

**The Royal Orthopaedic Hospital NHS Foundation Trust**  
**Charitable Fund**  
**Trustees' Annual Report and Accounts for the year ended**  
**31 March 2016**  
**(Registered Charity No: 1078046)**

**The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund  
Annual Report and Accounts for the year ended 31 March 2016**

**TRUSTEES' REPORT**

The Trustees present The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund's Annual Report with Financial Statements for the year ended 31<sup>st</sup> March 2016.

**LEGAL, REFERENCE AND ADMINISTRATIVE DETAILS**

The Royal Orthopaedic Hospital NHS Trust Charity was formed on the 18<sup>th</sup> March 1997 under the Trustees of the Birmingham Health Authority General Charity, who delegated the responsibility of expending funds to the Executive and Non-Executive Directors of The Royal Orthopaedic Hospital NHS Trust. On the 12<sup>th</sup> October 1999 this was amended under a Supplemental Deed by The Royal Orthopaedic Hospital NHS Trust's solicitors, who were Wragge & Co., to transfer total responsibility to the Directors of The Royal Orthopaedic Hospital NHS Trust as Trustees.

The Charity was registered on the "Central Register of Charities" on the 4<sup>th</sup> November 1999 under the registration number 1078046. The Trust was formerly known as The Royal Orthopaedic Hospital NHS Trust. The Trust was granted Foundation Trust status on 1<sup>st</sup> February 2007. On 16<sup>th</sup> October 2007 the Trust executed a Supplemental Deed under which its name was amended to The Royal Orthopaedic Hospital NHS Foundation Trust Charity.

**COMPLIANCE**

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, which is the governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

Charity Address                      The Royal Orthopaedic Hospital NHS Foundation Trust  
Woodlands  
Northfield  
Birmingham  
B31 2AP

Bankers                                National Westminster Bank PLC  
Birmingham City Office  
103 Colmore Row  
Birmingham  
B3 3NS

Investment Advisors              Cazenove Capital Management  
12 Moorgate  
London  
EC2R 6DA

Independent Examiner          Deloitte LLP  
1 City Square  
Leeds  
LS1 2AL

Solicitors                              Mills & Reeve LLP  
78-84 Colmore Row  
Birmingham  
B3 2AB

## **The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund Annual Report and Accounts for the year ended 31 March 2016**

### **TRUSTEES**

The members of The Royal Orthopaedic Hospital NHS Foundation Trust Board, detailed below are the Trustees of the Charitable Funds. Board Members as Trustees are governed by the law applicable to Trusts, principally the Trustees Act 2000.

<b>Trustee Name</b>	<b>Office</b>
Mr T Pile	Non Executive Director (from Jan-13 and Interim Chairman between Feb-14 and May-14)
Mrs J Chambers	Chief Executive (from Dec-13)
Mr A Pearson	Medical Director (from Mar-13)
Mr P Athey	Director of Finance (from Jun-13)
Professor T Southwood	Non Executive Director (from Feb-11)
Mrs F Kirkham	Non Executive Director (from Feb-11)
Dame Yve Buckland	Chairperson (from May-14)
Mr J Lofthouse	Director of Operations (from Sep-14)
Mr R Anthony	Non Executive Director & Audit Committee Chair (from Jun-14)
Mr G Marsh	Director of Nursing and Governance (Interim from Feb-15, substantive from Nov-15)
Ms Kathryn Shallah	Non Executive Director (from Apr-15)

The Trust Board review the skills, composition and balance of the Board. The Nominations Committee of the Council of Governors discuss the skill-set required and the time commitment and recommend the process of appointment. The Non-Executive and Executive Directors of The Royal Orthopaedic Hospital NHS Foundation Trust Board, on appointment become Trustees of the associated Charity.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The business of the Trust is conducted through a series of quarterly Trustees' meetings, where Trustees oversee the day-to-day administration of funds, ensuring that the funds continue to support a wide range of activities benefiting both patients and staff. Trustees are responsible for controlling expenditure and also for the investment and reserve policies with any associated decisions.

The day-to-day running of the Charity is delegated to the Director of Finance being a member of the Trust Board and a Trustee of the Charity. His responsibilities include ensuring the systems of control are robust, all legal or managerial changes are implemented and that the other Trustees' and Fund Managers are advised on a regular basis of the fund balances.

The accounting records and the day-to-day administration of the funds are dealt with by the Finance Department, which is located at The Royal Orthopaedic Hospital NHS Foundation Trust, Woodlands, Birmingham B31 2AP, which was licensed as a Foundation Trust from 1<sup>st</sup> February 2007.

