

NorthCare Charity

Annual report and accounts for the year ended 31st March 2021

Registered charity number 1049226

Principal office: Trust Executive, Stott Lane, Salford M6 8HD

Sections	Page
1 Foreword	3
2 Administrative details	3
3 Professional Advisers	3 - 4
4 Trustee	4
5 Structure, governance and management	5 - 6
6 Risk Management and reserves policy	6
7 Fundraising	7
8 Objectives and strategy	7
9 Annual review	8 - 9
10 Financial review	9 – 12
NorthCare Charity Annual Accounts	
Statement of Trustee’s Responsibilities	13
Independent Auditors Report to the members of the Northcare Charity	14
Statement of Financial Activities	17
Notes to the Accounts	20-28

Report of the Trustee for the year ended 31 March 2021

Foreword

The Corporate Trustee is pleased to present the Charitable Funds Annual Report together with the audited accounts for the year ended 31 March 2021. In this financial year, with thanks to the generosity of the public and organisations that support our Charity, £717k of income was received. During the year, £2,124k was spent by the Charity to complement the services provided by the Foundation Trust.

The Charity's Annual report and accounts have been prepared by the Corporate Trustee in accordance with Part 8 of the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008. The Charity's Report and Accounts include all the separately established funds for which the Salford Royal NHS Foundation Trust is the sole beneficiary.

Administrative Details

The Corporate Trustee of the Charity is the Salford Royal NHS Foundation Trust. The members of the Foundation Trust Board who represented the Corporate Trustee during the year on the Charitable Funds Committee (CFC) were as follows:

Mr James Potter (Retired 14 October 2020)	-	Chairman, Salford Royal NHS Foundation Trust
Professor Chris Reilly	-	Non-executive Member
Mrs Christine Mayer CBE	-	Non-executive Member (Acting Chairman from 15 October 2020 to 31 December 2020)
Dr Hamish Steadman	-	Non-executive Member
Mr Kieran Charleson	-	Non-executive Member and Chair of CFC
Mr Tim Crowley	-	Non-executive Member
Mrs Carmen Drinkwater	-	Non-executive Member
Professor Michael Luger (From 1 January 2021)	-	Chairman, Salford Royal NHS Foundation Trust

Professional Advisers

The Charity had access to the following professional advisers during the financial year:

Bankers	Government Banking Service c/o
Lloyds Bank PLC	Corporate Services Team
King Street	The Royal Bank of Scotland
Manchester	Government Banking CST
M2 4LQ	2ndFloor, 280 Bishopsgate
	London,
	EC2M 4RB

Investment Fund Managers

Investec Wealth & Investment Limited
2 Gresham Street
London
EC2V 7QN

Statutory Auditors, Chartered Accountants

Mazars
1 St Peters Square
Manchester
M2 3DE

Solicitors

Hill Dickinson
1 St Paul's Square
Old Hall Street
Liverpool
L3 9SJ

NorthCare Charity was registered with the Charity Commission on 15 September 1995. The Charity is a public benefit entity, i.e. an entity whose primary objective is to provide goods or services for community or social benefit and where any income and endowments have been received with a view to supporting the entity's primary objective rather than for a financial return to equity holders.

The Charity was previously called the Salford Royal NHS Foundation Trust General Charitable Fund, but formally adopted the name of the NorthCare Charity in November 2020 to reflect the anticipated expansion of the Corporate Trustee to include Fairfield General Hospital, Rochdale Infirmary and the Royal Oldham Hospital.

The Charity is constituted of 25 Specific Charities (2019/20: 25) further devolved into 188 Designated Funds (2019/20: 188). The Charity expects at least one third of the opening balances to be spent within the year and an annual review is carried out to check whether there has been any movement on the funds. Where this has not been the case, we contact the Fund Holders who may agree that the funds be transferred to a similar fund within their directorate; this would then enable them to find a potential use for the funds. No such transfers took place in this year.

The notes to the Annual Accounts distinguish the types of funds held and disclose separately all material funds.

Charitable funds received by the Charity are accepted, held and administered as funds and property held on trust for purposes relating to the health service in accordance with the National Health Service Act 1977 and the National Health Service and Community Care Act 1990 and these funds are held on trust by the corporate body.

Trustee

The Salford Royal NHS Foundation Trust is the Corporate Trustee of the Charity governed by the laws applicable to Trusts, principally the Trustees Act 2000 and the Charities Act 2011.

The Foundation Trust's Board of Directors devolved responsibility for the ongoing management of the funds to the Charitable Funds Committee which administers the funds on behalf of the Corporate Trustee. This Committee has its own terms of reference and a membership comprising of all non-executive directors of the Group CIC supported, as required, by: the Chief Finance Officer of Group CIC; Executive

Directors of Finance; Care Organisation Chief Officers and/or Directors of Finance and representatives of the current investment advisors.

