

Company Registration Number: 02620761
Charity Registration Number: 1006733

THE PATIENTS ASSOCIATION
(A Company Limited by Guarantee)

UNAUDITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

THE PATIENTS ASSOCIATION

(A Company Limited by Guarantee)

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THE PATIENTS ASSOCIATION

(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Trustees

Ms L Watson, Chair²
Ms C Hewitt¹
Mr I Egberedu, Treasurer (appointed to position September 2019)²
Mr D I Taylor, Vice Chair²
Ms C McLoughlin CBE¹ (resigned 10 December 2020)
Dr A M Rollin MBE¹
Ms L Fulcher (resigned 8 May 2020)
Mr A Naughton¹
Mrs F Browne
Mr D Hopkin²
Mrs S White¹

¹ Governance Committee

² Finance and Resources Committee

**Company registered
number** 02620761

**Charity registered
number** 1006733

Registered office P Block
The London North West Healthcare NHS Trust
Watford Road
Harrow
Middlesex
HA1 3UJ

**Chief Executive Officer
and Company Secretary** Rachel Power

President Sir Robert Anthony Francis, QC

Independent Examiner MHA MacIntyre Hudson
Chartered Accountants
6th Floor
2 London Wall Place
London
EC2Y 5AU

THE PATIENTS ASSOCIATION

(A Company Limited by Guarantee)

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Introduction from our chair Lucy Watson

I and the trustees present our annual report together with the consolidated financial statements for the year 1 January 2020 to 31 December 2020.

2020 was a difficult year for everyone in the UK, but for patients, the health system's response to the health emergency was a backward step in terms of listening to and acting on what patients say.

Wholesale changes were made to the delivery of healthcare without any discussion with patients. While emergency changes may have been justified, they impacted negatively on patients' physical and mental health. Our Pandemic Patient Experience report showed that many patients felt abandoned by the NHS and we called out the damage being done to patients throughout the year. We also asked that clear information be provided about how and when treatment would restart for the thousands of patients whose surgery, tests and appointments had been cancelled during the pandemic.

When the NHS and healthcare providers began talking about resetting the system after the first lockdown, we spoke up about the need to truly treat patients as partners and involve them in the reopening of services. We also raised the urgency of involving patients in the roll out of digital consultations, to ensure that any barriers people may experience, such as finding somewhere private to have a consultation, be considered.

Throughout 2020 I was immensely proud of the Patients Association, which during the prolonged crisis, continued our work, developed a new strategy for the next five years to make true patient partnership a reality, and has been a key influencer as the NHS resets and gets the service back to delivering health care for all.

The Trustees confirm that this annual report and financial statements comply with the current statutory requirements of the company's governing document and provisions of the Statement of Recommended Practice (SORP), applicable to charities, preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). Since the Charity and Group qualify as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's report) Regulations 2013, is not required.

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Background and Objectives

The Patients Association is one of the oldest and most distinctive health and care charities in the UK. It was first established in 1963 by Helen Hodgson, a part-time teacher who was motivated by events concerning the drug thalidomide and reports of tests being carried out on patients without their informed consent and receiving the wrong treatment. The purpose of the organisation, as per its Memorandum and Articles of Association, is to promote the health and wellbeing of people in the United Kingdom by influencing the enhancement of health and care services and helping people to secure the most suitable care and support.

The remit of the Patients Association in fulfilling the above purpose is not condition-specific but covers all issues that affect patients, including social care and public health. We work directly with patients, they are our key stakeholders who benefit from our help, advice, and support. We represent them when we speak to government, the NHS, and other bodies about their priorities, concerns and opinions. Our aim is to ensure the patient voice is heard and acted upon.

The need for the Patient Association is greater than ever. We believe the priorities of the NHS Long-Term Plan remain broadly sound. Integrated and properly resourced community services must finally be made a reality, but this can only be done if the NHS understands the problems patients face and solves them, not just the problems the system faces.

