | 2 | – | 2 |
| IT costs | – | – | – | – | – | 2 | – | 2 |
| Miscellaneous cost | – | – | – | – | 12 | 8 | 12 | 8 |
| | 369 | 337 | 3,125 | 5,101 | 383 | 280 | 3,877 | 5,718 |
| Support costs | 64 | 27 | 319 | 253 | (383) | (280) | – | – |
| Total | 433 | 364 | 3,444 | 5,354 | – | – | 3,877 | 5,718 |

Support costs are allocated across the charitable activities and the cost of raising funds based on the actual costs incurred on these activities.

External audit fee – auditor services of £22,830 including VAT are included in these financial statements (31 December 2020: £21,600). This includes £13,830 for the RCN Foundation (31 December 2020: £12,600) and £9,000 for CHSA (31 December 2020: £9,000).

4.3. Expenditure on charitable activities – RCN Foundation

| | Education and training | | Benevolent funds | | Clinical practice | | Research | | Promoting the profession | | Total charitable activities | |
|-----------------------------------------------|------------------------|------------|------------------|--------------|-------------------|------------|------------|------------|--------------------------|-------------|-----------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Grants/bursaries (note 5): | | | | | | | | | | | | |
| – to organisations | 70 | 80 | 350 | 385 | 68 | 106 | 330 | 74 | 22 | (29) | 840 | 616 |
| – to individuals | 111 | 166 | 229 | 1,728 | – | – | – | – | – | – | 340 | 1,894 |
| RCN UK service fee | 92 | 75 | 75 | 54 | 66 | 55 | 31 | 22 | – | – | 264 | 206 |
| RCNF funding projects | – | 1 | – | – | – | – | – | – | – | 1 | – | 2 |
| Care home summit | – | – | – | – | – | – | – | – | – | – | – | – |
| Specialist nursing programme consultancy fees | – | 7 | – | – | – | – | – | – | – | – | – | 7 |
| LSS evaluation costs | – | – | – | – | – | – | – | – | – | – | – | – |
| Fees (agency and Just Giving) | – | – | – | 13 | – | – | – | – | – | – | – | 13 |
| | 273 | 329 | 654 | 2,180 | 134 | 161 | 361 | 96 | 22 | (28) | 1,444 | 2,738 |
| Support costs | 48 | 25 | 115 | 174 | 24 | 13 | 63 | 8 | 4 | (2) | 254 | 218 |
| Total | 321 | 354 | 769 | 2,354 | 158 | 174 | 424 | 104 | 26 | (30) | 1,698 | 2,956 |

In 2021, the RCN UK service fee is allocated to charitable activities according to the time spent by the RCN Foundation staff on each activity.

Staff costs – RCN Foundation

The RCN Foundation does not employ any staff directly. A service level agreement is in place between RCN UK and the RCN Foundation for the provision of services to the RCN Foundation (RCN service fee). Under these arrangements there are ten employees who work for RCN Foundation (31 December 2020: seven employees), three of whom fall into the banding of £60,000 – £70,000 per annum and one falls into the banding of £80,000 – £90,000 per annum. Pension payments made with regard to the highest paid individual amounted to £10,002 (31 December 2020: £9,594).

| | 31 December 2021 £'000 | 31 December 2020 £'000 |
|-----------------------|---------------------------|---------------------------|
| Wages and salaries | 463 | 348 |
| Social security costs | 51 | 39 |
| Other pension costs | 52 | 38 |
| Total | 566 | 425 |

4.4. Expenditure on charitable activities – RCN Foundation Group

| | Education and training | | Benevolent funds | | Clinical practice | | Research | | Promoting the profession | | Total charitable activities | |
|-----------------------------------------------|------------------------|------------|------------------|--------------|-------------------|------------|------------|------------|--------------------------|-------------|-----------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Grants/bursaries (note 5): | | | | | | | | | | | | |
| — to organisations | 70 | 80 | 2,031 | 2,722 | 68 | 106 | 330 | 74 | 22 | (29) | 2,521 | 2,953 |
| — to individuals | 111 | 166 | 229 | 1,728 | – | – | – | – | – | – | 340 | 1,894 |
| RCN UK service fee | 92 | 75 | 75 | 80 | 66 | 55 | 31 | 22 | – | – | 264 | 232 |
| RCNF funding projects | – | 1 | – | – | – | – | – | – | – | 1 | – | 2 |
| Care home summit | – | – | – | – | – | – | – | – | – | – | – | – |
| Specialist nursing programme consultancy fees | – | 7 | – | – | – | – | – | – | – | – | – | 7 |
| LSS evaluation costs | – | – | – | – | – | – | – | – | – | – | – | – |
| Fees (agency and Just Giving) | – | – | – | 13 | – | – | – | – | – | – | – | 13 |
| | 273 | 329 | 2,335 | 4,543 | 134 | 161 | 361 | 96 | 22 | (28) | 3,125 | 5,101 |
| Support costs | 48 | 25 | 180 | 209 | 24 | 13 | 63 | 8 | 4 | (2) | 319 | 253 |
| Total | 321 | 354 | 2,515 | 4,752 | 158 | 174 | 424 | 104 | 26 | (30) | 3,444 | 5,354 |

Staff costs – RCN Foundation Group

The RCN Foundation Group does not employ any staff directly. A service level agreement is in place between RCN UK and the RCN Foundation for the provision of services to the RCN Foundation (RCN service fee) and an arrangement is in place between RCN UK and CHSA for the provision of services to CHSA. Under these arrangements there are ten employees who work for RCN Foundation (31 December 2020: seven employees), three of whom fall into the banding of £60,000 – £70,000 per annum and one falls into the banding of £80,000 – £90,000 per annum. Pension payments made with regard to the highest paid individual amounted to £10,002 (31 December 2020: £9,594). There is one employee who worked for CHSA (2020: one) and they did not earn more than £50,000 in 2021.

| | 31 December 2021 £'000 | 31 December 2020 £'000 |
|-----------------------|---------------------------|---------------------------|
| Wages and salaries | 490 | 363 |
| Social security costs | 54 | 41 |
| Other pension costs | 55 | 40 |
| Total | 599 | 444 |

5. Grants payable

Grants payable – RCN Foundation

| | Unrestricted funds | | Restricted funds | | Total grants payable | |
|---------------------------------------------------------|--------------------|---------------|------------------|---------------|------------------------------|------------------------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 |
| Balance brought forward at start of period | 19 | 92 | 186 | 272 | 205 | 364 |
| Awarded in the period: | | | | | | |
| Grants and bursaries | 539 | 421 | 678 | 2,170 | 1,217 | 2,591 |
| Unused awards written back | – | (29) | (37) | (30) | (37) | (59) |
| Charge to SOFA | 539 | 392 | 641 | 2,140 | 1,180 | 2,532 |
| Paid in period | (558) | (465) | (661) | (2,226) | (1,219) | (2,691) |
| Balance carried forward at the end of the period | – | 19 | 166 | 186 | 166 | 205 |
| Falling due within one year | – | 19 | 128 | 186 | 128 | 205 |
| Falling due after one year | – | – | 38 | – | 38 | – |

Grants payable – RCN Foundation Group

| | Unrestricted funds | | Restricted funds | | Total grants payable | |
|---------------------------------------------------------|--------------------|---------------|------------------|---------------|------------------------------|------------------------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 |
| Balance brought forward at start of period | 1,310 | 92 | 186 | 272 | 1,496 | 364 |
| Awarded in the period: | | | | | | |
| Grants and bursaries | 2,220 | 2,749 | 678 | 2,205 | 2,898 | 4,954 |
| Unused awards written back | – | (29) | (37) | (30) | (37) | (59) |
| Charge to SOFA | 2,220 | 2,720 | 641 | 2,175 | 2,861 | 4,895 |
| Paid in period | (2,830) | (1,502) | (661) | (2,261) | (3,491) | (3,763) |
| Balance carried forward at the end of the period | 700 | 1,310 | 166 | 186 | 866 | 1,496 |
| Falling due within one year | 700 | 1,310 | 128 | 186 | 828 | 1,496 |
| Falling due after one year | – | – | 38 | – | 38 | – |

Grants were awarded as follows:

| | RCN Foundation | | RCN Foundation Group | |
|------------------------------------------------------------|---------------------|---------------------|----------------------|---------------------|
| | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Grants/bursaries to organisations: | | | | |
| Aneurin Bevan University | 10 | – | 10 | – |
| British Association of Social Workers (BASW) | – | – | 90 | 90 |
| Body & Soul | – | – | 98 | 98 |
| Books Beyond Words | – | 10 | – | 10 |
| British Medical Association | – | – | – | 84 |
| Cardiff University | 150 | 70 | 150 | 70 |
| Care Workers Charity | – | – | 150 | 615 |
| Cavell Nurses' Trust | – | – | – | 50 |
| Central and North West London NHS Foundation Trust | – | – | 30 | – |
| Chartered Society of Physiotherapists | – | – | – | 35 |
| COVID-19 Healthcare Support Appeal (CHSA) | – | 21 | – | – |
| College of Paramedics | – | – | – | 150 |
| Doctors in Distress | – | – | 80 | – |
| Edinburgh Napier University | 7 | – | 7 | – |
| Frontline 19 | – | – | 175 | – |
| Impact Foundation | 13 | 6 | 13 | 6 |
| Hospice UK | – | – | 140 | – |
| Hospital Consultants and Specialists Association (HCSA) | – | – | 24 | – |
| Institute of Health Visitors | 16 | 33 | 66 | 33 |
| Intensive Care Society | – | – | 170 | 172 |
| King's Fund | – | 48 | – | 48 |
| Lamplight Support Services (LSS) | 350 | 279 | 350 | 279 |
| Listen Up Storytelling | – | – | 19 | – |
| London School of Economics (LSE) | – | 1 | – | 1 |
| Northumbria University | 20 | 4 | 20 | 4 |
| Nurse Lifeline | – | – | 50 | 50 |
| Pharmacist Support | – | – | 32 | 44 |
| Prison Officers Association (POA) Welfare | – | – | – | 47 |
| Queen Mary University | 19 | – | 19 | – |
| Queen's Nursing Institute (QNI) | 38 | – | 168 | 48 |
| Queen's Nursing Institute Scotland (QNIS) | – | – | 59 | – |
| RCN | – | (29) | 123 | (29) |
| RCN – Prince of Wales Cadet Scheme | 50 | 25 | 50 | 25 |
| RCN – Sharing nurses' life stories | 4 | – | 4 | – |
| Royal College of General Practitioners | – | – | – | 60 |
| Royal College of Occupational Therapists | – | – | – | 32 |
| Royal Medical Benevolent Fund | – | – | – | 25 |

Continued on page 56

| | RCN Foundation | | RCN Foundation Group | |
|-------------------------------------------|---------------------|---------------------|----------------------|---------------------|
| | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Grants/bursaries to organisations: | | | | |
| Continued from page 55 | | | | |
| Salt Thinking | 22 | – | 22 | – |
| Sheffield Hallam University | – | 5 | – | 5 |
| Society and College of Radiographers | – | – | 11 | – |
| Society of Occupational Medicine | – | 5 | – | 5 |
| South Tyneside and Sunderland Charity | – | – | 120 | – |
| TASC (The Ambulance Staff Charity) | – | – | 130 | 128 |
| There for you (UNISON Welfare) | – | – | – | 630 |
| University of Edinburgh | 101 | 118 | 101 | 118 |
| University of West London (UWL) | 10 | 20 | 10 | 20 |
| University of Huddersfield | 10 | – | 10 | – |
| University of Hertfordshire | 20 | – | 20 | – |
| Total grants to organisations | 840 | 616 | 2,521 | 2,953 |

| | RCN Foundation | | RCN Foundation Group | |
|-----------------------------------------|---------------------|---------------------|----------------------|---------------------|
| | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Grants/bursaries to individuals: | | | | |
| Educational bursaries | 149 | 169 | – | 169 |
| Educational bursaries write backs | (37) | (3) | – | (3) |
| Benevolent grants | 206 | 239 | – | 239 |
| COVID-19 related benevolent grants | 22 | 1,489 | – | 1,489 |
| Total grants to individuals | 340 | 1,894 | – | 1,894 |

In the year the RCN Foundation Group awarded educational bursaries to 95 individuals (2020: 70) and benevolent grants to 378 individuals (2020: 372). Additionally RCN Foundation Group awarded COVID-19 related grants to 33 individuals (2020: 3,318) and 20 organisations (2020: 19). For the full list of the grants awarded to organisations please refer to CHSA Annual Report.

