

SOUTHAMPTON HOSPITAL CHARITY

TRUSTEE'S REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2020

Registered Charity No. 1051543

SOUTHAMPTON HOSPITAL CHARITY

YEAR ENDED 31ST MARCH 2020

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SOUTHAMPTON HOSPITAL CHARITY

TRUSTEE'S ANNUAL REPORT

FOR THE YEAR ENDED 31ST MARCH 2020

Registered charity no. 1051543

1. This is the trustee's annual report for Southampton Hospital Charity ("the Charity") for the year from 1 April 2019 to 31 March 2020. This report and the accounts attached have been prepared in accordance with Part 8 of the Charities Act 2011 and with *Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102)*.

Structure, Governance and Management

2. The Charity was established by Declaration of Trust dated 10 November 1995. The sole trustee of the Charity is University Hospital Southampton NHS Foundation Trust ("UHS"), a corporate body whose current Board of Directors (or those who have acted on behalf of the Sole Corporate Trustee during the year except where indicated) are:

Peter Hollins	Chairman
Simon Porter	Non-Executive Director (to 31/01/20); Senior Independent Director and Deputy Chair (to 31/12/19)
Jenni Douglas-Todd	Non-Executive Director (to 30/09/20); Senior Independent Director and Deputy Chair (from 01/01/20 to 30/09/20)
Jane Bailey*	Non-Executive Director and Senior Independent Director/Deputy Chair (from 28/10/20, previously acting from 01/10/20) (to 31/12/20)
Prof Cyrus Cooper	Non-Executive Director
Keith Evans	Non-Executive Director (from 01/02/20)
Dr Mike Sadler	Non-Executive Director (to 30/09/19)
David Bennett*	Non-Executive Director (from 15/07/19)
Tim Peachey	Non-Executive Director (from 01/10/19)
Jane Harwood*	Non-Executive Director (from 01/10/20)
Paula Head	Chief Executive Officer (to 01/11/20)
Gail Byrne*	Chief Nursing Officer
David French*	Chief Financial Officer and Deputy CEO (Interim Chief Executive Officer from 02/11/20)
Joe Teape	Chief Operating Officer (from 02/12/19)
Ian Howard*	Interim Chief Financial Officer (from 02/11/20)
Paul Grundy	Interim Chief Medical Officer (from 01/02/21)
Steve Harris*	Chief People Officer (from 01/09/20) (Interim from 01/02/20)
Jane Hayward	Director of Transformation and Improvement (to 31/03/20)
Dr Caroline Marshall	Chief Operating Officer (to 30/09/19)
Dr Derek Sandeman	Chief Medical Officer (to 31/01/21)

3. UHS's Board has established a Charitable Funds Committee ("the CFC") to which the Board delegates oversight of the management and administration of the Charity. The CFC's terms of reference, which set out its delegated authority from the Board, are publicly-available. Membership of the CFC consists of those Board members shown with * above together with a number of staff drawn from across UHS. David Bennett is the chair of the CFC. Members of the CFC are selected to ensure that the CFC, collectively, has the range of knowledge and skills needed to exercise effective governance of the Charity. New members of the CFC receive introductory briefings about the Charity and its affairs and about their own responsibilities as agents of the trustee.
4. In practice the CFC operates very much as would a board of individual trustees: meeting at least four times a year, it monitors the Charity's progress against income and expenditure targets; ensures the Charity's compliance with legal requirements and its own policies and procedures; and agrees strategies, budgets, targets and any changes in policy for the future.
5. In accordance with its terms of reference the CFC has an annual business programme which includes a review of the Charity's policies, major risks and governance, and an annual self-assessment of its own effectiveness.
6. The CFC delegates day to day management to the Charity's Director who throughout the majority of the year was Jason Shauness (until February 2020).
7. The Charity's staff (17, equivalent to 16.2 full-time, on 31 March 2020) are employees of UHS. Their remuneration and other terms and conditions are determined by their pay band within the NHS's Agenda for Change national pay framework, which also includes an objective job evaluation system to ensure that posts are placed into appropriate pay bands. The employment costs of the staff are reimbursed to UHS out of the Charity's funds. UHS provides the Charity with office accommodation and with back office services at an annual cost to the Charity of £10k.
8. The major financial and other risks to which the Charity is exposed, as identified by the CFC, have been reviewed, and systems and procedures have been put in place to manage those risks.