The Charitable Funds Committee met five times during the financial year with attendance as follows:

Group CIC Non-Executives and members of the CFC	Jul-20	Aug-20 *	Nov-20	Jan-21	Mar-21
Mr Kieran Charleson (Chariman of CFC)	Y	Y	Y	Y	Y
Mr Tim Crowley	Y	Y	Y	Y	Y
Mrs Carmen Drinkwater	Y	Y	N	Y	Y
Professor Michael Luger (from January 2021)	n/a	n/a	n/a	Y	Y
Mrs Christine Mayer CBE	Y	N	Y	Y	N
Mr James Potter (retired October 2020)	Y	Y	n/a	n/a	n/a
Professor Chris Reilly	Y	Y	Y	Y	Y
Dr Hamish Steadman	Y	Y	Y	Y	Y
* Extraordinary meeting					

The Committee is supported by the Group Head of Financial Control. Representatives of the Investment Fund Managers and the External Audit team attend as required to provide specialist advice, feedback and support.

The Group Head of Financial Control, under a scheme of delegated authority approved by the Corporate Trustee, has responsibility for the management of the Charitable Funds. Delegation of the responsibility for approving expenditure is set out in the Foundation Trust's Standing Orders.

The Group Financial Accountant acted as the principal officer overseeing the day-to-day financial management of the charitable funds during the year.

Structure, Governance and Management

The Charity's General Fund was established using the NHS Charitable Funds' Model Declaration of Trust and all funds held on trust as at the registration date were either part of that unrestricted fund or registered as separate funds under the main Charity. Subsequent donations and gifts received by the Charity that are attributable to the original funds are added to those fund balances within the existing Charity.

The Corporate Trustee fulfils its legal duty by ensuring that funds are spent in accordance with the objects of each fund and by designating funds the Corporate Trustee respects the wishes of the donors.

Where funds have been received with specific restrictions set by the donor a restricted fund is established.

The charitable funds available for spending are allocated to specialties within the Trust's management structure. Each allocation is managed by use of a designated fund within the general unrestricted fund. For example within the general unrestricted fund of General Surgery and Gastroenterology Department Fund there are designated funds that include research and development in surgery, intestinal failure and surgical critical care.

Non-executive members of the Board are appointed by the Council of Governors and Executive Members are subject to recruitment by the Board of Directors. Members of the Board and Charitable Funds Committee are not individual trustees under Charity law but act as agents on behalf of the Corporate Trustee.

Acting for the Corporate Trustee the Charitable Funds Committee is responsible for the overall management of the Charitable Funds. The Committee is required to:

- Control, manage and monitor the use of the fund's resources.
- Ensure that in the conduct of its affairs the Charity fulfils all its legal responsibilities.
- Ensure that the investment policy approved by the Trust Board as Corporate Trustee is adhered to and that performance is continually reviewed whilst being aware of ethical considerations.
- Keep the Trust Board fully informed on the activity, performance and risks of the Charity.

The accounting records and day to day administration of the funds are dealt with by the Finance Department located in Turnpike House, 631 Eccles New Road, Salford, M50 1SY.

Risk Management and reserves policy

The major risks to which the Charity is exposed have been identified and considered. There are systems in place to mitigate those risks. The most significant risks identified are possible losses from the fall in the value of the investments and the level of reserves available to mitigate the impact of such losses. These have been carefully considered and there are procedures in place to regularly review the investment policy and to ensure that both spending and financial commitments remain in line with income.

The Charity's income and expenditure is monitored on a monthly basis to record trends and make recommendations to the Charitable Funds Committee as part of the risk management process.

Fundraising

There are no fundraising activities undertaken in 2020/21 by the Charity outside of donations and legacies and no third parties are employed to fundraise on behalf of the Charity.

The Charity implemented a fundraising plan during 2020/21 to increase funds available to invest in the Charity's objectives. Details of costs incurred by the fundraising team can be found in the financial review. Members of the public can donate to the Charity and details of this are included within Salford Royal NHS Foundation Trust internet pages.

Objectives and Strategy

The Charity's main fund has NHS wide objectives as follows:

'The Trustee shall hold the trust fund upon trust to apply the income, and at their discretion, so far as may be permissible, the capital, for any charitable purpose or purposes relating to the National Health Service'.

This is explained in more detail in the aims of the Charity approved by the Corporate Trustee which are:

To enhance the services provided by Salford Royal NHS Foundation Trust by:

- Providing support for staff education and training.
- Improving the environment for patients and staff.
- Providing benefits for the welfare of patients and staff.
- Providing health education for patients.
- Supporting the advancement of independent scientific and medical research on topics related to sickness and disease.