This year, work undertaken includes the provision of detailed information regarding expenditure to the Trustees. Items exceeding a value of £100 are narrated in quarterly reports to the Trustees to ensure that the Charity continues to use its funds for charitable purposes. The Trustees continued to receive investment advice from Cazenove Capital Management during the year, previously known as Schroder and Co. Schroder and Co acquired Cazenove and merged the private bank and charities sections of the business, branding them both as Cazenove Capital Management. The banking facilities and the solicitor as appointed remain unchanged during the accounting period. The independent examiner is Deloitte LLP.

Fund managers have Standing Financial Instructions and internal procedures for administering the Charity, which remain unchanged. Fund Managers and Trustees are made aware of any new legal obligations where appropriate during the year.

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There are 33 funds in total, of which two are permanent endowments with associated income funds. Thirty restricted funds are for Wards and specific Departments. The General Fund is unrestricted.

Charitable funds vested in the Trust are operated through a special purpose charity with subsidiary earmarked accounts.

The Trust is currently reviewing and developing its induction policy with regards to Trustees. The Trustees were provided with a copy of the "Essential Trustee Document" in March 2016.

### **RELATED PARTIES**

The Charity receives services from and provides goods to the associated NHS Foundation Trust. Trustees' serve as Executive and Non-Executive Directors on the Trust Board. Business is conducted carefully to ensure funds are expended in the most appropriate manner and that the expenditure policy is consistent with the preferred wishes of the donor.

### **OBJECTIVES AND ACTIVITIES**

The objects of the Charity as defined in the Charity Commission registration document are as follows:

**"The Trustees shall hold the trust fund upon trust to apply the income, and at their discretion, so far as may be permissible, the capital for any charitable purposes relating to the National Health Service wholly or mainly for the services provided by The Royal Orthopaedic Hospital".**

The main ongoing objective of the charity is to enhance patient experience through various methods such as purchasing of high quality equipment to providing staff with excellent training. The way in which this objective is monitored is that an individual responsible for any material purchase has to provide feedback within six months to the charity. This feedback entails information of how the purchase has benefitted the trust and if there is anything else that could be done to increase efficiency or patient experience.

Other current objectives include the promotion of fundraising activities and expending of the significant legacy that the Trust received. Both of these items are continuously being discussed and monitored at the Charitable Funds committee meetings ensuring the appropriate action are taken at the appropriate time.

### **ACTIVITIES**

The Trustees have a policy that funds are spent in line with donors' wishes.

During the year the funds of the Charity were used to support a range of charitable and health related activities. These funds have been deemed to benefit both patients and staff of the Trust and through them the wider public.

The Charity has made funds available for the purchase of new beds and wheelchairs to provide a safer environment for the patients being treated in the Trust. Funds have also been specifically allocated to Oncology research and conferences, tuition fees of a PhD Research Fellow and medical equipment for the wards.

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**FINANCIAL REVIEW**

The net assets of the Charitable Funds as at 31<sup>st</sup> March 2016 were £2,156,000 (2014/15 £2,103,000; this has been restated due to the new basis the accounts are prepared under FRS 102- see note 17 on page 22. Fund balances increased in year by £53,000 due to the expenditure of £173,000 exceeding the incoming resources of £226,000 which were made up of donations and legacies received of £242,000, dividend income of £30,000 but reduced by losses on investments of £46,000.

The Dubrowsky legacy was received in the 2015/16 financial year but due to the new SORP FRS 102 and the income recognition accounting policy, the legacy was recognised in 2014/15. Therefore, a prior year adjustment had to be done which increased the net assets of the Charitable Funds as at 31<sup>st</sup> March 2015 to £2,103,000 from £873,000. Post year end an additional £100,000 was received in relation the Dubrowsky Legacy but based on the information that was available at the year-end a decision was taken not to recognise this in the 2015/16 accounts. The Trust is expected to receive a final distribution from the solicitors when the tax position of the Estate has been finalised with HMRC.

For the year there has been an under spend of £297,000 against planned expenditure for 2015/16. This is mainly due to the planned expenditure for developing an on-site research laboratory being delayed due to the interdependencies with other building projects on the Trust site.

**PUBLIC BENEFIT**

The Trustees have reviewed the activities of The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund against the public benefit principles outlined in the guidance issued by the Charities Commission and the Trustees believe that these meet the public benefit charitable aims. The Charity meets the public benefit through The Royal Orthopaedic Hospital NHS Foundation Trust who provides services to the public.

**INVESTMENTS**

The investment and performance review produced by Cazenove, the Charity's investment advisors, showed a negative return on total investments of 2.3% for the period ended 31 March 2016, compared to a positive return of 7.6% and 5.4% for the previous two years. The total portfolio decreased to £690,000 from £735,000 at the beginning of the year. This was mainly due to a loss of £46,000 on our global equities investment (2014/15 £27,000 gain) (see note 7 on page 19).