The specific risk categories identified are:-

- Strategic – objectives/direction/reputation
- Operational – hardware and data
- Financial – investment/running costs/reserves/fraud/overdrawn funds
- Governance/People – conflict of interest/statutory accounts filing/key staff/trustee body

The Charity's internal controls comply with NHS requirements and charity law and follow good practice as set out in the Charity Commission's guidance *Internal Financial Controls for Charities (July 2012)*. The Charity maintains a risk register which is reviewed every 12 months by the CFC.

9. The Charity is a member of NHS Charities Together (formerly the Association of NHS Charities), a national umbrella body that provides a collective voice for NHS Charities and a forum for discussion of matters of mutual interest to NHS Charities.
10. The Charity's president is The Rt. Hon. The Countess Mountbatten of Burma.

11. The Charity's addresses are:
- Postal: Mailpoint 135, Southampton General Hospital, Tremona Road, Southampton SO16 6YD
 - Email: charity@uhs.nhs.uk
 - Website: www.southamptonhospitalcharity.org

Objectives, activities, achievements and performance

12. The Charity's purposes, as set out in its governing document, are "*any charitable purpose or purposes relating to the National Health Service*". The Charity's beneficiaries are patients who use NHS services. In setting the Charity's objective and policies for the spending of charitable funds the CFC has had regard to the Charity Commission's guidance on public benefit.
13. The Charity's objective is to improve the health and well-being of NHS patients who use the hospitals or other services of UHS. It does this exclusively by making grants to UHS. UHS uses the Charity's grants to procure equipment, facilities, services, education or research for the benefit of NHS patients of UHS. The Charity's funding allows UHS to provide facilities which it could not otherwise afford, or of a higher quality than it could otherwise provide. UHS provides hospital services for 1.9 million people living in Southampton and southern Hampshire and specialist services - including neurosciences, respiratory medicine, cancer, cardiovascular, obstetrics and children's services - to more than 3.7 million people in central southern England and the Channel Islands. The largest of UHS's hospitals is Southampton General Hospital. UHS also runs the Princess Anne Hospital (maternity and related services), the New Forest Birth Centre, and a small number of services at other hospitals in the area.

Charitable spending

14. The Charity's spending policies are:
- to use funds to benefit patients by supplementing and enhancing provision made by UHS out of its statutory funds
 - in setting spending priorities, to have regard to the priorities of UHS for its patients
 - in planning spending, to balance the needs of current and future patients
 - in spending unrestricted funds, to respect donors' wishes for the use of their donations within the needs of patient services. The great majority of donors who give money express a wish that the money be spent to benefit the patients of a specific ward, department or service. Money given by such donors is placed into designated funds which reflect donors' wishes and is spent accordingly. Money given by donors who express no specific wish as to the use of the funds is placed into the Charity's General Purpose Fund.
15. In 2019/20 the Charity made grants to UHS to a total value of £3,339k, in the following categories:

	Activity £k
Patients Welfare & Amenities	1,982
Research	568
Purchase of Equipment	574
Staff Education	215
Total grant funded activity	3,339

16. The Charity's grant-making practice for its unrestricted funds this year has been, as in previous years, to make a large number of relatively small grants. In 2019/20 the Charity made a total of 2,141 grants, of which:
- 2,105 were up to £10k
 - 36 were over £10k
17. The Charity's three largest grants were:
- £1,020k contributed towards the build cost of the new Children's Emergency and Trauma Department
 - £274k research costs regarding an ongoing cancer immunology R&D project
 - £80k towards the cost of providing WiFi connection for patients and relatives across the NHS Trust.
18. The sums available to the Charity to spend on particular services inevitably reflect the preferences that donors express when they give unrestricted funds. The five services that received the highest grant-funding from the Charity were:
- Child Health - £352k
 - Surgery - £271k
 - Cancer Care - £111k
 - Critical care - £118k
 - Women & Newborn - £119k
19. In addition to grants paid out in 2019/20 the Charity made grant-funding commitments, which had not been paid out by the end of the year, of £124k.
20. The Charity neither makes grants to individual patients nor provides any services direct to patients.