Ensuring that:

- All laws and regulations governing the acceptance and use of charitable funds are complied with.
- All specific donations are used for the purpose given.
- All general donations are used for the maximum benefit of the Trust, its staff and its patients.

The Trustee has due regard to the Charity Commission guidance on public benefit when reviewing and confirming these objectives.

During the year the funds continued to support a wide range of charitable and health related activities benefiting both patients and staff. In general they are used to purchase goods and services to complement those provided by the NHS. For example, during the year, the charitable funds were used to purchase building modifications and to improve the patient experience. The Charity's funds also help to advance education and training of staff by providing assistance for the costs of attendance at courses and conferences. The funds are also used to support medical research with an aim to promote health and improve treatment and care for patients.

Grants

Grants are normally made from the Charity's unrestricted funds – these comprise of two elements:

- The General Fund which is constituted from gifts received by the Charity where the donor has expressed no particular preference as to its expenditure. The fund is overseen by the Chief Executive with delegated authority passed to the Charitable Funds Committee and is targeted at areas and projects where there are no available Designated Funds.
- Designated Funds are funds where the donor has expressed a preference as to which ward or department the gift should benefit. Whilst this preference is not binding on the Corporate Trustee the Designated Funds reflect the nomination. The Designated Funds are overseen by Fund Managers working in the designated ward or department who make recommendations on how the money should be spent in their area. Fund Managers recommendations are generally accepted provided they meet the Charity's objects and these funds can be spent at any time.

Reserves Policy

The Charity maintains a policy which states that each fund should spend at least one third of its opening balances in the year unless there is an approved policy to hold balances for future use. The Corporate Trustee's strategy is to credit investment income to those funds that have met this criterion during the financial year with any undistributed investment income being held in the Specific Donations General Fund. During the year there was investment income of £97k (2019/20: £131k) and £760k net gains (realised and unrealised) on investments (2019/20: net losses of £314k). The Specific Donations General Fund has a balance as at 31st March 2021 of £1.5million (2019/20 £2.3 million). At 31st March 2021 there were no future commitments held against the Specific Donations General Fund.

Future Plans

The main aim of the Charity remains as in previous years to increase support for patient

and staff welfare and education and to provide support for medical research throughout the Trust’.

The Northern Care Alliance (NCA) is developing a Fundraising Strategy for the Group covering SRFT and PAT (excluding the North Manchester site which transferred to Manchester University NHS Foundation Trust on 1 April 2021). The strategy covers the period 2020/21 to 2024/25 and combines a place-based approach and a focus on specialist services. The strategy will set out charitable income targets for the five-year period, the investment required to establish a dedicated fundraising function and how the strategy will be mobilised.

The Charity was renamed the NorthCare Charity to reflect the increased scope to covering both Salford Royal and Pennine Acute hospitals excluding North Manchester.

The funds held within the Pennine Acute Hospitals Charity were transferred to the NorthCare Charity following the formal acquisition of Pennine Acute by Salford Royal NHS Foundation Trust on the 1st October 2021.

The Charity will continue to closely review the performance of its investments and the impact of the on-going Covid-19 pandemic.

Financial Review

The annual accounts for the Charity for 2020/21 include comparator financial information for the previous financial year.

The net assets of the Charitable Funds as at 31 March 2021 were £4.7 million (2019/20: £5.3million). The overall decrease in net assets of £648k is largely attributable to the expenditure on charitable activities in year of £1,940k, offset by income of £717k and gains on investments of £760k.

Income

The Charity continues to rely on donations and investment income for its main source of funding. Donations and legacies account for 87% of the Charity’s 2020/21 income with investment income making up 13%.

Overall income for the year decreased from £909k to £717k compared to 2019/20. The Charity received £211k from NHS Charities Together which represented donations made to the NHS during the Covid-19 pandemic. The Charity received income of £97k from legacies in 2020/21 (2019/20 £104k).

The financial year saw increased uncertainties in the world’s economies due to COVID-19 and subsequently the investment income earned during the year (£97k) was considerably lower (26%) than that received in the previous year 2019/20 (£131k).

Expenditure

The Charity's total expenditure for 2020/21 was £2,124k, an increase of £1,724k on the expenditure reported in the previous financial year. The main reason for the increase in expenditure is due to the purchase of a surgical robot for £1,600k.

Medical Research

£67k was spent from the research funds during the year, a decrease from £75k in 2019/20. £35k related to the Trust's annual management charge for administering the research funds.

Purchase of Equipment

Expenditure increased significantly last financial year compared to previous years £1,691k (2019/20 £91k), largely due to the purchase of the surgical robot £1,600k.