**INCOME**

The main flow of income, aside from investment gains is received from members of the public who have been pleased with the service provided by the associated NHS Foundation Trust. In total, income amounted to £272,000 (2014/15 £1,337,000), which comprises donations of £37,000 (2014/15 £44,000), dividend income on investment totalling £30,000 (2014/15 £30,000) and legacies of £205,000 (2014/15 £1,263,000; again restated due to new accounting standards that the accounts have been prepared under, FRS 102- see note 17 on page 22).

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**Material donations and legacies received during the year include:**

<b>Donations</b>	<b>Fund</b>	<b>£</b>
TWS Kidderminster	Ward 11	£4,022
J Bromhead	Ward 3	£2,000
Apperley Cricket	Ward 11	£1,725
Chloe Lloyd	Ward 11	£1,147
Staff League	Staff League	£1,000

<b>Legacies</b>	<b>Fund</b>	<b>£</b>
Dorothy Margaret Smith	General	£24,547
Marjorie Jones	General	£10,000

**EXPENDITURE**

The total expenditure for the period to 31<sup>st</sup> March 2016 was £173,000 (2014/15 £171,000). The majority of this expenditure comprised of grants, of which £113,000 (2014/15 £102,000) was made to the associated NHS Foundation Trust.

**Material expenditure during the year includes:**

New beds for Ward 11 patients	£23,016
PhD student and research fees for Mr Matharu	£21,000
Replacement wheelchairs for Facilities	£18,108
Two-page spread in HM The Queen's 90th publication	£10,500
Staff Awards 2015	£9,000
Private patient operation (funds specifically raised for this purpose)	£5,700
IT Practitioner Course	£5,665
Research study for novel drug target	£5,000
Dyson fans for patients in Ward 11	£3,718
Blood pressure monitors	£3,180
Fabio Frog NPT License	£2,988
Quality Mark Scheme	£2,880
Vouchers for the Long Service Awards	£2,744
Insurance July 2015 - June 2016	£2,067

Governance costs totalled £22,901 (2014/15 £21,342), for the period and were apportioned over each fund pro rata based on the average balance.

**RESERVE POLICY**

The Trustees required each fund holder to identify their plans to expend funds. A rolling five-year expenditure plan is in the process of being completed which will enable the Trustees to monitor fund movements. To ensure that there is no build-up of unnecessary reserves, this practice continues year on year. The Trustees will also inform fund holders when their plans are insufficient to expend their resources.

The Charity does not hold any funds that are in deficit.

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**FUTURE PLANS**

From the current five-year expenditure plans there are intentions to utilise the funds in various different areas to improve patient care via staff training, research and the purchase of medical equipment.

Following a very generous legacy from Mr Dubrowsky in 2014/15 which was received in 2015/16, there are plans to use £759,000 in 2016/17 to build a new research laboratory onsite to investigate Sarcoma and Cartilage research. Trustees are currently reviewing further business plans for the use of funds and therefore this project may be revised.

The League of Friends plans to take part in a research project alongside University Hospital Birmingham NHS Foundation Trust to provide a statistical resource for £20,000 a year for the next two years. In addition there is also planned expenditure of £75,000 to enhance the Trust's gym facilities in order to improve patient experience.

There is planned expenditure of £12,000 for the next year from the Hip Research fund to help with costs of research projects and to provide educational support.

Ward 11 fund plans to use £10,000 to support staff through training courses and to provide better equipment for patients.

The Orthopaedic Research & Teaching fund plans to utilise £8,000 for training courses for Orthopaedic Registrars and Fellows.

The above mentioned items are not yet committed spends but are just merely planned projects that the charity is aiming to implement within the 2016/17 financial year.

**AUDIT DISPENSATION**

The Charity's income and assets are below the audit threshold required by the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)" and therefore the Annual Report and Accounts for the year ended 31<sup>st</sup> March 2016 have been subject to an independent examination carried out by Deloitte LLP. During 2014/15 the charity received notification of a £1,230,000 legacy. Under the previous SORP this did not meet the criteria for recognition in the 2014/15 financial statements; however under the current SORP this has been recognized as income in 2014/15. As such, the charity is below the thresholds for an audit in 2015/16.

**RISK CONSIDERATIONS**

The Trustees have assessed the risks to the Charity and are satisfied that there are policies and procedures in place to mitigate these risks. A risk register has been approved by the Trustees in October 2015 that listed all the risks that are faced by the charity and measures that are in place to reduce or mitigate the risk. The two main risks faced by the charity is that charity is exposed to volatility in investments which could lead to a loss of income and the fund restrictions make the utilisation of funds in a timely manner difficult to achieve. The Trustees have decided to accept and retain these risks but measures are in place such as working closely with investment brokers to manage the risk.

