



Royal Papworth Hospital
NHS Foundation Trust

Royal Papworth Hospital NHS Foundation Trust Charity

Annual Report and Accounts 2017/18



**Papworth
Hospital Charity**
Living & breathing Papworth

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FOREWORD from the Chairman



It is a great honour to be writing my fifth Chairman's Foreword for the Royal Papworth Hospital Charity Annual Report and Accounts. I re-joined the Hospital as Chairman of both the Hospital and the Charity in February 2014, following my 30-year tenure as a consultant cardiothoracic surgeon, Medical Director, Director of R&D and prior to that Director of Transplant Services at Papworth.

I am continuously proud of the excellent work carried out at Royal Papworth Hospital NHS Foundation Trust. My main aim as Chairman, of both the Hospital and the Charity is to further this work of providing the best patient care possible, keeping the Hospital at the forefront of cardiothoracic research and providing world-class education for staff.

I am pleased to report that the Charity has had another successful year of fundraising with new donations increasing by 10% from £705,000 to £776,000 and £760,000 from legacies. Our supporter network continues to grow, with record numbers of community events being organised on behalf of the Charity. It is because of this support that the Charity is able to provide such an outstanding level of funding to the varied areas of work in the Hospital.

This year has seen a number of exciting firsts for the Charity, as the Hospital celebrates its 100th year anniversary, the Hospital and Charity were honoured with a Royal Title from Her Majesty The Queen in January. We have a planned calendar of exciting activities in recognition of our Centenary, and excitement continues to build as staff, volunteers and patients prepare for our big move to the Biomedical Campus in Cambridge. Alongside this we have continued to support the delivery of the best patient care possible, keeping the Hospital at the forefront of cardiothoracic research and providing world-class education for staff.

This report highlights a number of the outstanding areas of work that the Charity has supported this year, including the Donation after Circulatory Death (DCD) Transplant programme, continued commitment to the Heart and Lung Research Institute, equipment for the new Royal Papworth Hospital and investing in our staff welfare.

As always, everyone at Royal Papworth Hospital is so grateful to the many supporters who fundraise for Royal Papworth Hospital Charity. Whether you have baked a cake, entered a raffle, organised an event or made a donation directly to the Charity; together we are giving our patients and their families the chance of a brighter future.

Thank you for your continued support.

A handwritten signature in black ink that reads 'John Wallwork'.

Professor John Wallwork
Chairman

1. Who We Are



1.1 Structure, Governance and Management

Royal Papworth Hospital NHS Foundation Trust Charity (Royal Papworth Hospital Charity) is registered with the Charity Commission (under Registered Charity number 1049224) in accordance with the Charities Act 2011. The Charity exists to raise funds and receive donations for Royal Papworth Hospital NHS Foundation Trust (Royal Papworth Hospital) in order to sustain Royal Papworth Hospital as the UK's leading centre of excellence for the treatment and diagnosis of cardiothoracic diseases. The Charity's fundraising activities also support Royal Papworth Hospital's pioneering research activity and vision for the future.

1.2 Our Vision Statement 2017–2022;

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

1.3 Providing specialist cardiothoracic care, Royal Papworth Hospital is a centre of excellence for healthcare and is our key partner in fulfilling our charitable aims. 2017/18 has been another busy year for Royal Papworth Hospital and its staff with the number of inpatients, day cases and outpatients reaching over 116,500.

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

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

1.5 We would like you to support us in our work so please read on and let us tell you more about ourselves, what we do, what we have achieved and how we go about spending the money given to us.

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



2.1 By raising new money and management of existing funds, Royal Papworth Hospital Charity is able to make grants to Royal Papworth Hospital to benefit patients and staff specifically to:

- Improve the Hospital environment;
- Provide both state-of-the art and additional equipment;
- Develop new ways of treating cardiothoracic diseases;
- Support and develop Hospital staff;
- Develop and expand the Hospital's research capability.

We do this by raising valuable funds through a variety of ways including:

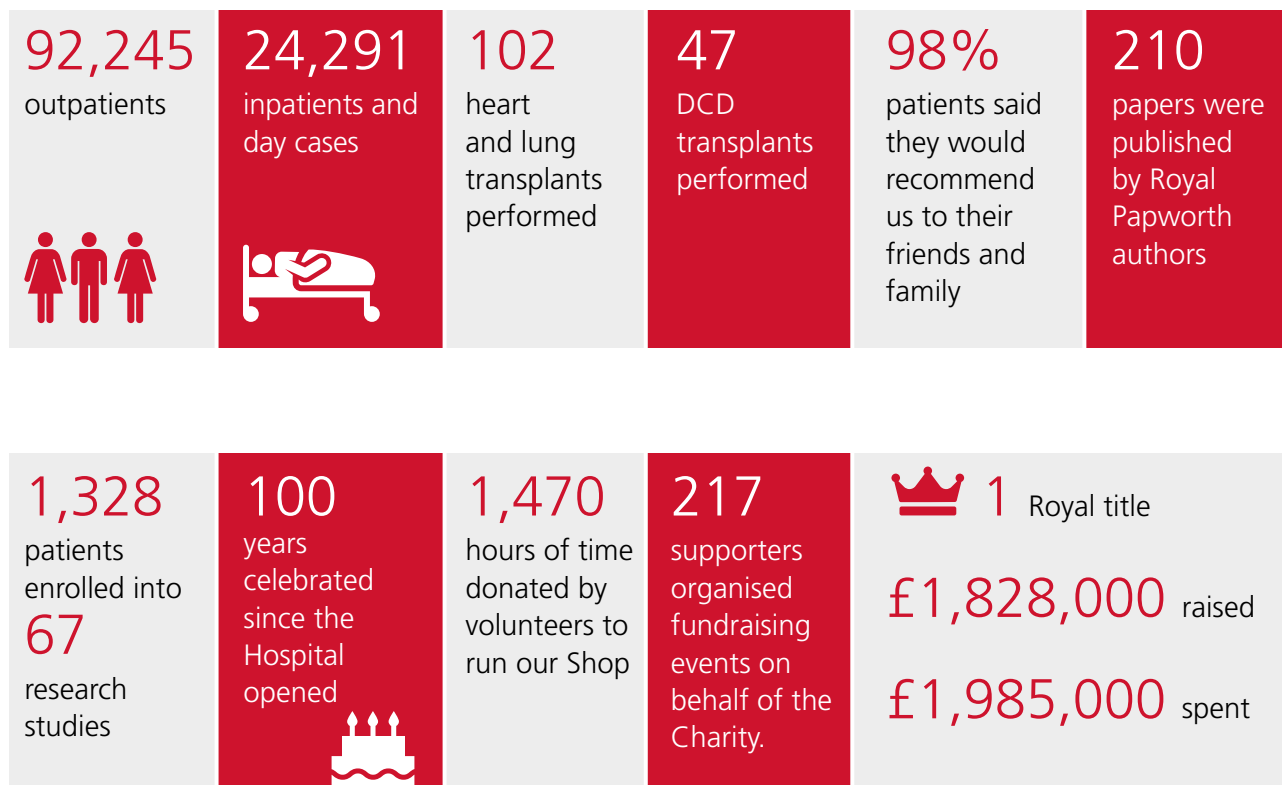
- Supporting community fundraising activities and own events;
- Running fundraising campaigns for specific projects;
- Encouraging grateful patient giving;
- Developing close relationships with corporate partners and grant-making organisations;
- Promoting legacies and in-memory giving; and
- Effectively managing the Charity funds and investing wisely.

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

During the year we have met our aim of providing additional equipment to ensure that Royal Papworth Hospital remains a leader in the field of diagnosis and treatment of heart and lung disease, supported our patients and their families through the provision of additional amenities and medical equipment, provided additional training and educational resources for our staff and have supported cardiothoracic research projects (see 3.5).