Staff Education and Welfare

The Charity incurred expenditure of £33k on staff education and welfare in 2020/21, a decrease from 2019/20 where expenditure was £163k. Providing access to training and development for staff beyond mandatory requirements gives opportunities for staff to establish wider professional networks, to receive training and development from leading individuals working in their chosen specialty and promotes better, safer care for patients.

Patient education and welfare

The Charity incurred expenditure of £140k (2019/20 £39k) in enhancing the patient education and welfare.

Management Costs

The Charity has no directly employed staff and relies on the Trust to provide administrative and financial services for which it received a charge of £33k in the current financial year (2019/20 £26k). The service includes the day-to-day management of the funds and the preparation of all statutory reports and returns. All funds held for the purposes of research have been charged a fair share of a further management cost charge of £35k (2019/20 £35k) reflecting the additional resource required to administer these funds. These costs have been allocated to funds and are included in the above costs for equipment, research, staff and patient related funds.

In addition to this fundraising costs of £152k (2019/20 £26k) have been incurred this financial year, these costs represent £115k for salaries incurred by the fundraising team and £37k for the overhead costs of the hospital's fundraising office.

Investments

The Charity's investments are managed by the investment managers on a discretionary basis with an objective to provide a balance between capital growth and income whilst maintaining a medium level of risk. The Charitable Funds Committee receives regular updates from the investment advisers including formal quarterly reports and uses this information to review and confirm the policy on managing the portfolio.

The Corporate Trustee has adopted an ethical investment policy for the Charity as follows:

'As the Trust is required, as part of the NHS, to promote health and to provide healthcare, there shall be no investment in companies or other organisations whose main or principal business is perceived as injurious to health or is life threatening. Included within this broad criterion are firms involved in the manufacture of cigarettes, alcoholic beverages, armaments, explosives or guns'.

The investments saw growth during the majority of 2020/21 and made a good recovery following the impact of the Covid-19 pandemic on the previous year's global financial markets. The investment portfolio experienced an overall gain in value of £733k reflecting these market conditions (2019/20: £314k loss).

During 2020/21 £500k was withdrawn from the investment portfolio to enable the purchase of the surgical robot.

Therefore the final investment portfolio was £233k higher than at the end of 2019/20.

Cash Held on Deposit at 31 March

	2021 £000s	2020 £000s
At the Government Banking Service	2	1,213
In Lloyds TSB	<u>744</u>	<u>573</u>
Sub-Total	<u>746</u>	<u>1,786</u>
As part of investment portfolio	<u>48</u>	<u>260</u>
Total	<u>794</u>	<u>2,047</u>

Cash balances were lower at 31st March 2021 when compared to the previous year, largely as a result of the higher level of expenditure made in year.

All cash held as part of the investment portfolio is held in a nominee account with Investec Wealth and Investment Limited.

As always

The Corporate Trustee would like to thank all patients, relatives, members of the public and other supporters who have made charitable donations during the year.

Approved on behalf of the Corporate Trustee

Signed



Kieran Charleson

Non-Executive Director and Chair of the Charitable Funds Committee

28th June 2022

NorthCare Charity Accounts 2020/21

Statement of Trustee's Responsibilities

The Trustee is responsible for preparing the Trustees' Annual Report and the financial statements in accordance

The Charities Act 2011 requires the trustees to prepare financial statements for each financial year. The trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure, of the Charity for that period.

In preparing these financial statements, the Trustee is required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP (FRS 102);
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Trustee



Mr K Charleson
Chair of the Charitable Funds Committee



Mr I Moston
Chief Financial Officer

Date: 28th June 2022

Independent auditor's report to the members of NorthCare Charity

Opinion

We have audited the financial statements of NorthCare Charity (the 'charity') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we

conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page X, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for 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 the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, the Charities Statement of Recommended Practice, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to use of restricted funds, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members 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 the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

David Hoose

(Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

58 The Ropewalk

Nottingham

NG1 5DW

Date:

28th June 2022

NorthCare Charity
Statement of Financial Activities for the year ended 31 March 2021

	Note	2020/21				2019/20			
		Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds £000	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds £000
Income and endowments from:									
Donations and legacies	3	620	0	0	620	373	405	0	778
Income from investments	9	97	1	0	98	131	0	0	131
Total income and endowments		717	1	0	718	504	405	0	909
Expenditure on:									
Raising funds	4	(185)	0	0	(185)	(26)	0	0	(26)
Charitable activities	4	(1,939)	(2)	0	(1,941)	(374)	0	0	(374)
Total Expenditure		(2,124)	(2)	0	(2,126)	(400)	0	0	(400)
Net gains/ (losses) on investments	7	760	0	0	760	(314)	0	0	(314)
Net income/ (expenditure)		(647)	(2)	0	(648)	(210)	405	0	195
Net movement in funds		(647)	(2)	0	(648)	(210)	405	0	195
Reconciliation of funds									
Funds brought forward		4,893	430	11	5,334	5,102	25	11	5,138
Total funds carried forward		4,246	429	11	4,686	4,892	430	11	5,333

All operations are continuing.
The accompanying notes form part of these financial statements.