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**GOING CONCERN**

The Trustees have assessed the charity and consider it to be a going concern. All income and expenditure relates to continuing operations and the statement of financial activities includes all gains and losses recognised in the year to 31<sup>st</sup> March 2016.

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The law applicable to charities in England and Wales 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 charity and of the incoming resources and application of resources of the charity 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 SORP
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**DECLARATION**

The Trustees have approved the Trustees' report above.

Signature



Full Name

PAUL ATKEY

Position

DIRECTOR OF FINANCE / TRUSTEE

Date

4/1/17



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STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2016

					31 March 2016 Total Funds £000	Restated 31 March 2015 Total Funds £000
	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000		
<b>Income from</b>						
Donations and Legacies	2	40	202	0	242	1,307
Investment income	8.3	7	23	0	30	30
<b>Total income</b>		<b>47</b>	<b>225</b>	<b>0</b>	<b>272</b>	<b>1,337</b>
<b>Expenditure on</b>						
Fundraising activities		0	0	0	0	0
Charitable activities	3	99	74	0	173	171
<b>Total expenditure</b>		<b>99</b>	<b>74</b>	<b>0</b>	<b>173</b>	<b>171</b>
Net income/expenditure before investment gains/losses		(52)	151	0	99	1,166
Gains/(losses) on investment assets	5	(13)	(33)	0	(46)	27
Net income/expenditure for the year		(65)	118	0	53	1,193
Transfers	10.6	(26)	26	0	0	0
<b>Net movement in funds</b>	<b>6</b>	<b>(91)</b>	<b>144</b>	<b>0</b>	<b>53</b>	<b>1,193</b>
Fund balances brought forward at 31 March 2015 as restated		375	1,705	23	2,103	910
<b>Fund balances carried forward at 31 March 2016</b>		<b>284</b>	<b>1,849</b>	<b>23</b>	<b>2,156</b>	<b>2,103</b>

Reconciliation of funds

		31 March 2016 Total Funds £000	31 March 2015 Total Funds £000
	Note		
Total funds brought forward as previously reported		873	910
Prior year adjustment	17	1,230	0
Total funds brought forward as restated		<b>2,103</b>	910
Net movement in funds for the year		53	1,193
Total funds carried forward		<b>2,156</b>	<b>2,103</b>

All income and expenditure relates to continuing operations. The notes on pages 12 to 22 form part of these accounts. Refer to note 17 for details of restatement.

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**BALANCE SHEET AS AT 31 MARCH 2016**

	Notes	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	31 March 2016 £000	Restated 31 March 2015 £000
<b>Fixed Assets</b>						
Investments	7.1	99	583	8	690	735
<b>Total Fixed Assets</b>		<b>99</b>	<b>583</b>	<b>8</b>	<b>690</b>	<b>735</b>
<b>Current Assets</b>						
Debtors	8	0	170	0	170	1,231
Cash at bank and in hand		187	1,108	15	1,310	155
<b>Total Current Assets</b>		<b>187</b>	<b>1,278</b>	<b>15</b>	<b>1,480</b>	<b>1,386</b>
Creditors: Amounts falling due within one year	9	2	12	0	14	18
<b>Net Current Assets</b>		<b>185</b>	<b>1,266</b>	<b>15</b>	<b>1,466</b>	<b>1,368</b>
<b>Total Assets less Current Liabilities</b>		<b>284</b>	<b>1,849</b>	<b>23</b>	<b>2,156</b>	<b>2,103</b>
<b>Total Net Assets</b>		<b>284</b>	<b>1,849</b>	<b>23</b>	<b>2,156</b>	<b>2,103</b>
<b>Funds of the Charity</b>						
Endowment Funds						
Endowment fund initial gift	10.1	0	0	23	23	23
Total Endowment Fund		0	0	23	23	23
Income Funds:						
Restricted	10.3	0	1,849	0	1,849	1,705
Unrestricted		284	0	0	284	375
<b>Total Funds</b>		<b>284</b>	<b>1,849</b>	<b>23</b>	<b>2,156</b>	<b>2,103</b>

The notes on pages 12 to 22 form part of these accounts. Refer to note 17 for details of restatement.

These financial statements of The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Funds registered number 1078046 were approved by the Board of Trustees and authorised for issue.

Signed



Date: 4/1/17

**Paul Athey** – Director of Finance

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**CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2015/16 £000	2014/15 £000
<b>Cashflow from Operating Activities:</b>			
<b>Net Cash generated from/(used in) Operating Activities</b>	<b>16</b>	<b><u>1,125</u></b>	<b><u>(180)</u></b>
<b>Cashflow from Investing Activities:</b>			
Dividends, interest and rent from investments		30	30
Withdrawal of Multi-asset balance to cash and cash equivalents		0	72
<b>Net Cash generated from/(used in) Investing Activities</b>		<b><u>30</u></b>	<b><u>102</u></b>
<b>Change in Cash and Cash Equivalents</b>			
Cash and Cash equivalents in reporting period		1,155	(78)
Cash and Cash equivalents brought forward		155	233
<b>Cash and cash equivalents at the end of the reporting period</b>		<b><u>1,310</u></b>	<b><u>155</u></b>

The notes on pages 12 to 22 form part of these accounts.