Fundraising

21. The Charity's target for 2019/20 was to raise £4,040k from all voluntary sources including legacies. The Charity does not set a formal target for income from legacies since legacy income is largely outside our control. Based on trends in recent years our expectation was for legacy income of around £400k in the year.
22. Income in 2019/20 from all voluntary sources except legacies was £2,898k. Total income from all sources was £3,317k, made up as follows:
- £151k in grants from other charities, private trusts or public bodies
 - £1,582k in donations from individuals, including £195k in donations given *in memoriam*
 - £630k from community-led events. This is testament to the outstanding support we receive from donors and fundraisers in our local community – typically current and former patients and their families, friends and colleagues – and from UHS staff
 - £418k in legacies
 - £245k from corporate donors
 - £137k in income from investments
 - £154k from events organised by the Charity including income from the Charity's lottery and sales of merchandise

During the year monies were raised for the Piam Brown Children's Cancer Ward which included generous donations made by Bodyshop and St Michael's Middle School as well as a donation made in honour of St Jude.

23. The Charity prioritised finding it's next appeal following on from successful early completion of our major appeal to raise the £2 million needed to build a new Children's Emergency and Trauma Department.
24. The Fundraising Regulator (FR) was officially launched in July 2016 as the successor body to the Fundraising Standards Board (FRSB). As a former member of the FRSB, and committed to operating to the highest standards of fundraising practice, the Charity joined the FR at the earliest opportunity and continued its membership this year.
25. As in previous years we are able to report that we and the Fundraising Regulator received no complaint during the year about any aspect of our fundraising activities.

Financial review and policies

26. At the start of the year the Charity's total funds stood at £6,824k, of which £2,624k were restricted funds (ie funds subject to a legally-binding restriction on the purpose for which they may be spent). The majority of the Charity's funds are unrestricted funds that are designated by the Charity to reflect the wishes or expectations of donors. At the end of the year the Charity had 351 designated funds each of which was held for the benefit of patients of a particular ward, department, service or specialism in one or other of UHS's hospitals. Each designated fund has a "fundholder" - a member of UHS's staff, medical or non-medical, who is well-placed to recommend how the money in the fund should be spent to best effect for the benefit of patients.

27. In 2019/20 the Charity's expenditure exceeded its income of £3,317k by £1,241k. Taking into account an unrealised loss of £363k in the value of its investments the Charity's funds decreased over the year from £6,824k to £5,583k, of which £1,780k were restricted funds, £3,564k were designated funds and £239k were General Purpose funds.
28. For 2019/20 the Charity's reserves policy, which is reviewed each year, was to:
- retain an amount of unrestricted reserves which was enough to cover one year's governance, management, fundraising and administration salaried costs, which in 2020/21 are budgeted to be £619k
 - spend income within 12 months of receipt
 - where sums are set aside towards the cost of a project or piece of equipment, retain those sums in a designated fund until enough money is available to meet the full cost of the project
 - avoid realising any fixed assets held for the Charity's use (although the Charity holds no such assets at present)
29. The Charity's free reserves – ie the amount of uncommitted funds freely available for spending on any or all of the Charity's purposes - were £239k at the end of the year. The Charity is content to earmark these funds - reducing the value of its free reserves at the balance sheet date to a value below that stated in its reserve's policy - because it is confident through the receipt of unrestricted legacy funds in 2020/21 that the value of free reserves can be maintained in line with the reserves policy.
30. The Charity's investments in the Schroder Multi-Asset Fund, managed by Cazenove Capital, were valued at £2,632k at the year end. The Charity's investment objective is to generate a total return that at least preserves the real value of the funds, net of any investment management fees and transaction charges. The "real" value of the funds is to be measured by reference to changes in the Medical and Surgical Equipment component of the Health Services Cost Index over any rolling three-year period. During the year the value of the Charity's investments decreased by £363k and the investments generated income of £137k giving a loss of £226k. This loss can be attributed to the market uncertainty as a result of the COVID-19 pandemic. The Charity has a policy not to make any direct investment in companies primarily involved in the production or sale of tobacco products.
31. The Charity's only other investment asset is a 50% share in a residential property in Lymington, Hampshire. The property is subject to a protected tenancy. The Charity's 50% share has been valued subject to the tenancy at £150k. The Charity intends to sell the property once it becomes vacant and to spend the proceeds of sale for the benefit of breast cancer patients, in accordance with the Will under which the Charity received the property.

