

The John Charnley Trust
Report of the Trustees and
Audited Financial Statements
for the Year Ended 30 June 2021

The John Charnley Trust

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The John Charnley Trust

Report of the Trustees for the year ended 30 June 2021

The trustees present their report with the financial statements of the charity for the year ended 30 June 2021.

The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) FRS 102 'Accounting and Reporting by Charities' effective 1 January 2019.

OBJECTIVES AND ACTIVITIES

Objectives and activities

The object of the Charity is the promotion of research, education and training for or into the relief of pain, suffering and disability arising out of or associated with joints of the human skeleton and in particular (but without prejudice to the generality of the foregoing) in the field of Low Friction Arthroplasty of the hip and related areas of surgery.

The principal activities of the charity continue to be those of funding research in the field of joint replacement, research fellowships, and lectures, conferences and seminars to further the technique of Low Friction Arthroplasty.

Significant activities

The objectives for the year were to continue the promotion of research, education and training in the field of orthopaedic surgery. In achieving these aims the charity was able to carry out the following;

The charity promoted education and training by creating The Charnley Latta Fellowship in 2010 from the gift of the late Mrs Doreen Latta, a patient who underwent reconstructive surgery at Wrightington Hospital and thereafter had over 30 years of pain-free walking and led a normal life. Applications continue to be invited from committed orthopaedic surgeons for the unique opportunity to visit centres of excellence in reconstructive hip and knee surgery world-wide.

The charity promoted education by creating the Patient Information Centre at Wrightington. Due to redevelopment work at Wrightington Hospital the historical collection was largely placed in temporary storage although plans are being currently developed for a new site.

The Memorial Lecture was given online by Prof Peter Kay FRCS at the British Hip Society in June 2021, which was delayed from the previous year due to the pandemic.

The charity promoted research by making grants including: -

SM Graham	On behalf of Malawi National Joint Register.
Wrightington Wigan and Leigh NHS Trust	Research and education coordination by H Wynn Jones and T Board.assisted by H Divecha and S Panchani.

The funding from the Charity facilitates the growth and development in Hip and Knee research and Lower Limb Education at Wrightington Hospital.

Research and Education activity continues to thrive with the help of funding and secretarial support from the Trust.

Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives.

Grantmaking

The charity receives applications for the funding of projects through its website and publications and applicants are invited to submit a summary of their proposals in a standard format. The applications are reviewed against specific criteria and research objectives. As a condition of the grant the charity requests a copy of the final report on each piece of research or fellowship. All research is made publicly available as soon as possible and all those supported refer to the financial assistance provided by the charity.

The John Charnley Trust

Report of the Trustees for the year ended 30 June 2021

ACHIEVEMENT AND PERFORMANCE

Achievements and performance

The trustees are pleased to record their appreciation of the receipt in the year of general donations of £200 (2020: £1,187). During the year the charity received the balance of the legacy of £60,717 from the late Mrs B Vance. Mrs Vance was the first cousin once removed of the late Sir John Charnley and the second cousin of Trustee Tristram Charnley.

There are no restrictions on the legacy and the amounts will be invaluable in carrying out the objectives of the Charity for many years to come. The amount received from the late Mrs B Vance was the largest legacy ever received by the Charity and £500,000 of this was transferred to the investment portfolio on 31 January 2020.

Teaching and Training

As the Covid pandemic continued in 2021 we continued to support Orthopaedic education online both locally and in collaboration with the deanery trainees and also nationally to provide exam revision training.

The educational and teaching delivered has been beneficial and met the objectives of the charity and enabled it to continue its purpose throughout the pandemic.

Regional North West Deanery Viva Practice coordination with online weekly teaching - 40 half day sessions per year.

Wrightington weekly revision teaching online April to July 2021 - 14 half day sessions.

Wrightington Hip Module - online teaching - September to October 2021 - 4 online sessions.

Wrightington Lower Limb MDT and NW Regional Revision Hip and Revision Knee MDT meetings are each held on a weekly basis.

Education and Courses.

Courses held in 2021 included:

Lower Limb FRCS Viva and Clinical Examination Courses held in January, May and October 2021 on Zoom organised by Henry Wynn Jones and Sunil Panchani.

Combined meeting of the Wrightington Gold Medal Research Day and Low Friction Society Meeting held on Zoom on 17 June 2021 - Course organisers Henry Wynn Jones and Sunil Panchani.

