

**The Royal Orthopaedic Hospital NHS Foundation Trust**  
**Charitable Fund**  
**Trustees' Annual Report and Accounts for the year ended**  
**31 March 2017**  
**(Registered Charity No: 1078046)**

**The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund  
Annual Report and Accounts for the year ended 31 March 2017**

**TRUSTEES' REPORT**

The Trustees present The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Funds' Annual Report with Financial Statements for the year ended 31<sup>st</sup> March 2017.

**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 the Charity's 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  
Bristol Road South  
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 2017**

### **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>
Dame Y Buckland	Chairman
Mrs J Chambers	Chief Executive (until Apr 18)
Mr T Pile	Non-Executive Director
Mr R Anthony	Non-Executive Director
Mrs K Sallah	Non-Executive Director
Prof D Gourevitch	Non-Executive Director (from Feb-17)
Mr R Phillips	Non-Executive Director (from Feb-17)
Mr P Athey	Director of Finance and Performance (until Jul 17) and Acting Chief Executive (from Aug 17)
Mr A Pearson	Medical Director
Mr G Marsh	Director of Patient Services
Prof P Begg	Director of Strategy and Delivery (from Oct-16)
Mr J Lofthouse	Director of Operations (from Sep-14 to Sep-16)
HH F Kirkham	Non-Executive Director (from Feb-11 to Feb-17)
Prof T Southwood	Non-Executive Director (from Jan-11 to Jan-17)
Mr S Washbourne	Interim Director of Finance and Performance (from Nov 17)
Mrs J Williams	Interim Chief Operating Officer (from Nov 17)

The Trust Board reviews 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 benefitting 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 and Performance 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, Bristol Road South, 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

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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 remained 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.

There are 33 funds in total, of which two are permanent endowments with associated income funds, thirty restricted funds for wards and specific departments and one general fund which 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 the purchasing of high quality equipment to provide 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 rehabilitation equipment to enhance the current facilities in the physiotherapy gymnasium, thereby improving the patient pathway and creating a culture of excellence. Funds have also been allocated to training courses for staff such as a Mindfulness program and to support a Dementia stakeholder event.

# The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Fund Annual Report and Accounts for the year ended 31 March 2017

## **FINANCIAL REVIEW**

The net assets of the Charitable Funds as at 31<sup>st</sup> March 2017 were £2,310,000 (2015/16 £2,156,000). Fund balances increased in year by £154,000 due to donations and legacies of £200,000, dividend income of £30,000 and gains on investments of £88,000 offset by expenditure of £164,000.

For the year ended 31 March 2017, the Charity has underspent by £1,068,000 against planned expenditure for 2016/17. This is mainly due to the planned expenditure of £758,000 for developing an on-site research laboratory being delayed further due to interdependencies with other building projects on the Trust's site. Furthermore, an underspend of £267,000 in the General Fund is due to delays in the realisation of committed expenditure.

## **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 positive return on total investments of 16.0% for the period ended 31 March 2017, compared to a negative return of 2.3% in 2015/16 and a positive return of 7.6% in 2014/15. The total portfolio increased from £690,000 at the beginning of the year to £778,000 at the end of 31 March 2017. This was mainly due to a gain of £88,000 on our global equities investment (2015/16 £46,000 loss) (see note 8 on page 18).

## **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 £230,000 (2015/16 £272,000), which comprises donations of £29,000 (2015/16 £37,000), dividend income on investment totalling £30,000 (2015/16 £30,000) and legacies of £171,000 (2015/16 £205,000).

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

<b>Donations</b>	<b>Fund</b>	<b>£</b>
Cann Ltd	Ward 3	2,000
Funding for evening lectures	Physiotherapy	1,281
T M Browning	Ward 1	1,080
Prize for Christmas tree competition	Ward 1	1,000
Prize for Christmas tree competition	ADCU	1,000
Staff League Charity	General Purpose	1,000
S Kaur	Orthopaedic R&T	1,000
Bethany Christian Fellowship	General Purpose	1,000
<b>Legacies</b>	<b>Fund</b>	<b>£</b>
Mr Dubrowsky	Dubrowsky Fund	100,000
Mrs J Duggins	General Purpose	69,705
Mrs E M Andrzejak	General Purpose	1,000

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**EXPENDITURE**

The total expenditure for the period to 31<sup>st</sup> March 2017 was £164,000 (2015/16 £173,000), which comprises of grants of £136,000 (2015/16 £150,000), staff costs of £5,000 (2015/16 £0) and support costs of £23,000 (2015/16 £23,000).

