

NATIONAL HEART & LUNG FOUNDATION

**TRUSTEES'
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st JULY 2021**

Registered Charity No. 1048073

NATIONAL HEART & LUNG FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST JULY 2021

Notes	-----Unrestricted Funds-----				2020 Total
	General Fund	Endowment Fund	Restricted Viscount Royston Fellowship Fund	2021 Total	
	£	£	£	£	£
INCOME AND ENDOWMENTS FROM:					
Donations and Legacies					
Voluntary Income	2	78,469	-	78,469	104,265
Charitable Activities					
Investment Income	3	552,914	-	552,914	556,411
TOTAL INCOME		631,383	-	631,383	660,676
EXPENDITURE ON:					
Raising Funds					
Charitable Activities	4	91,409	15,906	107,315	83,917
TOTAL RESOURCES EXPENDED	5	225,124	700,000	925,124	994,865
		316,533	700,000	1,032,439	1,078,782
Gain/(Loss) on Investments	9	460,085	1,296,480	2,066,005	449,207
NET MOVEMENT IN FUNDS		774,935	596,480	1,664,949	31,101
Fund Balances at 1st August 2020		2,939,958	16,134,451	21,101,336	21,070,235
FUND BALANCES AT 31ST JULY 2021		£3,714,893	£16,730,931	£22,766,285	£21,101,336

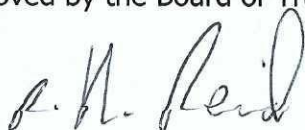
The Charity has no recognised gains and losses other than those included in the figures above. All activities reflected above are continuing activities.

NATIONAL HEART AND LUNG FOUNDATION

BALANCE SHEET AT 31ST JULY 2021

	Notes	2021		2020	
		£	£	£	£
FIXED ASSETS					
Investments	7-9	<u>23,837,033</u>		<u>22,303,053</u>	
			23,837,033		22,303,053
CURRENT ASSETS					
Debtors	10	3,079		22,258	
Cash at Bank		<u>523,252</u>		<u>371,720</u>	
		526,331		393,978	
Creditors: Amounts falling due within one year	11	<u>(776,287)</u>		<u>(811,899)</u>	
Net Current Assets / (Liabilities)			<u>(249,956)</u>		<u>(417,921)</u>
Total Assets less current liabilities			23,587,077		21,855,132
Creditors: Amounts falling due after one year	12		(820,792)		(783,796)
TOTAL NET ASSETS			<u>£22,766,285</u>		<u>£21,101,336</u>
RESTRICTED FUNDS	13		2,320,461		2,026,927
CAPITAL FUNDS					
Expendable Endowment	13, 14		16,730,931		16,134,451
INCOME FUND					
Unrestricted General Fund	13		<u>3,714,893</u>		<u>2,939,958</u>
TOTAL FUNDS			<u>£22,766,285</u>		<u>£21,101,336</u>

Approved by the Board of Trustees on the 16th November 2021 and signed on its behalf by:



Richard Reid
Chairman

NATIONAL HEART AND LUNG FOUNDATION

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST JULY 2021

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2021	2020
		£	£
Cash used by operations	A	(933,407)	(878,304)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received		552,914	556,411
Proceeds from the sale of investments		1,101,659	1,127,011
Purchase of investments		<u>(552,843)</u>	<u>(642,809)</u>
		1,101,730	1,040,613
Change in cash and cash equivalents in the reporting period	B	168,323	162,309
Cash and cash equivalents at the beginning of the reporting period		<u>385,814</u>	<u>223,505</u>
Cash and cash equivalents at the end of the reporting period		<u>554,137</u>	<u>385,814</u>

A. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021	2020
	£	£
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	1,664,950	31,101
Investment income received	(552,914)	(556,411)
(Gains)/losses in investments (excluding within cash balances)	(2,066,005)	(449,207)
Decrease in debtors	19,179	27,302
Increase in creditors	1,383	68,911
Net cash used by operations	<u>(933,407)</u>	<u>(878,304)</u>

B. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August	Cash flow	At 31 July 2021
	2020 £	£	£
Cash at bank and in hand	371,720	151,532	523,252
Cash held by investment manager	14,094	16,791	30,885
	<u>385,814</u>	<u>168,323</u>	<u>554,137</u>

NATIONAL HEART AND LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

1. ACCOUNTING POLICIES

- (a) The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention.
- (b) Income is recognised in the year in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or the donor has specified that the income has to be spent in a future period.
- (c) Income from listed investments is accounted for on an accruals basis, grossed up for tax recoverable where appropriate. Interest from cash on deposit is accounted for on an accruals basis.
- (d) Expenditure is accounted for on an accruals basis.
- (e) The cost of generating voluntary income includes investment management fees and advertising costs.
- (f) Costs of charitable activities consist of research grants.
- (g) Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.
- (h) Investments are stated at mid-market value. Gains and losses on disposals and revaluations of fixed asset investments are reported in the Statement of Financial Activities and added to or deducted from the funds to which they relate.
- (i) Social investments represent land and buildings which were transferred from the National Heart and Lung Institute in 1995. The building is occupied rent free by the Charity's beneficiary the National Heart & Lung Institute.
- (j) Unrestricted funds are those funds which can be used at the Trustees' discretion. Expendable Endowment funds are those funds where the intention is that capital be maintained and the income spent, but in certain circumstances the capital can be spent. Restricted funds are funds which have been earmarked by the donors to be spent on specific projects.
- (k) Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional. Such grants are recognised as expenditure when the conditions attaching are fulfilled.

NATIONAL HEART AND LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

1. ACCOUNTING POLICIES (Continued)

- (l) The charity has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland': the requirements of Section 7 Statement of Cash Flows.
- (m) The Charity is not registered for VAT and accordingly, where applicable, all costs incurred are inclusive of VAT.
- (n) The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

2. VOLUNTARY INCOME

	-----2021-----			2020
	NHLF	VRFT	TOTAL	
	£	£	£	£
Donations	14,539	-	14,539	13,238
Legacies	63,930	-	63,930	91,027
	78,469	-	78,469	104,265

3. INVESTMENT INCOME

	-----2021-----			2020
	NHLF	VRFT	TOTAL	
	£	£	£	£
Income from listed investments	552,860	-	552,860	554,809
Interest on cash deposit	54	-	54	1,602
	552,914	-	552,914	556,411

4. RAISING FUNDS

	-----2021-----			2020
	NHLF	VRFT	TOTAL	
	£	£	£	£
Investment Management Fees	88,699	15,906	104,605	81,981
Advertising	1,605	-	1,605	1,605
Computer Support	1,105	-	1,105	331
Professional Fees	-	-	-	-
	91,409	15,906	107,315	83,917

NATIONAL HEART AND LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

5. CHARITABLE ACTIVITIES

	2021	2020
	£	£
Direct Grants to NHLI Faculty of Medicine Imperial College London		
- Endowment Fund	700,000	-
- General Fund	209,437	628,837
- VRFT	-	350,000
Support Costs (see note 6)	15,687	16,028
	<u>£925,124</u>	<u>£994,865</u>

6. SUPPORT COSTS

Payment to auditors: Audit fees	5,400	5,400
Secretarial costs	10,184	10,333
Repairs and maintenance	-	-
Bank Charges	103	295
	<u>£15,687</u>	<u>£16,028</u>

Administration costs including the provision of a meeting room have been borne by Imperial College London. These costs are not material.

No remuneration directly or indirectly out of the funds of the Foundation was paid or is payable for the year to any of the Trustees.

No reimbursement of expenses has been made or is due to be made to any of the Trustees.