As the NHS rebuilds following the Covid-19 emergency response, the Patients Association has a crucial role to play in helping the NHS understand patients' expectations and experiences during the pandemic, the impact of long waiting lists and backlogs on treatment for patients and reflect this in the revitalised health service.

During 2020, trustees and staff worked together to develop our five-year strategy, which will span a period of recovery and rebuilding for the nation. The fact that the crisis has struck so directly at many people's health and wellbeing asks hard questions of health charities such as ours. Our new strategy sets out our approach, which is a response to far more than just COVID-19, despite being developed during the pandemic. Our new strategy builds on our past work, speaking up for patients and ensuring their voices are heard, and sets out a vision of health and care services being designed and delivered through equal partnerships with patients. This must be the case from the highest-level decisions about service design, through to each decision that patients make about their own care and treatment. This approach answers the challenge of rebuilding health and care after the pandemic and overcoming many long-running problems for patients about not being listened to and about services that truly meet their diverse needs. Partnership with patients will also be key to addressing health inequalities, which have come into sharp focus in the pandemic. Our purpose is to ensure that everybody can access and benefit from the health and care they need to live well, by ensuring that services are designed and delivered through equal partnership with patients.

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Our core values and commitment to diversity ensure we never lose sight of what we are trying to achieve.

Compassion: we treat patients, their families and carers with respect, sympathy and understanding.

Collaboration: we share knowledge and work with others to achieve common goals.

Inclusiveness: we work to fulfil our mission equitably and for the benefit of all, guarding against discrimination and disadvantage.

Empowerment: we support patients, their families, and carers to take action on their own wellbeing and wider decision-making.

Ambition: we aim to deliver our purpose to the highest standards.

These core values serve to guide our decision-making and the strategic direction of the Patients Association, and fundamentally underpin everything we do.

Our Board diversity statement outlines how we implement these values in recruiting and working with our Trustees.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Activities and Achievements

COVID 19 and the national lockdowns made for a difficult operational environment, but the Association's work was able to continue thanks to technology and broadband access.

Within 24 hours of Prime Minister's announcement of lockdown in March 2020, we were able to establish effective and efficient home-working measures, with no interruption to our patient helpline or our online patient resources.

Trustee meetings also went online, as did our patient focus groups and our liaison with partners.

Our biggest online event was our AGM in October, which had three excellent speakers, who were patient champions, discussing how patient partnership can work in practice and the benefits for patients when this works well. This led to positive engagement from our members in the panel discussion which will inform our implementation plan for delivery of our strategy for patient partnership.

Our opinion on issues affecting patients was sought after by the media, especially around issues of digital access. Both our Chair and Chief Executive were interviewed by journalists, and the *Health Service Journal* published an opinion piece on patient involvement by our Chief Executive, which was a first for the Patients Association and a great opportunity to share our position with NHS managers.

We presented our work on patient experience both pre and during COVID and participated in several webinars and training events including:

- European Society for Person Centered Care Conference, where the Chief Executive presented on the experience of being a patient and we received the presidential medal for our work.
- Nuffield Trust – What did Coronavirus reveal about UK Health Policy?
- Tackling Health Inequalities in Partnership – NHS England and NHS Improvement (NHSEI).
- Royal Society of Medicine – Health Inequalities what can healthcare professionals do?
- *The Independent* – The NHS post COVID-19.
- NHS Complaints Summit.
- National Medical Examiner training.

In 2020 we delivered 25 projects across a range of topics, engaging patients, and carers, and leading to high-profile outcomes. One of our high impact projects includes working with NHSEI to better understand the patient perspective with regards to the new set of revised evidence-based interventions. Other significant projects included commissioned work for the Department of Health and Social Care on patients' views and experiences of hospital food, with the General Medical Council on its five-year strategy and patients views on engagement in regulation, and we re-ran our survey of antimicrobial stewardship among English Clinical Commissioning Groups.