Acetabular Revision Masterclass held on 17 March 2022 - Course organisers Henry Wynn Jones and Sunil Panchani.

Visitations and Medical Elective placements are now being arranged for 2022.

Courses planned for 2022 include:

The Wrightington International Arthroplasty Meeting Manchester 2022 is being arranged for 22 and 23 November 2022 to be held at the Lancashire Cricket Club. This is a major international meeting with speakers from Europe and via video link from the USA.

Lower Limb FRCS Viva and Clinical Examination Courses to be held in January, March, and September 2022 with an additional course in July as the Royal College has added a course to their schedule.

Wrightington Gold Medal Research Day and Low Friction Society - Course organisers Henry Wynn Jones and Sunil Panchani - 17 June 2022

Femoral Revision Masterclass - Course organisers Henry Wynn Jones and Sunil Panchani - date to be confirmed

Visitations and Medical Elective placements are now being arranged for 2022.

The John Charnley Trust

Report of the Trustees for the year ended 30 June 2021

Wrightington Lower Limb MDT and NW Regional Revision Hip and Revision Knee MDT meetings are each held on a weekly basis.

Research

The lower limb research activity within the department has continued to grow with the support of The John Charnley Trust.

Despite the pandemic we were able to complete recruitment to our HipHOP feasibility RCT and are now working on a funding application for the full trial which will go to HTA. A number of other prospective portfolio studies are ongoing.

We continue to support the registrars and fellows in their projects, running regular zoom meetings. We have had good success with multiple presentations at national meetings including the British Hip Society and the British Orthopaedic Association as well as international meetings.

In 2021 we have published 14 papers in pubmed index journals. One highlight of the publications was the Attune RCT which was published in the JBJS American.

Through my John Charnley Trust supported research time, Hiren Divecha has achieved the following in 2021:

1. Completion of thesis and award of MPhil degree (University of Manchester).
2. Thesis has been presented internationally and nationally, and 2 publications in the BJJ.
3. Been asked to prepare an "in-depth review" on these publications for the NJR Annual Report .
4. Successful appointment to the NIHR Research Scholars Programme.

Investment performance

The investment strategy is set with the aim to provide an overall income and capital growth within low to medium risk investments. Considering the uncertainty in the markets over this and recent years caused by both Covid19 and Brexit, the performance of the charity's portfolio in that period is not dissimilar to the movements experienced in the FTSE-100 index in the same period (7,034 at 30 June 2021 6,170 at 30 June 2020, 7,426 June 2019, 7,637 June 2018, 7,313 June 2017).

Internal and external factors

There are many internal and external factors which will affect the future performance of the charity. The trustees meet regularly and conduct regular reviews to safeguard the charity.

At the time of writing this report we are emerging from the Covid19 global pandemic which has brought unprecedented change to how people go about their daily lives. As discussed in "Investment Performance" there has been volatility in the UK, world economies, stock markets and there remains uncertainty over future investment growth, dividend income and bank interest. Our investment portfolio has suffered due to the uncertainty over the current Covid 19 pandemic and its future performance will no doubt continue to be uncertain for some time. The continuing effects of Brexit and government budgetary constraints will also no doubt continue to affect how the charity is able to deliver its objectives.

FINANCIAL REVIEW

Financial position

The financial position of the charity as set out in the financial statements. In summary, over the previous five years to 2019 the net assets of the charity grew steadily from some £0.8m to some £1m in part through changes to the market value of investments. In the last two years the net assets have increased by £0.8 m to £1.8m primarily due to the very large legacy received in these years. The charity maintains a healthy cash balance to deal with any circumstances as they arise.

The John Charnley Trust

Report of the Trustees for the year ended 30 June 2021

FINANCIAL REVIEW

Principal funding sources and fundraising

The charity derives its income from three main sources;

- Legacies and donations.
- Investment returns from investment assets.
- Training income and sale of merchandise.

The amount of any legacies received in any year is outside the control of the charity and is purely dependant upon the generosity of the donors. Investment income is dependent upon general economic and investment market conditions whilst the provision of training and courses is dependent upon take-up which can be affected by, at present, travel restrictions and face to face meetings.