Plans for 2020/21

32. Our priorities for 2020/21 are to:

- to continue to effectively stimulate and facilitate our community (including staff) fundraising and to raise our profile in Southampton and the surrounding areas. Our target for 2020/21 is to continue to raise voluntary funds from a range of income streams inline with previous years.
- implement our strategy to maintain income for 2020/21 with a view to increasing income by 25% from 2021/22.

• more information can be found in our published 'Annual Review of 2019-20' found at <https://www.southamptonhospitalcharity.org/Publications>

Covid Considerations

33. The Trustee has prepared the financial statements on a going concern basis which they consider is appropriate for the following reasons. The business model of the charity is such that its charitable activities are limited to those which it has sufficient funds to support from the excess of funding received over the costs of administering the charity. The charity therefore has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 4.

The Trustee has reviewed cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. The Trustee has also considered the implications of COVID-19 on those cash flow forecasts and consider that as a result of the charities operating model explained above, even if no further funding is received in the 12 months period, the charity has sufficient cash reserves to pay all committed costs. As a result, the Trustee is confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consider it appropriate for the financial statements to be prepared on a going concern basis.

Professional advisers and agents

34. During the year the Charity employed the following agents:

Banker: NatWest plc, Box 315, High Street, Southampton SO14 2NX

External auditor: KPMG LLP, 15 Canada Square, London E14 5GL

Investment manager: Cazenove Capital, 12 Moorgate, London EC2R 6DA

This report was approved by UHS as trustee on 9th March 2021 and signed on its behalf by:



Ian Howard
Interim Chief Financial Officer of UHS

SOUTHAMPTON HOSPITAL CHARITY

STATEMENT OF TRUSTEE'S RESPONSIBILITIES IN RESPECT OF THE TRUSTEE'S ANNUAL REPORT AND THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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

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

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

selects suitable accounting policies and then applies them consistently;

makes judgements and estimates that are reasonable and prudent;

states 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;

states whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements; and

assesses the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

uses 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 trustee is 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 trustee 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.

Approved by the trustee on 9th March 2021 and signed on its behalf by:



Ian Howard

Interim Chief Financial Officer of UHS



Independent auditor's report to the Trustee of Southampton Hospital Charity

Opinion

We have audited the financial statements of Southampton Hospital Charity ("the charity") for the year ended 31/03/2020 which comprise the Statement of Financial Activities, the Balance Sheet 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 31/03/2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

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

Going concern

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

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

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

Other information

The trustee is responsible for the other information, which comprises the Trustee's 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 Trustee's 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.

Trustee's responsibilities

As explained more fully in their statement set out on page 8, the trustee is 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 trustee 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 trustee 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 trustee as a body, for our audit work, for this report, or for the opinions we have formed.