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

This work led to:

- The NHS Hospital Food Review using our findings in its report and taking on board the observation that for food to truly be part of patient's care, it not only needs to be nutritious – it needs to taste, smell, and look good too.
- The GMC gaining an insight into what patients knew about its work and suggestions on how it could better communicate with the public to explain its role and how what it does affects patients and to consider creating a formal public/patient involvement strategy.
- Our report on antimicrobial stewardship enabled us to make several recommendations that would support Clinical Commissioning Groups and GPs improve their efforts in combatting antimicrobial resistance.

Patient Pandemic Report – COVID-19 Patient Survey

Given the rate at which the COVID-19 pandemic escalated from earlier in 2020 into the summer, we worked very quickly to better understand the effects it had on patients. Our survey was available online from May 2020 to August 2020, and in total 953 people responded. Our report used what patients told us to look to the future, both near and long-term. It contained recommendations for the next phase of the emergency response, and a call for patients to be involved in how the health and care system is built back better after the pandemic: the current emergency footing for decision making cannot be the basis for the ongoing relationship between patients and the NHS.

Patient Experience Programme

In September we published the first report of our Patient Experience Programme, which is the focus of our proactive policy work. It outlined the findings of a literature review and two surveys of patients and argued that there is scope to develop a wider understanding of what it means to be a patient. It identified that traditional approaches to patient experience are often focused on measuring the performance of a system rather than understanding what patients have experienced and outlined possible routes for further work to develop a more sophisticated approach to patient experience. We made a number of recommendations to explore what it means to be a patient and how this can be understood in the context of patients' lives and not just their experience of health services. We will continue to investigate the findings through 2021. We believe that a more sophisticated approach to understanding and measuring patient experience could transform the NHS' ability to learn from and improve services for patients. This will also link to our strategy and work on partnership with patients.

Throughout 2020 we provided government and the NHS with patients' views on important issues as they emerged. We responded to nine formal consultation exercises, including making submissions at critical points, ahead of the 2020-21 spending round and the planned autumn budget.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Financial Review

Our Funding

We remain concerned, in line with most of the charitable sector, about the long-term impact of Covid-19 on the economy and, therefore, on our ability to raise funds. During 2020, our Covid-19 subcommittee of our Trustee board kept our income under review. This committee was stood down in December 2020 and it was agreed that the Chair's committee would undertake this function.

The Patients Association income comes from a variety of sources including:

- NHS trust memberships and improvement projects.
- Other funded health and care improvement projects.
- Corporate membership, sponsorship, and donations.
- Individual giving.

Fundraising strategy remains focused on:

- Diversifying our income streams.
- Growing our individual membership support base and promoting individual giving.
- Increasing our income to increase charitable spend on priority areas of work.

The Patients Association is registered with the Fundraising Regulator and has fully adopted and is committed to its code of best fundraising practice. In addition, the Trustees and staff work to clearly define ethical fundraising policy and process.

The Trustees receive full disclosure on a quarterly basis of all fundraising activities undertaken by the charity. At present the Charity has not or does not have plans to engage external services of a professional or commercial fundraiser.

At the end of the year our income was £471,631 against a target of £542,145.
Our expenditure at the end of the year was £408,636 against a budget of £487,335.

Reserves Policy

The Patients Association has a Reserves Policy in place, which comprises of two levels:

Level One

A base reserve covering all liabilities. This fund is to ensure that the organisation is able to cover its total liabilities, should it no longer be a 'going concern'.

Level Two

Six months reduced running costs to cover expenditure equivalent of four months budgeted expenditure in the event of reduced income or changes in expenditure.

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Free Reserves

The sum of the reserves levels makes up the unrestricted funds shown in the accounts.

The outcome for the year ending 31st December 2020 was a surplus of £62,995. This compares with a deficit of £22,100 in the year ended 31 December 2019. The balance held in unrestricted funds at 31 December 2020 was £177,958 in comparison to 31st December 2019 where the balance was £114,963.

Restricted Reserves

Restricted reserves relate to monies received where the debtor has specified what the funds must be used for. There are no restricted reserves at the end of December 2020 in comparison to £1,264 at the end of 2019.

Investment Policy

The Patients Association does not have investments in equity or stocks and has no plans to acquire such a portfolio. Our cash management principles are that when we have cash in excess of our reserves policy, any investment of cash must be balanced to achieve zero risk of loss and to ensure that the organisation maintains enough cash to ensure continuous operations.