Investment policy and objectives

The trustees have engaged Brooks MacDonald as investment managers who operate within guidelines agreed with the trustees. The trustees have asked the investment managers to consider social, environmental and ethical criteria when managing the portfolio. There are no restrictions on the charity's power to invest. The investment strategy is set by the trustees and takes account of the demand for funds. The trustees consider the income requirements, the risk profile and the investment managers' view of the market prospects in the medium term. This strategy is set within an overall policy to invest in low and medium risk investments with an aim of overall income and capital growth. The strategy is reviewed with the investment managers at each trustees meeting. The value of the investments is in line with the investment strategy which aims to provide gross income (including cash on deposit with investment manager) of a minimum of £30,000 per annum insofar as is compatible with the investment objective of a balanced return from income and capital growth.

Reserves policy

In order that the trustees can meet the aims set out above they need to be able to provide longer-term certainty to projects that are supported by the charity. It is for this reason that the trustee's reserves policy is to continue to accumulate funds so as to maintain investments to give an aim of annual investment income of at least £30,000 towards grants continuing to be made.

The funds in the financial statements are defined as:

General Fund and Charnley Latta Fellowship

This fund is unrestricted and is used for all charitable purposes without restriction in accordance with the governing documents. Amounts held in these funds as at 30 June 2021 were £1,717,329 and £26,711 respectively.

Restricted Fund: Wrightington Upper Limb Research

This fund is for the promotion of research, education and training for or into the relief of pain, suffering and disability arising out of or associated with joints of the human skeleton and in particular (but without prejudice to the generality of the foregoing) in the field of upper limb arthroplasty and related areas of surgery. The amount held in this fund as at 30 June 2021 was £28,921.

Funds in deficit

There are no funds in deficit.

FUTURE PLANS

The trustees intend to carry on with the objectives and policies as they stand at present which in their opinion have led to both a successful management of resources and the furthering of medical knowledge.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The John Charnley Trust is an unincorporated charity, constituted under a trust deed dated 27 June 1983.

The John Charnley Trust

Report of the Trustees

for the year ended 30 June 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

The trustees who have served during the year are set out below and their appointment is based on their knowledge of the aims of the charity.

New trustees are recruited and appointed as required in line with the Charity's objectives. Appropriate induction and training will be given to any new trustees. The trustees generally meet twice a year, but a sub group meets more frequently to assess grant applications and then report to the full board of the Trustees.

Organisational structure and decision making

The management of the charity is vested in the trustees who meet at least twice a year to consider matters such as the performance of the investment portfolio and to decide both the value and recipients of grant expenditure.

Related parties

The charity has paid Wrightington Wigan and Leigh NHS Trust for the part time services of various consultants that it employs who are also trustees of the charity. The amounts paid are disclosed in the notes to the financial statements.

Risk management

The trustees have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number

326395

Principal address

28 Eaton Avenue
Matrix Office Park
Buckshaw Village
Chorley
Lancashire
PR7 7NA

Trustees

JC Faux FRCS Chairman
T Charnley BA
I Paterson OBE TD FCIB
ML Porter FRCS
AC Ross MB FRCS
JP Hodgkinson FRCS
H Wynn Jones FRCS(Tr&Orth)
Professor AC Watts FRCS(Tr&Orth)
RW Parkinson FRCS(EdOrth)

Auditors

A I Cherry Limited
Chartered Accountants and
Statutory Auditors
26 Winckley Square
Preston
PR1 3JJ

The John Charnley Trust

Report of the Trustees for the year ended 30 June 2021

REFERENCE AND ADMINISTRATIVE DETAILS

Secretaries and Financial Advisers

McMillan & Co LLP
Chartered Accountants
28 Eaton Avenue
Matrix Office Park
Buckshaw Village
Chorley
Lancashire
PR7 7NA

Telephone 01772 299888
Fax 01772 451000
E-mail mail@mcmillanaccountants.com

Website www.johncharnleytrust.org

Bankers

HSBC Bank plc, Leyland.

Investment managers

Brooks MacDonald Asset Management, Manchester

FUNDS HELD AS CUSTODIAN FOR OTHERS

The charity does not hold any funds as a custodian.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed requires the trustees to prepare financial statements for each financial year which 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 those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to 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.

Approved by order of the board of trustees on 25 April 2022 and signed on its behalf by:

JC Faux FRCS - Trustee

Report of the Independent Auditors to the Trustees of The John Charnley Trust

Opinion

We have audited the financial statements of The John Charnley Trust (the 'charity') for the year ended 30 June 2021 which comprise the Statement of Financial Activities, the Balance Sheet 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 June 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We 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 Auditors' 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 trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Report of the Independent Auditors to the Trustees of The John Charnley Trust

Matters on which we are required to report by exception

In the 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 trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 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 information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements which 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.