In the year the RCN Foundation awarded educational bursaries to 95 individuals (2020: 70) and benevolent grants to 378 individuals (2020: 372). Additionally RCN Foundation awarded COVID-19 related grants to 33 individuals (2020: 3,318).

6. Tangible assets

| | Note | Computer software £'000 | Assets under construction £'000 | Total £'000 |
|-------------------------------------------|------|----------------------------|------------------------------------|----------------|
| Cost or valuation | | | | |
| Balance at 1 January 2021 | | 14 | – | 14 |
| Disposals | | – | – | – |
| Balance at 31 December 2021 | | 14 | – | 14 |
| Accumulated depreciation | | | | |
| Balance at 1 January 2021 | | 10 | – | 10 |
| Charge for the year | | 2 | – | 2 |
| Balance at 31 December 2021 | | 12 | – | 12 |
| Net book value at 31 December 2021 | | 2 | – | 2 |
| Net book value at 31 December 2020 | | 4 | – | 4 |

All fixed assets are owned by the RCN Foundation.

7. Taxation

The RCN Foundation is exempt from tax as all its income is charitable and is applied for charitable purposes.

8. Investments

8.1. Long-term investments

| | 31 December 2021 £'000 | 31 December 2020 as restated £'000 |
|-----------------------------------------------------------|---------------------------|------------------------------------------|
| Market value at the start of the year | 37,273 | 33,802 |
| Additions at cost | 10,118 | 12,238 |
| Disposals at carrying value | (9,960) | (11,241) |
| Redemptions | (184) | (13) |
| Realised gain | 2,435 | 622 |
| Unrealised gain | 1,090 | 1,866 |
| Investments at market value at the end of the year | 40,772 | 37,273 |
| Cash held for reinvestment | 362 | 322 |
| Market value at the end of the year | 41,134 | 37,596 |
| Historic cost at the end of the year | 32,143 | 29,694 |

Investments at market value (including short-term investments) comprise:

| | 31 December 2021 £'000 | 31 December 2020 £'000 |
|--------------------------------------------------|---------------------------|---------------------------|
| Listed investments | | |
| Fixed interest (Government securities and bonds) | 5,384 | 6,258 |
| UK equities | 8,756 | 7,494 |
| Global equities | 21,901 | 19,977 |
| Alternative assets | 2,883 | 2,094 |
| Property | 1,710 | 1,334 |
| Liquid assets in long-term fund | 1,001 | 1,438 |
| Total | 41,635 | 38,595 |

The Trustees believe that the carrying value of the investments is supported by their underlying net assets.

Holdings over 5%

None of the investments represented holdings in excess of 5% of the investment portfolio at the start or the end of the period.

8.2. Short-term investments

| | 31 December 2021 £'000 | 31 December 2020 '000 |
|------------------------------------------------|---------------------------|--------------------------|
| Market value at the start of the year | 1,000 | 1,001 |
| Additions at cost | 1,000 | 4,000 |
| Redemptions | (2,000) | (4,000) |
| Investments at market value at year end | – | 1,001 |
| Cash held for reinvestment | 500 | – |
| Market value at the end of the year | 500 | 1,000 |
| Historic cost at end of the year | 500 | 1,000 |

All investments are owned solely by the RCN Foundation.

9. Debtors

| | RCN Foundation | | RCN Foundation Group | |
|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31 December 2021 £'000 | 31 December 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 |
| Prepayments and accrued income | 127 | 56 | 127 | 56 |
| Trade debtors | 3 | – | 3 | – |
| Due from RCN UK | – | 28 | – | 28 |
| Due from CHSA | 4 | – | – | – |
| Sundry debtor | 1 | – | 1 | – |
| Total | 135 | 84 | 131 | 84 |

10. Creditors

| | RCN Foundation | | RCN Foundation Group | |
|--------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31 December 2021 £'000 | 31 December 2020 £'000 | 31 December 2021 £'000 | 31 December 2020 £'000 |
| Amounts falling due within one year | | | | |
| Trade creditors | 77 | – | 77 | – |
| Grants payable (note 5) | 127 | 205 | 828 | 1,496 |
| Accruals | 115 | 59 | 123 | 68 |
| Due to RCN UK | 273 | 146 | 280 | 155 |
| Other creditors | – | 1 | – | 1 |
| Total | 592 | 411 | 1,308 | 1,720 |
| Amounts falling due after one year | | | | |
| Grants payable (note 5) | 38 | – | 38 | – |
| Total | 630 | – | 1,346 | – |

11. Analysis of net assets between funds

RCN Foundation

| | Unrestricted funds | | Restricted funds | | Endowment funds | | Total funds | |
|-------------------------------------------------------------------|--------------------|---------------|------------------|--------------|-----------------|------------|------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fund balances at the end of the period are represented by: | | | | | | | | |
| Software | 2 | 4 | - | - | - | - | 2 | 4 |
| Investments | 30,136 | 28,068 | 10,215 | 8,820 | 783 | 698 | 41,134 | 37,586 |
| Current assets | 1,257 | 1,276 | 101 | 565 | - | 5 | 1,358 | 1,846 |
| - Current liabilities and provisions | (464) | (178) | (127) | (233) | - | - | (591) | (411) |
| - Non current liabilities | - | - | (38) | - | - | - | (38) | - |
| Total net assets | 30,931 | 29,170 | 10,151 | 9,152 | 783 | 703 | 41,865 | 39,025 |

RCN Foundation Group

| | Unrestricted funds | | Restricted funds | | Endowment funds | | Total funds | |
|-------------------------------------------------------------------|--------------------|---------------|------------------|--------------|-----------------|------------|------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 31 December 2021 | 31 December 2020 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fund balances at the end of the period are represented by: | | | | | | | | |
| Software | 2 | 4 | - | - | - | - | 2 | 4 |
| Investments | 30,136 | 28,116 | 10,215 | 8,820 | 783 | 698 | 41,134 | 37,634 |
| Current assets | 2,009 | 4,334 | 101 | 565 | - | 5 | 2,110 | 4,904 |
| - Current liabilities and provisions | (1,185) | (1,535) | (127) | (233) | - | - | (1,312) | (1,768) |
| - Non current liabilities | - | - | (38) | - | - | - | (38) | - |
| Total net assets | 30,962 | 30,919 | 10,151 | 9,152 | 783 | 703 | 41,896 | 40,774 |

12. Revaluation reserve

| | 31 December 2020 as restated | Investment unrealised gain | 31 December 2021 |
|---------------------|---------------------------------|-------------------------------|------------------|
| | £'000 | £'000 | £'000 |
| Revaluation Reserve | 7,901 | 1,090 | 8,991 |
| Total | 7,901 | 1,090 | 8,991 |

In 2021, the revaluation reserve related to the investment portfolio has increased by the value of the unrealised gain for the year.

Only the RCN Foundation has a revaluation reserve.

13. Movement in funds

13.1. RCN Foundation year end 31 December 2021

| | 31 December 2020 £'000 | Income £'000 | Expenditure £'000 | Net investment gains £'000 | Transfers between Funds £'000 | 31 December 2021 £'000 |
|------------------------------------------|------------------------------|-----------------|----------------------|-------------------------------------|----------------------------------------|------------------------------|
| Endowment funds | | | | | | |
| Permanent | | | | | | |
| Educational funds | 88 | – | – | 10 | – | 98 |
| Research fund — Daphne Heald R&D Fund | 597 | – | – | 70 | – | 667 |
| Expendable | | | | | | |
| Educational funds | 2 | – | – | – | (2) | – |
| Benevolent funds | – | – | – | – | – | – |
| Other funds | 16 | – | – | 2 | – | 18 |
| Total endowment funds | 703 | – | – | 82 | (2) | 783 |
| Restricted income funds | | | | | | |
| Educational funds | | | | | | |
| RCNF Professional Education Funds | 3,239 | 68 | (31) | 313 | – | 3,589 |
| Trevor Clay Scholarship Fund | 336 | 7 | (65) | 44 | (30) | 292 |
| John Colyer Fund | 172 | 4 | (15) | 41 | – | 202 |
| Cowdray Scholarship Fund | – | – | – | – | – | – |
| Other educational funds | 271 | 424 | (71) | 16 | 20 | 660 |
| Total educational funds | 4,018 | 503 | (182) | 414 | (10) | 4,743 |
| Benevolent funds | | | | | | |
| RCNF benevolent funds | 3,904 | 179 | (206) | 323 | – | 4,200 |
| Other benevolent funds | 997 | 29 | (39) | 78 | – | 1,065 |
| Total benevolent funds | 4,901 | 208 | (245) | 401 | – | 5,265 |
| Research funds | 233 | 18 | (214) | 26 | 80 | 143 |
| Total restricted funds | 9,152 | 729 | (641) | 841 | 70 | 10,151 |
| Unrestricted funds | | | | | | |
| General funds | 28,590 | 708 | (1,390) | 2,611 | (54) | 30,465 |
| Designated funds | | | | | | |
| Omaze | 512 | – | (100) | – | 54 | 466 |
| Other designated funds | 68 | – | – | – | (68) | – |
| Total designated funds | 580 | – | (100) | – | (14) | 466 |
| Total unrestricted funds | 29,170 | 708 | (1,490) | 2,611 | (68) | 30,931 |
| Total funds | 39,025 | 1,437 | (2,131) | 3,534 | – | 41,865 |

13.2. RCN Foundation year end 31 December 2020

| | 31 December 2019 £'000 | Income £'000 | Expenditure £'000 | Net investment gains £'000 | Transfers between Funds £'000 | 31 December 2020 £'000 |
|------------------------------------------|------------------------------|-----------------|----------------------|-------------------------------------|----------------------------------------|------------------------------|
| Endowment funds | | | | | | |
| Permanent | | | | | | |
| Educational funds | 81 | - | - | 7 | - | 88 |
| Research fund — Daphne Heald R&D Fund | 548 | - | - | 49 | - | 597 |
| Expendable | | | | | | |
| Educational funds | 22 | - | - | (3) | (17) | 2 |
| Benevolent funds | - | - | - | - | - | - |
| Other funds | 15 | - | - | 1 | - | 16 |
| Total endowment funds | 666 | - | - | 54 | (17) | 703 |
| Restricted income funds | | | | | | |
| Educational funds | | | | | | |
| RCNF Professional Education Funds | 2,976 | 60 | (18) | 221 | - | 3,239 |
| Trevor Clay Scholarship Fund | 348 | 6 | (49) | 31 | - | 336 |
| John Colyer Fund | 157 | 3 | (17) | 29 | - | 172 |
| Cowdray Scholarship Fund | - | - | - | - | - | - |
| Other educational funds | 232 | 117 | (106) | 11 | 17 | 271 |
| Total educational funds | 3,713 | 186 | (190) | 292 | 17 | 4,018 |
| Benevolent funds | | | | | | |
| RCNF benevolent Funds | 3,966 | 198 | (239) | 228 | (249) | 3,904 |
| Other benevolent funds | 798 | 1,429 | (1,534) | 55 | 249 | 997 |
| Total benevolent funds | 4,764 | 1,627 | (1,773) | 283 | - | 4,901 |
| Research funds | 374 | 17 | (176) | 18 | - | 233 |
| Total restricted funds | 8,851 | 1,830 | (2,139) | 593 | 17 | 9,152 |
| Unrestricted funds | | | | | | |
| General funds | 27,074 | 745 | (1,068) | 1,839 | - | 28,590 |
| Designated funds | | | | | | |
| Omaze | 557 | - | (45) | - | - | 512 |
| Other designated funds | 136 | - | (68) | - | - | 68 |
| Total designated funds | 693 | - | (113) | - | - | 580 |
| Total unrestricted funds | 27,767 | 745 | (1,181) | 1,839 | - | 29,170 |
| Total funds | 37,284 | 2,575 | (3,320) | 2,486 | - | 39,025 |