Structure, Governance, and Management

Legal and administrative information.

The Patients Association is a registered company limited by guarantee company number 02620761 registered in England and Wales. It is also a registered Charity, number 1006733.

The Charity was established under a memorandum and articles of association.

Public Benefit

When reviewing our aims and objectives and planning our current and future activities, we have referred to the Charity Commission's general guidance on public benefit. In particular, the Trustees consider how our activities will contribute to our objectives for the benefit of patients.

THE PATIENTS ASSOCIATION

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Governance and Management

The Trustees continue in their commitment to achieving the highest possible standards by demonstrating exemplary leadership and governance and we self-assess our position against the principles in the Charity Code of Governance.

Board of Trustees

The Board is responsible and accountable for our policies and activities to our members, the Charity Commission, funders, and stakeholders for compliance with charity and company law. It is responsible for setting the strategic direction and for the financial management of the Charity, setting the annual budget and compiling the annual report and accounts. The Chief Executive is accountable to the Board of Trustees for delivery of the strategy and presents an update against progress in delivering our objectives at each board meeting.

Diversity

The Board is committed to ensuring the organisation represents a diverse range of skills, experience and backgrounds. We continue to monitor access to our services to ensure these are accessible to all people. The Trustees approved a diversity statement in 2018 and work commenced in December 2020 to update these and will be presented to the board in 2021.

Board Recruitment

Appointments to the Board continue to be via an open and formal recruitment process. At the AGM in December 2020, Caroline Hewitt and Anna-Maria Rollins were re-elected as Trustees, and Isaac Egberedu was reappointed as Treasurer. Our recruitment process includes an initial skills audit of the board to identify gaps, an open and transparent advertising process with formal interviews, and eligibility checks including fit and proper person, references and identify checks.

Board Meetings

The Board of Trustees meets four times a year and at the Annual General Meeting.

Patient Association Companies

The trading company ceased to trade in July 2020 of the current year. Following independent and professional advice, all activity was transferred to the Charity, which was registered for VAT on 1st July 2020.

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Supporting Staff and Volunteers

During 2020, we continued to work hard on the well-being and engagement of our staff and volunteers. One member of staff left the organisation. We have two volunteers supporting the work of the organisation. Both staff and volunteers have responded well to changed working patterns necessitated because of the Covid-19 restrictions.

The Trustees' Annual Report has been prepared in accordance with the provisions applicable to entities subject to the small companies' regime.

Signed on behalf of the Trustees by:



.....
Ms. L Watson
Chair

Date: ~~31 May 2020~~ 31 May 2021

THE PATIENTS ASSOCIATION

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INDEPENDENT EXAMINER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Independent Examiner's Report to the Trustees of The Patients Association ('the Group')

I report to the charity Trustees on my examination of the consolidated accounts of the Group comprising the The Patients Association ('the parent Charity') and its subsidiary undertaking for the year ended 31 December 2020, which are set out on pages 12 to 33.

Responsibilities and Basis of Report

As the Trustees of the parent Charity (and its directors for the purposes of company law) you are responsible for the preparation of the consolidated accounts of the Group in accordance with the requirements of the Companies Act 2006 ('the 2006 Act') and you have chosen to prepare consolidated accounts for the Group.

Having satisfied myself that the consolidated accounts are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act').

In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.


Independent Examiner's Statement

Since the consolidated income of the Group is in excess of £250,000, your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

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

1. accounting records were not kept in respect of the parent Charity and its subsidiaries as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

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

Signed: 

Dated: 01/06/2021

Stuart McKay BSc FCA DChA

MHA MacIntyre Hudson, 6th Floor, 2 London Wall Place, London, EC2Y 5AU

THE PATIENTS ASSOCIATION**(A Company Limited by Guarantee)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:				
Donations and grants	4	242,975	242,975	235,835
Charitable activities	5	228,616	228,616	221,534
Investments	6	40	40	1,237
Total income		471,631	471,631	458,606
Expenditure on:				
Raising funds	7	29,296	29,296	55,824
Charitable activities	8	379,340	379,340	424,882
Total expenditure		408,636	408,636	480,706
Taxation	12	-	-	(5,489)
Net movement in funds		62,995	62,995	(27,589)
Reconciliation of funds:				
Total funds brought forward		114,963	114,963	142,552
Net movement in funds		62,995	62,995	(27,589)
Total funds carried forward		177,958	177,958	114,963

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 15 to 33 form part of these financial statements.