**Material expenditure during the year includes:**

	£
Biodex system for the Physiotherapy Gym	43,000
Biomechanical analysis system for the Physiotherapy Gym	13,200
Costs to support the induction of overseas theatre nurses	10,700
Mindfulness training course	7,100
Fundraising manager	5,300
Bladder scanner	5,000
iPads to support mobile working in ROCS team	4,500
Strength and conditioning equipment for the Physiotherapy Gym	3,900
Staff Awards 2016-17	3,700
Racking system for the treatment room in the children's ward	3,500
Physiotherapy armchairs	3,300
Multi-function trolley for the Rose Cottage	3,000
Paediatric wheelchairs	2,600
Cross trainer equipment for the Physiotherapy Gym	2,400
Dementia training course	2,200

Patient welfare and amenities included the following purchases to enhance the current rehabilitation equipment and facilities in the physiotherapy gymnasium: £43,000 for a Biodex machine, £13,200 for a Biomechanical analysis system, £3,900 for strength and conditioning equipment and £2,400 for a cross trainer. There have also been purchases of £5,000 for a bladder scanner for post-operative patients, £3,500 for a new racking system in the clinical treatment room of the children's ward, £3,300 for new waiting room chairs for Physiotherapy patients and £2,600 for a specialist type of wheelchair for our paediatric patients.

Staff welfare and amenities included £7,100 for the Mindfulness training course, £10,700 to support the induction of overseas theatre nurses, £3,700 for the Staff Awards, £5,300 for three months' salary of the fundraising manager and £2,200 for the Dementia stakeholder event.

Research expenditure included £1,700 as support for the research and education in infection control in orthopaedic operating theatres.

Contributions to NHS included refurbishments of £3,000 for our Chapel of Rest (Rose Cottage) and £1,500 for the Memory Garden.

During the year, the Trustees have decided to invest in a fundraising manager with the aim of raising the profile of the Charity and increasing charitable income by supporting specific fundraising projects. The Charity has made funds available for this post for twelve months on fixed term basis, however only costs of £5,300 have been incurred for three months of employment. The remaining funds are available for the new post holder.

Support costs totalled £23,000 (2015/16 £23,000), for the period and were apportioned over each fund pro rata based on the average balance.

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**RESERVE POLICY**

The Trustees require each fund holder to identify their plans to expend funds. A rolling five-year expenditure plan is completed annually and enables 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 also inform fund holders when their plans are insufficient to expend their resources.

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

**FUTURE PLANS**

The Charity's expenditure plans for the next five years from 2017/18 to 2021/22 include improvements in patient care by enhancing facilities, staff training, research and the purchase of medical equipment.

Funding has been made available to take part in a research project alongside University Hospital Birmingham NHS Foundations Trust to provide a statistical resource for £20,000 a year for three years, which would support the business and research needs within our Trust.

Following a very generous legacy received from Mr Dubrowsky in 2015/16 there are future plans to utilise £1,015,500 to build a new research laboratory onsite to investigate Sarcoma and Cartilage research.

For the next three years, the Orthopaedic Research and Teaching fund plans to use £12,000 a year to deliver the annual Fellowship of the Royal College of Surgeons (FRCS) revision course, training for the Birmingham Orthopaedic Teaching Programme (BOTP) and provide various training and workshops for the development of orthopaedic teaching.

Furthermore, there is planned expenditure of £12,000 from Ward 11 to purchase patient monitoring systems and reclining chairs to improve patient experience.

The above mentioned items are not yet committed spends but are just merely planned projects that the Charity is aiming to implement within the 2017/18 financial year.

**AUDIT DISPENSATION**

The Charity's income and assets are above the independent examination 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 March 2017 have been subject to an independent examination carried out by Deloitte LLP.

**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 is in place that outlines the key 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 2017.