13.3. RCN Foundation Group year end 31 December 2021

| | 31 December 2020 £'000 | Income £'000 | Expenditure £'000 | Net investment gains £'000 | Transfers between Funds £'000 | 31 December 2021 £'000 |
|------------------------------------------|------------------------------|-----------------|----------------------|-------------------------------------|----------------------------------------|------------------------------|
| Endowment funds | | | | | | |
| Permanent | | | | | | |
| Educational funds | 88 | - | - | 10 | - | 98 |
| Research fund — Daphne Heald R&D Fund | 597 | - | - | 70 | - | 667 |
| Expendable | | | | | | |
| Educational funds | 2 | - | - | - | (2) | - |
| Benevolent funds | - | - | - | - | - | - |
| Other funds | 16 | - | - | 2 | - | 18 |
| Total endowment funds | 703 | - | - | 82 | (2) | 783 |
| Restricted income funds | | | | | | |
| Educational funds | | | | | | |
| RCNF Professional Education Funds | 3,239 | 68 | (31) | 313 | - | 3,589 |
| Trevor Clay Scholarship Fund | 336 | 7 | (65) | 44 | (30) | 292 |
| John Colyer Fund | 172 | 4 | (15) | 41 | - | 202 |
| Cowdray Scholarship Fund | - | - | - | - | - | - |
| Other educational funds | 271 | 424 | (71) | 16 | 20 | 660 |
| Total educational funds | 4,018 | 503 | (182) | 414 | (10) | 4,743 |
| Benevolent funds | | | | | | |
| RCNF benevolent funds | 3,904 | 179 | (206) | 323 | - | 4,200 |
| Other benevolent funds | 997 | 29 | (39) | 78 | - | 1,065 |
| Total benevolent funds | 4,901 | 208 | (245) | 401 | - | 5,265 |
| Research funds | 233 | 18 | (214) | 26 | 80 | 143 |
| Total restricted funds | 9,152 | 729 | (641) | 841 | 70 | 10,151 |
| Unrestricted funds | | | | | | |
| General funds | 30,339 | 736 | (3,136) | 2,611 | (54) | 30,496 |
| Designated funds | | | | | | |
| Omaze | 512 | - | (100) | - | 54 | 466 |
| Other designated funds | 68 | - | - | - | (68) | - |
| Total designated funds | 580 | - | (100) | - | (14) | 466 |
| Total unrestricted funds | 30,919 | 736 | (3,236) | 2,611 | (68) | 30,962 |
| Total funds | 40,774 | 1,465 | (3,877) | 3,534 | - | 41,896 |

13.4. RCN Foundation Group year end 31 December 2020

| | 31 December 2019 £'000 | Income £'000 | Expenditure £'000 | Net investment gains £'000 | Transfers between Funds £'000 | 31 December 2020 £'000 |
|------------------------------------------|------------------------------|-----------------|----------------------|-------------------------------------|----------------------------------------|------------------------------|
| Endowment funds | | | | | | |
| Permanent | | | | | | |
| Educational funds | 81 | - | - | 7 | - | 88 |
| Research fund — Daphne Heald R&D Fund | 548 | - | - | 49 | - | 597 |
| Expendable | | | | | | |
| Educational funds | 22 | - | - | (3) | (17) | 2 |
| Benevolent funds | - | - | - | - | - | - |
| Other funds | 15 | - | - | 1 | - | 16 |
| Total endowment funds | 666 | - | - | 54 | (17) | 703 |
| Restricted income funds | | | | | | |
| Educational funds | | | | | | |
| RCNF Professional Education Funds | 2,976 | 60 | (18) | 221 | - | 3,239 |
| Trevor Clay Scholarship Fund | 348 | 6 | (49) | 31 | - | 336 |
| John Colyer Fund | 157 | 3 | (17) | 29 | - | 172 |
| Cowdray Scholarship Fund | - | - | - | - | - | - |
| Other educational funds | 232 | 117 | (106) | 11 | 17 | 271 |
| Total educational funds | 3,713 | 186 | (190) | 292 | 17 | 4,018 |
| Benevolent funds | | | | | | |
| RCNF benevolent funds | 3,966 | 198 | (239) | 228 | (249) | 3,904 |
| Other benevolent funds | 798 | 1,429 | (1,534) | 55 | 249 | 997 |
| Total benevolent funds | 4,764 | 1,627 | (1,773) | 283 | - | 4,901 |
| Research funds | 374 | 17 | (176) | 18 | - | 233 |
| Total restricted funds | 8,851 | 1,830 | (2,139) | 593 | 17 | 9,152 |
| Unrestricted funds | | | | | | |
| General funds | 27,074 | 4,892 | (3,466) | 1,839 | - | 30,339 |
| Designated funds | | | | | | |
| Omaze | 557 | - | (45) | - | - | 512 |
| Other designated funds | 136 | - | (68) | - | - | 68 |
| Total designated funds | 693 | - | (113) | - | - | 580 |
| Total unrestricted funds | 27,767 | 4,892 | (3,579) | 1,839 | - | 30,919 |
| Total funds | 37,284 | 6,722 | (5,718) | 2,486 | - | 40,774 |

The funds we hold are for the following purposes:

Educational funds

To provide higher educational facilities, scholarships and annual awards for nurses who are studying or intending to study.

Benevolent funds

To assist nurses who by reason of adversity, ill health or otherwise are in need of assistance.

Research funds

To fund a research and development unit within the RCN and to provide funds to undertake research projects.

Transfers between funds - RCN Foundation

The transfer of £2,000 out of expendable endowments was processed after the Trustees decided to use the expendable endowment to support RCN Foundation educational activities.

The net £70,000 transfer in restricted funds relates to the transfer from expendable endowments to restricted funds for £2,000 and a transfer from unrestricted funds to restricted for £68,000. This last transfer was processed to cover for costs that should have been funded by designated funds instead of restricted funds.

14. Related party transactions

During the year a service charge of £625,982 was incurred by the RCN Foundation Group to RCN based upon the agreed service level agreement to provide staff (31 December 2020: £570,549). As at 31 December 2021, £321,152 is outstanding from RCN Foundation Group to RCN for this service level agreement and arrangement to provide staff.

In 2021, a total of £349,639 (31 December 2020: £279,219) has been paid to the RCN for the LampLight Support Service (LSS). The amount includes redundancy costs for one LSS member of staff. As at 31 December 2021, £54,018 is outstanding from the RCN Foundation Group to RCN (31 December 2020: £10,524 due from RCN).

Moreover, in the year the RCN Foundation awarded RCN two grants to run the Prince of Wales Cadet Scheme (£50,000) and the project "Sharing nurses' life stories through their archives" (£4,000). No balance is outstanding at the end of the year relating to these transactions.

15. Remuneration

None of the Trustees received remuneration. Costs incurred by the RCN Foundation Trustees while carrying out trustee duties amounted to £1,101 in the year (31 December 2020: £1,197). These expenses related to £58 in accommodation and meals and £1,042 in travel. These costs relate to 10 trustees and are made up of both out of pocket expenses reimbursed as well as those paid directly to a third party.

16. Prior period adjustments

Balance sheet

The Balance sheet for 2020 has been restated to correct the value of the revaluation reserves at the end of December 2020. The calculation of 2020 movement in the revaluation reserves did not take into account the full value of the net unrealised gains, £579,000 instead of the restated figure of £1.866m. As a result of the adjustment, the value of general funds available to the charity has decreased to £21.474m. Anyway, the overall value of the unrestricted funds held by the charity has not changed. To correctly reflect the above adjustment, note 8.1 Long-term investments, has been restated.

Statement of cashflow

The Statement of Cashflow for 2020 has been restated to reflect the correct allocation of cash between cash at bank and cash held in the investment portfolio. The closing balance of cash held in investments in 2020 did not include the cash held by the investment manager Sarasin, £322,091 (see note 8.1), while it was included in the opening balance of 2020. This resulted in a difference in cash which was incorrectly attributed to change in cash due to exchange rate movements.

17. Ultimate controlling party

The RCN is the sole company member of the RCN Foundation. It discharges that role as a quasi-trustee by using its membership to further the charitable purposes of the RCN Foundation. However, the RCN Foundation is established for exclusively charitable purposes and the RCN will respect at all times the RCN Foundation's independence as a charity, separate and distinct from the RCN. The ultimate sanction to appoint and dismiss trustees resides with the RCN. The RCN's principal place of business is 20 Cavendish Square, London W1G 0RN. The results of the RCN Foundation are included in the consolidated financial statements of the RCN which are available from the above address.



20 Cavendish Square, London W1G 0RN
Tel: 020 7409 3333

rcnfoundation.rcn.org.uk

May 2022 | 010 094

Published by the Royal College of Nursing The RCN is a Royal College set up by Royal Charter and a Special Register Trade Union established under the Trade Union and Labour Relations (Consolidation) Act 1992

Royal College of Nursing (RCN Group)

Report to the Audit and Risk Committee

Year ended 31 December 2021

Presented to the Audit and Risk Committee on 11 April 2022

Strictly Private and Confidential

The Audit Committee
RCN Group
20 Cavendish Square
London
W1G 0RN

Dear Members of the Audit Committee

I have pleasure in submitting our audit findings report for the year end 31 December 2021. The primary purpose of this report is to communicate to the Committee and those charged with governance the significant findings arising from our audit that we believe are relevant to those charged with governance.

I look forward to discussing our report with you, as well as any further matters you may wish to raise with us, and I shall be attending the Audit Committee meeting with James Hay.

I would like to take this opportunity to express our appreciation for the assistance provided to us by the finance team and the other staff at the RCN Group during this year's audit.

Yours sincerely

Tina Allison
Partner

Contents

| | | |
|------------|--------------------------------------------------------|----|
| 1. | Executive summary | 3 |
| 2. | Significant audit risks | 5 |
| 3. | Other audit findings..... | 10 |
| 4. | Fraud and irregularities and our audit reporting | 13 |
| Appendix 1 | - Reporting audit adjustments..... | 15 |
| Appendix 2 | - Systems and controls | 17 |
| Appendix 3 | - Materiality | 18 |
| Appendix 4 | - Draft Representation Letter | 19 |
| Appendix 5 | - Going concern | 21 |
| Appendix 6 | - Responsibilities and ethical standards | 24 |
| Appendix 7 | - Fraud risks | 26 |
| Appendix 8 | - External developments | 28 |

1. Executive summary

Our report to you

We are pleased to present our Audit Findings Report to the Audit Committee and we welcome the opportunity to discuss our findings with you at your meeting on 11 April 2022

The primary purpose of this report is to communicate to the Committee and those charged with Governance for the group the significant findings arising from our audit that we believe are relevant to those charged with governance.

For the purposes of this report we have referred to those charged with governance (TCWG) to mean the Council Members for RCN UK, the Trustees for RCN Foundation and the Directors for RCNi and RCN Holdco.

In accordance with International Standards on Auditing (UK) the matters in this report include

- the results of our work on areas of significant audit risk
- our views about significant qualitative aspects of the group's accounting practices, including accounting policies, accounting estimates and financial statement disclosures
- significant difficulties, if any, encountered during the audit
- any significant matters arising during the audit and written representations we are requesting
- unadjusted misstatements identified during the audit
- circumstances that affect the form and content of our auditor's report, if any
- any other significant matters arising during the audit that, in our professional judgment, are relevant to the oversight of the financial reporting process

We have included comments in relation to the above where relevant in the subsequent sections of this report.

We also report to you any significant deficiencies in internal control identified during our audit which, in our professional judgment, are of sufficient importance to merit your attention. We have reported a number of matters relating to the group's systems and controls in [Appendix 2](#)

Conclusions in relation to the areas of significant audit risk

In line with our audit plan we focussed our work on the significant audit risks related to:

- Going concern
- Income recognition
- Management override of controls

Further details on each of these risks is included in [Section 2](#) of this report.

Other audit findings

[Section 3](#) sets out various comments on other important matters which we have identified from our audit.

Fraud and irregularities

[Section 4](#) sets out TCWG and our responsibilities in respect of fraud and irregularities.

Audit materiality

The audit materiality for the financial statements set as part of our audit planning took account of the level of activity of the RCN Group and was set at 1% of income. We have reviewed this level of materiality based on the draft financial statements for the year ended 31 December 2021 and are satisfied that it continues to be appropriate with 1% of income being £945,000.

We set separate audit materiality levels for each of the group's subsidiary entities. Details of these separate materiality levels are set out in [Appendix 3](#).

Unadjusted misstatements

We report to you any unadjusted individual errors other than where we consider the amounts to be trivial, and for this purpose we have determined trivial to be 5% of our audit materiality.

We have listed in [Appendix 1](#) the misstatements we have identified for each entity which have not been adjusted by management together with the effect of uncorrected misstatements relating to the prior period for Foundation and Holdco. The unadjusted errors would result in a £24k movement in the net income for the Group recorded in the Statement of Comprehensive Income and management have concluded that this is not material. We will be requesting confirmation from TCWG for each entity in our audit representation letter that you do not wish to adjust for these misstatements.

Audit completion and our Audit Reports

We have substantially completed our audits in accordance with our Audit Planning Report which was sent to you and the senior management team on 15 December 2021, subject to the matters below.