NorthCare Charity
Statement of Financial Position as at 31 March 2021

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2020/21 £000	Total Funds 2019/20 £000
Note	£000	£000	£000		
Fixed Assets					
Investments	3,942	429	11	4,384	4,149
Total Fixed Assets	3,942	429	11	4,384	4,149
Current Assets					
Debtors	21	0	0	21	100
Cash at bank and in hand	746	0	0	746	1,786
Total Current Assets	767	0	0	767	1,886
Current Liabilities					
Creditors: Amounts falling due within one year	(464)	0	0	(464)	(702)
Net Current Assets	303	0	0	303	1,184
Total Assets less Current Liabilities	4,245	429	11	4,687	5,333
Net Assets	4,245	429	11	4,687	5,333
The funds of the Charity					
Endowment Funds	0	0	11	11	11
Restricted	0	429	0	429	430
Unrestricted	4,245	0	0	4,246	4,892
Total Funds	4,246	429	11	4,686	5,333

**NorthCare Charity
Cash flow 2020/21**

	31st March 2021 £000s	31st March 2020 £000s
Cash flow from operating activities		
Operational surplus/ deficit	(1,407)	509
Interest received		
Dividends received	(97)	(131)
Decrease in trade and other receivables	79	(52)
(Decrease)/Increase in trade and other payables	(238)	191
Net cash generated from operating activities	<u>(1,663)</u>	<u>517</u>
Cashflows from investing activities		
Interest received		
Dividends received	97	131
Reduction in value of investment (withdrawal plus portfolio management fee)	526	26
Net cash generated from investing activities	<u>623</u>	<u>157</u>
Change in cash and cash equivalents in the reporting period	(1,040)	674
Cash and cash equivalents at the beginning of the reporting period	<u>1,786</u>	<u>1,112</u>
Cash and cash equivalents at the end of the reporting period	<u><u>746</u></u>	<u><u>1,786</u></u>

The accounts were approved by the Charitable Funds Committee on 27th June 2022. The notes on pages 21 – 28 form part of these Financial Statements.



Ian Moston
Chief Financial Officer 28th June 2022

NorthCare Charity Accounts 2020/21

Notes to the accounts

1. Accounting Policies

(a) Basis of preparation

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

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2019.

The accounts are prepared on a going concern basis. The Trustee considers that there are no material uncertainties about the Charity's ability to continue as a going concern. There are no material uncertainties affecting the current year's accounts.

In future years, the key risks to the Charity are a fall in income from donations or investment income but the Trustee has arrangements in place to mitigate those risks.

(b) Funds structure

Restricted funds are those which are to be used in accordance with specific restrictions imposed by the donor. Where the restriction requires the gift to be invested to produce income but the Trustee has the power to spend the capital, it is classed as expendable endowment. Where the Trustee must permanently maintain the whole fund, it is known as a permanent endowment. The financial statements combine expendable and permanent endowment funds for the purposes of financial reporting.

Unrestricted income funds comprise those funds which the Trustee is free to use for any purpose in furtherance of the Charity's objects. Unrestricted funds include designated funds, where the donor has made known their non-binding wishes or where the Trustee, at its discretion, has created a fund for a particular activity (or activities) in the future.

The major funds held in each of these categories are disclosed at Notes 12 & 13.

(c) Incoming resources

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

(d) Incoming resources from legacies

Where a payment has been received or notified as receivable (by the personal representatives) after the accounting year end, but it is clear that it had been agreed by the personal representatives prior to the year end (hence providing evidence of a condition that existed at the balance sheet date), then it has been accrued in the Statement of Financial Activities and the Statement of Financial Position.

(e) Resources expended

Expenditure is recognised when a liability is incurred. Grant commitments are recognised when a constructive obligation arises that results in payment being unavoidable.

Grants payable are payments made to third parties (including NHS bodies) in the furtherance of the Charity's objectives. They are accounted for on an accruals basis where the conditions for their payment have been met or where a third party has a reasonable expectation that they will receive the grant. This includes grants paid to NHS bodies.

(f) Irrecoverable VAT

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

(g) Allocation of overheads and support costs

Overhead and support costs have all been apportioned between Charitable Activities and Governance Costs (Note 4). The costs attributed to Charitable Activities have been further apportioned in proportion to total spend.