**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:

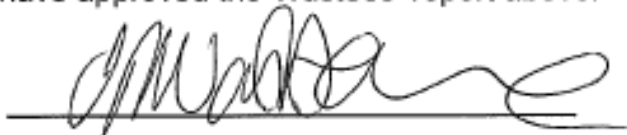
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 Stephen Washbourne

Position Interim Director of Finance and Performance

Date 22/04/18



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**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	31 March 2017 Total Funds £000	31 March 2016 Total Funds £000
<b>Income from</b>						
Donations and Legacies	2	76	124	0	200	242
Investment income	8.3	4	26	0	30	30
<b>Total income</b>		<b>80</b>	<b>150</b>	<b>0</b>	<b>230</b>	<b>272</b>
<b>Expenditure on</b>						
Fundraising activities	5	0	0	0	0	0
Charitable activities	3	50	109	0	159	173
Other - employee's expenses	4	5	0	0	5	0
<b>Total expenditure</b>		<b>55</b>	<b>109</b>	<b>0</b>	<b>164</b>	<b>173</b>
Net income/expenditure before investment gains/losses		25	41	0	66	99
Gains/(losses) on investment assets	6	10	78	0	88	(46)
Net income/expenditure for the year		<b>35</b>	<b>119</b>	<b>0</b>	<b>154</b>	<b>53</b>
Transfers	11.6	0	0	0	0	0
<b>Net movement in funds</b>	<b>7</b>	<b>35</b>	<b>119</b>	<b>0</b>	<b>154</b>	<b>53</b>
Fund balances brought forward at 31 March 2016		284	1,849	23	2,156	2,103
<b>Fund balances carried forward at 31 March 2017</b>		<b>319</b>	<b>1,968</b>	<b>23</b>	<b>2,310</b>	<b>2,156</b>

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**BALANCE SHEET AS AT 31 MARCH 2017**

	Notes	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	31 March 2017 £000	31 March 2016 £000
<b>Fixed Assets</b>						
Investments	8.1	87	683	8	778	690
<b>Total Fixed Assets</b>		<b>87</b>	<b>683</b>	<b>8</b>	<b>778</b>	<b>690</b>
<b>Current Assets</b>						
Debtors	9	70	0	0	70	170
Cash at bank and in hand		168	1,333	15	1,516	1,310
<b>Total Current Assets</b>		<b>238</b>	<b>1,333</b>	<b>15</b>	<b>1,586</b>	<b>1,480</b>
Creditors: Amounts falling due within one year	10	6	48	0	54	14
<b>Net Current Assets</b>		<b>232</b>	<b>1,285</b>	<b>15</b>	<b>1,532</b>	<b>1,466</b>
<b>Total Assets less Current Liabilities</b>		<b>319</b>	<b>1,968</b>	<b>23</b>	<b>2,310</b>	<b>2,156</b>
<b>Total Net Assets</b>		<b>319</b>	<b>1,968</b>	<b>23</b>	<b>2,310</b>	<b>2,156</b>
<b>Funds of the Charity</b>						
Endowment Funds						
Endowment fund initial gift	11.1	0	0	23	23	23
Total Endowment Fund		0	0	23	23	23
Income Funds:						
Restricted	11.3	0	1,968	0	1,968	1,849
Unrestricted		319	0	0	319	284
<b>Total Funds</b>		<b>319</b>	<b>1,968</b>	<b>23</b>	<b>2,310</b>	<b>2,156</b>

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

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:

22/04/18

**Stephen Washbourne** – Interim Director of Finance and Performance

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**CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2016/17 £000	2015/16 £000
<b>Cashflow from Operating Activities:</b>			
<b>Net Cash generated from Operating Activities</b>	<b>17</b>	<u><b>176</b></u>	<u><b>1,125</b></u>
<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	0
<b>Net Cash generated from Investing Activities</b>		<u><b>30</b></u>	<u><b>30</b></u>
<b>Change in Cash and Cash Equivalents</b>			
Cash and Cash equivalents in reporting period		206	1,155
Cash and Cash equivalents brought forward		1,310	155
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><b>1,516</b></u>	<u><b>1,310</b></u>

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

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**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-17</b>	31-Mar-16
	<b>£000</b>	£000
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 11.1 to 11.6.

**1.6 Transfers between funds**

Transfers between funds are approved by the Trust Board through the Charitable Funds Committee. There have been no material transfers during the year to 31 March 2017 (2015/16 £26,000. This was an intra-transfer between unrestricted and restricted funds.)