Fleur Nieboer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

Canary Wharf

London

E14 5GL

Date: 11 March 2021

SOUTHAMPTON HOSPITAL CHARITY

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2020

	Note	Unrestricted Funds £000	Restricted Funds £000	2019/20 Total Funds £000	2018/19 Total Funds £000
Income from:					
Donations and legacies	3	1,723	1,304	3,027	4,325
Other trading activities		148	5	153	118
Investments	11	119	18	137	130
Total		<u>1,990</u>	<u>1,327</u>	<u>3,317</u>	<u>4,573</u>
Expenditure on:					
Raising funds		186	10	196	171
Charitable activities	5	1,888	2,111	3,999	4,886
Total		<u>2,074</u>	<u>2,121</u>	<u>4,195</u>	<u>5,057</u>
Net Income/(Expenditure)		(84)	(794)	(878)	(484)
Transfers between funds	16	3	(3)	-	-
Other recognised gains/(losses)					
Gains/(losses) on revaluation:					
Fixed asset investments	9	(316)	(47)	(363)	(2)
Fixed asset property	10	-	-	-	25
Total		<u>(313)</u>	<u>(50)</u>	<u>(363)</u>	<u>23</u>
Net movement in funds		<u>(397)</u>	<u>(844)</u>	<u>(1,241)</u>	<u>(461)</u>
Reconciliation of funds:					
Total funds brought forward at 1 April 2019		4,200	2,624	6,824	7,285
Total funds carried forward at 31 March 2020		<u>3,803</u>	<u>1,780</u>	<u>5,583</u>	<u>6,824</u>

The accompanying notes on pages 14 to 21 form part of these financial statements.

SOUTHAMPTON HOSPITAL CHARITY

BALANCE SHEET AT 31 MARCH 2020

	Note	Unrestricted Funds £000	Restricted Funds £000	2019/20 Total Funds £000	2018/19 Total Funds
Fixed assets:					
Investments	9	2,602	30	2,632	2,995
Investment Property	10	150	-	150	150
Total fixed assets		2,752	30	2,782	3,145
Current assets:					
Debtors	12	188	690	878	386
Short Term Investments & Deposits		-	-	-	-
Cash at Bank & In Hand		884	1,175	2,059	3,977
Total current assets		1,072	1,865	2,937	4,363
Liabilities:					
Creditors falling due within one year	13	(21)	(115)	(136)	(684)
Net current assets		1,051	1,750	2,801	3,679
Net assets		3,803	1,780	5,583	6,824
The funds of the charity:					
Restricted Income Funds	15	-	1,780	1,780	2,624
Unrestricted Income Funds	15	3,803	-	3,803	4,200
Total charity funds		3,803	1,780	5,583	6,824

The accompanying notes on pages 14 to 21 form part of these financial statements.

These financial statements were approved on 9th March 2021 by the Corporate Trustee and were signed on its behalf by:



Ian Howard
Interim Chief Financial Officer of UHS

Registered charity no. 1051543

SOUTHAMPTON HOSPITAL CHARITY

THE ACCOMPANYING NOTES FORM PART OF THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial statements have been prepared under the historic cost convention, with the exception of investments that are included at market value. The financial statements have been prepared in accordance with Part 8 of the Charities Act 2011 and with Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102).

The Trustee has prepared the financial statements on a going concern basis which they consider is appropriate for the following reasons. The business model of the charity is such that its charitable activities are limited to those which it has sufficient funds to support from the excess of funding received over the costs of administering the charity. The charity therefore has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 4.

The Trustee has reviewed cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. The Trustee has also considered the implications of COVID-19 on those cash flow forecasts and consider that as a result of the charities operating model explained above, even if no further funding is received in the 12 months period, the charity has sufficient cash reserves to pay all committed costs. As a result, the Trustee is confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consider it appropriate for the financial statements to be prepared on a going concern basis.

1.2 Funds Structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified as a restricted income fund where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose or expendable endowment where the gift provides for the funds to be invested to produce income and the trustee has the power to spend the capital.

Those funds that are neither endowment nor restricted income funds, are unrestricted income funds that are sub analysed between designated (earmarked) funds where the trustee has set aside amounts to be used for specific purposes, in accordance with donors' wishes and wholly unrestricted funds which are wholly at the trustee's discretion. The major funds held in each of these categories are disclosed in note 15.

The Charity holds no endowment funds.

1.3 Incoming Resources

All incoming resources are recognised once the Charity has entitlement to the resources, it is probable that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

1.4 **Incoming Resources from Legacies**

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is probable; this will be once confirmation has been received from the representatives of the estate(s) that payment of the legacy will be made or property transferred and once all conditions attached to the legacy have been fulfilled.