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 a Report of the Independent Auditors 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 these 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.

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 Report of the Independent Auditors.

Report of the Independent Auditors to the Trustees of The John Charnley Trust

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

A I Cherry Limited
Chartered Accountants and
Statutory Auditors
26 Winckley Square
Preston
PR1 3JJ

26 April 2022

The John Charnley Trust

Statement of Financial Activities for the year ended 30 June 2021

	Notes	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	60,917	-	60,917	546,718
Charitable activities					
Training	4	1,839	-	1,839	36,560
Education		439	-	439	1,819
Investment income	3	23,641	-	23,641	18,684
Total		86,836	-	86,836	603,781
EXPENDITURE ON					
Raising funds	5	13,821	-	13,821	9,194
Charitable activities					
Grants	6	51,064	-	51,064	61,495
Memorial Lecture		453	-	453	1,847
Training		1,443	-	1,443	18,036
Gold Medal Day		600	-	600	300
Education		427	-	427	2,025
Other		14,566	-	14,566	11,898
Total		82,374	-	82,374	104,795
Net gains on investments		241,867	-	241,867	49,163
NET INCOME		246,329	-	246,329	548,149
RECONCILIATION OF FUNDS					
Total funds brought forward		1,497,711	28,921	1,526,632	978,483
TOTAL FUNDS CARRIED FORWARD		1,744,040	28,921	1,772,961	1,526,632

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The John Charnley Trust

Balance Sheet 30 June 2021

	Notes	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
FIXED ASSETS					
Investments	12	1,629,989	-	1,629,989	1,388,486
CURRENT ASSETS					
Debtors	13	393	-	393	1,820
Cash at bank		126,934	28,921	155,855	150,260
		<u>127,327</u>	<u>28,921</u>	<u>156,248</u>	152,080
CREDITORS					
Amounts falling due within one year	14	(13,276)	-	(13,276)	(13,934)
		<u>114,051</u>	<u>28,921</u>	<u>142,972</u>	138,146
NET CURRENT ASSETS					
		<u>1,744,040</u>	<u>28,921</u>	<u>1,772,961</u>	1,526,632
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>1,744,040</u>	<u>28,921</u>	<u>1,772,961</u>	1,526,632
NET ASSETS					
		<u><u>1,744,040</u></u>	<u><u>28,921</u></u>	<u><u>1,772,961</u></u>	<u><u>1,526,632</u></u>
FUNDS					
	15			1,744,040	1,497,711
Unrestricted funds				28,921	28,921
Restricted funds					
TOTAL FUNDS					
				<u><u>1,772,961</u></u>	<u><u>1,526,632</u></u>

The financial statements were approved by the Board of Trustees and authorised for issue on 25 April 2022 and were signed on its behalf by:

JC Faux FRCS - Trustee

The John Charnley Trust

Notes to the Financial Statements for the year ended 30 June 2021

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (effective January 2015)', the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (issued on 16 July 2014) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice (effective from 1 April 2005) which has since been withdrawn.

The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

The financial statements cover the Charity as an individual entity.

There are no material uncertainties about the Charity's ability to continue as a going concern. The balance of funds as at 30 June 2021 was £1,772,961, an increase of £246,329 achieved in the financial year.

The presentational currency of the financial statements is the Pound Sterling (£).

The amounts in the financial statements have been rounded to the nearest £1.

Financial instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument. Basic financial assets, which include debtors, prepayments and bank balances, are initially measured at transaction price and are subsequently carried at cost unless the arrangement indicates otherwise and then the asset is measured at the present value of the future receipts discounted at a market rate of interest. Basic financial liabilities, which include creditors, accruals, bank loans and group borrowings, are initially recognised at transaction price and are subsequently carried at cost unless the arrangement indicates otherwise and then the liability is measured at the present value of the future obligations discounted at a market rate of interest.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Governance costs comprise amounts for the running of the charity itself as an organisation.

The John Charnley Trust

Notes to the Financial Statements - continued for the year ended 30 June 2021

1. ACCOUNTING POLICIES - continued

Taxation

The charity is exempt from tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

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 their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Investments

The investments are included at closing mid-market value at the balance sheet date. The cost of investments includes commission paid to the investment managers. Any gain or loss or revaluation is taken to the Statement of Financial Activities.