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

Our Year Together in Numbers



3.1 In September 2017, Royal Papworth Hospital NHS Foundation Trust received a royal title following approval from Her Majesty The Queen in recognition of its pioneering history and continued commitment to developing the treatments of the future. As of January, the title was extended to the Charity and as such will be reflected in our new Charity logo when we undergo a rebrand in Autumn 2018.

3.2 The following figures are taken from the full accounts, which carry an unqualified audit report, and the accounts should be viewed if more details are required. This part of the Trustee's report comments on key features of those accounts. The full accounts, entitled Royal Papworth Hospital NHS Foundation Trust Charity Annual Report and Accounts 2017/18 have also been lodged with the Charity Commission. The following section explains how we raised the money and how we spent it.

3.3 Royal Papworth Hospital Charity can only continue to support the work of Royal Papworth Hospital for as long as we receive donations. Almost all of our income comes from the voluntary efforts of the general public, to whom we are most grateful. As highlighted the charitable expenditure is higher than the overall income for the year mainly due to our continued support of new Royal Papworth Hospital Equipment. In the future we anticipate our income and expenditure to balance in order to maintain healthy reserves in line with our policy.

4. Financial Review

	2016/17	2017/18
Income	£3,084,000	£1,828,000
Expenditure	£6,878,000	£1,985,000
RESERVES:		
Restricted	£2,690,000	£1,927,000
Unrestricted	£1,396,000	£2,285,000

4.1 Money received: sources of funds

Income

Royal Papworth Hospital Charity is fortunate to enjoy the generous support of many members of the public, including former patients from across the UK. Total income for the year amounted to £1,828,000 (2016/17: £3,084,000), including £760,000 from legacies (2016/17: £2,042,000), and £776,000 from donations (2016/17: £705,000).

Details of some of the activities that contributed to this result are provided below;

Legacy Income

Royal Papworth Hospital Charity is hugely grateful for legacy income. Legacy donations make up over half of all donations we receive as a Charity and they make a huge difference to the level of support we can provide to the Hospital and the thousands of patients treated each year.

Legacy income in 2017/18 once again represents a considerable proportion of the overall charitable income for the year and is slightly lower than our forecast of £910,000 which has been the average annual income over the last 5 years. Legacy income

by its nature is unpredictable and so the Charity will be looking to invest in this area to ensure it is well managed.

Community Fundraising

Royal Papworth Hospital could not be all that it is today without the generosity of our wonderful supporters. Time and time again, supporters continually amaze us with their commitment, enthusiasm and dedication in supporting the work of the Hospital.

Over £130,000 was raised by our community of supporters during the financial year. We wish to extend our gratitude to all those who continued to support us, and we hope they share great pride in knowing that they have made a difference to the care provided at Royal Papworth Hospital. The Charity will continue to maintain excellent relationships with our supporters, to help maximise their fundraising efforts and encourage repeat fundraising.

Throughout the year, the Charity has worked closely to support our fundraisers who have taken on extreme challenges to raise money for Royal Papworth Hospital, including skydives, marathons and cycle events. During the year, over £120,000 has been raised through these types of events. This income stream presents a huge opportunity of growth for the Charity as more and more supporters are seeking fresh ways to support us. The Charity will continue to offer excellent stewardship to these fundraisers and seek to increase the income generated through these types of activities.



Tineke Dixon had a heart and lung transplant in 1988 when she was just 16 years old and was transferred to Royal Papworth Hospital after her transplant, where she has been under our care ever since.

To celebrate the 30th anniversary of her heart and lung transplant, as well as the 20th anniversary of her kidney transplant which was donated to her by her Mother, Tineke took part in the Jubilee Sailing Trust trip from Auckland in New Zealand. The trip lasted 46 days and covered 5,200 nautical miles on 'Tenacious', the Jubilee Sailing Trust tall-ship. The group set sail in January 2018 and raised £1,896.





Left: Stacey Mustill and her family in recognition of their fundraising in memory of her husband, Greg.



Right: Susan Butler, Peggy Baker and April and Patrick Patching receiving their Ambassadors Badge by Stephen Posey, CEO.

Ely Cathedral Carol Service

The annual carol service held at Ely Cathedral never fails to move the congregation; the impressive cathedral provides a magical setting to reflect on the work of the Hospital over the last year.

Dr Sarah Clarke, Consultant Cardiologist, spoke during the service and reflected on some of the many achievements made by the Hospital over the last year. Recognising that at times of financial pressure for the NHS, the Hospital continued to provide a standard of care that we would all wish our family members to receive. The daughters of a patient gave a moving speech of thanks for the care their father had received whilst at the Hospital.

The service was followed by a mince pie reception, which provided the opportunity for the congregation to join together in celebration of the work of the Hospital. The service raised £9,265 to support patient care at Royal Papworth Hospital.

Giving Tree

Royal Papworth Hospital Charity has recently 'planted' a Giving Tree in the Christopher Parish Building as a special token of recognition to our fundraisers and donors who have gone above and beyond in support of the Hospital.

Designed to display a personalised solid brass field maple leaf, the Giving Tree creates a lasting way to celebrate a life, give thanks or display a message for a loved one and support Royal Papworth Hospital.

For a suggested donation of £350, a leaf is displayed on the tree for 12 months following which, it will be returned to the donor as a keepsake or renewed and remain on the Tree.

Alongside the leaves are engraved brass birds which the Charity will award as special recognition to our fundraisers and donors who have gone above and beyond in support of the Hospital.

All funds raised through the Giving Tree appeal will go to the General Charitable Fund.

Papworth Ambassadors

During 2017–18, the Charity has continued to develop our Papworth Ambassador Programme and has been working closely with our community fundraisers to ensure that we can continue to provide charitable income to support Royal Papworth as the country's leading cardiothoracic hospital. The programme addresses the need to spread the Royal Papworth Hospital Charity brand far and wide by officially affiliating community supporters with the Hospital.

The Charity currently has 9 ambassadors enrolled and will be holding an induction in May 2018 to ensure that they are fully equipped to represent the Charity. The Charity will seek to utilise this group of volunteers to raise awareness, generate more income via collections and attend more cheque presentations.

The ambassador scheme is already helping the Charity increase our brand awareness which in turn improves the Charity's capacity to channel philanthropic support.

The Charity will continue to cultivate relationships with businesses and organisations and endeavours to meet with potential fundraisers in our new neighbourhood surrounding the Cambridge Biomedical Campus.

4.2 Donor Management

New Donor Management System

A new Donor Management System, ThankQ by Access, will be introduced at the end of the financial year which will allow the Charity to store all the essential donor information in order to build a more deep, meaningful and long-term relationship with our supporters. The Donor Management System will offer a smoother and more efficient donor processing provision, with automated thanking and streamlined data entry processes which will free up staff time to focus on proactive fundraising and donor engagement.

General Data Protection Regulation

On 25 May 2018 the General Data Protection Regulation (GDPR) will be introduced. At its core, GDPR is a new set of regulations designed to give individuals greater control over their personal information and will manage the ways organisations acquire, store and process data.

We have updated our privacy notice which informs supporters of how we acquire, store and process their information to ensure that they are fully informed of what to expect from us when we process their data. This meets the expectations of the GDPR in terms of being transparent, lawful and fair.

An area of specific focus will be our Direct Marketing and the legal bases for contacting our supporters. In the future we will only contact supporters through their desired communication method via granular consent i.e. a positive action to opt in to email, post or telephone as this provides our supporters with the greatest amount of control over their data.

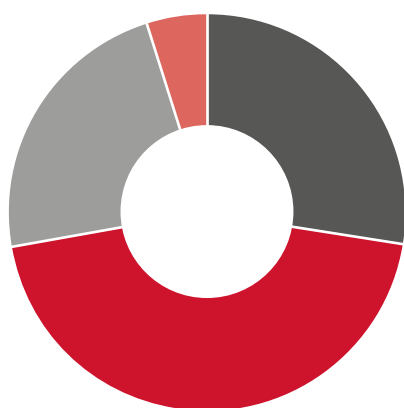
Staff have been kept updated with these changes and will receive training to ensure that everyone within the Charity is aware of their responsibilities in order to fulfill the Charity's data protection obligations.