1.5 **Resources Expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs to the category. All expenditure is recognised once there is a legal or constructive obligation committing the Charity to the expenditure. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

1.6 **Allocation of Overhead and Support Costs**

Overhead and support costs have been allocated between Charitable Activities and Governance Costs. Costs that are not wholly attributable to an expenditure category have been apportioned. The analysis of overhead and support costs and the bases of apportionment applied are shown in note 4. Where costs are shared by two or more charitable activities, support costs have been apportioned between categories, for example bank charges, on the basis of the number of individual transactions within the accounting period for each category of charitable activity and this is analysed in note 5.

1.7 **Costs of Generating Funds**

The costs of generating funds are those costs attributable to generating income for the Charity, other than those costs incurred in undertaking charitable activities, and represent fundraising costs together with investment management fees.

1.8 **Charitable Activities**

Costs of charitable activities comprise all costs identified as wholly or mainly incurred in the pursuit of the charitable objects of the Charity. Those costs that are direct costs together with an apportionment of overhead and support costs are shown in note 5.

1.9 **Governance Costs**

Governance costs comprise all costs identifiable as wholly or mainly attributable to ensuring public accountability of the Charity and its compliance with regulation and good practice. These costs include costs relating to the statutory audit together with an apportionment of overhead and support costs.

1.10 **Fixed Asset Investments**

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year. The Common Investment Fund units are included in the balance sheet at the closing dealing price at 31st March 2020.

1.11 **Realised Gains & 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 (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year-end and opening market value (or purchase date if later).

1.12 **Post Balance Sheet Events**

There are no post balance sheet events to be disclosed in the accounts.

1.13 **Apportionment of Investment Income – Unrealised & Realised Gains & Losses**

All unrealised and realised investment gains and losses are allocated quarterly across the funds on a pro-rata basis.

1.14 **Gifts in Kind**

Gifts in kind and goods or services donated to the Charity are accounted for where the amounts are material, readily quantifiable and measurable. Estimates are based on the market price the Charity would otherwise have paid. In 2020 the value of gifts in kind is £nil (2019 – £nil).

2. **RELATED PARTY TRANSACTIONS**

The Charity's sole trustee is University Hospital Southampton NHS Foundation Trust ("the Trust"). The Trust has determined that the Charity is a subsidiary of the Trust because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the Charity and has the ability to affect those returns and other benefits through its power over the Charity.

However, as trustee of SHC the Trust is legally obliged to act exclusively in the interests of the Charity's beneficiaries - NHS patients – and not (insofar as they diverge) in the interests of the Trust itself or its staff.

At 31 March 2020, the Charity's accounts are consolidated with those of the Trust. The annual report and accounts of the Trust for the year ended 31 March 2020 can be found on the Trust's public website.

The Trust wholly owns UHS Pharmacy Ltd ("UPL") and during the year, the Charity received donations from UPL amounting to £nil (2019 - £nil).

The Trust receives grants from and delivers services on behalf of the Charity. The Charity has reimbursed and been reimbursed by the Trust for approved expenditure (including staff costs) and income on behalf of the Charity. The gross expenditure reimbursements amounted to £2,958k (2019 - £3,935k) and income reimbursements amounted to £4k (2019 - £38k). At the end of the year the Charity had a debtor balance with the trust of £690k (2019: £357k creditor). During the year none of the members of the Trust Board or senior Trust staff or parties related to them were beneficiaries of the Charity.

Neither the corporate trustee, nor any member of the Trustee's Board in his/her capacity as a member of the Charitable Funds Committee, has received honoraria, emoluments or expenses in the year.

3. ANALYSIS OF DONATIONS AND LEGACIES

	Unrestricted Funds	Restricted Funds	2020 Total	2019 Total
	£k	£k	£k	£k
Donations from individuals	926	1,091	2,017	588
Corporate donations	103	142	245	390
Donations in memoriam	192	3	195	182
Legacies	419	0	419	408
Grants received	83	68	151	2,259
Community Fundraising	0	0	0	498
Total	1,723	1,304	3,027	4,325

The income split for 2018/19 was unrestricted income (£1,876k) and restricted income (£2,449k).