(h) Costs of generating funds

The costs of generating funds are the costs of the Common Investment Fund management fees.

(i) Charitable activity

Costs of Charitable Activities comprise all costs in pursuit of the charitable objects of the Charity. These costs comprise direct costs and apportionment of overheads.

(j) Governance costs

Governance Costs comprise all costs incurred in the strategic management of the Charity and ensuring compliance with statutory requirements. These costs include costs related to statutory audit and those overhead and support costs not apportioned to charitable activity.

NorthCare Charity Accounts 2020/21

Notes to the accounts

(k) Research costs

Research costs comprise of grants made for the purpose of non-commercial research carried out within the Trust. All research related expenditure is applied to the Expenditure on Charitable activities section of the Statement of Financial Activities.

(l) Fixed asset investments

Investments are stated at fair value (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.

(m) Pooling scheme

An official pooling scheme is in operation covering all funds registered under the Trust's 'Umbrella' registration. The scheme was registered with the Charity Commission on 17 March 1998.

(n) Realised gains and losses

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

(o) Debtors

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

(p) Creditors

Creditors are amounts owed by the Charity.

They are measured at the amount that the Charity expects to have to pay to settle the debt.

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

(q) Financial Instruments

The measurement bases and accounting policies in relation to basic financial instruments are disclosed in the accounting policies for investments, debtors and creditors.

(r) Critical accounting judgements and key sources of estimation uncertainty

Key sources of estimation and uncertainty

Valuation of fixed asset investments

As at 31 March 2021 Investec Wealth Management provided a valuation of the Charity's investment portfolio that has been reported in these accounts. This valuation is based on the latest mid closing price quoted on the stock market or by the fund manager.

Accruals for expenditure not invoiced at the reporting date

At the end of the financial year, the Charity may have received goods and services which have not been invoiced at the reporting date. In these circumstances, an estimated value of the cost is included in the Charity's reported financial results. In some cases the estimated value is based on the quoted value provided by the supplier when the goods were ordered; in other cases, the charge may be estimated based on methods such as the number of hours of services provided or the last price paid for the same goods or service.

Apportionment of income and costs of generating funds across charitable activities

The net income earned by and costs of generating charitable funds including Trusteeship, financial services and research administration are apportioned across the charitable activities based on the average value of each fund during the year. Where a fund has not spent at least 1/3rd of its balance during the year, it is not entitled to receive any net income and this sum is taken to the general fund.

NorthCare Charity Accounts 2020/21

Notes to the accounts

2. Related Party Transactions

Salford Royal NHS Foundation Trust is the Corporate Trustee of the Charity. During the year none of the Trust's Directors, Governors or Senior Trust staff or parties related to them were beneficiaries of the Charity or received honoraria, emoluments or expenses in the year. Salford Royal NHS Foundation Trust provided NorthCare with financial services during the year.

The representatives of the Corporate Trustee (Board members) are remunerated by Salford Royal NHS Foundation Trust for which a recharge is made to the Charity based on time spent on charitable funds matters which is disclosed as part of the costs of the Charity in Note 4.

Page 10 of the annual report provide a more detailed breakdown of the expenditure within the accounts.

The Charity has not purchased trustee indemnity insurance.

3. Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2020/21 £000	Total 2019/20 £000
Donations from individuals	158	0	158	674
Corporate donations	365	0	365	0
Legacies	97	0	97	104
	620	0	620	778

In addition to the amounts above the Charity earned £97k from investments in 2020/21 (£131k in 2019/20).

In 2020/21 the Charity received seven legacies of which three exceed £20k, one was £31k for the benefit of renal services, one for £25k for general purposes and another for £20k which was split equally between general purposes

NorthCare Charity Accounts 2020/21

Notes to the accounts

4. Charitable Expenditure

The Charity undertook direct charitable activities, mainly education and training and made available grant support to the Trust in support of a range of charitable activities including research.

The administration costs shown below are administration costs that have been apportioned across the charitable activities. The following table provides a breakdown of how the administration costs have been apportioned across the charitable activity types.

	31 March 2021			31 March 2020
	Direct resources expended £000s	Share of administration costs £000s	Total resources expended £000s	Total resources expended £000s
Charitable activities;				
Research	32	35	67	75
Purchase of equipment	1,659	32	1,691	91
Staff education and welfare	32	1	33	163
Patient education and welfare	137	3	139	39
Governance costs	0	8	8	6
Expenditure on charitable activities	1,860	79	1,939	374
Expenditure on raising funds				
Investment Management Costs	33	0	33	26
Fund Raising Salaries	115	0	115	0
Fund Raising Non Pay Costs	37	0	37	0
Total resources expended	2,045	79	2,124	400

NorthCare Charity Accounts 2020/21

Notes to the accounts

5. Staff Costs

During the year the Charity had no directly employed staff but did incur administration costs of £35k (£29k, 2019/20) and governance costs of £8k (2019/20, £7k) provided by staff directly employed by Salford Royal NHS Foundation Trust.