THE PATIENTS ASSOCIATION

(A Company Limited by Guarantee)
REGISTERED NUMBER: 02620761

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020**

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	13		696		1,264
			<u>696</u>		<u>1,264</u>
Current assets					
Debtors	14	52,182		78,686	
Cash at bank and in hand		248,715		109,254	
		<u>300,897</u>		<u>187,940</u>	
Creditors: amounts falling due within one year	15	(123,635)		(74,241)	
Net current assets			177,262		113,699
Total net assets			<u>177,958</u>		<u>114,963</u>
Charity funds					
Unrestricted funds	16		177,958		114,963
Total funds			<u>177,958</u>		<u>114,963</u>

The Group was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

..... 

Ms L Watson

Chair

Date: 31/05/2021

The notes on pages 15 to 33 form part of these financial statements.

THE PATIENTS ASSOCIATION

(A Company Limited by Guarantee)
REGISTERED NUMBER: 02620761

**CHARITY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	13		696		1,091
			<u>696</u>		<u>1,091</u>
Current assets					
Debtors	14	50,697		43,492	
Cash at bank and in hand		237,254		95,445	
		<u>287,951</u>		<u>138,937</u>	
Creditors: amounts falling due within one year	15	(151,814)		(111,146)	
Net current (liabilities) / assets			136,137		27,791
Total net assets			<u>136,833</u>		<u>28,882</u>
Charity funds					
Restricted funds	16		-		-
Unrestricted funds	16		136,833		28,882
Total funds			<u>136,833</u>		<u>28,882</u>

The Charity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

.....
Ms L Watson

Chair

Date: 31/05/2021

The notes on pages 15 to 33 form part of these financial statements.

THE PATIENTS ASSOCIATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

The Patients Association is a company limited by guarantee and is registered with the Charity Commission (Charity Registered Number 1006733) and Registrar of Companies (Company Registration Number 02620761) in England and Wales. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity. The address of the registered office is given in the Charity information on page 1 of these financial statements. The nature of the Charity's operations and principal activities are detailed in the Trustees' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Patients Association meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in sterling, which is both the functional and presentational currency of the Group, and are rounded to the nearest pound.

The Consolidated Statement of Financial Activities (SOFA) and Consolidated Balance Sheet consolidate the financial statements of the Charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Charity has applied Update Bulletin 1 as published on 2 February 2016 and does not include a cash flow statement on the grounds that it is applying FRS 102 Section 1A.

The Charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

The income and expenditure account for the year in the accounts of the Charity was surplus £107,951 (2019: deficit £90,875).

2.2 Going concern

The Trustees have assessed the use of going concern and have considered possible events or conditions that might cast significant doubt on the ability of the Charity to continue as a going concern including the impact of Covid-19. The Trustees have made this assessment for a period of at least one year from the date of the approval of these financial statements. The Trustees have concluded that there is a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Charity, therefore, continues to adopt the going concern basis in preparing these financial statements.

THE PATIENTS ASSOCIATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Consolidated Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold.

On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the Charity which is the amount it would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and, therefore, it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

THE PATIENTS ASSOCIATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

At each reporting date the Charity assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined to be the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Fixtures, fittings and equipment - 25%	straight line or reducing balance
Computer equipment - 33%	straight line or reducing balance

2.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

2.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

THE PATIENTS ASSOCIATION

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.12 Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. The financial assets and financial liabilities of the Group are as follows:

Debtors – trade and other debtors (including accrued income) are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 14. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Liabilities – trade creditors, accruals and other creditors will be classified as financial instruments, and are measured at amortised cost as detailed in Note 15. Taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

2.13 Operating leases

Rentals paid under operating leases are charged to the Consolidated Statement of Financial Activities on a straight line basis over the lease term.