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**Notes to the accounts**

**1 Accounting Policies**

**1.1 Basis of preparation**

The financial statements are prepared under the historical cost convention, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2015; and the Charities Act 2011.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. The transition date was 1 April 2014. For more information see note 17 on page 22.

The accounts are also prepared on the basis that the charity has taken the small charity exemption and has not produced the accounts in line with activity based reporting.

**1.2 Income**

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donations, are recognised when the Trust has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

**1.3 Income from legacies**

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognized stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

**1.4 Expenditure**

The funds held on trust accounts are prepared in accordance with the accruals concept. All expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party.

**1.4.1 Investment management costs**

Investment management costs are the fees charged by Cazenove for the management of the investment portfolio and is apportioned on the basis of fund values. The Trust is not currently incurring any investment management costs as part of its arrangement with Cazenove.

**1.4.2 Grants payable**

Grants payable are payments made to third parties (including NHS bodies) in the furtherance of the fund's charitable objectives. They are accounted for on an accruals basis where the conditions for

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their payment have been met or where a third party has a reasonable expectation that they will receive the grant.

**1.4.3 Support Costs – Management, administrative and governance costs**

Management and administrative costs are accounted for on an accruals basis and are recharges of appropriate proportions of the following costs from The Royal Orthopaedic Hospital NHS Foundation Trust.

The administration fee represents an agreed estimate of the cost of the provision of The Royal Orthopaedic NHS Foundation Trust's staff for the day-to-day administration of the Charity and the production of the Charity's financial statements.

The arrangement is in place because the Charity has no employees.

Costs are apportioned on the basis of fund values each month.

Governance costs comprise costs incurred in the governance of the charity and are apportioned on the basis of fund values each month. Costs incurred are as follows:

	<b>31-Mar-16</b>	<b>31-Mar-15</b>
	<b>£000</b>	<b>£000</b>
Independent examination fee	<u>5</u>	<u>5</u>

**1.5 Structure of funds**

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified in the accounts as a restricted fund. Funds where the capital is held to generate income for charitable purposes and cannot itself be spent are accounted for as endowment funds. Other funds are classified as unrestricted funds. Funds which are not legally restricted but which the Trustees have chosen to earmark for set purposes are classified funds held in unrestricted reserves. The major funds held within these categories are disclosed on notes 10.1 to 10.6.

**1.6 Transfers between funds**

Transfers between funds are approved by the Trust Board through the Charities Committee. There has been a transfer of the funds from the General Fund to the new Orthopaedic R&T Fund consisting of £25,997 donations that were temporarily placed into the General Fund (See note 10.6, page 20 for more details).

**1.7 Investment fixed assets**

Investment fixed assets are shown at market value.

- i) There are no property assets.
- ii) Quoted stocks and shares are included in the balance sheet at mid-market price, ex div.
- iii) Other investment fixed assets are included at trustees' best estimate of market value.
- iv) Investment fixed assets are program related investments.

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**1.8 Investment current assets**

- i) Comprise cash balances available for investment held in Capital or Income accounts.
- ii) The Investments generate dividends and interest, less administration costs.
- iii) Investment current assets are program related investments.

**1.9 Realised gains and losses**

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (or date of purchase if later). Unrealised gains and losses are calculated as the difference between market value at the year end and opening market value (or date of purchase if later).

**1.10 Investment income and expenditure**

All income and expenditure from investments is allocated quarterly to the relevant funds pro rata based on the value of each fund.

**1.11 Irrecoverable VAT**

Any VAT that is irrecoverable is charged to the relevant funds as expenditure.

**1.12 Pooling scheme**

An official pooling scheme is operated for all investments for all funds administered on behalf of The Royal Orthopaedic Hospital General Charity.

The Scheme was registered with the Charity Commission on 4<sup>th</sup> November 1999.

**1.13 Going concern**

After making enquiries, the trustees have a reasonable expectation that The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

**1.14 Debtors**

Amounts that are owed to the charity for goods and services or amounts the charity has paid in advance are measured by their recoverable amounts.

**1.15 Cash at bank and in hand**

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

**1.16 Creditors**

A liability is recognised for the amount that the charity anticipates it will pay to settle the debt or the amount it has received as an advance payment for goods or services it must provide. Liabilities must be measured at their settlement amount except for certain types of financial liabilities.