4. ALLOCATION OF SUPPORT COSTS AND OVERHEADS

Once allocation and/or apportionment of overhead and support costs have been made to governance costs, the balance is apportioned across Charitable Activities using (a) income as a basis for allocating costs of the fundraising team and (b) gross turnover for the finance team

	Charitable Activities	Governance	2020 Total	2019 Total	Basis for Apportionment
			£k	£k	
Financial administration salaries & costs	119	0	119	98	Allocated on time
Other salaries & costs	499	81	580	469	Allocated on time
External audit	0	10	10	10	Governance
Bank Charges	2	0	2	2	Proportionate to charitable expenditure
Other incl I.T.	66	0	66	144	Proportionate to charitable expenditure
Total	686	91	777	723	

5. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

The Charity made available grant support to the Trust in support of a range of charitable activities. The Charity did not undertake any direct charitable activities on its own account during the year.

	Activity	Support Costs	Total	Total
	£k	£k	2020	2019
			£k	£k
Patients Welfare & Amenities	1,812	468	2,280	3339
Staff Welfare & Amenities	53	11	64	72
Research	568	71	639	460
Purchase of Equipment	574	98	672	682
Staff Education	215	38	253	257
Total grant funded activity	3,222	686	3,908	4,810
Governance (Note 4)	0	91	91	76
Total expenditure	3,222	777	3,999	4,886

For 2019/20 the total expenditure of £3,999k is split £1,888k unrestricted and £2,111k restricted (2018/19 - £2,292k unrestricted and £2,594k restricted).

Support costs in the year are allocated across charitable expenditure on a pro-rata basis.

6. ANALYSIS OF GRANTS

The Charity does not make grants to individuals. The total cost of making grants is disclosed on the face of the Statement of Financial Activities. The actual disbursement received by the beneficiaries for each category is disclosed in note 5. Most grants are made to the Trust and the corporate trustee operates a scheme of delegation, through which all grant funded activity is managed by fundholders responsible for the day to day disbursements on their funds, in accordance with the directions set out by the trustee in charity Standing Financial Instructions.

7. AUDITOR'S REMUNERATION

The auditor's remuneration of £10,000 (2019 - £10,000) is related solely to the audit with no other work undertaken.

8. STAFF COSTS AND PENSION SCHEME

Although the Charity pays the payroll costs for the Charity staff, all staff are employed with NHS contracts with the Trust. The Charity does not operate its own payroll scheme.

Charity staff (past and present) are entitled to join one of the two NHS Pension Schemes. Details of which can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded, defined benefit schemes that cover NHS employers, GP practices and other bodies allowed under the direction of the Secretary of State in England and Wales.

The scheme is not designed to be run in a way that would enable the corporate trustee (and therefore the Charity) to identify its share of the underlying scheme assets and liabilities and therefore the scheme is accounted for as a defined contribution scheme with the costs equal to the contributions made for the accounting period. The trustee is satisfied that any foreseeable change in employer's contributions can be budgeted for without detriment to the Charity's ongoing activities.

8. STAFF COSTS AND PENSION SCHEME (Continued)

	2020 Total £k	2019 Total £k
Salaries and wages	688	547
Agency fees and other staff related costs	11	20
Total	699	567

The average number of full time equivalent employees during the year was 16 (2019 – 14) with all employee time involved in providing support services to charitable activities.

One employee had gross emoluments in excess of £60,000 per annum - one £60,000 - £70,000 and one £70,000 - £80,000 (2019 – one £60,000 - £70,000 and one £70,000 - £80,000).

9. FIXED ASSETS - INVESTMENTS

All investments are made in accordance with the Charity's investment policy in Common Investment Funds designed specifically for charities, which ensures a balanced portfolio between maximising total return whilst balancing risks and the requirement for income, thereby enabling the Charity to meet its objects. The trustee's asset allocation strategy is to set out a framework of parameters for a diversified portfolio in UK equities, bonds, property, low-risk hedge funds and cash. There are no investments made outside the UK by the Charity.

Investment gains and losses are disclosed net of investment management charges. This is because the charges are not readily quantifiable within the individual movements of the Common Investment Fund.