- Receipt of NatWest bank confirmation
- Receipt of information from the Pension Scheme Actuary and resolution of the FRS102 adjustment query
- Finalisation of the Holdco Tax position
- Resolution of a small number of outstanding audit requests

- Completion of the going concern and post-Balance Sheet events reviews
- Review of the final financial statements
- Receipt of the signed letter of representations ([Appendix 4](#)).

We will report to you orally in respect of any modifications to the findings or opinions contained in this report that arise from progressing these outstanding matters.

On the satisfactory completion of these matters, we anticipate issuing an unmodified audit opinion on the truth and fairness of the 2021 financial statements.

Responsibilities and ethical standards

We have prepared this report taking account of the responsibilities of TCWG and ourselves set out in [Appendix 6](#) of this report.

The matters included in this report have been discussed with management during our audit and at our closing meeting on 24th February 2022. John Yates, Vanessa Woods and Lois Wells have seen a draft of this report and we have incorporated their comments and/or proposed actions where relevant.

2. Significant audit risks

We reported in our Audit Planning Report a number of areas we identified as having specific audit risk including the potential risk from management override of controls. Significant risk is considered in the context of how, and the degree to which, inherent risk factors affect the likelihood and magnitude of a misstatement occurring. Such factors may be qualitative or quantitative, and include complexity, subjectivity, change, uncertainty or susceptibility to misstatement due to management bias or other fraud risk factors. We have commented below on the results of our work in these areas as well as on any additional significant risks, judgements or other matters in relation to the financial statements of the RCN Group identified during our audit.

To assist in the understanding of these risks we have identified one or more of six potential reasons, as defined by ISA 315, for the increased audit risk. In addition, we also consider other factors which may give rise to significant risks, such as a history of previous issues or the matter involves significant judgement.

1. Fraud risk
2. Recent significant economic, accounting or other developments
3. Complexity of the transactions
4. Financial information involves a wide range of measurement uncertainty
5. Involves significant transactions with related parties
6. Significant transactions that are unusual / outside the normal course of business for the entity
7. Other specific factors

| Significant risk identified | Risks | Key related judgements | Crowe response | Our conclusions / other comments |
|-----------------------------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Going concern | 1,2,3,4,6 | <p>We explained in our Audit Planning Report that in preparing the financial statements to comply with Financial Reporting Standard 102 TCWG and management are required to assess the entity's ability to continue as a going concern.</p> <p>Auditing Standards require us as auditors to obtain sufficient appropriate audit evidence regarding, and conclude on:</p> <ul style="list-style-type: none"> whether a material uncertainty related to the entity continuing to be a going concern exists, and the appropriateness of management's use of the going concern basis of accounting in the | <p>TCWG may consider and take account of realistic mitigating responses open to them, considering the likely success of any response.</p> <p>We have discussed this with management and explained that our work on going concern includes the following;</p> <ul style="list-style-type: none"> reviewing the period used by TCWG to assess the ability of each entity to continue as a going concern; examining budgets and forecasts prepared by management covering the period of the going concern assessment which adequately take account of the potential impacts of Covid-19 on the | <p>As at 31 December 2021 the RCN Group is reporting total reserves of £202m (2020: £177m).</p> <p>The group operating surplus for the year is £9.2m (2020: £11.2m).</p> <p>The cash balance at year end is £7.1m (2020: £9.5m) and investments amounted to £156.5m (2020: £138.4m).</p> <p>Management have prepared a detailed paper for consideration by the committee. We are currently reviewing the paper and the supporting calculations and will provide an oral update at the committee.</p> |

| Significant risk identified | Risks | Key related judgements | Crowe response | Our conclusions / other comments |
|-----------------------------------------------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>preparation of the financial statements.</p> <p>In assessing whether the going concern assumption is appropriate, TCWG and management are required to consider all available information about the future of the Entity in the period of at least, but not limited to, twelve months from the date when the financial statements are approved and authorised for issue.</p> <p>The going concern assessment is a key area of emphasis and importance for our audit and, in accordance with the requirements of ISAs (UK), our audit report includes a specific reference to going concern.</p> <p>We have included as Appendix 5 some further guidance on going concern which may be of help to the trustees.</p> | <p>group to ensure that these appropriately support TCWG conclusions;</p> <ul style="list-style-type: none"> reviewing the accuracy of past budgets and forecasts by comparing the budget for the current year against actual results for the year; and reviewing any other information or documentation which TCWG have used in their going concern assessment. <p>The Financial Reporting Council thinks it is likely that more entities will disclose “material uncertainties” to going concern in the current circumstances. For these reasons we have identified this area as a specific area of audit risk with respect to the RCN.</p> | <p>We will be seeking representations that TCWG have considered the forecasts and are satisfied that the going concern basis is appropriate.</p> |
| Revenue recognition – Membership and journal income | 3 | <p>The RCN Group receives a substantial amount of its income from membership income in RCN UK and journal income in RCNi. In 2021 such income totalled £80.3m and £9.6m respectively (2020: £78.0m and £9.2m).</p> <p>This income forms the core part of the RCN business and is derived from approximately 480k members (as at 31 December 2021). Membership is for a set fee, charged according to the membership type and the member's status. The primary risk therefore lies around completeness and accuracy.</p> | <p>Our audit work included;</p> <ul style="list-style-type: none"> Performing a reconciliation of the membership database to the income in the accounts; Performing substantive analytical procedures by developing our own expectations of membership income from member data; Selecting a sample of members and agreed their details to supporting documentation and receipt of income to the bank statements; | <p>Our testing did not highlight any material issues in relation to the recognition of this income.</p> |

| Significant risk identified | Risks | Key related judgements | Crowe response | Our conclusions / other comments |
|------------------------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <ul style="list-style-type: none"> • Reviewing the processes for new members and leaving members including a sample of both to ensure they have been appropriately added/removed from the membership system; • Obtaining the monthly breakdown of journals income per the membership system and agreeing this to the invoices raised to the RCN UK; • Selecting a sample of members and agreed their journals subscription information to supporting documentation and receipt of income to the bank statements; and • Sampling the other journals income balances (such as advertising fees and institute subscriptions) and agreeing to supporting documentation. | |
| Revenue recognition – other income | 3 | Other income for the group totalled, £3.1m. This is from multiple different activities, including CPD income, sponsorship income and grants. The revenue recognition points of these will vary according to source, and may require deferral into the next financial year depending on any conditions attached or the period it relates to. | <p>Our audit work included;</p> <ul style="list-style-type: none"> • Reviewing and understanding the various recognition criteria for each income source; • Tracing, on a sample basis, individual transactions to supporting documentation; and • Reviewing transactions either side of year end to ensure revenue has been appropriately recognised. | <p>Our testing did not highlight any material issues in relation to the recognition of this income.</p> <p>We have no other issues to report in regards to this testing.</p> |

| Significant risk identified | Risks | Key related judgements | Crowe response | Our conclusions / other comments |
|------------------------------------------------------------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Estimates and judgements – indemnity provision | 1,3,4 | <p>The provision at year end totalled £8.4m in comparison to £8.8m in the prior year.</p> <p>The assumptions and judgements involved in calculating the indemnity provision liability performed by the RCN Group can make a significant difference to the result disclosed in the financial statements.</p> <p>Estimates and judgements that are not considered to be significant risks are set out in Section 3.</p> | <p>Our audit testing included;</p> <ul style="list-style-type: none"> • Reviewing and understanding the methodology for the calculation of the provision and the underlying assumptions. • Verifying a sample of new provisions and adjustments in the year to supporting documentation • Verifying a sample of payments in the year and subsequent release of the provision to supporting documentation and bank | We have no issues to report in this area. |
| Management override of controls, including through journal adjustments | 1 | <p>Although the level of risk of management override of controls varies from entity to entity, Auditing Standards recognise that this risk is nevertheless present in all entities because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Due to the unpredictable way in which such override could occur, including to mask fraud, the override of controls is a significant risk for all audits.</p> <p>TCWG must satisfy themselves that the control environment present within the entity together with oversight controls and controls over the posting of journals are adequate to deter any inappropriate override of controls from management.</p> | <p>We assessed the design of the controls in place around key accounting cycles and areas of judgement and reviewed and carried out sample testing on the group's controls around the processing of journal adjustments in the preparation of the financial statements (how journals are initiated, authorised and processed). We also considered the risk of potential manipulation by journal entry to mask fraud.</p> <p>We reviewed accounting estimates for bias that could result in material misstatement due to fraud including whether any differences between estimates best supported by evidence and those in the financial statements, even if individually reasonable, indicated a possible bias on the part of management.</p> <p>We also performed a retrospective review of management's judgements and</p> | No issues have been identified from our substantive audit procedures on the relevant areas of judgement together with our assessment of the controls over journals operated by the RCN Group that would suggest an inappropriate override of controls by management. |

| Significant risk identified | Risks | Key related judgements | Crowe response | Our conclusions / other comments |
|-----------------------------|-------|------------------------|---------------------------------------------------------------------------------------------|----------------------------------|
| | | | assumptions related to significant estimates reflected in last year's financial statements. | |

3. Other audit findings

In addition to matters relating to the significant audit risks as reported in Section 2, we have also noted the following matters from our audit work which we should bring to your attention.

3.1 Report and Financial Statements

As noted in the respective Statements of Responsibilities within each entity's financial statements, TCWG are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

We have reviewed the financial statements for each entity and provided management with a small number of suggested amendments which we understand will be made in the final version of the Financial Statements

3.2 Systems and controls and opening balances

As this is our first year as auditors, additional time was spent on gaining an understanding of your systems and identifying and testing the key financial controls particularly in relation to the main transaction cycles - income, expenditure, payroll, development, capital expenditure, journals and cash management. We have noted in Appendix 1 any control recommendations highlighted from this work.

As we did not audit the prior year figures, we arranged to review the prior year audit findings and audit work papers on key risk areas to obtain sufficient, appropriate evidence regarding the opening balances. We also undertook additional audit tests on the opening balance sheet position, performing analytical review for any unusual fluctuations around the year end and test of detail on a sample of post year end movements to gain assurance over the balances.

3.3 Payroll

Payroll represents the largest single expenditure item for the RCN Group, totalling £58.9m in 2021 (2020: £55.5m).

As part of our work we:

- Reviewed the year end reconciliation (agreeing back to payroll records) to gain comfort over the payroll costs disclosed in the

financial statements and obtained support for a sample of reconciling items;

- Performed analytical procedures that consider the reasonableness of gross pay, national insurance and pension costs for 2021 in comparison to 2020 and expectations from budget;
- Selected a sample of employees from the payroll (across all 12 months of the year) and agreed their salary costs to supporting documentation (contracts of employment, overtime forms etc.), as well as reviewed personnel files to obtain evidence of existence; and
- Looked at a sample of joiners and leavers during the year to check whether they have been correctly added/removed from the payroll and appropriately authorised.

We are awaiting some final supporting documentation to complete our work in relation to payroll, however, at the time of writing we have no specific issues to report in this area.

3.4 Investments

Investments are a significant item on the RCN Group's balance sheet, long term financial assets having a value of £156.5m and short-term financial assets/deposits of £37m at 31 December 2021.

Our audit work on investments included:

- Obtaining investment valuation reports directly from the investment managers as at the year end and agreed to the accounts;
- Verifying a sample of investments held to externally available information to ensure the prices quoted are accurate;
- Obtaining and reviewing the independent AAF01/06 or SAS70 reports, particularly in respect of custody of investments, performing alternative procedures for any period not covered by this report; and
- Testing a sample of additions, disposals and resulting gains/losses to ensure they have been correctly reflected in the Financial statements.

No issues were noted during our testing in this area.

3.5 Pensions

The RCN Group operates a defined benefit pension scheme, this was closed to new members with effect from 1 November 2013. As at 31 December 2021, the pension deficit was £nil in the statutory financial statements as the scheme was in an asset position.

The assumptions surrounding the FRS102 calculation performed by actuaries can make a significant difference to the amount reported on the balance sheet of the group.

As part of our audit work we;

- Obtained the latest triennial valuation report, confirming disclosures made in the notes to the financial statements;
- Benchmarked the assumptions used by management against those used by other actuaries for the same period; and
- Obtained a copy of the pension scheme financial statements for the year ending 31 December 2021, and agree the asset value between these and the actuary report.

We are currently awaiting information from the actuary to verify the asset information in the scheme. We are also currently investigating with management and the actuary the accounting treatment of the FRS102 adjustment in both 2020 and 2021. We hope to provide an update on this at the committee meeting.

3.6 Cost Allocation

In addition to the cost allocation within RCN there is also the process of cost allocation to the subsidiaries. Consequently we;

- Obtained details of the basis of cost allocation applied by and between RCN and its subsidiaries;
- Performed a specific review of the basis and the details of the allocation; and
- Verified that the basis is consistent with prior years and is appropriate given the underlying activities of each entity.