**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 programme 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**

	2016/17 Funds				2015/16 Funds			
	Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Donations	5	24	0	<b>29</b>	5	32	0	37
Legacies	71	100	0	<b>171</b>	35	170	0	205
Investment Income	4	26	0	<b>30</b>	7	23	0	30
	<b>80</b>	<b>150</b>	<b>0</b>	<b>230</b>	<b>34</b>	<b>192</b>	<b>0</b>	<b>226</b>

**3 Analysis of expenditure on charitable activities**

**3.1 Charitable activities by type of fund**

	2016/17 Funds				2015/16 Funds			
	Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Patients welfare and amenities	6	78	0	<b>84</b>	50	13	0	63
Staff welfare and amenities	35	10	0	<b>45</b>	27	16	0	43
Research	0	2	0	<b>2</b>	5	23	0	28
Contributions to NHS	5	0	0	<b>5</b>	11	5	0	16
Support costs	4	19	0	<b>23</b>	6	17	0	23
	<b>50</b>	<b>109</b>	<b>0</b>	<b>159</b>	<b>99</b>	<b>74</b>	<b>0</b>	<b>173</b>

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**3.2 Charitable activities by grants payable**

	2016/17				2015/16			
	Grants to institutions	Grants to individuals	Support Costs	Total	Grants to institutions	Grants to individuals	Support Costs	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Patients welfare and amenities	82	2	0	<b>84</b>	63	0	0	63
Staff welfare and amenities	35	10	0	<b>45</b>	27	16	0	43
Research	2	0	0	<b>2</b>	28	0	0	28
Contributions to NHS	5	0	0	<b>5</b>	16	0	0	16
Management & Admin Costs	0	0	18	<b>18</b>	0	0	18	18
Governance Costs	0	0	5	<b>5</b>	0	0	5	5
	<b>124</b>	<b>12</b>	<b>23</b>	<b>159</b>	<b>134</b>	<b>16</b>	<b>23</b>	<b>173</b>

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

**3.3 Grants payable by fund**

	2016/17					
	Patient welfare and amenities	Staff welfare and amenities	Research	Contributions to NHS	Support Costs	Total
	£000	£000	£000	£000	£000	£000
League of Friends	63	0	0	0	1	<b>64</b>
General Purpose	6	35	0	5	4	<b>50</b>
Ward 11	9	1	0	0	0	<b>10</b>
Hip Research & Education	0	4	0	0	1	<b>5</b>
Orthopaedic R&T	0	3	0	0	1	<b>4</b>
Ward 12	3	0	0	0	0	<b>3</b>
Oncology	0	2	0	0	1	<b>3</b>
Mr Thomas	0	0	2	0	0	<b>2</b>
Other Funds	3	0	0	0	15	<b>18</b>
	<b>84</b>	<b>45</b>	<b>2</b>	<b>5</b>	<b>23</b>	<b>159</b>

	2015/16					
	Patient welfare and amenities	Staff welfare and amenities	Research	Contributions to NHS	Support Costs	Total
	£000	£000	£000	£000	£000	£000
League of Friends	0	0	0	0	1	1
General Purpose	50	27	5	12	6	100
Ward 11	9	0	0	4	1	14
Hip Research & Education	0	1	23	0	1	25
Orthopaedic R&T	0	8	0	0	0	8
Ward 12	1	0	0	0	0	1
Oncology	0	6	0	0	1	7
Mr Thomas	0	0	0	0	0	0
Other Funds	3	1	0	0	13	17
	<b>63</b>	<b>43</b>	<b>28</b>	<b>16</b>	<b>23</b>	<b>173</b>

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



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**3.4 Material grants made to institutions**

	<b>Aggregate amount paid 31-Mar-17 £000</b>	Aggregate amount paid 31-Mar-16 £000
Material grants made to institutions are as follows		
Royal Orthopaedic Hospital NHS Foundation Trust over £2,000	<b>114</b>	113
Number of grants:	<b>15</b>	15