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

5.1 Expenditure

Funds used in the year to further the Charity's objectives amounted to £1,985,000 (2016/17: £6,878,000) and comprised:

5.2 Charitable Expenditure 2017/18



■	£549,000	Research
■	£886,000	Patients Welfare and amenities
■	£451,000	Staff Welfare and amenities
■	£99,000	Management, Admin and other expenses incl. Fundraising and Audit

Total: £1,985,000

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

Under the Statement of Reporting Practice (SORP) the Charity is also required to include future commitments in this expenditure. The majority of the Charity's commitments relate to preparatory costs for the Heart and Lung Research Institute, medical equipment for DCD Heart Transplantation, New Royal Papworth Hospital equipment and staff educational activities.

5.3 Vision Statements

To achieve our vision we will deliver five strategic vision statements.



Hospital Environment and Patient Welfare

Patients are at the heart of all that Royal Papworth Hospital does. Supporting the ongoing welfare of patients within a high-quality environment significantly benefits their clinical outcomes. Royal Papworth Hospital Charity will ensure that the Hospital can continue to offer a holistic approach to care by supporting amenities that have a positive bearing on patient care and enabling the Hospital to achieve excellence every day.



Medical Equipment

State-of-the-art medical equipment forms the corner stone of all activity at Papworth. Royal Papworth Hospital Charity will continually invest in medical equipment to match our clinical expertise and ensure compatibility with the new hospital infrastructure once opened in 2018.



Medicine of Tomorrow

As an internationally leading cardiothoracic centre of excellence, Papworth continually develops new ways of treating cardiothoracic diseases. Royal Papworth Hospital Charity will bridge the financial gap from bench to bedside and beyond to ensure that we can offer our patients pioneering treatments that would otherwise not be possible.



Recruiting Excellence and Staff Welfare

It is the staff at Royal Papworth Hospital who enable the Hospital to achieve excellence. Royal Papworth Hospital Charity will ensure that the Hospital can recruit, retain and develop the highest quality workforce to deliver the best possible patient outcomes.



Research

Research is fundamental in providing the future building blocks of cardiothoracic medicine. Royal Papworth Hospital Charity will support Royal Papworth Hospital to develop and expand its research capability to help ensure that the medicines of tomorrow are delivered today.

Below are some of the highlights which have made a huge difference to our patients and staff in line with our Vision Statement;

DCD Appeal (Non-Beating Heart Transplant Programme)

Throughout 2017/18, Royal Papworth Hospital Charity has continued to support a world leading, heart transplant programme to enable surgeons to utilise donor hearts which were previously considered too damaged to transplant. This highly successful DCD programme has meant that **47 patients** have been given a new chance of life and we have increased the number of people receiving a heart transplant at Papworth by **40%**.

The Hospital can only continue to offer this pioneering surgery to its patients in the future by securing further charitable funds; to date, there is no national programme to support this heart transplantation technique and its further development is therefore reliant on funding from charitable sources.

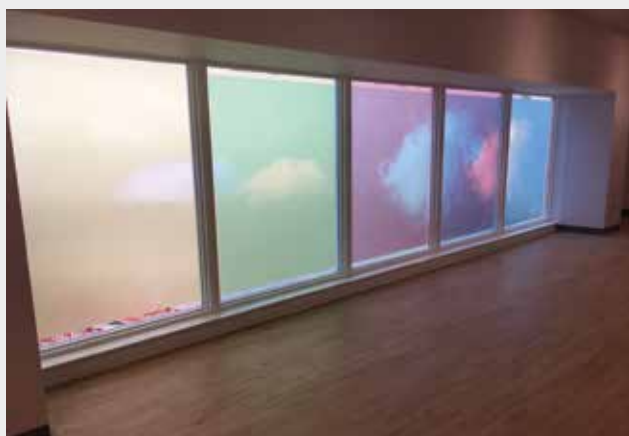
As well as supporting the research and development of DCD transplantation at the Hospital, Royal Papworth Charity has to-date, funded **£594,000** towards the organ care systems that are required for each transplantation, supporting **19** additional transplantations.

Mum of three Lisa Kennard, is one of the 47 patients who have received a heart transplant through the DCD programme. Lisa's particular tissue type meant that the chance of her finding a compatible donor was 0.010%.

Lisa said, "DCD has been a miracle for me, I was running out of time fast, it's as simple as that. I'd been told that without a transplant I was looking at two to three more years at the most. I was at the point where I didn't know if I was going to wake up again in the morning".



Lisa Kennard with her husband Michael.



Artwork by Sigune Hamann installed at the new Royal Papworth Hospital.



Further to the Charity funding vital equipment, we have also put a further £220,000 into research to improve the programme for the future, including £40,000 towards the Cold Storage Research programme and £180,000 towards Heart Optimising Recovery Research.

Environmental Monitoring of M-Abscessus

Royal Papworth Hospital led an investigation into the extent of environmental contamination amongst Cystic Fibrosis inpatient facilities and that the route of transition of M-Abscessus could be indirect. This ground breaking research transformed the way Cystic Fibrosis patients are treated globally. The Charity is proud to have invested over £30,000 to carry out further research to ensure the cleaning processes in place are effective and do not spread M-Abscessus. This work will be particularly pertinent to the future planning of the infection control procedures for the new Royal Papworth Hospital Cystic Fibrosis service.

Training Courses and Junior Medical Provision

Royal Papworth Hospital has a reputation for excellent education and training. In line with the strategy, the Charity looks to support and develop our highly skilled workforce to offer our patients the best possible care. With limited funds available from the Health Education England throughout 2017/18, the Charity provided £149,750 to support Continuous Professional Development, education and training for post registered clinical staff.

Art for New Royal Papworth Hospital

The Charity will be supporting the Hospital to provide our patients with a high-quality environment which significantly benefits the clinical outcomes. Throughout 2017/18, the Charity has been exploring grant opportunities to provide art installations that offer a calm and reflective atmosphere for patients throughout the Hospital.

Royal Papworth Hospital Charity would like to express our gratitude for the generous grant of £80,000 committed from The Peter Sowerby Foundation to fund the installation of newly commissioned artwork by Sigune Hamann within the Outpatients and Critical Care Area at the new Hospital.

5.4 How we manage the money

Money which is donated to Royal Papworth Hospital Charity is managed via restricted and unrestricted funds. Some of this money is donated for a specific purpose, such as to buy medical equipment, whilst other donations are more generic and donated for the Trustees to use where it thinks there is the greatest need in the Hospital. The money the Charity receives is banked into the area stipulated by donors and in accordance with their instructions. The Board of Directors, on behalf of the Corporate Trustee, believes that all of the unrestricted and restricted funds are able to meet their current and future commitments.

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

5.5 Fund Balance

The total Charity fund balance increased during 2017/18 by £126,000 (2016/17: decreased by £2,501,000). During the year unrestricted funds increased by £889,000 and restricted funds decreased by £763,000.