2.14 Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

Contributions are expensed as they become payable. This expenditure is allocated to an activity and fund based on the department that member of staff works in.

2.15 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Group for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

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**NOTES TO THE FINANCIAL STATEMENTS
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3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

- Depreciation rates for tangible fixed assets
- Allocation of support costs.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Income from donations and grants

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Donations and grants	6,413	-	6,413	72,188
Corporate donations/membership	236,562	-	236,562	153,697
Gift in kind	-	-	-	9,950
Total 2020	<u>242,975</u>	<u>-</u>	<u>242,975</u>	<u>235,835</u>
<i>Total 2019</i>	<u>173,335</u>	<u>62,500</u>	<u>235,835</u>	

In 2019, all restricted income was recognised within Donations and grants.

5. Income from charitable activities

	Unrestricted funds 2020 £	Total funds 2020 £
Helpline and Information Services	24,175	24,175
Projects	204,441	204,441
Total 2020	<u>228,616</u>	<u>228,616</u>

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Helpline and Information Services	-	24,742	24,742
Projects	196,792	-	196,792
<i>Total 2019</i>	<u>196,792</u>	<u>24,742</u>	<u>221,534</u>

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6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Bank interest receivable	40	<u>40</u>	<u>1,237</u>

In 2019, all investment income was to unrestricted funds.

7. Expenditure on raising funds

	Unrestricted funds 2020 £	Total funds 2020 £
Direct costs - Staff costs	24,962	24,962
Direct costs - Consultancy costs	4,334	4,334
Total 2020	<u>29,296</u>	<u>29,296</u>
	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Direct costs - Staff costs	55,272	55,272
Direct costs - Consultancy costs	552	552
<i>Total 2019</i>	<u>55,824</u>	<u>55,824</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by charitable activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Helpline and Information Services	112,718	26,910	139,628
Policy and Campaigns	79,204	22,563	101,767
Projects	111,358	26,587	137,945
Total 2020	<u><u>303,280</u></u>	<u><u>76,060</u></u>	<u><u>379,340</u></u>

	<i>Activities undertaken directly 2019 £</i>	<i>Support costs 2019 £</i>	<i>Total funds 2019 £</i>
Helpline and Information Services	153,437	18,497	171,934
Policy and Campaigns	77,158	40,167	117,325
Projects	94,926	40,697	135,623
<i>Total 2019</i>	<u><u>325,521</u></u>	<u><u>99,361</u></u>	<u><u>424,882</u></u>

In 2019, of the total expenditure on charitable activities of £424,882, £337,640 was from unrestricted funds and £87,242 was from restricted funds.

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8. Analysis of expenditure by charitable activities (continued)

Analysis of support costs

	Total funds 2020 £	<i>Total funds 2019 £</i>
Depreciation	568	777
Rent and rates	8,534	8,534
Recruitment expenses	225	1,295
Communication costs	24,519	13,183
Consultancy costs	8,766	14,832
Advertising and marketing	2,710	10,267
Travel and subsistence	1,501	3,764
Printing, postage and stationery	8,026	7,020
Subscriptions	5,253	6,707
Bank charges	182	177
Governance costs	14,589	21,066
Equipment hire and maintenance	-	3,104
Other costs	997	8,635
Bank interest	190	-
Total 2020	<u>76,060</u>	<u>99,361</u>

Governance costs are analysed in Note 9.