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**1.17 Accounting judgements and estimates**

The Trustee is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustee does not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

The Trustee does not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

**2 Income**

	Unrestricted Funds	Restricted Funds	Endowment Funds	31-Mar-16 Total Funds	Restated 31-Mar-15 Total Funds
	£000	£000	£000	£000	£000
Donations	5	32	0	37	44
Legacies	35	170	0	205	1,263
Investment Income	7	23	0	30	30
	<u>47</u>	<u>225</u>	<u>0</u>	<u>272</u>	<u>1,337</u>

**2.1 Material donations received**

	31-Mar-16 Total Funds	31-Mar-15 Total Funds
	£000	£000
Ward 11	7	7
Ward 3	2	0
Staff League	1	1
General	0	8

**2.2 Material legacies received**

	31-Mar-16 Total Funds	31-Mar-15 Total Funds
	£000	£000
Dubrowsky Legacy	170	1,230
General Purpose	35	31

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**3 Analysis of expenditure on charitable activities**

**3.1 Charitable activities**

	Unrestricted Fund £000	Restricted Funds £000	Endowment Funds £000	31-Mar-16 Total £000	31-Mar-15 Total £000
Patients welfare and amenities	50	13	0	63	38
Staff welfare and amenities	27	16	0	43	38
Research	5	23	0	28	1
Contributions to NHS	11	5	0	16	73
Support costs	6	17	0	23	21
	<b>99</b>	<b>74</b>	<b>0</b>	<b>173</b>	<b>171</b>

**3.2 Grants payable**

	Grants to institutions £000	Grants to individuals £000	Support Costs £000	31-Mar-16 Total Funds £000	31-Mar-15 Total Funds £000
Patients welfare and amenities	63	0	0	63	38
Staff welfare and amenities	27	16	0	43	38
Research	28	0	0	28	1
Contributions to NHS	16	0	0	16	72
Management & Admin	0	0	18	18	17
Independent examination fee	0	0	5	5	5
	<b>134</b>	<b>16</b>	<b>23</b>	<b>173</b>	<b>171</b>

There were no non-audit services provided in the current or prior year.

**3.3 Grants payable by fund**

	Patient Welfare and Amenities £000	Staff Welfare and Amenities £000	Research £000	Contributions to NHS £000	31-Mar-16 Total £000	31-Mar-15 Total £000
General Purpose	50	27	5	12	94	23
Hip Research	0	1	23	0	24	0
Ward 11	9	0	0	4	13	21
Orthopaedic R&T	0	8	0	0	8	0
Oncology	0	6	0	0	6	3
Ward 3	2	0	0	0	2	1
Project Playroom	0	0	0	0	0	93
Other Funds	2	1	0	0	3	8
	<b>63</b>	<b>43</b>	<b>28</b>	<b>16</b>	<b>150</b>	<b>149</b>

The above grants have all met the objects of the particular fund by which they were financed.



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Patient welfare and amenities included a grant of £23,015 in relation to ten beds for the children in Ward 11 and £18,108 in relation to replacement wheelchairs.

Staff welfare and amenities included £18,250 for attending training courses and conferences, £9,000 for the Staff Awards and £5,800 for presenting research work at meetings abroad.

Research expenditure included £5,000 in relation to the research study for identifying a novel drug target in Osteoarthritis (the visfatin receptor) and £21,000 from the Smith and Nephew fund in relation to the appointment and tuition fees of a PhD research fellow.

Contributions to NHS included £10,500 in relation to the Trust's involvement in the official souvenir publication for HM The Queen's 90<sup>th</sup> birthday.

**3.4 Material grants made to institutions**

	Aggregate amount paid 31-Mar-16 £000	Aggregate amount paid 31-Mar-15 £000
Material grants made to institutions are as follows		
Royal Orthopaedic Hospital NHS Foundation Trust over £2,000	113	102
Number of grants:	15	6

**3.5 Expenditure**

	Direct Costs £000	Grant Funding of activities £000	Governance Costs £000	Management & Admin £000	31-Mar-16 Total £000	31-Mar-15 Total £000
Independent Examination fees	0	0	5	0	5	5
Indemnity insurance	0	0	0	2	2	2
Bought-in services from NHS	0	0	0	16	16	15
Other Grants Payable	0	150	0	0	150	149
	<u>0</u>	<u>150</u>	<u>5</u>	<u>18</u>	<u>173</u>	<u>171</u>

**4 Analysis of expenditure on raising funds**

**4.1** No fundraising activities took place during the year, hence no associated costs (2014/15 £0).

**4.2** The Charity is not currently incurring any management fees in relation to its investment fund (2014/15 £0).

**5 (Loss)/Gain on investments**

	31-Mar-16 £000	31-Mar-15 £000
Cazenove Investment (Loss)/Gain	(46)	27

**6 Changes in resources available for charity use**

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	31-Mar-16 Total Funds £000	31-Mar-15 Total Funds £000
Net movement in funds for the year	(91)	144	0	53	(37)
Net movement in funds available for future use	<u>(91)</u>	<u>144</u>	<u>0</u>	<u>53</u>	<u>(37)</u>