6. Our future plans

6.1 Our Strategy

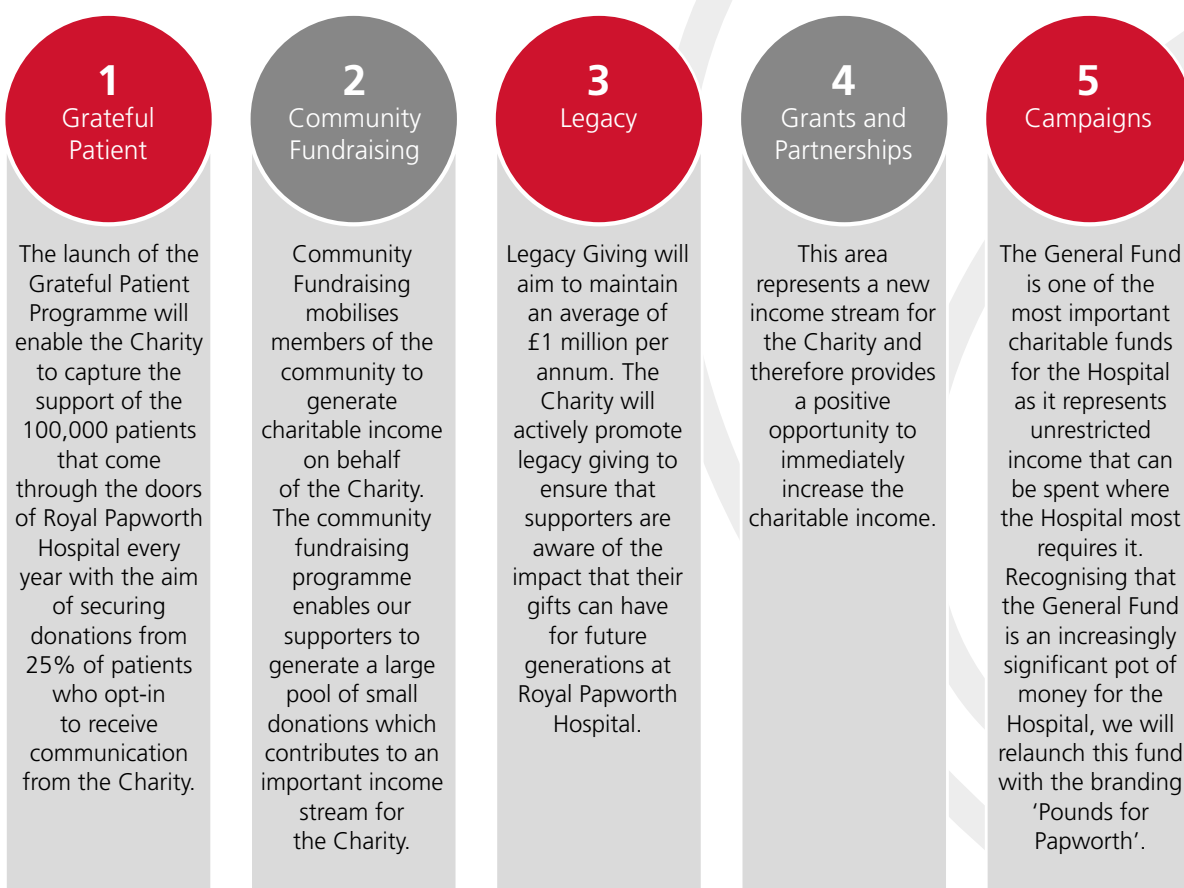
Royal Papworth Hospital Charity operates with a very efficient expenditure to income ratio allowing us to spend charitable donations to make the greatest possible difference to the Hospital's patients. We can only continue to support the life-saving work of Royal Papworth Hospital because of the generosity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

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

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

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

The strategy focuses on 5 principle areas of active fundraising, including;



The Apprenticeship scheme at Royal Papworth Hospital involves staff undertaking training away from the Hospital during working hours, on average, one day per week during term time.

This creates a cost pressure on the Trust as departments have to cover this time. In response, the Charity will launch an Apprenticeship Grant Scheme in 2018 to provide a mechanism for the Hospital to request additional funding to cover apprenticeship posts whilst staff are training throughout the Trust.



6.2 Centenary Celebration

In 2018 Royal Papworth Hospital will mark the 100th anniversary of treating its first patients in the village of Papworth Everard, Cambridgeshire. Through our Centenary Celebrations, we will aim to raise the profile of the Charity and the work it supports within the Hospital.

We plan to build on our reputation as a world-leading cardiothoracic Hospital, develop partnerships with external organisations, including our future neighbours on the Cambridge Biomedical Campus. A key focus for the centenary celebrations is to raise further funds and awareness for the Royal Papworth Hospital Charity to benefit future patients, staff and visitors to the new Hospital site.

In conjunction with the centenary celebrations we will be designing and raising money from the sale



of limited edition centenary branded goods, online and in the Charity shop. These will include mugs, pin badges, magnetic bookmarks, travel mugs and a silver plated signature pen made by pen makers Veritas who are proud holders of a Royal Warrant of Appointment to Her Majesty The Queen.

7. About our reserves

7.1 Our reserves statement

We will generate enough charitable income to meet our expenditure ambitions so we maintain a sustainable baseline of no less than £1 million.

The Charity retains funds to meet current revenue commitments and future known expenditure.

A new purpose-built Hospital will be opening in 2019 on the Cambridge Biomedical Campus co-located next to Cambridge University Hospitals. Following this, Royal Papworth Hospital, jointly with the University of Cambridge is planning to build the Heart and Lung Research Institute (HLRI) to be located alongside the new Hospital. Papworth's element of the joint HLRI will be financed entirely by charitable funds, mainly by way of a major fundraising appeal. As such the HLRI will be a major call on existing and new charitable funds.

The Hospital also uses charitable funds to assist in the on-going refurbishment of buildings and major items of equipment on the existing site. As a result of the financial pressures within the NHS, delays in previous years in approval for the Hospital's relocation to Cambridge and the varying age of many of its existing buildings, it is likely that the Hospital will need to rely upon donations from the charitable funds over the next year in both supporting the old site and equipping

the new Hospital site. Current fund balances are felt to be reasonable in view of these likely future requirements.

By its very nature, the financial support given to Royal Papworth Hospital by the Charity, fluctuates from year to year. This is particularly true of funding for research activity, for which significant sums are donated, but where requirements depend on the range of research projects planned. Other areas of expenditure, including replacement of minor equipment, also vary over time. In many cases the use of funds is restricted and this too can limit the flexibility and the speed with which such funds can be used. The level of fund income, particularly legacies, can also fluctuate dramatically and it is necessary to maintain some reserves to safeguard against a sudden fall in receipts.

The Charity has historically invested more than it has generated which has resulted in a reduction in charitable reserve funds. We recognise that in order to remain sustainable, we must maintain a stable reserve. The Charity will closely monitor income and expenditure to ensure that we have a sustainable reserve and review in order to maintain an appropriate level of funds to meet the on-going needs of the Hospital. The Charitable Funds Committee of the Board of Trustees reviews this policy annually.

8. About our investments

8.1 Monitoring of Investments

Investment performance is monitored by the Charitable Funds Committee, which receives reports from the investment advisors.

The Charitable Funds Committee reviews the investment policy on an annual basis and undertakes periodic reviews of arrangements for investment advice to ensure that value for money is being achieved.

8.2 Investment Policy

The investment policy of the fund is to produce a balanced combination of growth, some immediate income and the potential for capital and income growth over the longer term.

The investment policy is that suitable for an investor with an investment horizon of a minimum of three years, a moderate income requirement and an attitude to risk which can withstand some fluctuation in capital value and/or income.

The Trustee has decided not to invest in the tobacco industry, armaments or companies whose principal activities include the manufacture of alcoholic beverages. These ethical constraints have been recognised and implemented by the investment managers.

8.3 Management of Funds

Funds which may need to be accessed in the short-term are retained in short-term bank deposit accounts. In order to maximise the benefit from charitable donations, funds are invested until they are required for particular projects or specific equipment.

In respect of other funds, since a portion of these may be retained for quite a long period of time, the Charitable Funds Committee, with advice from its investment advisers (Quilter Cheviot), invests the balance in line with its investment policy.

9. Risk Analysis

The major risks to which the Charity is exposed have been identified and considered. They have been reviewed and actions taken to mitigate these risks. The Risk Analysis is considered to be within acceptable parameters. The Charity has one principle risk which refers to future levels of income. This has been carefully considered and procedures are in place to review income trends and implement changes in fundraising activity.