7. INVESTMENTS

	2021	2020
	£	£
Social Investments	4,909,975	4,909,975
Quoted Investments	18,896,173	17,378,984
Cash held for investment purposes	30,885	14,094
Total Investments	<u>£23,837,033</u>	<u>£22,303,053</u>

NATIONAL HEART AND LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

8. INVESTMENTS – SOCIAL INVESTMENTS

	2021	2020
	£	£
Balance at 1 st August 2020 and at 31 st July 2021	£4,909,975	£4,909,975

The Charity holds a 50% interest in the freehold of the property at 1B Manresa Road. This is occupied rent free by the National Heart and Lung Institute, Faculty of Medicine, Imperial College London. The building is disclosed at the amount at which it was transferred in 1995 from The National Heart and Lung Institute.

9. INVESTMENTS – QUOTED INVESTMENTS AND CASH HELD FOR INVESTMENT PURPOSES

	2021	2020
	£	£
(a) Quoted investments (at market value)		
- NHLF	15,960,188	14,815,294
- Viscount Royston Fellowship Trust	2,935,985	2,563,690
	18,896,173	17,378,984
Cash held for investment purposes		
- NHLF	21,869	12,057
- Viscount Royston Fellowship Trust	9,016	2,037
	£18,927,058	£17,393,078

All the quoted investments are held in the form of units in unit trusts.

NATIONAL HEART AND LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

9. INVESTMENTS – QUOTED INVESTMENTS AND CASH HELD FOR INVESTMENT PURPOSES (Continued)

	2021 £	2020 £
(b) Movements in quoted investments		
Balance brought forward at 1 st August 2020	17,378,984	17,413,979
Additions	552,843	642,809
Sale proceeds	(1,101,659)	(1,127,011)
Realised and unrealised gain/(loss) - NHLF	1,756,565	384,065
- VRFT	309,440	65,142
Balance carried forward at 31 st July 2021	18,896,173	17,378,984
Investments at Cost – NHLF	£12,288,751	£12,579,143
Investment at Cost – VRFT	£1,817,128	£1,734,663
 (c) Investments held comprise units in one unit trusts:		
4,830,561 (2020: 5,135,210) - Sarasin Alpha Charity Fund (Accumulation)	15,960,188	14,815,294
888,614 (2020: 888,614) - Sarasin Alpha Charity Fund (Accumulation) – VRFT	2,935,985	2,563,690
	£18,896,173	£17,378,984
 (d) The units held in unit trusts include the following asset allocations:-		
Fixed Income	1,925,553	2,700,740
Equities	13,426,651	11,346,592
Property	1,262,777	919,605
Alternative Investments	1,764,853	1,815,746
Liquid Assets	516,339	596,301
	£18,896,173	£17,378,984

10. DEBTORS

Other Debtors	3,079	22,258
	£3,079	£22,258

NATIONAL HEART AND LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

11. LIABILITIES: amounts falling due within one year	2021	2020
	£	£
Grants payable to Imperial College London - VRFT	108,333	120,833
- General Fund	297,010	381,510
- Endowment Fund	318,661	277,063
Audit and Accountancy	5,400	5,340
Professional Fees	750	750
Other Creditors and deferred income	46,133	26,403
	£776,287	£811,899

12. GRANTS PAYABLE

	2021	2020
	£	£
Commitments at 1 st August 2020	1,563,203	1,493,972
Commitments made in the year - General Fund	209,437	628,837
Commitments made in the year - Endowment Fund	700,000	-
Commitments made in the year - VRFT	-	350,000
Commitments made in the year - COPD	-	-
Grants paid during the year - General Fund	(877,844)	(859,607)
Grants paid during the year - VRFT	(50,000)	(50,000)
Commitments at 31 st July 2021	£1,544,796	£1,563,202
Commitments at 31 st July 2021 are payable as follows:		
Within one year - General Fund	297,010	381,510
- Endowment Fund	318,661	277,063
- VRFT	108,333	120,833
	724,004	779,406
After one year - NHLF	516,625	442,129
- VRFT	304,167	341,667
	820,792	783,796
	£1,544,796	£1,563,202