6. Auditor's Remuneration

The auditor's remuneration of £8,323 (2019/20 - £6,900) related solely to the audit of the accounts with no additional work undertaken.

7. Fixed Asset Investments

Movement in fixed asset investments

	Total 2020/21 £000	Total 2019/20 £000
Market value brought forward	4,149	4,488
Additions at cost	1,214	495
Disposals at carrying cost	(1,433)	(530)
Net gain/(loss) on revaluation	664	(487)
Increase/(Reduction) in cash held at Investec	(212)	183
Market value at 31st March	<u>4,382</u>	<u>4,149</u>
Historic cost at 31 March	<u>3,169</u>	<u>3,616</u>

Fixed asset investments

	Total 2020/21 £000	Total 2019/20 £000
UK Listed Investments (Including Fixed Interest & Property)	2,303	2,151
Outside of UK investments listed on the stock exchange	2,031	1,738
Fixed asset investments - subtotal	<u>4,334</u>	<u>3,889</u>
Cash held as part of investment portfolio	48	260
Total at 31 March	<u>4,382</u>	<u>4,149</u>

	Total 2020/21 £000	Total 2019/20 £000
Net gains and losses on investment assets		
Unrealised gain/(loss) on revaluation	664	(487)
Realised gain/(loss) on sale of investments	96	173
Total	<u>760</u>	<u>(314)</u>

The Charity held two investments as at 31st March 2021 with a value over 5% of the total portfolio, a holding in Baillie Gifford America, 6.83% and Vanguard Funds America, 9.92%.

NorthCare Charity Accounts 2020/21

Notes to the accounts

8. Fixed Asset Investments (Continued)

All investments are carried at their fair value.

The main risk from financial instruments lies in the combination of uncertain investment markets and volatility in yield. Due to the outbreak of COVID-19 and the ongoing pandemic, there has been an increase in volatility and the market has favoured a lower risk investments. As the Trustee has a low to medium risk approach this has not resulted in significant shift in investments held by the Charity.

As a result of the national lockdowns within the developed world, economic growth has turned negative and is unlikely to return to pre-COVID levels before 2021. Portfolio returns were therefore weak in the year to 31st March but have since seen a meaningful bounce (as at August 2020) as countries seek a return to normality and is reflected in the Charity portfolio at that point.

Equity returns are expected to improve with a strengthening economy. Similarly, in a low interest rate environment, the current demand for high quality corporate bonds has continued to depress the yield.

Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so the ability to buy and see quoted equities and stock is anticipated to continue. The Charities investments are mainly traded in markets with good liquidity and high trading volumes. The majority of the Charities investment holdings are not held in markets subject to exchange controls or trading restrictions. However the charity property funds are currently 'gated' for sale and purchases due to uncertainty in the property market and the Charity's advisors are expecting them to re-open within the next year.

The Charity manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes.

The Charity does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their long term yield total return and historic studies of quoted financial instruments have shown that volatility in any particular 5 year period will normally be corrected.

9. Investment Income

	Total 2020/21 £000	Total 2019/20 £000
Income received from quoted investments	97	127
Interest on cash held on deposit and at bank	0	4
Total	<u>97</u>	<u>131</u>

The Charity has appointed Investec Wealth & Investment Limited, 2 Gresham Street, London, EC2V 7QN as the specialist investment manager for the Charity's investment portfolio. They provided the market value of investments as at 31 March 2021 and also as at 31 March 2020.

NorthCare Charity Accounts 2020/21

Notes to the accounts

10. Current Assets

	Total 2020/21 £000	Total 2019/20 £000
Debtors under 1 year		
Other debtors	21	100
Total	21	100

	Total 2020/21 £000	Total 2019/20 £000
Cash at bank		
Lloyds TSB - Current Account	2	1,213
Government Banking Service	744	573
Total	746	1,786

11. Current Liabilities

	Total 2020/21 £000	Total 2019/20 £000
Creditors under 1 year		
Salford Royal NHS Foundation Trust*	456	637
Accruals	8	65
Other creditors - Provisions for Commitments	0	0
Total	464	702

* Salford Royal NHS Foundation Trust is a related party.