2. DONATIONS AND LEGACIES

	2021	2020
	£	£
Other donations and gifts	200	1,187
Legacies	60,717	545,531
	<u>60,917</u>	<u>546,718</u>

3. INVESTMENT INCOME

	2021	2020
	£	£
Dividends received	23,636	18,605
Interest received	5	79
	<u>23,641</u>	<u>18,684</u>

The John Charnley Trust

Notes to the Financial Statements - continued for the year ended 30 June 2021

4. INCOME FROM CHARITABLE ACTIVITIES

		2021	2020
	Activity	£	£
Training & course income	Training	1,839	36,560
Sale of books	Education	439	1,819
		<u>2,278</u>	<u>38,379</u>

5. RAISING FUNDS

Raising donations and legacies

	2021	2020
	£	£
Investment managers' fee	<u>13,821</u>	<u>9,194</u>

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Grant funding of activities (see note 7) £	Totals £
Grants	-	51,064	51,064
Memorial Lecture	453	-	453
Training	1,443	-	1,443
Gold Medal Day	600	-	600
Education	427	-	427
	<u>2,923</u>	<u>51,064</u>	<u>53,987</u>

7. GRANTS PAYABLE

	2021	2020
	£	£
Grants	<u>51,064</u>	<u>61,495</u>

The total grants paid to institutions during the year was as follows:

	2021	2020
	£	£
Wrightington Wigan and Leigh NHS Trust	47,064	43,329
University of Leeds	-	4,375
	<u>47,064</u>	<u>47,704</u>

The John Charnley Trust

Notes to the Financial Statements - continued for the year ended 30 June 2021

7. GRANTS PAYABLE - continued

The total grants paid to individuals during the year was as follows:

	2021	2020
	£	£
S M Graham	4,000	8,000
Dr Matar	-	5,000
R Yassa	-	651
D Wright	-	70
J Armstrong	-	70
	<u>4,000</u>	<u>13,791</u>

8. SUPPORT COSTS

	2021	2020
	£	£
Other resources expended		Governance costs £ 14,566
Governance Costs		
Auditor's remuneration	2,400	1,200
Postage and stationery	12	92
Secretarial support services	<u>12,154</u>	<u>10,606</u>
	<u>14,566</u>	<u>11,898</u>

9. AUDITORS' REMUNERATION

	2021	2020
	£	£
Fees payable to the charity's auditors for the audit of the charity's financial statements	<u>2,400</u>	<u>1,200</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 30 June 2021 nor for the year ended 30 June 2020.

Trustees' expenses

Trustees' expenses amounting to £558 (2020: £432) were reimbursed in the year. These expenses were paid to two trustees. One trustee was reimbursed for computer software licences and another trustee was reimbursed for sundry expenses paid on behalf of the Charity. The expenses in the prior year were paid to two trustees. One trustee was reimbursed for computer hardware and some computer software licences and another trustee was reimbursed for room hire paid for on behalf of the Charity.

The John Charnley Trust

Notes to the Financial Statements - continued for the year ended 30 June 2021

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	546,718	-	546,718
Charitable activities			
Training	36,560	-	36,560
Education	1,819	-	1,819
Investment income	18,684	-	18,684
Total	603,781	-	603,781
EXPENDITURE ON			
Raising funds	9,194	-	9,194
Charitable activities			
Grants	61,495	-	61,495
Memorial Lecture	1,847	-	1,847
Training	18,036	-	18,036
Gold Medal Day	300	-	300
Education	2,025	-	2,025
Other	11,898	-	11,898
Total	104,795	-	104,795
Net gains on investments	49,163	-	49,163
NET INCOME	548,149	-	548,149
RECONCILIATION OF FUNDS			
Total funds brought forward	949,562	28,921	978,483
TOTAL FUNDS CARRIED FORWARD	1,497,711	28,921	1,526,632

The John Charnley Trust

Notes to the Financial Statements - continued for the year ended 30 June 2021

12. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 1 July 2020	1,388,486
Additions	145,904
Disposals	(140,861)
Revaluations	236,460
	<hr/>
At 30 June 2021	1,629,989
	<hr/>
NET BOOK VALUE	
At 30 June 2021	1,629,989
	<hr/> <hr/>
At 30 June 2020	1,388,486
	<hr/> <hr/>