9. Governance costs

	2020 £	<i>2019 £</i>
Trustee meeting and travel costs	644	3,978
Insurance	1,271	1,254
Independent Examiners' Remuneration	3,350	3,250
Bookkeeping costs	9,324	10,184
Other costs	-	2,400
	<u>14,589</u>	<u>21,066</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10. Staff costs

	Group 2020 £	<i>Group 2019 £</i>
Wages and salaries	242,845	298,646
Social security costs	20,496	26,376
Contribution to defined contribution pension schemes	6,568	4,652
	<u>269,909</u>	<u>329,674</u>

The average number of persons employed by the Charity during the year was as follows:

	Group 2020 No.	<i>Group 2019 No.</i>
Staff	<u>7</u>	<u>9</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2020 No.	<i>Group 2019 No.</i>
In the band £60,001 - £70,000	1	1

The total amount of employee benefits, including employers social security costs, received by Key Management Personnel of the Charity is £76,245 (2019: £194,328). In the current year, the Charity considers its Key Management Personnel to comprise of the Trustees and the Chief Executive Officer. In the prior year the Key Management Personnel comprised the Trustees, the Chief Executive Officer and the Management Team. As disclosed in Note 11, no Trustees received any remuneration or other benefits during the year (2019: £NIL).

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

During the year ended 31 December 2020, expenses totalling £135 were reimbursed or paid directly to 1 Trustees (2019: £2,008 to 3 Trustees). These reimbursements were for meeting and travelling costs.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on net expenditure for the year	-	5,489
Taxation on net income	<u>-</u>	<u>5,489</u>

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Net income before tax	<u>62,995</u>	<u>(22,100)</u>
Net income multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%).	11,969	(4,199)
Effects of:		
Adjustments to tax charge in respect of prior periods	-	5,489
Non-taxable income less expenses not deductible for tax purposes	(11,969)	4,199
Total tax charge for the year	<u>-</u>	<u>5,489</u>

There are no factors considered likely to affect future tax charges.

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Tangible fixed assets

Group

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2020	8,843	22,420	31,263
At 31 December 2020	<u>8,843</u>	<u>22,420</u>	<u>31,263</u>
Depreciation			
At 1 January 2020	8,242	21,757	29,999
Charge for the year	150	418	568
At 31 December 2020	<u>8,392</u>	<u>22,175</u>	<u>30,567</u>
Net book value			
At 31 December 2020	<u>451</u>	<u>245</u>	<u>696</u>
At 31 December 2019	<u>601</u>	<u>663</u>	<u>1,264</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Tangible fixed assets (continued)**Charity**

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2020	5,677	1,753	7,430
At 31 December 2020	<u>5,677</u>	<u>1,753</u>	<u>7,430</u>
Depreciation			
At 1 January 2020	5,076	1,263	6,339
Charge for the year	150	245	395
At 31 December 2020	<u>5,226</u>	<u>1,508</u>	<u>6,734</u>
Net book value			
At 31 December 2020	<u>451</u>	<u>245</u>	<u>696</u>
At 31 December 2019	<u>601</u>	<u>490</u>	<u>1,091</u>

14. Debtors

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Due within one year				
Trade debtors	50,350	67,213	48,865	36,186
Other debtors	32	-	32	-
Prepayments and accrued income	1,800	11,473	1,800	7,306
	<u>52,182</u>	<u>78,686</u>	<u>50,697</u>	<u>43,492</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Creditors: Amounts falling due within one year

	Group 2020 £	<i>Group 2019 £</i>	Charity 2020 £	<i>Charity 2019 £</i>
Trade creditors	3,676	10,381	3,297	6,371
Amounts owed to group undertakings	-	-	31,306	68,308
Corporation tax	-	5,489	-	-
Other taxation and social security	25,454	14,337	24,901	5,746
Accruals and deferred income	94,505	44,034	92,310	30,721
	<u>123,635</u>	<u>74,241</u>	<u>151,814</u>	<u>111,146</u>
	Group 2020 £	<i>Group 2019 £</i>	Charity 2020 £	<i>Charity 2019 £</i>
Deferred income				
Deferred income at 1 January	26,188	23,792	15,000	5,000
Resources deferred during the year	88,609	26,188	-	15,000
Amounts released from previous periods	(26,188)	(23,792)	-	(5,000)
Deferred income at 31 December	<u>88,609</u>	<u>26,188</u>	<u>15,000</u>	<u>15,000</u>