No issues were noted during our testing in this area.

3.7 Funds (Foundation and CHSA)

The Foundation and CHSA operate a number of different funds subject to various restrictions and designations. TCWG must ensure that all movements on funds are correctly identified and accounted for. This requires careful consideration of the various terms and conditions which may be applied to income.

As part of our testing we;

- Traced restricted contributions, legacies and grants found in our income testing to the relevant fund account;
- Reviewed a sample of expenses allocated to restricted funds to ensure that the expenditure was spent in accordance with the objects of the fund;
- Reviewed the analysis of net assets to ensure that it has been correctly allocated across the funds; and
- Reviewed the processes in place to ensure that restricted transactions are completely and accurately captured and reported

within the organisation and review year end balances to ensure that they appropriately reflect the restrictions that should be in force.

3.8 Prior period misstatements

During the audit, RCN Group management have identified three instances where the prior period accounting treatment was incorrect, or potentially incorrect;

- For RCN UK we are currently investigating with management, Crowe Technical specialists and the pension actuary to understand the accounting treatment for the FRS102 pension adjustment. Currently the Financial Statements include a pension adjustment debtor of £5.4m. Under FRS102 a pension asset may only be recognised if the RCN is entitled to a refund or a reduction in future contributions. We

are awaiting confirmation from the Actuary and will update the committee verbally.

- For RCN Holdco we discussed with management the tax position presented within the financial statements and from a review of the 2019 and 2020 tax returns identified the amounts have been incorrectly presented within the financial statements. We have included an adjustment for this in Appendix 1.
- For RCN Foundation it was identified that in 2020 £18k of grants had been paid however had not been released to expenditure and incorrectly held within Grants Payable. We have noted this adjustment in Appendix 1 however understand it has been corrected in the current year financial statement as it is immaterial.

4. Fraud and irregularities and our audit reporting

Audit reporting on detecting irregularities, including fraud

In line with ISA (UK) 700 our audit report includes an additional comment to explain to what extent the audit was considered capable of detecting irregularities, including fraud.

Irregularities are acts of omission or commission which are contrary to the prevailing laws or regulations. Fraud includes both fraudulent financial reporting and misstatements resulting from misappropriation of assets.

Our responsibility is to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The additional reporting requirements this year placed increased emphasis on our understanding of the risks to the RCN Group from fraud and irregularities. Our audit included discussions with management to obtain their assessment of the risk that fraud may cause a significant account balance to be materially misstated as well as other procedures to obtain sufficient appropriate audit evidence.

We obtained an understanding of the legal and regulatory frameworks within which the entity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context have been listed in [Appendix 6](#). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the parent's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the parent and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), employment legislation and health and safety legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit

Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and reading minutes of meetings of TCWG.

In accordance with International Auditing Standards, we planned our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements or accounting records including any material misstatements resulting from fraud, error or non-compliance with law or regulations.

However, owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected even though the audit is properly planned and performed in accordance with the ISAs (UK). No internal control structure, no matter how effective, can eliminate the possibility that errors or irregularities may occur and remain undetected. In addition, because we use selective testing in our audit, we cannot guarantee that errors or irregularities, if present, will be detected. Accordingly, our audit should not be relied upon to disclose all such misstatements or frauds, errors or instances of non-compliance as may exist.

We have also included in [Appendix 7](#) some fraud risks that TCWG and management should be aware of.

TCWG responsibilities

The primary responsibility for safeguarding the entity's assets and for the prevention and detection of both irregularities and fraud rests with TCWG and management of the organisation. It is important that management, with oversight of TCWG, place a strong emphasis on fraud prevention and fraud deterrence. This involves a commitment to creating a culture of honest and ethical behaviours which can be reinforced by an active oversight by those charged with governance.

As in past years, the following statements will be included in the letters of representation which we require from the TCWG when the financial statements are approved.

- TCWG acknowledge their responsibility for the design and implementation of internal control to prevent and detect fraud and errors.

- TCWG have assessed that there is no significant risk that the financial statements are materially misstated as a result of fraud.
- TCWG are not aware of any fraud or suspected fraud affecting the group involving management, those charged with governance or employees who have a significant role in internal control or who could have a material effect on the financial statements.

- TCWG are not aware of any allegations by employees, former employees, regulators or others of fraud, or suspected fraud, affecting the group's financial statements.

We draw your attention to bullet point 2 above which presupposes that an assessment has been made. We have not been made aware of any actual or potential frauds which could affect the 2021 financial statements, or in the period since the previous year end.

Appendix 1 - Reporting audit adjustments

Unadjusted misstatements

International Standards on Auditing (UK) require that we report to you all misstatements which we identified as a result of the audit process but which were not adjusted by management, unless those matters are clearly trivial in size or nature.

The following misstatements were identified during our audit work and up to the date of this report have not been adjusted in the draft financial statements. We have summarised below the potential overall impact of these items on the financial statements.

| Adjustment description | Debit/(credit) net income £k | Debit/(credit) net assets £k | Debit/(credit) opening reserves £k |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------------|
| RCN UK | | | |
| Reallocation of the November 2021 social security creditor balance from trade creditors to social security creditors Dr: Trade Creditors Cr: Social security and other taxes creditor | | £75 (£75) | |
| Reallocation of accrual balance for Bottomline technologies from accruals to trade creditors to match corresponding credit note Dr: Accruals Cr: Trade Creditors | | £97 (£97) | |
| RCN Foundation | | | |
| To correct Sarasin & Partners LLP invoice that was over accrued Dr: Accruals Cr: Expenditure | (£4) | £4 | |
| To correct an error in the prior year financial statements where grants have been paid in the year but not recognised and held within grants payable Dr: Grants Payable Cr: Expenditure | (£18) | £18 | |

Adjusted misstatements

The following misstatements, which have been corrected by management, were also identified during our audit work and up to the date of this report. No further adjustments to the financial statements are required for these items and this information is provided to assist you in understanding the financial statements completion process and to fulfil your governance responsibilities.

| Adjustment description | Debit/credit net income £k | Debit/(credit) net assets £k | Debit/(credit) opening reserves £k |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------------------------|---------------------------------------|
| RCN Foundation | | | |
| To move the RCN balance within Trade Debtors to Intercompany Dr: Intercompany debtors Cr: Trade Debtors | | £27 (£27) | |
| To adjust the split between Bursaries payable Dr: Creditors due within one year Cr: Creditors due after one year | | £5 (£5) | |
| RCNi | | | |
| To correct the pension payment incorrectly posted to interbank transfer rather than as an invoice payment Dr: Creditors Cr: Cash | | £26 (£26) | |
| RCN Holdco | | | |
| To correct the tax recognised in the 2019/2020 financial statements a prior period adjustment is required; Dr: Reserves Cr: Tax credit/liability | | £41 (£41) | |

Appendix 2 - Systems and controls

We have set out below certain potential improvements to the group's processes and controls which we noted during our audit work and which we believe merit being reported to you.

Our evaluation of the systems of control was carried out for the purposes of our audit and accordingly it is not intended to be a comprehensive review of your business processes. It would not necessarily reveal all weaknesses in accounting practice or internal controls which a special investigation might highlight, nor irregularities or errors not material in relation to the financial statements.

In order to provide you with a clearer picture of the significance of issues raised, we have graded the issues raised by significance/priority before any corrective actions are taken:

| | | |
|--------|-----------------------------------------------------------------------------------------|---------------------------------|
| High | These findings are significant and require urgent action. | (nil comments in this category) |
| Medium | These findings are of a less urgent nature, but still require reasonably prompt action. | (1 comment in this category) |
| Low | These findings merit attention within an agreed timescale. | (1 comment in this category) |

| Audit finding and recommendation | Priority | Management response |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Bank Reconciliations <p>During our review of the bank reconciliations for RCNi and Foundation we noted that while the bank reconciliations are reviewed, we were unable to evidence this review and noted no overall monthly process for oversight as is complete for RCN UK. As a result of this we identified an amount for RCNi that had been included as a reconciling item since May due to an incorrect coding.</p> <p>We recommend that the bank reconciliation process be updated for all entities to reflect the process currently in place for RCN UK.</p> | | <p>A tracker system, inline with the process already in place for RCN will be implemented for RCNi and RCNF in April 2022. This will provide additional evidence of review and any necessary action / escalation for all RCNi and RCNF balance sheet items.</p> |
| 2. Fixed Asset Registers <p>As part of our review of Fixed Assets we noted that management have a strong process for identifying assets that have been disposed of as part of a year end review, we did however note that there are a large number of assets on the register have reached a nil net book value while remaining in use. We therefore recommend that management consider the effective useful lives being applied to assets to ensure these remain accurate.</p> | | <p>Management commit to review a categorised list of assets on the register with nil NBV to determine whether the useful effective life of the asset categories should be amended. Recommendation for any action required will be reported to Audit Committee at its July meeting.</p> |

Appendix 3 - Materiality

Materiality and identified misstatements

As we explained in our Audit Planning Report, we do not seek to certify that the financial statements are 100% correct; rather we use the concept of “materiality” to plan our sample sizes and also to decide whether any errors or misstatements discovered during the audit (by you or us) require adjustment. The assessment of materiality is a matter of professional judgement but overall a matter is material if its omission or misstatement would reasonably influence the economic decisions of a user of the financial statements.

The following is a summary of the overall materiality levels we applied to the separate entities within the group.

| Entity | Materiality calculation | Materiality £'000 | Reporting threshold £'000 |
|-----------------|-------------------------|----------------------|---------------------------------|
| RCN UK - Group | 1% income | 945 | 47 |
| RCN UK – Parent | 1% income | 845 | 42 |
| RCN Foundation | 2% income | 30 | 1.5 |
| RCNi | 2% income | 225 | 11 |
| RCN Holdco | 2% income | 10 | 1 |

Appendix 4 - Draft Representation Letter

This letter must be typed on your official letterhead. It should be considered by the Council at the same time as the as both the Consolidated and Parent's Annual Report and Financial Statements; and the Minutes should record the approval of the letter.

The letter should be dated at the date of the approval of the financial statements.

Crowe U.K. LLP

55 Ludgate Hill

London

EC4M 7JW

Dear Sirs

We provide this letter in connection with your audit of the financial statements of the Royal College of Nursing for the year ended 31 December 2021 for the purpose of expressing an opinion as to whether the consolidated and parent's financial statements give a true and fair view of the financial position of the group and parent as at 31 December 2021 and of the results of its operations for the year then ended in accordance with UK Generally Accepted Accounting Practice ("UK GAAP").

We confirm that the following representations are made in respect of the parent and all subsidiaries on the basis of sufficient enquiries of management and staff with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation and that, to the best of our knowledge and belief, we can properly make each of these representations to you. If completion of the audit is delayed we authorise Vanessa Woods, Head of Finance, to provide an update to all representations sought.

1. We have fulfilled our responsibility for the fair presentation of the financial statements in accordance with UK GAAP.

2. We acknowledge as trustees our responsibility for making accurate representations to you.

3. We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud and errors.

4. We have provided you with all accounting records and relevant information, and granted you unrestricted access to persons within the entity, for the purposes of your audit.

5. All the transactions undertaken by the group and parent have been properly reflected and recorded in the accounting records or other information provided to you.

6. The methods, the data, and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting standards.

7. We do not wish to adjust the financial statements for the actual errors set out in Appendix 1 as we believe that the errors are immaterial, both individually and in aggregate, to the financial statements as a whole.

8. We have disclosed to you any known actual or possible litigation or claims against the company whose effects should be considered when preparing the financial statements and these have been reflected in the financial statements in accordance with applicable accounting standards.

9. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you.

There have been no breaches of terms or conditions in the application of such incoming resources.

10. There have been no events since the balance sheet date which require disclosure or which would materially affect the amounts in the financial statements. Should any material events occur which may necessitate revision of the figures in the financial statements, or inclusion in a note thereto, we will advise you accordingly. We specifically authorise Vanessa Woods, Head of Finance, to provide an update for you to cover the time period between the signing of this letter and the date of your audit report.

11. We have assessed that there is no significant risk that the financial statements are materially misstated as a result of fraud.

12. We are not aware of any fraud or suspected fraud affecting the group involving those charged with governance, management or other employees who have a significant role in internal control or who could have a material effect on the financial statements.

13. We are not aware of any allegations by employees, former employees, regulators or others of fraud, or suspected fraud, which would have an impact on the entity's financial statements.