The market value of investments at the end of the year is analysed as follows:

	2021 £	2020 £
UK Investments:		
Corporate bonds and preference shares	455,596	448,111
Ordinary shares	477,718	365,610
	<hr/>	<hr/>
	503,314	813,721
Overseas investments:		
Investment/Unit Trusts	696,675	574,765
	<hr/>	<hr/>
	1,629,989	1,388,486
	<hr/> <hr/>	<hr/> <hr/>
Historical cost at end of year	<hr/> <hr/>	<hr/> <hr/>
	1,218,580	1,180,286

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	-	1,600
Prepayments	393	220
	<hr/>	<hr/>
	393	1,820
	<hr/> <hr/>	<hr/> <hr/>

The John Charnley Trust

Notes to the Financial Statements - continued for the year ended 30 June 2021

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Accruals and deferred income	11,544	10,344
Grants payable	1,732	3,590
	<u>13,276</u>	<u>13,934</u>

15. MOVEMENT IN FUNDS

	At 1/7/20 £	Net movement in funds £	At 30/6/21 £
Unrestricted funds			
General fund	1,474,148	243,181	1,717,329
Charnley Latta Fellowship	23,563	3,148	26,711
	<u>1,497,711</u>	<u>246,329</u>	<u>1,744,040</u>
Restricted funds			
Wrightington Upper Limb Research	28,921	-	28,921
	<u>28,921</u>	<u>-</u>	<u>28,921</u>
TOTAL FUNDS	<u>1,526,632</u>	<u>246,329</u>	<u>1,772,961</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	86,836	(82,374)	238,719	243,181
Charnley Latta Fellowship	-	-	3,148	3,148
	<u>86,836</u>	<u>(82,374)</u>	<u>241,867</u>	<u>246,329</u>
TOTAL FUNDS	<u>86,836</u>	<u>(82,374)</u>	<u>241,867</u>	<u>246,329</u>

Comparatives for movement in funds

	At 1/7/19 £	Net movement in funds £	At 30/6/20 £
Unrestricted funds			
General fund	914,360	559,788	1,474,148
Charnley Latta Fellowship	35,202	(11,639)	23,563
	<u>949,562</u>	<u>548,149</u>	<u>1,497,711</u>
Restricted funds			
Wrightington Upper Limb Research	28,921	-	28,921
	<u>28,921</u>	<u>-</u>	<u>28,921</u>
TOTAL FUNDS	<u>978,483</u>	<u>548,149</u>	<u>1,526,632</u>

The John Charnley Trust

Notes to the Financial Statements - continued for the year ended 30 June 2021

15. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	603,394	(99,144)	55,538	559,788
Charnley Latta Fellowship	387	(5,651)	(6,375)	(11,639)
	<u>603,781</u>	<u>(104,795)</u>	<u>49,163</u>	<u>548,149</u>
TOTAL FUNDS	<u>603,781</u>	<u>(104,795)</u>	<u>49,163</u>	<u>548,149</u>

The Wrightington Upper Limb Research fund is a restricted fund and the future planned use of this fund is for the promotion of research, education and training for or into the relief of pain, suffering and disability arising out of or associated with joints of the human skeleton and in particular (but without prejudice to the generality of the foregoing) in the field of upper limb arthroplasty and related areas of surgery.

The Charnley Latta Fellowship fund is a designated fund and the future planned use of this fund is for the promotion of research, education and training for or into reconstructive hip and knee surgery.

16. RELATED PARTY DISCLOSURES

The charity has paid Wrightington Wigan and Leigh NHS Trust for the part time services of various consultants that it employs, including Mr H Wynn Jones.

During the year payments amounting to £6,097 (2020: £6,252) have been paid to Mr H Wynn Jones in respect of services provided.

17. COMMITMENTS

At 30 June 2021, the Trustees have approved the following grants to be paid in future years:

	2021 £	2020 £
Wrightington Wigan and Leigh NHS Trust	<u>26,769</u>	<u>32,314</u>

There are no performance conditions for the grant to be paid, and the expenditure will be incurred in the nine month period from the year end to 31 March 2022.

	£	£
S M Graham	<u>6,000</u>	<u>8,000</u>

There are no performance conditions for the grant to be paid and the expenditure will be incurred in the 12 month period from the year end to 30 June 2022.