**3.5 Expenditure on charitable activities**

	2016/17				
	Direct Costs £000	Grant Funding of Activities £000	Governance Costs £000	Management & Admin £000	Total £000
Management Fees	0	0	0	13	13
Administration Costs	0	0	0	3	3
Indemnity insurance	0	0	0	2	2
Independent Examination fees	0	0	5	0	5
Other Grants Payable	0	136	0	0	136
	<b>0</b>	<b>136</b>	<b>5</b>	<b>18</b>	<b>159</b>

	2015/16				
	Direct Costs £000	Grant Funding of Activities £000	Governance Costs £000	Management & Admin £000	Total £000
Management Fees	0	0	0	13	13
Administration Costs	0	0	0	3	3
Indemnity insurance	0	0	0	2	2
Independent Examination fees	0	0	5	0	5
Other Grants Payable	0	150	0	0	150
	<b>0</b>	<b>150</b>	<b>5</b>	<b>18</b>	<b>173</b>

**4 Analysis of expenditure on employee expenses**

During the financial year to 31 March 2017, the Charity employed a fundraising manager. The table below provides a split of the costs incurred:

	2016/17 £000	2015/16 £000
Salaries & Wages	4	0
Social Security	0	0
Employers contributions to NHS Pensions	1	0
Employer NI contributions	0	0
<b>Total employee expenses</b>	<b>5</b>	<b>0</b>
Headcount (WTE)	1	0

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**5 Analysis of expenditure on fundraising activities**

**5.1** No fundraising activities took place during the year, hence no associated costs (2015/16 £0).

**5.2** The Charity is not currently incurring management fees in relation to its investment fund (2015/16 £0).

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

	<b>31-Mar-17</b>	31-Mar-16
	<b>£000</b>	£000
Cazenove Investment (Loss)/Gain	<u>88</u>	<u>(46)</u>

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

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Endowment Funds £000</b>	<b>31-Mar-17 Total £000</b>	31-Mar-16 Total £000
Net movement in funds for the year	35	119	0	<b>154</b>	53
Net movement in funds available for future use	<u>35</u>	<u>119</u>	<u>0</u>	<u>154</u>	<u>53</u>

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

**8.1 Fixed Asset Investments**

	<b>31-Mar-17</b>	31-Mar-16
	<b>£000</b>	£000
Market value at 31 March	<b>690</b>	735
Net gain/(loss) on revaluation	<b>88</b>	(46)
Transfer Equity to Cash Pool	<b>0</b>	0
Rounding	<b>0</b>	1
Market value at 31 March	<u>778</u>	<u>690</u>
Historic cost at 31 March	<u>785</u>	<u>785</u>

**8.2 Market Value at 31 March**

	<b>31-Mar-17</b>	31-Mar-16
	<b>£000</b>	£000
Securities - managed funds	<u>778</u>	<u>785</u>
	<u>778</u>	<u>785</u>

**8.3 Analysis of gross income from investments**

<b>Total gross income</b>	<b>31-Mar-17</b>	31-Mar-16
	<b>£000</b>	£000
Investments in a Common Deposit Fund or Common Investment Fund	<u>30</u>	<u>30</u>
	<u>30</u>	<u>30</u>

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**9 Analysis of Debtors**

	<b>31-Mar-17</b>	31-Mar-16
	<b>£000</b>	£000
Amounts falling due within one year:		
Accrued income	<u>70</u>	170
Total debtors falling due within one year	<u><u>70</u></u>	<u><u>170</u></u>

**10 Analysis of Creditors**

	<b>31-Mar-17</b>	31-Mar-16
	<b>£000</b>	£000
Amounts falling due within one year:		
Accruals	<u>54</u>	14
Total creditors falling due within one year	<u><u>54</u></u>	<u><u>14</u></u>

**11 Analysis of Funds**

**11.1 Endowment Funds**

**2016/17 Funds**

	31-Mar-16	Income	Expenditure	Transfers	Gains/(Losses)	31-Mar-17
	£000	£000	£000	£000	£000	£000
Sutcliffe	22	0	0	0	0	<b>22</b>
Stephens	1	0	0	0	0	<b>1</b>
<b>Total</b>	<u>23</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u><b>23</b></u>

**2015/16 Funds**

	31-Mar-15	Income	Expenditure	Transfers	Gains/(Losses)	31-Mar-16
	£000	£000	£000	£000	£000	£000
Sutcliffe	22	0	0	0	0	22
Stephens	1	0	0	0	0	1
Total	<u>23</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23</u>

The above listed endowments funds are expendable endowments.