14. We are not aware of any known or suspected instances of non-compliance with those laws and regulations which provide a legal framework within which the group and parent conducts its business.

15. We confirm that complete information has been provided to you regarding the identification of related parties and that we are not aware of any significant transactions with related parties other than matters that we consider have been appropriately and adequately disclosed.

16. We confirm we have appropriately accounted for and disclosed related party relationships and transactions in accordance with applicable

accounting standard and with the recommendations of the applicable accounting standards.

17. In the event that we publish the trustees' report, independent auditor's report and financial statements electronically, we acknowledge our responsibility for ensuring that controls over the maintenance and integrity of the entity's web site are adequate for this purpose.

18. We have no plans or intentions that might materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

19. We confirm that, having considered our expectations and intentions for the next twelve months and the availability of working capital, the group and parent are a going concern. We are unaware of any events, conditions, or related business risks beyond the period of assessment that may cast significant doubt on their ability to continue as a going concern.

Yours faithfully

.....

Council Member

Signed on behalf of the Council

Date

Appendix 5 - Going concern

Whilst we appreciate only two of the entities within the group are charities we believe this guidance has some useful points which may be applied across all entities. The Charity Commission guidance “Managing financial difficulties & insolvency in charities” (CC12) stresses the importance for “a trustee body to have a good knowledge and understanding of the charity and its finances so that, as far as possible, the continued viability of the charity and its charitable activities can be assured.”.

The Charity Commission guidance highlights a number of factors TCWG need to consider which are generally relevant to all entities.

- TCWG should review what are their short, medium and longer-term priorities, including whether or not certain projects, spends or activities can be stopped or delayed.
- The guidance recognises that reserves can be used to help cope with unexpected events like those unfolding at present.
- If TCWG have previously decided to earmark certain funds for a particular purpose they may be able to re-prioritise these.
- Restricted funds which cannot be spent at the trustees’ discretion may only be used for a particular and defined purpose. In some instances, there may be ways to amend these restrictions, but accessing or releasing restricted funds should only be considered if other options such as reserves are not possible.
- All decisions on such financial matters should normally be taken collectively, and significant decisions and action points noted in writing.

a) Liquidity and resilience

The Charity Commission guidance goes on to explain that “*The overall responsibility for effective governance and the implementation of proper financial management rests with the trustees, but may well involve all staff members whether paid or volunteers.*”

As well as the level of available reserves TCWG will also need to understand and consider the entity’s liquidity.

- Proper consideration needs to be given to cash flow forecasts and debt and project management based on realistic assumptions set. There should be a budget including cash projections and business plans produced at least annually and monthly monitoring against the plans.
- There is a need to extend cash flow forecasts to evaluate issues that may arise after the end of the period covered by existing cash flow forecasts.
- There should be processes in place to ensure that appropriate procedures and controls have been applied to models used to generate cash flow and valuation information, including the choice and consistent use of key assumptions.
- Appropriate sensitivity analysis needs to be applied to address the potential impact of reasonably possible events. Sources of income and expenditure should be analysed with consideration of uncertainties around grant funding, voluntary or earned income.
- The sensitivity analysis should properly flex assumptions to identify how robust the model outputs are in practice and that the assumptions are free from bias.

In April 2016 the FRC issued its guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks for companies that do not apply the UK Corporate Governance Code. Whilst this guidance refers to “directors” and “companies”, the report makes it clear that it is designed to relate to all other entities preparing accounts under the going concern basis.

The guidance defines Solvency Risk as “*the risk that a company will be unable to meet its liabilities in full*” and Liquidity Risk as “*the risk that a company will be unable to meet its liabilities as they fall due*”.

The guidance sets out some of the factors which directors should consider as part of their assessment process but also explains that it is the directors that need to determine the relevance of these factors considering the size, complexity and the particular circumstances of the organisation, its industry and the general economic conditions.

In their updated guidance 'Company Guidance Update March 2020 (COVID-19)', the Financial Reporting Council, explain *"Given the systemic uncertainties that currently exist, many boards will be less confident in stating that they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over a period of assessment ("the viability statement" as required for compliance with the UK Corporate Governance Code)"*.

However, the FRC stresses the following points:

- *"Boards are required to have a "reasonable expectation" of the company's viability over the period of assessment – during the current emergency and unprecedented pace of change, any reasonable level of expectation would naturally carry a much lower level of confidence;*
- *Being clear on the company's specific circumstances and the degree of uncertainty about the future is important information; and*
- *When presenting a company's viability statement, its board should draw attention to any qualifications or assumptions as necessary.*

In describing any qualifications to the statement, a board should describe the limits of the predictions, the level of confidence with which they have been made and the uncertain future events that could prove critical to viability.

Similarly, the key assumptions made and the future scenarios considered should be explained. Many companies already use scenario and stress testing in developing their statements and this should continue as far as practicable. The use of reverse stress testing, to identify future scenarios that could lead to corporate failures, is also good practice.

At this time, the need for fuller disclosure is paramount."

In addition, there may be charity specific issues to consider including ensuring that there are no breaches of trust with respect to any restricted income or endowed funds and that the charity is able to meet its obligations in relation to these funds. Trustees may be held liable for a breach of trust if they apply restricted funds for purposes outside of the relevant restriction.

CC25: "Charity finances: trustee essentials" – issued in March 2017 emphasises the need for charities to be resilient. This is a key theme for much of the Commission's guidance is also discussed in the updated CC19 guidance entitled "Charity reserves: building resilience".

In the section on 'managing financial difficulties and insolvency, CC25 explains that if charities face financial difficulties then the trustees must:

- *"have the appropriate skills and time to ensure the proper running of the charity and lead or manage it through difficulties,*
- *ensure that they regularly receive and consider robust and up-to-date financial management information to enable them to recognise at an early stage when the charity is facing financial difficulties,*
- *find out which charity funds are restricted in their use by their donors and which can be used for any of its aims - this is crucial to the proper understanding of the charity's overall financial position,*
- *take prompt action when they think insolvency is a possibility – professional advice in writing should be taken at an early stage because any corrective action needs to be carefully planned,*
- *consider changing, cutting or restricting the charity's activities, reviewing funding sources and commitments or refinancing,*
- *think about merging or collaborating with another charity,*
- *have an understanding of (and if necessary take advice about) insolvency law and how it applies to charitable companies, and what voluntary options there are for other types of charity,*
- *recognise that once the charity has reached the stage of liquidation or winding up their primary duty is to pay the charity's debts, and*
- *tell the Commission if the charity closes or is no longer active so that it can be removed from the register of charities (legal requirement)."*

b) Insolvency

There are normally two tests of insolvency – the balance sheet test (positive net assets) and the cashflow test. The key issue is, can the organisation pay its debts as they fall due? The cash flow test is of particular importance and an entity can be insolvent even if it has positive net assets. Careful consideration is required of many factors, such as what values can be realised in time to meet debts and what assets can be used to meet liabilities.

Directors and shadow directors can be guilty of wrongful trading if they continue to trade and incur liabilities they knew or ought to have known that there was no reasonable prospect of avoiding insolvent liquidation.

Fraudulent trading is also a risk. Section 213 of the Insolvency Act provides that on the application of the liquidator of a company the Court may order that any persons who were knowingly party to carrying on the business of the company with intent to defraud creditors must make a contribution to the company's assets. For a fraudulent trading action, intent to defraud creditors must be proved and the onus of proof is on the liquidator. There must be evidence of actual dishonesty. For an insolvent company entities, senior management, and not just TCWG, could also be made liable for fraudulent trading. The entity should avoid entering into preferential transactions which put another party in a better position to the detriment of other creditors. The court will recognise mitigating circumstances. For example, if the directors took proper steps to minimise the potential loss to the company's creditors.

c) Finalising the financial statements

Given the potential for rapid spreading of the virus, required disclosures will likely change over time as more information about the epidemic emerges. As a result, the trustees will need to monitor developments and ensure that they

are providing up-to-date and meaningful disclosure before finalising their year-end report.

The Financial Reporting Council in their 'Company Guidance Update March 2020 (COVID-19)' thinks it is likely that more companies will disclose 'material uncertainties' to going concern in current circumstances. The impact of the coronavirus outbreak will require all entities to reassess their financial position and their ability to continue to operate as a going concern. This may require considering a number of factors but probably key will be to update budgets and forecasts and also to consider whether the entity might fail to comply with any external covenants.

Put simply, where boards identify possible events or scenarios, other than those with a remote probability of occurring, that could lead to failure, then these should be disclosed. Boards may take account of potential responses open to them to mitigate such events or scenarios although would need to consider the likely success of any response.

Appendix 6 - Responsibilities and ethical standards

Audit purpose and approach

Our audit work has been undertaken for the purposes of forming our audit opinions on the financial statements of the RCN Group and its subsidiary entities prepared by management with the oversight of the TCWG and has been carried out in accordance with International Standards on Auditing (UK) ('ISAs').

Our work combined substantive procedures (involving the direct verification of transactions and balances on a test basis and including obtaining confirmations from third parties where we considered this to be necessary) with a review of certain of your financial systems and controls where we considered that these were relevant to our audit.

Financial statements

TCWG of the RCN Group are responsible for the preparation of the consolidated financial statements on a going concern basis (unless this basis is inappropriate). TCWG are also responsible for ensuring that the financial statements give a true and fair view, that the process your management go through to arrive at the necessary estimates or judgements is appropriate, and that any disclosure on going concern is clear, balanced and proportionate.

Legal and regulatory disclosure requirements

In undertaking our audit work we considered compliance with the following legal and regulatory disclosure requirements, where relevant.

- Charities Act 2011 (Foundation and CHSA)
- Companies Act 2006 (Foundation, RCNi and Holdco)
- Trade Union and Labour Relations Act (Consolidated) 1992
- The Charities (Accounts and Reports) Regulations 2008
- The Charities and Trustee Investment (Scotland) Act 2005 and related Regulations
- The Charities SORP (FRS102) (Foundation and CHSA)
- Financial Reporting Standard 102

Directors' responsibilities (Foundation (including CHSA), RCNi and Holdco)

Under the provisions of the Companies Act, the Directors' Report is required to include a statement confirming for each director who was a director at the time of the approval of the financial statements that:

- they have each taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information; and
- so far as they are aware there is no relevant audit information of which the company's auditor is unaware.

Ethical Standard

We are required by the Ethical Standard for auditors issued by the Financial Reporting Council ('FRC') to inform you of all significant facts and matters that may bear upon the integrity, objectivity and independence of our firm.

Crowe U.K. LLP has procedures in place to ensure that its partners and professional staff comply with both the relevant Ethical Standard for auditors and the Code of Ethics adopted by The Institute of Chartered Accountants in England and Wales.

As explained in our audit planning report, in our professional judgement there are no relationships between Crowe U.K. LLP and the RCN or other matters that would compromise the integrity, objectivity and independence of our firm or of the audit partner and audit staff. We are not aware of any further developments which should be brought to your attention.

Independence

International Standards on Auditing (UK) require that we keep you informed of our assessment of our independence.

We confirm that we have carried non-audit services as detailed below. We have not identified any other issues with regards to integrity, objectivity and independence and, accordingly, we remain independent for audit purposes.

In communicating with TCWG of the parent and group we consider TCWG of the subsidiary entities to be informed about matters relevant to them.

The matters in this report are as understood by us as at April 2022. We will advise you of any changes in our understanding, if any, during our meeting prior to the financial statements being approved.

Non-audit services

We have considered the non-audit services we have provided in the period and have concluded that there are no facts or matters that bear upon the integrity, objectivity and independence of our firm or of the audit partner and audit staff related to the provision of such services which we should bring to

your attention. Our fees for non-audit services in the year have been as follows.

Employment Tax advice £3,000

Use of this report

This report has been provided to the Audit Committee to consider and ratify on behalf of TCWG, in line with your governance structure. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. It should not be made available to any other parties without our prior written consent.

Appendix 7 - Fraud risks

As part of our audit procedures we make enquiries of management to obtain their assessment of the risk that fraud may cause a significant account balance to contain a material misstatement. However, we emphasise that the responsibility to make and consider your own assessment rests with yourselves and that TCWG, Audit Committee and management should ensure that these matters are considered and reviewed on a regular basis.

Usually fraud in the not for profit sector is not carried out by falsifying the financial statements. Falsifying statutory financial statements usually provides little financial benefit, as compared to say a plc where showing a higher profit could lead to artificial share prices or unearned bonuses. However, falsifying financial statements can be used to permit a fraud or to avoid detection. As a generality, not for profits represented by its management and TCWG do not actively try to falsify financial statements as there are not the same incentives to do so. In the not for profit world fraud is usually carried out through misappropriation or theft.