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**7 Analysis of fixed asset (loss)/gain**

**7.1 Fixed Asset Investments:**

	<b>31-Mar-16</b>	<b>31-Mar-15</b>
	<b>£000</b>	<b>£000</b>
Market value at 31 March	<b>735</b>	781
Net gain/(loss) on revaluation	<b>(46)</b>	27
Transfer Equity to Cash Pool	<b>0</b>	(73)
Rounding	<b>1</b>	0
Market value at 31 March	<b>690</b>	735
Historic cost at 31 March	<b>785</b>	785

**7.2 Market value at 31 March**

	<b>31-Mar-16</b>	<b>31-Mar-15</b>
	<b>£000</b>	<b>£000</b>
Securities - managed funds	<b>785</b>	735
	<b>785</b>	735

**7.3 Analysis of gross income from investments**

<b>Total gross income</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>
	<b>£000</b>	<b>£000</b>
Investments in a Common Deposit Fund or Common Investment Fund	<b>30</b>	30
	<b>30</b>	30

**8 Analysis of Debtors**

	<b>31-Mar-16</b>	<b>Restated 31-Mar-15</b>
	<b>£000</b>	<b>£000</b>
Amounts falling due within one year:		
Accrued income	<b>170</b>	1,231
Total debtors falling due within one year	<b>170</b>	1,231

**9 Analysis of Creditors**

	<b>31-Mar-16</b>	<b>31-Mar-15</b>
	<b>£000</b>	<b>£000</b>
Amounts falling due within one year:		
Accruals	<b>14</b>	18
Total creditors falling due within one year	<b>14</b>	18

The above balance is with The Royal Orthopaedic Hospital NHS Foundation Trust, which is deemed to be a related party.

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**10 Analysis of funds**

**10.1 Endowment funds**

	31 March 2015 £000	Incoming Resources £000	Resources Expended £000	Transfers £000	Gains and (Losses) £000	31 March 2016 £000
Sutcliffe	22	0	0	0	0	22
Stephens	1	0	0	0	0	1
<b>Total</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23</b>

The above listed endowments funds are expendable endowments.

**10.2 Details of endowment funds**

Name of fund	Description of the nature and purpose of each fund
Sutcliffe	Nurse Prize
Stephens	For the benefit of staff and patient

**10.3 Restricted funds**

	As restated 31 March 2015 £000	Incoming Resources £000	Resources Expended £000	Transfers £000	Gains and (Losses) £000	31 March 2016 £000
<b>Material funds</b>						
Mr Dubrowsky	1,230	184	(12)	0	(17)	1,385
Hip Research	152	2	(25)	0	(5)	124
League of Friends	124	3	(2)	0	(4)	121
Oncology	66	2	(7)	0	(2)	59
MRI	30	1	0	0	(1)	30
Ward 11	28	14	(13)	0	(1)	28
Orthopaedic R&T	0	8	(8)	26	0	26
Spinal Surgery	15	1	(1)	0	(1)	14
Mr Thomas	12	0	0	0	(1)	11
Stephens	9	0	0	0	0	9
Sutcliffe	9	0	0	0	0	9
Mr Jeys	5	2	0	0	0	7
Chapel Furnishings	6	0	0	0	0	6
Ward 3	1	5	(3)	0	0	3
R&T	2	1	0	0	0	3
Other Funds	16	2	(3)	0	(1)	14
<b>Total</b>	<b>1,705</b>	<b>225</b>	<b>(74)</b>	<b>26</b>	<b>(33)</b>	<b>1,849</b>

**The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund**  
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**10.4 Details of material funds – restricted funds**

<b>Name of fund</b>	<b>Description of the nature and purpose of each fund</b>
Mr Dubrowsky	Research relating to dedifferentiated chondrosarcoma
Hip research	Research and education
League of Friends	Direct or indirect support of patient benefit
Oncology	Research into bone tumour
MRI Education, Research & Staff	Training for staff
Ward 11	Patient and staff welfare
Orthopaedic R&T	Research, delivery and development of orthopaedic teaching
Spinal Surgery	Spinal work, teaching & research
Mr Thomas	Research
Stephens	Nurse prize
Sutcliffe	Benefit patient & staff
Mr Jeys	Research
Chapel	Equipment and training
Ward 3	Equipment and training
R&T	Research and teaching

**10.5 Details of material funds - unrestricted fund**

<b>Name of fund</b>	<b>Description of the nature and purpose of each fund</b>
General Fund	General purpose

**10.6 Details of transfers between funds**

	<b>31-Mar-2016</b>	<b>31-Mar-2015</b>
	<b>£000</b>	<b>£000</b>
Transfer to Staff League from General	0	1
Transfer to Ward 1 from General	0	1
Transfer to Orthopaedic R&T from General	26	0
	<b>26</b>	<b>2</b>

**11 Contingent gains/(losses)**

There are no contingent gains or losses during the year ending 31 March 2016 (2014/15 £nil).