The Trustees are confident that reliance can be placed upon the management arrangements in place, which include internal and external audit services, to minimise any risk to the funds. The most significant risk identified is the possibility of losses from a fall in the value of investments and the level of reserves available to mitigate the impact of such losses. Investments are held by qualified and experienced Investment Fund Managers

who act in accordance with the agreed Investment Policy. These investments are subject to regular review, with unrealised gains and losses allocated to funds at agreed intervals. Procedures are in place to ensure that financial commitments remain affordable within the fund balance. Income and expenditure are covered by the Trust's standing financial instructions and there is an agreed recognition criteria in place for the receipt of donations.

10. Charity governance, structure and management arrangements

10.1 Trustee recruitment, appointment and induction

Non-executive Directors of the Board of Directors are appointed by the Council of Governors. The Chief Executive is appointed by the Non-executive Directors, subject to the approval of the Council of Governors. Executive Directors of the Board are appointed by a Committee, normally comprising the Chairman, the Chief Executive, at least two other Non-executive Directors and an independent assessor. Members of the Board of Directors and the Charitable Funds Committee are not individual trustees under Charity Law but act as agents on behalf of the Corporate Trustee.

As part of their induction, new Executive and Non-executive Directors of the Royal Papworth Hospital NHS Foundation Trust are made aware of their responsibilities as Corporate Trustee of the Royal Papworth Hospital Charity, which include a standing declaration of interests at all meetings. The induction includes an introduction to the objectives, scope and policies of the Board of Trustee and Charitable Funds Committee, Charity Commission information on trustee responsibilities, copies of the previous years' Trustee's Annual Report and Accounts and a copy of the governing documents for the Charity.

10.2 Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

Under the trust deed of the charity and charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of expenditure over income for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

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

The trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The Trustee confirms that it has met the responsibilities set out above and complied with the requirements for preparing the accounts on a going concern basis. The financial statements set out at the end of this document have been compiled from and are in accordance with the financial records maintained by the Trustee.

10.3 Current Members of the Corporate Trustee

Name	Designation
Professor John Wallwork	Chairman
Mr Stephen Posey	Chief Executive
Mrs Karen Caddick	Non-executive Director
Mr David Dean	Non-executive Director
Mr Roy Clarke	Director of Finance
Mrs Eilish Midlane	Chief Operating Officer
Mr Andrew Raynes	Director of Information Management and Technology and Chief Information Officer
Dr Roger Hall	Medical Director
Ms Oonagh Monkhouse	Director of Workforce and Organisation Development
Mr David Hughes	Non-executive Director
Dr Susan Lintott	Non-executive Director
Mr Mark Millar	Non-executive Director
Professor Nicholas Morrell	Non-executive Director
Mrs Josie Rudman	Director of Nursing
Dr Ron Zimmern	Non-executive Director

10.4 Members of Corporate Trustees who left during 2017/18

Name	Designation
Claire Tripp	Deputy Chief Executive
Elizabeth Horne	Director of Human Resources
Ruth McAll	Interim Director of Workforce and OD

10.5 Pen profiles of members of the Corporate Trustee:

**For further information see Royal Papworth Hospital NHS Foundation Trust Annual Report 2017/18.*

Professor John Wallwork, CBE, Chairman.

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

Mr Stephen Posey, Chief Executive

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

Mrs Karen Caddick, Non-executive Director

Karen is currently Group Human Resources Director at Saga plc.

Mr David Dean

David has experience at both executive and non-executive level within the NHS and prior to this was an Investment Banker.

Mr Roy Clarke, Director of Finance

Roy was appointed Director of Finance in November 2015 from Norfolk Community Health and Care NHS Trust where he was the Director of Finance. Roy is a Chartered Management Accountant.

Mrs Eilish Midlane, Chief Operating Officer

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

Mr Andrew Raynes

Andrew has over 20 years' experience working in the NHS and overseas within health, care and private sector. Andrew has an MSc in Healthcare Informatics and is a Fellow of the British Computer Society (BCS).

Dr Roger Hall, Medical Director

Roger is a consultant cardiothoracic anaesthetist and intensivist.

Mrs Oonagh Monkhouse, Director of Workforce and Organisation Development

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

Mr David Hughes, Non-executive Director

Dave was BT's Regional Director for the East of England for five years.

Dr Susan Lintott, Non-executive Director

Susan is Senior Bursar of Downing College, University of Cambridge.

Mr Mark Millar, Non-executive Director

Mark is a Certified Accountant who is an experienced Chief Executive and Executive Director in the NHS.

Professor Nicholas Morrell, Non-executive Director

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

Mrs Josie Rudman, Director of Nursing

Josie is a Registered Nurse tutor and has a BSc in Oncology Nursing and MSc in Nursing Practice.

Mrs Claire Tripp, Deputy Chief Executive

(until 14 November 2017)

Claire joined Royal Papworth Hospital in 1989 and held a number of senior roles at Royal Papworth Hospital, including: Director of Nursing, Director of Operations and Deputy Chief Executive. It was with great sadness that the Charity learnt of Claire's passing in December 2017. Claire's family have created a lasting legacy for Claire by opening the 'Claire Tripp Staff Support Fund' where funds are allocated for the benefit of Hospital Staff.

Dr Ron Zimmermann, Non-executive Director

Ron is a Public Health Physician with a special interest in public health genomics. Ron is Chairman of the Foundation for Genomics and Population Health.

10.6 The Charitable Funds Committee

The Corporate Trustee has devolved responsibility for the on-going management of the investment funds and some other duties to the Charitable Funds Committee.

The Charitable Funds Committee Terms of Reference state that its role is to undertake the following duties on behalf of the Corporate Trustee:-

- Receive information on charitable funds income and expenditure as prepared by the Finance Department.
- Monitor, on behalf of the Board of Trustees, the performance of the Trust's Fundraising Department against the Charity's Annual Plan.
- Authorise expenditure of charitable funds over £25,001 and up to a delegated limit of £50,000, for each item of expenditure.
- Receive reports of the Trust's activity in relation to fundraising.
- Receive and review the Trust's Charitable Funds' Annual Report and Accounts and recommend these to the Audit Committee and Board of Trustees.
- Establish and annually review the Trust's Charitable Funds Reserves Policy and receive assurance that the Trust is carrying an appropriate amount of charitable funds as reserves, in line with policy and best practice.
- Establish and regularly review a Policy for the use of Charitable Funds and to monitor the implementation of that policy.
- Approve and review at least every 3 years the appointment of investment managers to advise, invest, administer and realise the Trust's charitable funds in accordance with the policy.
- Regularly review a Charitable Funds Investment Policy (CG013). To ensure that the investment of funds by the investment managers is in accordance with the policy and in accordance with any policy on ethical investments that the Trust may establish.
- Review a Gift Acceptance Policy (Charitable Donations Procedure – DN338).
- Receive assurance that the receipt, management and use of the Trust's charitable funds is in accordance with the Trust's Standing Financial Instructions.
- Ensure through documented policies and procedures and delegated authority, that charitable funds are used for any reasonable purpose connected with patients or staff of

Royal Papworth Hospital NHS Foundation Trust, consistent with the overall policies and objectives of the Trust, including clinical research and in accordance with the wishes of the donor.

- Ensure all policies within the purview of the Committee are reviewed in line with the timescales defined in the Trust's Document Control Policy, and ensure new policies are approved and distributed to relevant staff. In the absence of a separate Charity policy the policies of Royal Papworth Hospital NHS Foundation Trust will apply.
- The Committee shall contribute to the Trust's assessment of risk for those areas that fall within the Committee's terms of reference and report on these to the Board of Trustees.
- Receive the minutes from the Fundraising Group and ensure that any approvals sought by that Group are met.