Deferred income represents income received in 2020 for projects taking place post year-end.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Statement of funds

Statement of funds - current year

	Balance at 1 January 2020 £	Income £	Expenditure £	Distribution of profits £	Balance at 31 December 2020 £
Unrestricted funds					
General unrestricted funds	28,882	351,576	(329,707)	86,082	136,833
The Patients Association Trading Company Ltd	86,081	120,055	(78,929)	(86,082)	41,125
	<u>114,963</u>	<u>471,631</u>	<u>(408,636)</u>	<u>-</u>	<u>177,958</u>

THE PATIENTS ASSOCIATION**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Statement of funds (continued)**Statement of funds - prior year**

	<i>Balance at 1 January 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Taxation £</i>	<i>Balance at 31 December 2019 £</i>
Unrestricted funds					
General unrestricted funds	119,756	199,583	(290,458)	-	28,881
The Patients Association Trading Company Ltd	22,796	171,781	(103,006)	(5,489)	86,082
	<u>142,552</u>	<u>371,364</u>	<u>(393,464)</u>	<u>(5,489)</u>	<u>114,963</u>
Restricted funds					
Helpline	-	87,242	(87,242)	-	-
Total of funds	<u>142,552</u>	<u>458,606</u>	<u>(480,706)</u>	<u>(5,489)</u>	<u>114,963</u>

Unrestricted funds are general funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

The Helpline funds comprise of a grant from the CQC awarded to the Charity.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Analysis of net assets between funds**Analysis of net assets between funds - current period**

	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	696	696
Current assets	300,897	300,897
Creditors due within one year	(123,635)	(123,635)
Total	<u>177,958</u>	<u>177,958</u>

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	1,264	1,264
Current assets	187,940	187,940
Creditors due within one year	(74,241)	(74,241)
Total	<u>114,963</u>	<u>114,963</u>

18. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £6,568 (2019: £4,652) were payable to the fund at the balance sheet date and are included in creditors.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

19. Operating lease commitments

At 31 December 2020 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020	<i>Group 2019</i>	Charity 2020	<i>Charity 2019</i>
	£	£	£	£
Not later than 1 year	2,104	1,738	2,104	1,738
Later than 1 year and not later than 5 years	2,512	1,010	2,512	1,010
	<u>4,616</u>	<u>2,748</u>	<u>4,616</u>	<u>2,748</u>

The following lease payments have been recognised as an expense in the Statement of Financial Activities:

	Group 2020	<i>Group 2019</i>	Charity 2020	<i>Charity 2019</i>
	£	£	£	£
Operating lease rentals	<u>13,449</u>	<u>10,439</u>	<u>13,449</u>	<u>10,439</u>

20. Trustees liability

Each Trustee of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while they are a Trustee, or within one year after they cease to be a Trustee, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before they cease to be a Trustee.

21. Related party transactions

The Group has taken advantage of the exemption in Section 33.1A in FRS 102 from the requirement to disclose transactions between wholly owned members of the Group.

Other than Trustee and Key Management Personnel transactions detailed in Notes 10 and 11, there were no related party transactions during the period (2019: None).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

22. Principal subsidiaries

Subsidiary name:	The Patients Association Trading Company Limited
Company registration number:	05252321
Principal address:	The London North West Heal NHS Trust, Watford
Basis of control:	100% controlled

Total assets as at 31 December 2020:	£44,252
Total liabilities as at 31 December 2020:	£3,127
Total equity as at 31 December 2020:	£41,125

Turnover for the year ended 31 December 2020:	£120,054
Expenditure for the year ended 31 December 2020:	£78,929
Taxation for the year ended 31 December 2020:	£Nil
Profit for the year ended 31 December 2020:	£41,125

The principal activity of The Patients Association Trading Company Limited is to support The Patients Association in providing services to patients of both health and social care. The results of The Patients Association Trading Company Limited are included in these consolidated financial statements.

23. Post balance sheet events

The Patients Association Trading Company Limited ceased to trade during the current year and the Directors intend to wind up the Company in the following accounting period.