**12 Legal or constructive obligation to expend funds**

The Charity had no legal or constructive obligations as at 31 March 2016 (2014/15 £nil).

**13 Trustees and connected persons transactions**

There was no remuneration or expenses payable to Trustees and connected persons (2014/15 £nil).

**The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund**  
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**13.1 Trustee Indemnity Insurance**

Description of Cover	Amount 31 Mar-16 £	Amount 31 Mar-15 £
Trustee Indemnity Insurance provided by Marsh Ltd	2,067	2,067
<b>Total</b>	<b>2,067</b>	<b>2,067</b>

**14 Loans or Guarantees Secured**

The Charity has no assets that are subject to mortgage or charge.

**15 Related party transactions**

During the period none of the Trustees or members of the key management staff or parties related to them has undertaken any material transactions with The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund.

Board members (and any other staff) take decisions both on Charity and Investment matters but endeavour to keep interests of the Charity and the associated Trust separate and discrete and do not seek to benefit personally from such decisions. Note 7 to the accounts on page 18 presents the current investment position for the Charity. Declarations of personal interest have been made in both capacities and are available to be inspected by the public.

The Charitable Trust has made revenue payments of £13,944 (2014/15 £2,576) to The Royal Orthopaedic Hospital NHS Foundation Trust where the Trustees (whose names are listed on page 3) are also members of the Trust.

The only related party transactions which have occurred to 31 March 2016 have been between the Charity and The Royal Orthopaedic Hospital NHS Foundation Trust.

**16 Cashflow Statement**

**Reconciliation of net income/(expenditure) to cash generated by operations**

	2015/16 £000	Restated 2014/15 £000
Net Cash generated from/(used in) Operating Activities		
Net movement in funds	53	1,193
Interest income	(30)	(30)
Losses/(gains) on investments	46	(27)
Decrease/(increase) in debtors	1,060	(1,230)
(Decrease)/increase in creditors	(4)	(86)
	<b>1,125</b>	<b>(180)</b>

**The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund**  
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**17 Explanation of Transition to FRS 102**

This is the first year that the Group has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. A restatement of income was required due to the change in Income Recognition accounting policy and therefore the Dubrowsky Legacy £1,230,000 would have been recognized in the 2014/15 financial year.

**17.1 Reconciliation of fund balance for year ended 31<sup>st</sup> March 2015**

	<b>Total Funds At 1 April 2014 £000</b>	<b>Total Funds At 31 March 2015 £000</b>	<b>Total Funds £000</b>
<b>Fund balance as previously reported</b>	910	873	<b>873</b>
Adjustment:			
Mr Dubrowsky Legacy	0	1,230	<b>1,230</b>
<b>Fund balance as restated</b>	<b>910</b>	<b>2,103</b>	<b>2,103</b>

**17.2 Reconciliation of surplus for year ended 31<sup>st</sup> March 2015**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Endowment Funds £000</b>	<b>Total Funds £000</b>
<b>Surplus for financial year under previous UK GAAP</b>	14	(51)	0	<b>(37)</b>
Adjustment:				
Mr Dubrowsky Legacy	0	1,230	0	<b>1,230</b>
<b>Surplus for year under FRS 102</b>	<b>14</b>	<b>1,179</b>	<b>0</b>	<b>1,193</b>

## **INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE ROYAL ORTHOPAEDIC HOSPITAL NHS FOUNDATION TRUST CHARITABLE FUND**

I report on the accounts of the Trust for the year ended 31 March 2016 comprising the income and expenditure account, the balance sheet and the related notes 1 to 17.

This report is made solely to the charity's trustees, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my work, for this report, or for the opinions I have formed.

### **Respective responsibilities of trustees and examiner**

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(1) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity is preparing accrued accounts and I am qualified to undertake the examination by being a qualified member of ICAEW.

It is my responsibility to

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the General Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

### **Basis of independent examiner's report**

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

### **Independent examiner's statement**

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
  - to keep accounting records in accordance with section 130 of the 2011 Act; and
  - to prepare accounts which accord with the accounting records and to comply with the accounting requirements of the 2011 Acthave not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Sarah Anderson  
for and on behalf of Deloitte LLP  
Reporting Accountants  
Leeds, United Kingdom  
5 January 2017