The accounting records and the day to day administration of the funds are dealt with by the Finance department located in the CTBI Building, Royal Papworth Hospital NHS Foundation Trust, Papworth Everard, Cambridge CB23 3RE.

10.7 Members of the Charitable Funds Committee 2017/18

Name	Designation
Dr Susan Lintott	Chair and Non-executive Director
Mr David Hughes	Non-Executive Director
Mr Roy Clarke	Director of Finance
Mrs Oonagh Monkhouse	Director of Human Resources (from October 2017)
Mrs Mary MacDonald	Trust Secretary

11. Reference and Administrative Details

11.1 Our Advisors

Bankers

Barclays – Corporate Banking Centre
P O Box 855
Mortlock House
Histon
Cambridgeshire CB24 9DE

Legal Advisers

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

Legal Advisers

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

External Auditors

KPMG LLP
Botanic House
100 Hills Road
Cambridge CB2 1PH

Investment Managers

Quilter Cheviot
One Kingsway
London WC2B 6AN

Internal Auditors

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

11.2 Key Management Personnel Remuneration

The Trustee has concluded that the Board of Trustee comprise the key management personnel of the Charity as it is in control of directing and controlling the Charity. All members of the Corporate Trustee give of their time freely and no Trustee remuneration was paid in the year. Members of the Corporate Trustee are required to disclose all relevant interests and register them with the Trust Secretary. See note 13 to the Accounts. The Charity does not directly employ any staff. Staff that solely work for the Charity are employed by Royal Papworth Hospital NHS Foundation Trust and these costs are recharged to the Charity. See Note 3.5 to the Accounts.

12. Wider networks and our relationship with the wider community

Royal Papworth Hospital Charity is one of over 250 NHS Charities in England and Wales which are eligible to join the Association of NHS Charities. As a member Charity, we have the opportunity to discuss matters of common concern and exchange information and experiences, join together with others to lobby government departments and others, and to participate in conferences and seminars which offer support and education for our staff and Corporate Trustee.

The ability of Royal Papworth Hospital Charity to continue its support for Royal Papworth Hospital is dependent on its ability to maintain and increase donations from the general public. Royal Papworth Hospital Charity continues to forge strong relationships with members of staff of Royal Papworth Hospital without whose co-operation the ability to make effective contributions would be much diminished.



We will be celebrating the NHS' 70th birthday throughout 2018, with a number of staff engagement activities, including contributing to a short film which will give staff the opportunity to say happy birthday to the NHS.

13. How to contact us

13.1 Registered office:

Royal Papworth Hospital Charity Office
Royal Papworth Hospital NHS Foundation Trust
Papworth Everard
Cambridge
CB23 3RE

13.2 For Fundraising queries please contact:

Royal Papworth Hospital Charity Office
Royal Papworth Hospital NHS Foundation Trust
Papworth Everard
Cambridge
CB23 3RE

01223 639950
papworth.charity@nhs.net

14. Related Parties

During the financial year 2017/18 Royal Papworth Hospital was the main beneficiary of the Charity and is a related party by virtue of being Corporate Trustee of the Charity. Note 13 to the Accounts provides further detail.

15. Volunteers

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

- **Fund Holders** – employed by Royal Papworth Hospital NHS Foundation Trust, who oversee and ensure our designated and restricted funds are spent in accordance with the donor's wishes and in accordance with the Charity's aims.
- **Shop Volunteers** – Royal Papworth Hospital Charity runs a small convenience shop. The shop is manned by a rota of 13 volunteers who process payments for goods.
- **Fundraisers and Ambassadors** – Many supporters of Royal Papworth Hospital Charity give up their free time and conduct a number of fundraising activities to raise money for the Charity. During the financial year, 217 supporters organised fundraising events on behalf of the Charity.

16. Thank you!

We are incredibly grateful to everyone who has contributed to the Charity during 2017–18. It is because of the generosity, commitment and dedication of our fundraisers, volunteers, partners and staff that we are able to continue to transform the lives of hundreds of thousands of patients and shape cardiothoracic medicine internationally.

As we look forward we are confident in the knowledge that we can rely on the dedication of our supporters to continue to help future generations of patients at Royal Papworth Hospital.

For and on behalf of the Corporate Trustee



Roy Clarke

Chief Finance Officer

On behalf of the Board of Trustees

Royal Papworth Hospital NHS Foundation Trust

Date:



Royal Papworth Hospital NHS Foundation Trust
Papworth Everard,
Cambridge, CB23 3RE

Tel: 01480 364237

A member of Cambridge University Health Partners



www.papworthhospitalcharity.org.uk

NATIONAL HEALTH SERVICE

ROYAL PAPWORTH HOSPITAL CHARITY

FUNDS HELD ON TRUST ANNUAL FINANCIAL STATEMENTS 2017/18

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

FOREWORD

These financial statements have been prepared by the Trustee in accordance with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations 2008 and the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014.

STATUTORY BACKGROUND

Royal Papworth Hospital Charity funds held on trust are registered with the Charity Commission and include funds in respect of Royal Papworth Hospital NHS Foundation Trust.

MAIN PURPOSE OF THE FUNDS HELD ON TRUST

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

CHANGE OF NAME

Following the granting of the royal charter to Royal Papworth Hospital NHS Foundation Trust the charity changed its name to Royal Papworth Hospital Charity on 16th January 2018.

Independent auditor's report to the Trustee of Royal Papworth Hospital Charity

Opinion

We have audited the financial statements of Royal Papworth Hospital Charity ("the charity") for the year ended 31 March 2018 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

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

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

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

We have nothing to report in these respects.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 18, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

S Beavis

Stephanie Beavis

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Botanic House
100 Hills Road
Cambridge
CB2 1AR

20 December 2018

Statement of Financial Activities for the year ended 31 March 2018

		Unrestricted funds	Restricted funds	Total funds	Total funds
		£000	£000	2017/18 £000	2016/17 £000
	Note				
Income from:					
Donations and legacies	2.1	1,347	189	1,536	2,747
Charitable activities	2.3	57	-	57	89
Other trading activities	2.4	36	11	47	41
Investments	2.2	108	80	188	207
Total		1,548	280	1,828	3,084
Expenditure on:					
Raising funds	3.2	(16)	(83)	(99)	(139)
Charitable activities	3.1	(812)	(1,074)	(1,886)	(6,739)
Total		(828)	(1,157)	(1,985)	(6,878)
Net gains on investments		169	114	283	1,293
Net income/(expenditure)		889	(763)	126	(2,501)
Net movement in funds	4	889	(763)	126	(2,501)
Reconciliation of funds:					
Total funds brought forward	11	1,396	2,690	4,086	6,587
Total funds carried forward	11	2,285	1,927	4,212	4,086

The notes on pages 30 to 44 form part of these financial statements.

All incoming resources and resources expended derive from continuing activities.