**11.2 Details of Endowment Funds**

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

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**11.3 Restricted Funds**

	2016/17 Funds					31-Mar-17 £000
	31-Mar-16 £000	Income £000	Expenditure £000	Transfers £000	Gains/(Losses) £000	
<b>Material funds</b>						
Mr Dubrowsky	1,385	120	(14)	0	60	<b>1,551</b>
Hip Research	124	2	(5)	0	5	<b>126</b>
League of Friends	121	2	(64)	0	4	<b>63</b>
Oncology	59	1	(3)	0	2	<b>59</b>
Orthopaedic R&T	26	9	(3)	0	1	<b>33</b>
MRI	29	1	0	0	1	<b>31</b>
Ward 11	27	2	(10)	0	1	<b>20</b>
Spinal Surgery	14	0	0	0	1	<b>15</b>
Mr Thomas	11	0	(2)	0	1	<b>10</b>
Stephens	9	0	0	0	1	<b>10</b>
Sutcliffe	9	0	0	0	0	<b>9</b>
Mr Jeys	7	0	0	0	0	<b>7</b>
Chapel Furnishings	6	0	0	0	0	<b>6</b>
Ward 3	4	3	(2)	0	0	<b>5</b>
Other Funds	18	10	(6)	0	1	<b>23</b>
<b>Total</b>	<b>1,849</b>	<b>150</b>	<b>(109)</b>	<b>0</b>	<b>78</b>	<b>1,968</b>

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

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**11.4 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
Orthopaedic R&T	Research, delivery and development of orthopaedic teaching
MRI Education, Research & Staff	Training for staff
Ward 11	Patient and staff welfare
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

**11.5 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

**11.6 Details of transfers between funds**

	<b>31-Mar-17</b>	31-Mar-16
	<b>£000</b>	£000
Transfer to Orthopaedic R&T from General	0	26
	<u>0</u>	<u>26</u>

There have been no material transfers during the year to 31 March 2017 (2015/16 £26,000. This was an intra-transfer between unrestricted and restricted funds)

**12 Contingent gains/(losses)**

There are no contingent gains or losses during the year ending 31 March 2017 (2015/16 £nil).

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

The Charity had no legal or constructive obligations as at 31 March 2017 (2015/16 £nil).

**14 Trustees and connected persons transactions**

There was no remuneration or expenses payable to Trustees and connected persons (2015/16 £nil).

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**14.1 Trustee Indemnity Insurance**

Description of Cover	Amount 31-Mar-17 £	Amount 31-Mar-16 £
Trustee Indemnity Insurance provided by Marsh Ltd	2,135	2,067
<b>Total</b>	<b>2,135</b>	<b>2,067</b>

**15 Loans or Guarantees Secured**

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

**16 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 8 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 £17,503 (2015/16 £13,944) 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 2017 have been between the Charity and The Royal Orthopaedic Hospital NHS Foundation Trust.

**17 Cashflow Statement**

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

	2016/17 £000	2015/16 £000
Net Cash generated from/(used in) Operating Activities		
Net movement in funds	154	53
Interest income	(30)	(30)
Losses/(gains) on investments	(88)	46
Decrease/(increase) in debtors	100	1,060
(Decrease)/increase in creditors	40	(4)
	<u>176</u>	<u>1,125</u>

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

I report to the trustees on my examination of the accounts of The Royal Orthopaedic Hospital NHS Foundation Trust Charitable Funds ("the Trust") for the year ended 31 March 2017 which comprise 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.

**Responsibilities and basis of report**

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ("the 2011 Act"). You are satisfied that your charity is not required by charity law to be audited and have chosen instead to have an independent examination.

I report in respect of my examination of your charity's accounts as carried out under section 145 of the 2011 Act. In carrying out my examination I have followed the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

**Independent examiner's statement**

I confirm that I am qualified to undertake the examination because I am a member of the Association of Chartered Certified Accountants which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- accounting records were not kept in respect of the Trust as required by section 130 of the 2011 Act; or
- the accounts do not accord with those records; or
- the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

*Sarah Anderson*

Sarah Anderson, ACCA  
for and on behalf of Deloitte LLP  
Leeds, United Kingdom  
23 January 2018