Movement in Fixed Asset Investments	2020 Total £k	2019 Total £k
Market value brought forward	2,995	2,997
Add: Additions to investments at cost	0	0
Less: Disposals at carrying value	0	0
Add net gain (loss) on revaluation	-363	-2
Market Value as at 31st March	2,632	2,995
Fixed Asset Investments:		
Investments in Common Investment Funds:		
Cazenove Charity Multi-Asset Fund	2,632	2,995
Total Investments in Common Investment Funds as at 31st March	2,632	2,995

10. FIXED ASSETS – INVESTMENT PROPERTY

Movement in Fixed Asset - Investment Property	2020 Total £k	2019 Total £k
Market value brought forward	150	125
Add: Additions to investments	-	-
Less: Disposals at carrying value	-	-
Add net gain (loss) on revaluation	-	25
Market Value as at 31st March	150	150

11. GROSS INCOME FROM INVESTMENTS

	2020 Total £k	2019 Total £k
Fixed Asset Investments	124	119
Cash Held on Deposit	13	11
Total	137	130

12. ANALYSIS OF CURRENT ASSETS

(i) Debtors Under One Year	2020 Total £k	2019 Total £k
Prepayments	687	1
Accrued Income	191	385
Total	878	386

Prepayments relate to sums owed at the year-end to the Charity by a related party, the Trust, as a result of a payment in advance to the Trust for expenditure incurred in the furtherance of the Charity's objects in the first quarter of the 2020/21 financial year.

(ii) Cash at Bank & in Hand on Current Investments Held on Deposit	2020 £k	2019 £k
NatWest Special Interest Bearing Account	1,885	3,841
NatWest Business Current Account	6	-15
NatWest Business Current Account - Lottery	166	150
Paypal Merchandise Account	1	-
Cash in Hand	1	1
Total	2,059	3,977

13. ANALYSIS OF CURRENT LIABILITIES & LONG TERM CREDITORS

Creditors Under 1 Year	2020 £k	2019 £k
Other Creditors	-	356
Accruals	136	238
Deferred Income	-	90
Total	136	684

Other creditors for 2018/19 included sums owed at the year-end by the Charity to a related party, the Trust, for costs incurred by the Trust on behalf of the Charity in the furtherance of the Charity's objects.

14. COMMITMENTS

The trustee approves chargeable commitments only where funds are already in place to meet the cost. There were no chargeable commitments at the year end.

15. ANALYSIS OF CHARITABLE FUNDS

The following table schedules the fund balances as per the benefiting medical services. In the interests of accountability and transparency a complete breakdown of all designated (earmarked) funds is available upon written request.

Analysis of fund movements	Fund B/fwd £k	Incoming resources £k	Expended resources £k	Gains & Losses £k	Transfers £k	Fund C/fwd £k
<u>Restricted</u>						
Trust R & D Fund	8	0	0	0	-8	0
Capital Appeals	1,501	277	1,294	16	0	468
Other incl Projects Fund	1,115	1,050	827	31	5	1,312
Total Restricted Funds	2,624	1,327	2,121	47	-3	1,780
<u>Unrestricted</u>						
Surgery	258	149	297	9	0	101
Cancer Care	570	301	170	26	0	675
Critical Care & Theatres	175	78	152	6	0	95
Emergency Medicine	32	21	8	3	0	42
Specialist Medicine & Ophthalmology	496	130	93	18	-5	510
Radiology & Pathology	184	42	25	9	1	193
Women & Newborn	521	377	181	22	0	695
Child Health	803	312	459	38	-1	617
Support Services	20	31	13	2	0	36
Cardiovascular & Thoracic	152	87	61	8	0	170
Neurosciences	225	144	58	14	0	297
Trauma & Orthopaedic	24	7	4	3	0	24
General Purpose	573	167	483	40	22	239
Other	167	144	70	118	-14	109
Total Unrestricted Funds	4,200	1,990	2,074	316	3	3,803
Total	6,824	3,317	4,195	363	0	5,583

16 TRANSFERS

The transfers referred to in the table in Note 15 relate to the reclassification of medical services within the University Hospital Southampton NHS Foundation Trust and the funds associated with them.

17 LEGACIES

Southampton Hospital Charity has been notified of several residual legacies with an approximate Estate value (at the date these accounts are signed) of £160k (2019 - £287k).