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

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

Balance Sheet as at 31 March 2018

		Unrestricted Funds	Restricted Funds	Total at 31 March 2018 £000	Total at 31 March 2017 £000
	Note	£000	£000	£000	£000
Fixed assets:					
Tangible assets - Land and buildings	5	224	-	224	228
Investments	6	<u>5,003</u>	<u>4,261</u>	<u>9,264</u>	<u>8,803</u>
Total fixed assets		<u>5,227</u>	<u>4,261</u>	<u>9,488</u>	<u>9,031</u>
Current assets:					
Stocks		18	-	18	15
Debtors and accrued income	7	90	77	167	194
Cash and cash equivalents	8	<u>758</u>	<u>645</u>	<u>1,403</u>	<u>1,995</u>
Total current assets		<u>866</u>	<u>722</u>	<u>1,588</u>	<u>2,204</u>
Liabilities:					
Creditors: Amounts falling due within one year	9	(614)	(523)	(1,137)	(424)
Net current assets		<u>252</u>	<u>199</u>	<u>451</u>	<u>1,780</u>
Total assets less current liabilities		<u>5,479</u>	<u>4,460</u>	<u>9,939</u>	<u>10,811</u>
Provision for liabilities	10	<u>(3,686)</u>	<u>(2,041)</u>	<u>(5,727)</u>	<u>(6,725)</u>
Net assets		<u>1,793</u>	<u>2,419</u>	<u>4,212</u>	<u>4,086</u>
The funds of the charity:					
Restricted income funds	11.1	-	1,927	1,927	2,690
Unrestricted funds	11.3	<u>2,285</u>	<u>-</u>	<u>2,285</u>	<u>1,396</u>
Total charity funds		<u>2,285</u>	<u>1,927</u>	<u>4,212</u>	<u>4,086</u>

The financial statements on pages 30 to 44 were approved by the trustee on and signed on its behalf by:

Signed:



Position: Chief Finance Officer
Date: 19 December 2018

The notes on pages 30 to 44 form part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2018

		Total Funds at 31 March 2018 £000	Total Funds at 31 March 2017 £000
	Note		
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	14	(602)	820
Cash flows from investing activities:			
Dividends, interest and rents from investments		188	207
(Increase)/decrease in investments - cash held		(197)	(1,779)
Proceeds from sale of investments		571	2,390
Purchase of investments		(552)	(747)
Net cash provided by (used in) investing activities		10	71
Change in cash and cash equivalents in the year		(592)	891
Cash and cash equivalents brought forward		1,995	1,104
Cash and cash equivalents carried forward	8	1,403	1,995

The notes on pages 30 to 44 form part of these financial statements.

Notes to the Financial Statements

1 Accounting Policies

1.1 Basis of preparation and assessment of going concern

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

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis and the principal accounting policies have been applied consistently throughout the year. The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

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

1.2 Incoming resources

- a) All incoming resources are included in the Statement of Financial Activities as soon as the following three factors can be met:
- Entitlement – control over the rights or other access to the economic benefit has passed to the Charity.
 - Probable – where it is more likely than not that the economic benefits associated with the transaction or gift will flow to the Charity.
 - Measurement – the monetary value or amount of the income can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- b) Gifts in kind
- Assets given for distribution by the funds are included in the Statement of Financial Activities only when distributed;
 - Gifts made in kind but in trust for conversion into cash and subsequent application by the funds are included in the accounting period in which the gift is sold.

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

c) Legacies

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

d) Investment income

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

1.3 Resources expended and irrecoverable VAT

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

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

a) Charitable activities

Grants payable are payments made to third parties (including NHS bodies) in the furtherance of the objectives of the Charity. They are accounted for fully in the year the commitment arises. Activities undertaken directly are payments made by the Charity in furtherance of the objectives of the Charity. Grant payments are recognised as expenditure when the conditions for their payment have been met or where there is a constructive obligation to make a payment.

A constructive obligation arises when:

- The Charity communicates its intention to award a grant to a recipient who then has a reasonable expectation that the grant will be received.
- The Charity makes a public announcement about a commitment which is specific enough for the recipient to have a reasonable expectation that they will receive a grant.
- There is an established pattern of practice which indicates to the recipient that we will honour our commitment.

b) Costs of raising funds

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

c) Support costs

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

d) Staff costs

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

1.4 Structure of funds

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

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

1.5 Tangible fixed assets

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

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

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

Depreciation

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

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

The current estimated life of dwellings is 39 years.

Revaluation and impairment

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

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

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

1.6 Fixed asset investments

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

1.7 Realised gains and losses

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

1.8 Stocks

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

1.9 Change in the Basis of Accounting

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

1.10 Corporation Tax

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

1.12 Cash and cash equivalents

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

1.13 Debtors

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

1.14 Creditors

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

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

1.15 Provisions

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

2. Income

2.1 Donations and legacies

	Unrestricted Funds £000	Restricted Funds £000	2017/18 Total Funds £000	2016/17 Total Funds £000
Legacies	760	-	760	2,042
Donations	<u>587</u>	<u>189</u>	<u>776</u>	<u>705</u>
	<u>1,347</u>	<u>189</u>	<u>1,536</u>	<u>2,747</u>

2.2 Details of investment income

	Unrestricted Funds £000	Restricted Funds £000	2017/18 Total Funds £000	2016/17 Total Funds £000
Investments in listed equities	108	80	188	203
Short term investments and deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>
	<u>108</u>	<u>80</u>	<u>188</u>	<u>207</u>

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

2.3 Analysis of income from Charitable activities

	Unrestricted Funds £000	Restricted Funds £000	2017/18 Total Funds £000	2016/17 Total Funds £000
Merchandise and shop	45	-	45	77
Rental income	<u>12</u>	<u>-</u>	<u>12</u>	<u>12</u>
	<u>57</u>	<u>-</u>	<u>57</u>	<u>89</u>

2.4 Analysis of income from Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	2017/18 Total Funds £000	2016/17 Total Funds £000
Charitable events income	36	11	47	41
	36	11	47	41

3. Expenditure

3.1 Analysis of Charitable activities

	Grant funded activity £000	Support and governance costs £000	2017/18 Total £000	2016/17 Total £000
Patients' welfare and amenities	716	170	886	3,296
Staff welfare and amenities	391	60	451	496
Research	435	114	549	2,947
	1,542	344	1,886	6,739

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

3.2 Analysis of Raising Funds

	Unrestricted funds £000	Restricted funds £000	2017/18 Total funds £000	2016/17 Total funds £000
Gift shop expenditure	9	-	9	59
Investment management	5	20	25	59
Fundraising events	2	18	20	15
Support costs	-	45	45	6
	16	83	99	139

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

3.3 Analysis of Support costs

	Raising funds £000	Charitable activities £000	2017/18 Total Funds £000	2016/17 Total Funds £000
Audit fee	-	6	6	6
Seconded staff costs	9	159	168	126
Database	3	42	45	-
Publications and literature	2	33	35	14
Other	6	104	110	118
	20	344	364	264

	Unrestricted funds £000	Restricted funds £000	2017/18 Total funds £000	2016/17 Total funds £000
Raising funds	2	18	20	29
Charitable activities	107	237	344	235
	109	255	364	264

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

3.4 The role of volunteers

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

Fund Holders – Royal Papworth Hospital Charity uses fund holders to oversee and ensure the funds are spent in accordance with the donor's wishes and in accordance with the Charity's aims.

Shop Volunteers – Royal Papworth Hospital Charity runs a small convenience shop for the benefit of patients, relatives and Hospital staff. The shop is manned by a rota of 10 volunteers, who process payments for goods.

Fundraisers and ambassadors - Many supporters of Royal Papworth Hospital Charity give up their free time and conduct a number of fundraising activities to raise money for the Charity.

3.5 Staff costs and employee benefits

	2017/18	2016/17
	£000	£000
Salaries and wages	145	103
Social security costs	8	8
Employers pension contributions	15	15
	168	126

Included within Seconded staff costs are those costs for staff working exclusively for the Charity, but whose contracts are with and paid by Royal Papworth Hospital NHS Foundation Trust. The average number of employees for 2017/18 is 6 (2016/17: 5). No employee was paid in excess of £60,000 during the year (2016/17: Nil).

3.6 Trustees remuneration, benefits and expenses

The Charity's trustees give their time freely and receive no remuneration for the work that they undertake as trustees. However, they can claim expenses to reimburse them for costs that they incur in fulfilling their duties. No trustee received any expenses during the year (2016/17: Nil).