Again, whilst we appreciate only two of the entities in the group are charities, The Charity Commission provides guidance which is relevant to all entities (updated in October 2019) on how to protect your entity fraud including information about fraud, how to spot it and what you can do to protect against it -

The Charity Commission's first guiding principle recognises that fraud will always happen. It is therefore important that, as part of setting their overall risk appetite, TCWG consider fraud within their tolerance for the risks associated with the management of the organisation's (and group's) funds. The development and continued assurance of a robust counter fraud control framework should then contribute to the organisation matching the risk appetite and tolerance agreed by TCWG.

We have shared with management our guidance and a framework on conducting fraud risk assessments. A fraud risk assessment is an objective review of the fraud risks facing an organisation to ensure they are fully identified and understood. This includes ensuring:

- fit for purpose counter fraud controls are in place to prevent and deter fraud and minimise opportunity, and

- action plans are in place to deliver an effective and proportionate response when suspected fraud occurs including the recovery of losses and lessons learnt.

Good practice suggests that to be most effective the risk assessment should be undertaken at a number of levels within the organisation:

- Organisational – to assess the key policy, awareness raising and behavioural (including leadership commitment) requirements that need to be in place to build organisational resilience to counter fraud.
- Operational – a detailed analysis of the fraud risk and counter fraud control framework at the operational level – by function (activity) or individual business unit (including programmes and projects).

Any fraud risk assessment should not be seen as a standalone exercise but rather an ongoing process that is refreshed on a regular basis. Carrying out the fraud risk assessment may reveal instances of actual or suspected fraud. Should this happen next steps will be determined on circumstances, the existing control framework (including any response plan(s)), and in consultation with the key members of the organisation's management team.

Considering risks of fraud

There is evidence that during times of economic instability there is an increased risk of fraud. This may be because resource constraints can reduce internal controls and oversight and also because individuals facing hardship may be more likely to consider fraudulent practices.

The following provides further information on the three kinds of fraud that entities such as the RCN Group should consider.

a) *Frauds of extraction*

This is where funds or assets in possession of the RCN group are misappropriated. Such frauds can involve own staff, intermediaries or partner organisations since they require assets that are already in the possession of the entity being extracted fraudulently. This could be by false invoices, overcharging or making unauthorised grant payments.

Essentially such frauds are carried out due to weaknesses in physical controls over assets and system weaknesses in the purchases, creditors and payments cycle. The cycle can be evaluated by considering questions such as who authorises incurring a liability and making a payment. On what evidence? Who records liabilities and payments? Who pays them and who checks them?

The close monitoring of management accounts, ledger entries and strict budgetary controls are also generally seen as an effective way of detecting and deterring frauds in this area.

Staff should be made aware of the increasing use of mandate fraud. This is where when the fraudster gets the organisation to change a direct debit, standing order or bank transfer mandate by purporting to be a supplier or organisation to which the RCN Group makes regular payments.

Insufficient due diligence around requests to amend supplier or payroll details has led to payments to unauthorised individuals so sufficient checks in these areas is of increasing importance.

Some entities have also been victims of what is being termed CEO fraud, although it does not involve the CEO. In this case cyber criminals spoof company email accounts and impersonate executives to try and fool an employee in accounting or HR into executing unauthorised wire transfers or sending out confidential information.

This type of phishing scam is a sophisticated scam targeting businesses working with foreign suppliers and/or businesses that regularly perform wire transfer payments. The scam is carried out by compromising legitimate business e-mail accounts through social engineering or computer intrusion techniques to conduct unauthorised transfers of funds. Action Fraud, the UK's national fraud and cyber-crime reporting centre has reported an increase in fraud and scams relating to COVID-19, including a rise in phishing emails where the fraudster attempts to trick people into opening malicious attachments which could lead to fraudsters stealing people's personal information, email logins and passwords, and banking details.

Entities should therefore ensure that they reiterate their procedures to employees and raise awareness of fraud preventions across their organisations. All employees should exercise real scepticism and not make any payments which are not properly supported and outside the normal payment mechanisms. To paraphrase Action Fraud's recommendations, which are particularly significant as staff are working remotely and some

working different hours in order to manage the challenges of working from home:

- Ensure all staff, not just finance teams, know about current frauds and scams.
- Have a system in place which allows staff to properly verify contact from their CEO or senior members of staff; for example, having two points of contact so that the staff can check that the instruction which they have received from their CEO is legitimate.
- Always review financial transactions to check for inconsistencies/errors, such as a misspelt company name.
- Consider what information is publicly available about the business and whether it needs to be public.
- Ensure computer systems are secure and that antivirus software is up to date.

All employees should exercise real scepticism and not make any payments which are not properly supported and / or outside the normal payment mechanisms.

b) Backhanders and inducements

There is also an inherent risk that individuals who are able to authorise expenditure or influence the selection of suppliers can receive inducements to select one supplier over the other. This risk can be mitigated by robust supplier selection and tendering procedures.

c) Frauds of diversion

This is where income or other assets due to the RCN Group are diverted before they are entered into the accounting records or control data. Essentially, it is easy to check what is there but very difficult to establish that it is all there. Therefore, ensuring the completeness of income provided to a entity becomes difficult.

It is important to consider the different income streams and when and how they are received. So income received directly into the entities bank account will be a lower risk than income being received by home based fundraisers.

Appendix 8 - External developments

We have summarised below some of the developments and changes in the not for profit sector over the recent period which we believe may be of interest and relevant to you. Please note that this information is provided as a summary only and that you should seek further advice if you believe that you have any specific related issues or intend to take or not take action based on any of the comments below.

We believe it is important to keep our clients up to date on the issues that affect them and, as a part of our ongoing communication, we regularly hold seminars and courses. Unfortunately, due to the current Covid-19 restrictions, we have necessarily had to suspend our face to face courses and seminars. Although we hope to be able to return to our seminars and courses in the not too distant future, we are currently working to replace some of these as webinars. We have a number of webinars currently in development and will make these available as soon as we can.

As a result the webinar sessions are likely to be put out with relatively short notice and we therefore encourage you to visit our website (<https://www.crowe.com/uk/croweuk/industries/webinars>) or register to our mailing list (nonprofits@crowe.co.uk) to stay updated on these. Any webinars which you have missed remain available on demand on our website.

Financial and other reporting

COVID-19-related rent concessions beyond 30 June 2021

In June 2021, the Financial Reporting Council updated the amendment to FRS 102 in respect of Covid-19 related rent concessions, extending the period to which the amendments apply to 30 June 2022.

Under the amendments, any reduction in lease payments are recognised over the period that the change in lease payments is intended to compensate. For example, if a lessee is offered a rent holiday such that the rent due for July 2021 to December 2022 is waived, no lease expense would be recognized in that period.

The lessee will also need to disclose the change in lease payments recognised in profit or loss in accordance with the amendments, unless the entity is a small entity applying Section 1A of FRS 102, in which case such a disclosure is recommended.

The effective date for these amendments is accounting periods beginning on or after 1 January 2021, with early application permitted.

A copy of the updated amendment to FRS 102 can be obtained [here](#).

Compliance

Government procurement: carbon reduction plans

The Government has introduced new measures which will require businesses to commit to net zero by 2050 and publish clear and credible reductions plans before they can bid for major government contracts.

Under the new measures, for procurements advertised on or after 30 September 2021, suppliers bidding for contracts above £5million a year will need to have committed to the government's target of net zero by 2050 and have published a carbon reduction plan.

Carbon Reduction Plans ('CRP') must meet the required standard, and includes (but is not limited to):

- Confirming the bidding supplier's commitment to achieving Net Zero by 2050 for their UK operations.
- Providing the supplier's current emissions for the sources included in Scope 1 and 2 of the GHG Protocol, and a defined subset of Scope 3 emissions.
- Providing emissions reporting in CO₂e (Carbon Dioxide Equivalent) for the six greenhouse gases covered by the Kyoto Protocol
- Setting out the environmental management measures in effect, including certification schemes or specific carbon reduction measures

you have adopted, and that you will be able to apply when performing the contract and that support achieving Net Zero by 2050.

- Publication of the CRP on the supplier's website

Further details can be found [here](#) along with the Procurement Policy Note issued by the Cabinet Office [here](#).

Governance

The Charities Bill: 5 key changes to charity law

The Charities Act 2022 (the Act) received Royal Assent on 24 February 2022 and brings into force a number of key changes to the Charities Act 2011, aimed at simplifying a number of processes.

While the Act comes into force on the date on which it was passed, a number of the provisions of the Act will only come into force when secondary legislation has been passed. It is expected that this will take place on a staggered basis over the next 12 – 18 months. In addition, the Charity Commission will be updating their guidance and online tools for each change to the Act.

We have set out below some of the key changes.

Governing document amendments

Amendments have been made to the Act to more closely align the rules for charities amending their constitution irrespective of the legal structure. Whilst the Commission will still need to approve any regulated amendments (e.g. changes to the charity's objects), they will now apply the same consistent criteria to approve these.

Permanent endowments

A number of changes have been made in respect of permanent endowments.

Firstly, the definition of permanent endowments has been updated with a simplified definition where property is considered to be a permanent endowment if it is '*subject to a restriction on being expended which distinguishes between income and capital*'.

The Charities Act has also been updated to increase the maximum value of a permanent endowment that Trustees can resolve to release restrictions on spending capital from £10,000 to £25,000. This power has also been extended to incorporated entities.

In addition, a new provision in the Act will allow Trustees to borrow up to 25% of the value of a charity's permanent endowment subject to the amount being repaid within 20 years of being borrowed.

These new and amended powers will grant Trustees of permanently endowed charities increased flexibility in times of economic uncertainty.

Failed appeals

The Act introduces new rules granting the power for trustees to apply cy-près, allowing charities more flexibility in response to a charity appeal that has failed, allowing donations to be applied for another charitable purposes rather than having to be returned to donors under certain conditions:

- i) The donation is a single gift of £120 or less; and the Trustees reasonably believe that during the financial year the total amount received from the donor for the specific charitable purpose is £120 or less (unless the donor states in writing that the gift must be returned if the charitable purposes fail); or
- ii) The donor, after all agreed actions have been taken, cannot be identified or found; or
- iii) The donor cannot be identified (for example cash collections)

In order to avail themselves of the new rules, Trustees will need to pass a resolution having regard to (a) the desirability of securing that the purposes are, so far as reasonably practicable, similar to the specific charitable purposes for which the money or other property was given; and

(b) the need for the purposes to be suitable and effective in the light of current social and economic circumstances.

Where the proceeds are in excess of £1,000 a copy of the resolution, along with a statement of their reasons for passing it must be provided to the Commission. Such a resolution does not take effect until consent is provided by the Commission in writing.

Payments to Trustees

Under the Charities Act 2011, Trustees (or a person connected to the trustee) may receive payment for the provision of services to a charity under certain conditions. The Act extends this provision to allow payment for the provision of goods to a charity.

Ex Gratia Payments

Amendments to the act allow for ex gratia payments to be made without the Commission's consent, up to a maximum of £20,000 depending on the charity's income. In addition, the amendments allow this decision to be delegated to staff.

Mergers

A key amendment to the Act allows for legacies to be transferred to a merged charity. This change will remove the need for 'shell charities' to be maintained and therefore reduce administration costs.

Full details of all the changes can be found [here](#) and [here](#).

Responsible investments guidance

The Charity Commission ran a public consultation in April 2021 in respect of updated guidance for responsible investments.

The results of the consultation were published on 18 August 2021, and can be viewed [here](#).

During the consultation two charities were granted permission to bring a case relating to responsible investment to the High Court. They are seeking clarification of the law, and there will be a court hearing in 2022. As a result, the updated guidance is not expected to be published until the court has given its judgement as this may affect the final guidance.

Guidance on hybrid working launch by ACAS

ACAS recently published guidance for employers on hybrid working, following the extended period of remote working as a result of the coronavirus pandemic.

The guidance is broken down into the following five sections:

- Considering hybrid working for your organisation
- Consulting and preparing to introduce hybrid working
- Creating a hybrid working policy
- Treating staff fairly in hybrid working; and
- Supporting and managing staff in hybrid working

The guidance also considers other legal matters that employers should consider, including data and privacy issues, health and safety issues and working time requirements.

The guidance can be found [here](#).

Charity Commission: 'Take action on fraud'

As part of Charity Fraud Awareness Week, the Charity Commission issued a press release in October 2021 warning charity trustees and management to 'take action on fraud' as new figures show £8million reported lost to crime last year.