This creditor represents costs incurred by the Trust on behalf of the Charity in the furtherance of the Charity's

12. Analysis of Funds

The Charity has 181 unrestricted funds . Individual funds with material balances (greater than £40K) are

	Opening balance £000	Incoming resources £000	Resources expended £000	Closing Balance £000
Unrestricted Funds				
Specific Donations General*	2,293	835	(1,501)	1,627
Hope General	219	233	(2)	450
Renal Services Fund	204	37	(12)	229
Heart Care	144	5	(3)	146
Neurosurgery	129	7	(7)	129
Trauma & Orthopaedics	111	0	(1)	110
Umbrella Charity	106	0	0	106
Breast Fund	82	0	(1)	81
Haematology Department	72	6	(1)	77
Neurology	69	2	(1)	70
Salford Covid-19 Donations	0	212	(145)	67
Icu Patients	61	7	(1)	67
Reache North West	58	7	(1)	64
Anaesthetics Department Fund	63	0	(1)	62
Movement Disorder Fund	48	13	(1)	60
Diabetics Dept Nurses	56	0	(2)	54
Dermatology Department	48	0	0	48
Neuro Enterology	53	0	(21)	32
Other	1,077	113	(425)	766
	4,893	1,477	(2,125)	4,245

* Includes realised and unrealised gains.

There are 25 charities within the umbrella charity as set out in Note 15.

The 181 funds above are contained within these charities and are un-restricted funds.

NorthCare Charity Accounts 2020/21

Notes to the accounts

13. Analysis of Funds (Continued)

	Opening balance £000	Incoming resources £000	Resources expended £000	Gains and losses £000	Closing balance £000
Restricted funds					
Neurosurgery	405	0	0	0	405
Henry Richardson	22	0	-2	0	20
Endowed Fund Accumulated Income	3	1	0	0	4
	430	1	-2	0	429

Henry Richardson Fund - This was a legacy received for the purposes of research carried out at Salford Royal NHS Foundation Trust.

Endowed funds

The Charity has six small endowment funds all of which were given by an anonymous donor.

The purposes of these funds are to provide a prize, from the interest earned, in recognition of the achievement of junior members of staff.

	Capital Endowed 2020/21 £000	Capital Endowed 2019/20 £000
Endowed funds		
Post Grad Centre	1.5	1.5
Cardio Respiratory	2.0	2.0
Elderly Care	2.0	2.0
Immunology	1.5	1.5
Haematology	1.5	1.5
John Harvey Green Fund	2.5	2.5
	11.0	11.0

All of the above funds are expendable endowments.

14. Subsequent Events

Merger with The Pennine Acute Hospitals Charity

On the 1st October 2021 Salford Royal NHS Foundation Trust formally acquired the assets and services of the Pennine Acute NHS Trust, comprising of Fairfield General Hospital, Rochdale Infirmary, the Royal Oldham Hospital and all related services.

Pennine Acute was dissolved on this date and, as Pennine Acute was the Corporate Trustee for The Pennine Acute Hospitals Charity, the funds held under the Pennine Acute Charity transferred to the NorthCare Charity.

NorthCare Charity Accounts 2020/21

Notes to the accounts

Pennine Acute

As a consequence of NHS reorganisation as of 1st October 2021 the NorthCare Charity has received £1.9m charitable funds from the Pennine Acute Charity and negotiations have been ongoing with NHSi and Pennine Acute Hospital since 31 March 2020 to facilitate the transfer between the two trusts.

15. Specific Charities

The main Charity, Salford Royal NHS Foundation Trust is constituted of 25 specific charities as follows:

- 1049226-1 General Surgery and Gastroenterology Department Fund
- 1049226-2 ENT Department Fund
- 1049226-3 Anaesthetics Department Fund
- 1049226-4 Intestinal Failure Department Fund
- 1049226-5 Obstetrics and Gynaecology Department Fund
- 1049226-7 Theatres Department Fund
- 1049226-8 Orthopaedics Department Fund
- 1049226-9 Emergency Department
- 1049226-10 Neurosciences Department Fund
- 1049226-11 Clinical Radiology Department Fund
- 1049226-12 General Medicine Department Fund
- 1049226-13 Cardiac Medicine Department Fund
- 1049226-14 Intensive Care Department Fund
- 1049226-15 Pathology Department Fund
- 1049226-16 Elderly Care Services Department Fund
- 1049226-17 Rheumatology Department Fund
- 1049226-18 Dermatology Department Fund
- 1049226-19 Rehabilitation Services Department Fund
- 1049226-20 Pharmacy Department Fund
- 1049226-21 Urology Department Fund
- 1049226-23 Post Graduate Centre Fund
- 1049226-24 Endocrinology Department Fund
- 1049226-27 The Salford Royal Hospitals NHS Trust (Expendable Funds) Common Investment Fund
- 1049226-28 Henry Richardson Research Fund
- 1049226-31 Reache Northwest