13. FUNDS

	Balance Brought Forward at 1 August 2020	Investment Gain/(Loss)	Income	Resources Expended	Balance Carried Forward at 31 July 2021
Unrestricted Funds					
General funds	2,939,958	460,086	631,383	(316,533)	3,714,894
Endowment Funds	16,134,451	1,296,480	-	(700,000)	16,730,931
	19,074,409	1,756,566	631,383	(1,016,533)	20,445,825
Restricted Funds					
Viscount Royston Fellowship Trust	2,026,927	309,440	-	(15,906)	2,320,461
	£21,101,336	£2,066,006	631,383	(£1,032,439)	£22,766,286

NATIONAL HEART AND LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

13. FUNDS (Continued)

	Balance Brought Forward at 1 August 2019	Investment Gain/(Loss)	Income	Resources Expended	Balance Carried Forward at 31 July 2020
Unrestricted Funds					
General funds	2,971,659	104,280	581,204	(717,185)	2,939,958
Endowment Funds	15,854,666	279,785	-	-	16,134,451
	18,826,325	384,065	581,204	(717,185)	19,074,409
Restricted Funds					
Viscount Royston Fellowship Trust	2,243,910	65,142	79,472	(361,597)	2,026,927
	£21,070,235	£449,207	£660,676	£(1,078,782)	£21,101,336

Viscount Royston Fellowship Trust Fund is dedicated in perpetuity for research into diseases of the heart muscle and into heart disease generally.

14. EXPENDABLE ENDOWMENT

The balance on Expendable Endowment represents donations and bequests received which could be expended at the Trustees' discretion. Investment income arising on Endowment Fund assets can be applied to the generality of the Charity's objects.

15. TAXATION

The National Heart and Lung Foundation is a registered charity and is exempt from taxation in respect of income and capital gains received within the categories covered by Part II of the Corporation Tax Act 2010 to the extent that such income or gains are applied for exclusively charitable purposes.

16. RELATED PARTIES

Certain Trustees of the Foundation are also governors of Royal Brompton and Harefield NHS Foundation Trust. There were no transactions with this NHS Foundation Trust during the year.

Professor Edwin Chilvers is the Professor of Medicine and Head of the National Heart & Lung Institute which receives grants awarded by the NHLF. Professor Chilvers is also a Trustee of the NHLF; he does not receive any remuneration from the NHLF

17. IMPACT OF COVID-19 PANDEMIC ON CHARITY

Trustees continue to welcome the support of donors to the Foundation but noted legacy income reduced over the year by 25% compared to the previous year. This reduction was offset by a larger gain in investment income across the portfolio than initially feared would be the case. Trustee Meetings took place over Zoom and Trustees remain mindful of the potential impact of the ongoing global pandemic and is confident that the Board will be able to continue to meet its obligations.

NATIONAL HEART AND LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

18. PRIOR YEAR COMPARATIVES

The breakdown between funds of income and expenditure for the year ending 31st July 2020 was as follows:

	-----Unrestricted Funds-----			2020 Total
	Unrestricted General Fund	Endowment Fund	Restricted Viscount Royston Fellowship Fund	
	£	£	£	£
INCOME AND ENDOWMENTS FROM:				
Donations and Legacies				
Voluntary Income				
Charitable Activities	104,265	-	-	104,265
Investment Income	476,939	-	79,472	
TOTAL INCOME	<u>581,204</u>	<u>-</u>	<u>79,472</u>	<u>660,676</u>
EXPENDITURE ON:				
Raising Funds	72,320	-	11,597	83,917
Charitable Activities	644,865	-	350,000	994,865
TOTAL RESOURCES EXPENDED	<u>717,185</u>	<u>-</u>	<u>361,597</u>	<u>1,078,782</u>
Gain/(Loss) on Investments	104,280	279,785	65,142	449,207
NET MOVEMENT IN FUNDS	<u>(31,701)</u>	<u>279,785</u>	<u>(216,983)</u>	<u>31,101</u>
Fund Balances at 1st August 2019	<u>2,971,659</u>	<u>15,854,666</u>	<u>2,243,910</u>	<u>21,070,235</u>
FUND BALANCES AT 31ST JULY 2020	<u>£2,939,958</u>	<u>£16,134,451</u>	<u>£2,026,927</u>	<u>£21,101,336</u>