The latest data from Action Fraud also shows 1,059 separate incidents of fraud were reported by charities in just one year from April 2020 to March 2021.

Together with the Fraud Advisory Panel, the regulator is urging all trustees to sign up to a new [Stop Fraud Pledge](#), which commits charities to taking six practical actions to reduce the chances of falling victim to fraud.

The pledge includes the following measures:

- Appoint a suitable person (staff member, volunteer or trustee) to champion counter fraud work throughout the organisation
- Ensure that all trustees are aware of their legal duty to protect the charity's assets.

- Consult with staff, volunteers and trustees to identify the types of fraud that threaten the organization and the ways they can be prevented.
- Create a written fraud policy and share it regularly – with staff, volunteers and trustees – so that everyone understands what fraud is and how they can help prevent it.
- Perform checks on the individuals and organisations with whom we have a financial relationship.
- Assess annually how well the fraud controls are working, taking into account new risks and making improvements as needed.

Taxation

Advertising vs Marketing: An update for charities

Charities are allowed to acquire advertising services from suppliers with the zero-rate of VAT but one condition for the relief to apply is that the advertising is made to the general public.

After consultation with the charity and advertising sector, HMRC released its [Revenue and Customs Brief 13](#) in September 2020. The brief indicated that some supplies that are made by suppliers like Facebook could be treated as zero-rated, e.g. audience targeting and location targeting. However, the notice goes on to state that the standard rate of VAT applies to social media accounts because "when individuals log in to their personal pages, sites use tools to apply advertisements to them when they are signed in. The content will be related to the individual's known likes, dislikes, interests or location, as a signed in member of the website."

We have a number of charity clients that are affected by this as they use suppliers like Facebook for a number of fundraising campaigns. As Facebook is based outside the UK it is up to the UK based charity to account for any VAT due and this is often to a large extent irrecoverable. Therefore, we have written to HMRC to seek clarification of its position.

HMRC has been provided with numerous examples of services and the terms and conditions applicable.

HMRC's response states that all supplies of Facebook advertising fall outside of zero-rated advertising. Consequently, 20% VAT must be accounted for by charities on such supplies received from suppliers based outside the UK.

HMRC's position is now clear and unless it is successfully challenged reverse charge VAT should be applied to services received from suppliers such as Facebook.

If VAT has not been applied to these services, HMRC should be notified of the amount of tax due in order that any penalties applicable can be mitigated.

Grant Funding: Business or non-business

Our [Insight](#) in January 2021 informed you of the decision of the Upper Tier Tribunal in Colchester Institute and the potential adverse effects it could have upon institutions other than those in the Further Education (FE) sector.

Subsequently there has been a further unsuccessful attempt by a FE College to exploit the decision made by the upper Tier Tribunal ([read the transcript](#)) and HMRC has also responded with its guidance in its [business brief 08/21](#).

The decision has a direct application to those in the Further Education sector that receive grant income. However, in theory the conclusion arrived at by the UTT could be applied to any entity that has received grant income that has treated this as 'non-business'.

The decision in Colchester Institute reversed the common opinion that grant income is used to support non-business activities as the court opined that funding from The Skill Funding Agency (SFA) and the Education Funding Agency (EFA) was in fact consideration for supplies of educational services. In theory this could have wide reaching application in relation to the zero-rating of buildings used for charitable purposes, the application of reduced rate VAT to Fuel and Power and recovery of VAT on costs using both the standard method and special methods of partial exemption.

Many VAT commentators have seen the decision by the Tribunal as a threat to common well-founded VAT treatments applied by charities.

HMRC's brief 08/21 does give comfort to the charities' sector as well as the education sector since it essentially confirms that it disagrees with the Tribunal's decision and states that whilst it will not appeal, its policy on grant funded education will not change. Therefore, it appears that HMRC has no motivation to use the decision to serve a wider purpose and disturb well established VAT treatments for the charities' sector. Furthermore, it is willing

to retain the status quo in relation to SFA and EFA funding (i.e. treat the income as non-business).

Three common trading activity VAT issues for charities in 2022

Donated Goods Retail Gift Aid Scheme and VAT

The Retail Gift Aid scheme is used by many charities in order to treat what would have been the sale of donated goods as donations of cash by acting as agent for the owners in selling their goods. This enables the charity to be able to claim Gift Aid.

It is important to note, that from a VAT perspective, this changes the nature of the transaction entirely. If donated goods are sold the shop is making a zero-rated taxable business activity which enables VAT recovery on associated costs. Whereas, if a charity is selling goods on behalf of someone in return for a donation, this is a 'non-business activity' and so while there is no VAT due on the donation, VAT cannot be recovered on the associated costs.

This can result in the shop being required to apply an apportionment to arrive at the correct amount of VAT recoverable in relation to the shop costs so VAT administration increases and VAT recovery is reduced.

Solution: To properly operate the scheme, the charity should charge a VAT bearing commission to the donor of the goods. This does mean a small amount of VAT being paid to HMRC but VAT on associated costs incurred on the shops can be recovered in full.

Lottery ticket sales from shops

Most charities that operate a lottery sell tickets by entering into monthly agreements with customers who buy directly from a head-office. In addition, some tickets may also be sold in charity shops.

Lottery tickets are exempt from VAT, and therefore, no VAT is due on the sales but VAT cannot be recovered on associated costs. This again results in less VAT being recovered by the charity within the shops. It also adds an extra layer of administration as overhead costs of the shop would need to be apportioned.

Solution: In reality, the VAT bearing costs used by the shop to make the lottery/raffle ticket sales is minimal and so application should be made to HMRC to apply a fairer apportionment on shop costs where these sales exist.

Effect of COVID-19 on VAT recovery rates

The COVID-19 pandemic has resulted in many charity shops, cafes and social enterprise activities to close temporarily. This could have an impact on the amount of VAT recoverable on overhead costs, particularly where the charity uses an income-based apportionment as the proxy for recovery (e.g. the standard method of partial exemption). This is because taxable income has been reduced while exempt income may have remained constant. For example, care services in general will have continued during lockdown, while shops/cafes and conference venues have remained closed.

Solution: Apply to HMRC to agree an alternative recovery method for the year. HMRC has released an information sheet which states it will look at these requests sympathetically and has set up a purpose-built inbox to review these applications. We would suggest that charities review their recovery rates to see if there has been, or will be (using a forecast), a heavy reduction input tax recovery so this can be addressed. HMRC's release can be accessed [here](#).

12.5% VAT rate applied to hospitality

From 1 October 2021 the VAT rate applied to hospitality changed from 5% to 12.5%. From 15 July 2020 VAT had been chargeable at 5% on:

- on-premises catering and non-alcoholic drinks sold with catering
- hot takeaway food and drinks
- admissions to attractions including theatres and amusement parks
- hotel and holiday accommodation.

This was always intended to be a temporary measure to boost the hospitality sector at this difficult time. Rather than return to 20% VAT in one go, the VAT rate applicable to these goods and services changed to 12.5% where these are supplied between 1 October 2021 and 31 March 2022.

It should be noted that none of the above affects situations where no VAT is chargeable, such as cold takeaway food.

We have produced guidance on actions both suppliers and customers should take here <https://www.crowe.com/uk/insights/preparing-for-the-new-vat-rate>.

VAT and Covid-19 Testing

HMRC has recently released its policy, Revenue and Customs Brief 11, in relation to the VAT treatment of COVID-19 tests, and is relevant to any organisation who is involved in the provision of tests for COVID-19 or receives these services from suppliers.

HMRC's recent brief has confirmed its policy on the VAT treatment of COVID-19 testing and the requirements for VAT exemption to apply. These should be followed to avoid HMRC issuing VAT assessments and penalties.

HMRC has stated that the medical care exemption will apply in instances where:

- the service incorporates the administration of the test to the patient; and
- the provision of the results,
- by a medical professional or somebody supervised by a medical professional such as a qualified registered nurse, doctor or a state regulated institution.

Exemption can still apply where the service is supplied by a non-registered person but the services are 'wholly performed' by a medical professional.

Exemption does not apply where:

- the service is provided by UK Accredited Service or the Care Quality Commission as HMRC does not consider these as being state regulation
- the service is administered by the patient themselves. Therefore, lateral flow tests are standard rated
- tests are supplied by manufacturers to hospitals. pharmacies.

HMRC's policy may be challenged as the application to some scenarios could be complicated and provide results that will appear inequitable.

However, if your organisation's treatment is not in line with the policy corrective action should be taken both retrospectively and going forward.

Furthermore, if a supplier has been applying standard rate VAT where exemption applies, the over-charged VAT can be recovered by seeking a credit from the supplier.

Tax on Covid-19 Grants for charities

Over the last couple of years many charities and/or their trading subsidiaries have claimed payments under the coronavirus job retention scheme (CJRS). The CJRS scheme ended on 30 September 2021 and was replaced by the Job Support Scheme (JSS).

Charities may also have claimed the following Covid grants, or 'coronavirus support payments' (CSP), which include:

- the self-employment income support scheme (SEISS),
- the small business grant fund,
- the retail, hospitality and leisure grant fund, the local authority discretionary grants fund,
- the coronavirus statutory sick pay (SSP) rebate scheme,
- the equivalent grant funds in Scotland, Wales and Northern Ireland
- amounts paid under the test and trace support payment scheme and its equivalent in Scotland and Wales, called self-isolation support payments
- Eat Out to Help Out (EOTHO)

CJRS and other CSP payments are generally stated to be taxable for income or corporation tax – is that the case for charities?

If the payments are to support a charitable (ie a non-taxable) activity of a charity, they are not taxable. If they are to support a non-charitable trade, then they will be included in the profits from that trade, as the expenditure covered will be tax-deductible. If the turnover from the trade is below the de minimis limit for income or corporation tax (currently £80,000 in a tax year, or less if the charity's total income is below £320,000) then the grant payments will not be counted when calculating whether the turnover goes over that limit. However, once the turnover is over that limit, then the CJRS/CSP receipts become taxable income.

If the CJRS or CSP grant relates to two different activities, one charitable and the other non-charitable, then it needs to be apportioned between the two on a reasonable basis.

EOTHO was implemented separately from other CSPs. HMRC guidance for EOTHO states that “You must include the payments you receive as income when you calculate your taxable profits for Income Tax and Corporation Tax purposes”.

Reporting CJRS payments

However, when it comes to reporting grant payments to HMRC, there are additional tax return reporting requirements for CJRS, JSS, JRB and EOTHO. The JRB, or Job Retention Bonus, is not yet in operation. The Eat Out To Help Out scheme (EOTHO) applied in August 2020.

Whether or not the amounts received are taxable, they need to be reported on the charity’s tax return (if it needs to complete one). On the Corporation tax return there are three boxes for CJRS receipts, boxes 471-473. Box 471 records CJRS payments actually received in the period, Box 472 records entitlement over the same period. If the total in Box 471 is larger than the total in Box 472, then clearly there is an overpayment that must be returned, less any overpayments that have already been reported to HRMC or already assessed (Box 473).

Box 474 relates only to JRB and EOTHO overpayments. EOTHO claims need to be reported in Box 647.

The amount owed to HMRC for CJRS is recorded in Box 526. However, this amount is not added to the total of any corporation tax due. It is treated as income tax, and a separate assessment will be issued to collect it.

For trust and estate returns the reporting requirements are contained in Boxes 21.6A and 21.6B. Amounts entered in box 21.6B will be added to the income tax liability of the Trust or Estate, so it is important that if any overclaimed amounts have already been assessed, they are not included in the amount in this box. The individual amounts claimed need to be reported on the relevant boxes of the supplementary pages.

CJRS claims made by trading subsidiaries

If a subsidiary has made its own CJRS (or other CSP grant) claim then clearly this needs to be recorded on its tax return. However, many charities have claimed CJRS for their employees, and then recharged a portion relating to the employees’ work for the trading subsidiary. It is important that the company that has actually claimed the CJRS reports the full amount on its tax return, before any recharges, otherwise confusion will result

Follow us on:

@crowe

www.crowe.co.uk

Crowe U.K. LLP is a limited liability partnership registered in England and Wales with registered number OC307043. The registered office is at 2nd Floor, 55 Ludgate Hill, London EC4M 7JW. A list of the LLP's members is available at the registered office. Crowe U.K. LLP is registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales and is authorised and regulated by the Financial Conduct Authority. All insolvency practitioners in the firm are licensed in the UK by the Insolvency Practitioners Association. Crowe U.K. LLP is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Crowe U.K. LLP and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global.

This material is for informational purposes only and should not be construed as financial or legal advice. Please seek guidance specific to your organisation from qualified advisors in your jurisdiction.