4 Change in Resources available for Charity use

	Unrestricted	Restricted	2017/18
	Funds	Funds	Total
	£000	£000	Funds
			£000
Net movement in funds available for future activities	889	(763)	126
	Unrestricted	Restricted	2016/17
	Funds	Funds	Total
	£000	£000	Funds
			£000
Net movement in funds available for future activities	(1,121)	(1,380)	(2,501)

5 Fixed Assets

	Freehold Land £000	Dwellings £000	Total £000
Cost at 1 April 2017	85	151	236
Balance carried forward	85	151	236
Accumulated depreciation and impairment provisions			
Depreciation at 1 April 2017	-	8	8
Charge for the year	-	4	4
Balance carried forward	-	12	12
At 31 March 2018	85	139	224

	Freehold Land £000	Dwellings £000	Total £000
Cost at 1 April 2016	85	151	236
Balance carried forward	85	151	236
Accumulated depreciation and impairment provisions			
Depreciation at 1 April 2016	-	4	4
Charge for the year	-	4	4
Balance carried forward	-	8	8
At 31 March 2017	85	143	228

6 Analysis of Fixed Asset Investments

6.1 Fixed Asset Investments

	Total 2017/18 £000	Total 2016/17 £000
Investment Management		
Market value at 1 April	6,363	6,713
Add: Additions of shares	552	747
Less: Disposals at carrying value	(498)	(2,119)
Net gain on revaluation	210	1,022
Market value at 31 March	6,627	6,363
Historic cost at 31 March	4,832	4,662
Cash held with Investment Management at 31 March	2,637	2,440
Fixed Asset Investments	9,264	8,803

The valuation of the investments is at 31 March 2018 and may not be realised at the date the investments are disposed of.

At 31 March 2018, 5,000 (2017: 5,000) shares were held with a market value of £382,806 (2016/17: £370,288) in Findlay Park Funds America USD Dis, which represents 5.8% (2016/17: 5.8%) of the total market value of shares held.

In addition 20,000 (2016/17: 20,000) shares were held with a market value of £135,574 (2016/17: £135,184) in First State Investments (UK) Stewart Inv Asis Paci Ldrs B GBP Acc, which represents 2.0% (2016/17: 2.1%) of the total market value of shares held.

Shares were purchased and sold during the year by the Charity's investment managers. The historic cost represents the value of shares after purchases and sales at 31 March 2018 before the shares were revalued.

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

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

6.2 Market value

	31 March 2018 £000	31 March 2017 £000
Investment listed on a recognised stock exchange held		
Within the UK	3,976	4,068
Outside the UK	2,651	2,295
	6,627	6,363

7 Analysis of Debtors

	31 March 2018 £000	31 March 2017 £000
Amounts falling due within one year:		
Accrued Income	167	192
Other debtors	-	2
	167	194

8 Cash and cash equivalents

	2018 £000	2017 £000
Cash in hand	1,198	1,790
Notice deposits (less than 3 months)	205	205
Total cash at bank and in hand	1,403	1,995

Cash held within notice deposits is a 32 day notice interest bearing account held with Lloyds Bank PLC. It is held on deposit to facilitate cash flow and the fulfilment of obligations. No current asset investments were held in non cash investments or outside of the UK.

9 Analysis of Creditors

	31 March 2018 £000	31 March 2017 £000
Amounts falling due within one year:		
Amounts owed to Royal Papworth Hospital NHS Foundation Trust	1,123	402
Other creditors	14	22
	1,137	424

10 Analysis of Provision for liabilities

	Provision for Research £000	Other Provisions £000	Total £000
At 1 April 2017	4,196	2,529	6,725
Arising during the year	544	1,252	1,796
Utilised during the year	(463)	(2,037)	(2,500)
Unused amounts reversed during the year	-	(294)	(294)
At 31 March 2018	4,277	1,450	5,727

The Charity awards a number of grants during the year. Many grants are awarded and paid out in the same financial year. However, some grants, especially those relating to research and development or to fund specific posts are multi-year grants paid over a longer period.

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

11 Analysis of funds

11.1 Analysis of funds – Restricted funds

	Balance 1 April 2017 £000	Incoming Resources £000	Resources Expended £000	Balance 31 March 2018 £000
Material funds (list individually)				
A Thoracic Oncology Research	67	4	(17)	54
B Electrophysiology Research	54	8	(7)	55
C Hugh Fleming Fund	57	3	(4)	56
D Kathryn Anne Jones Memorial	89	4	(30)	63
E Cardiac Trust - N E Ball	241	8	(185)	64
F Cardiac Studies Trust Fund	83	6	(8)	81
G Transplant - Heart Fund	108	5	(21)	92
H Dr Shapiro Research	131	8	(11)	128
I I M Ivey Fund	136	9	(12)	133
J Cystic Fibrosis	79	32	24	135
K Surgical Research Fund	183	10	(25)	168
L General Transplant Fund	973	44	(414)	603
Others (25)	489	253	(447)	295
Total	2,690	394	(1,157)	1,927

11.2 Detail of Material Funds – Restricted funds

Name of fund	Description of the nature and purpose of each fund
A Thoracic Oncology Research	Funds donated for the thoracic oncology research
B Electrophysiology Research	Funds donated for electrophysiology research
C Hugh Fleming Fund	Funds donated for travel bursaries for cardiac staff
D Kathryn Ann Jones Fund	Funds donated for the treatment and diagnosis of pulmonary hypertension
E Cardiac Studies Trust Fund	Funds donated to support clinical research
F Cardiac Studies	Funds donated for use for the Cardiac Unit
G Transplant - Heart Fund	Funds donated for heart transplants
H Dr Shapiro Research	Funds for the benefit of research
I I M Ivey	Funds donated specifically for Cardiothoracic Research
J Cystic Fibrosis	Funds donated for Cystic Fibrosis Unit
K Surgical Research Fund	Funds donated for use in surgical research
L General Transplant Restricted	Funds donated for the Transplant Service

11.3 Unrestricted funds

Unrestricted funds amounting to £2,285k (2016/17: £1,242k) consist of 6 undesignated funds (2016/17: 6) totalling £1240k (2016/17: £406k) and 30 (2016/17: 28) designated funds totalling £1,045k (2016/17: £836k).

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

Funds have arisen from donations, legacies and fundraising activities.

11.4 Analysis of unrestricted funds

	31 March 2018 £000	31 March 2017 £000
Material undesignated funds		
Legacies	817	202
General	282	30
Merchandise & Shop	66	91
Capital Campaign	55	63
Other (2)	19	20
	1,239	406

11.5 Analysis of unrestricted designated funds

Material designated funds	Description of the nature and purpose of each fund	31 March 2018	31 March 2017
		£000	£000
Transplant General	For the benefit of staff and patients of the transplant unit	321	425
V M Gledhill	For use in various cardiac research activities	79	92
New Papworth Fund	For use in relation to the New Papworth Hospital	59	74
Tcca General	For the benefit of staff and patients of the TCCA unit	42	34
Mesothelioma Trust Fund	For the benefit of mesothelioma patients	34	45
Others (25)		509	745
Total		1,044	1,415

12 Contingencies and commitments

There are no capital commitments in 2017/18 (2016/17: £nil).

There are no contingent liabilities in 2017/18 (2016/17: £nil).

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

13 Related Party Transactions

Royal Papworth Hospital Charity has made revenue and capital payments to the Papworth Hospital NHS Foundation Trust during 2017/18. The amount paid was £2,235k (2016/17: £1,904k) and there was a creditor at the end of the year of £1,124k (2017: £402k).

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

The consolidated group accounts can be found on Papworth Hospital NHS Foundation Trust's website www.papworthhospital.nhs.uk

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

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

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

	2018	2017
	£000	£000
Net movement in funds	126	(2,501)
Adjustments for:		
Depreciation charges	4	4
(Gains) on investments	(283)	(1,293)
Dividends, interest and rents from investments	(188)	(207)
(Increase)/decrease in stocks	(3)	5
(Increase)/decrease in debtors	27	(55)
Increase/(decrease) in creditors	713	(120)
Increase/(decrease) in provisions	(998)	4,987
Net cash provided by (used in) operating activities	(602)	820