



Annual Report and Accounts  
YEAR ENDED 31<sup>ST</sup> MARCH 2017

## LETTER FROM THE CHAIRMAN

Every newspaper in the country reports that the NHS is under unprecedented pressure, with increased demands on services and limited resources. Despite this, UCLH still manages to perform at the highest level, a testimony to the hardworking staff across the hospital. During these trying times, NHS charities have an important role in helping their local hospitals support clinical innovations which lead to better patient experience and improving working conditions for their staff.

As in previous years, our discretionary funds have enabled many activities which have contributed to the achievements of the hospital, while the trustees used the general funds to support the hospital's strategy and improve patient treatment and experience. It is thanks to the generous donations we have received from the general public over the years that we have been able to support a wide-ranging number of projects within the hospital. Some of these are highlighted below.

The charity continued to buy major items of equipment for the hospital. This year, these included a fluorescent imaging system which can assess blood flow to determine if tissue is healthy and therefore suitable to operate on, and a product offering robotic and computer-assisted therapy for upper limb rehabilitation.

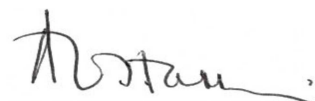
Hospital visits can cause a lot of anxiety especially for children. We funded a new app called Hetty's Hospital, which uses stories and games to help children explore a selection of commonly-experienced hospital narratives. This will be used for children visiting the hospital's oncology, diabetes, allergy testing and dentistry services.

We also focused on staff education, providing grants for matrons, sisters and charge nurses to extend their leadership skills, and developing a "community of practice" for our clinical nurse specialists to come together and exchange ideas and experience.

Our property activities have enabled us to set aside a significant sum toward the hospital's capital programme for their proton beam therapy, short stay surgeries and specialist cancer facility. We are building on the success of our property activities, and this year we made a key strategic decision to add the Middlesex Annex to our property portfolio, which will provide additional space for clinical activities.

Also this year the Department of Health and the Charity Commission agreed that UCLH Charity could become a fully independent charitable organisation from 1 April 2017. This will give us the freedom to manage the charity more effectively while continuing to provide the best support possible to UCLH.

Finally, this is my last year as Chairman. It has given me much pleasure to watch the charity expand its activities over the last ten years. I would like to thank my fellow trustees for their time and invaluable contributions, and the staff for their dedication and the smooth running of the charity. With the charity's strategy firmly in place, I am confident it will continue to move from strength to strength, and I hope that my successor, James Thorne, will enjoy his period of office as much as I have.



**DR VICTORIA HARRISON**

## REPORT OF THE TRUSTEES

The trustees have pleasure in presenting their annual report for the purposes of the Charities Act 2011, together with the accounts for the year ended 31 March 2017 for University College London Hospitals Charity (UCLH Charity). The trustees have used the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and follow the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (effective 1 January 2015) in preparing the annual report and accounts of the charity.

## OBJECTIVES

UCLH Charity is the official body which receives donations and legacies in relation to the five hospitals which form UCLH NHS Foundation Trust:

- University College Hospital (incorporating the Elizabeth Garrett Anderson wing and the former Middlesex Hospital)
- Royal National Throat Nose and Ear Hospital
- Royal London Hospital for Integrated Medicine
- National Hospital for Neurology and Neurosurgery; and
- Eastman Dental Hospital

The charity's principal objective is to apply funds for any charitable purpose or purposes relating to UCLH hospital services, including research, or to any part of the NHS. The trustees seek to achieve this objective in four key ways:

- Relief of sickness of patients who are or have been treated at the University College London Hospitals;
- Relief of sickness at the hospitals by promoting the efficient performance of staff duties;
- Funding projects which investigate the causes of sickness and disability and the prevention, treatment, cure and defeat of sickness in all its forms;
- Funding projects which benefit the advancement of scientific and medical education and research in topics related to sickness and disability.

## Public benefit

It is the intention of the trustees that the charitable funds should be used to expand on and develop the services provided by the Foundation Trust, by funding innovative and original projects which would not otherwise be possible using only central NHS funds. In formulating and applying these objects and planning the work of the charity, the trustees have due regard for Charity Commission's general guidance on public benefit.

## Strategy, planning and measurement

In order to continue to work towards its objectives, the charity undertakes regular strategic reviews, based on discussions with UCLH NHS Foundation Trust senior staff. Each review helps us to understand the direction of the Foundation Trust, the issues it faces, and how the charity can best support it as it moves forward.

By their nature, the charity's objectives are ongoing as there will always be patients needing treatment, staff to support as they look after those patients and new treatments to investigate. Our strategic reviews help us to understand the areas where the Foundation Trust can lead the way, and therefore which projects we can support which will have most impact on the patients here and in the wider NHS.

We receive follow-up reports from grant recipients to gather evidence on how effective our funding has been. Most projects take some time to show measurable results and the benefits accrue gradually, and so the results of grants made in one accounting period may not emerge until future years.

## Objectives for the year

The trustees' continuing objective is always to support the objectives of UCLH NHS Foundation Trust – to deliver top-quality patient care, excellent education and world-class research. The projects that we fund, whether shorter or longer term, must have the support of the Foundation Trust leadership to ensure that what we support from our general funds contributes to their strategy. As a part of this key objective, we also look actively at our restricted funds to solicit bids for excellent projects which use those funds in accordance with the donors' wishes.

In everything we do, UCLH Charity aims to help the Foundation Trust to provide a better patient experience, through a focus on the key values of safety, kindness, teamwork and improving.

## ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

### Donations, grants and legacies

While UCLH Charity is fortunate in having investments which generate income to support our charitable activities, we also depend heavily on the generosity of donors and fundraisers. Donations from individuals, grants from companies and legacies totalled £9.5m this year, compared to £9.7m in the year to 31 March 2016. As ever, we would like to take this opportunity to thank all our supporters, and to highlight just a few examples of their dedication.

- **Colin**

Three fundraisers who were personally affected by idiopathic pulmonary fibrosis (IPF) ran the London Marathon for our Breathing Matters fund. Colin Bathe was one of them, having sadly lost four family members to the disease, with a fifth recently diagnosed. "Like most, I hadn't heard of IPF before, until my mother was diagnosed and later passed away." Those who suffer with the disease commonly experience scarring of the lung which causes them to struggle to draw breath. "As IPF has a low profile, research into the disease is rarely funded. And that's what is so great about Breathing Matters, a fund dedicated to this cause at UCLH."

- **Mark**

In 2004 Mark Masson was diagnosed with an advanced form of Hodgkin's disease, and after countless cycles of chemotherapy, radiotherapy and relapses, he had a bone marrow transplant using his own stem cells. When this failed, Mark was given a terminal diagnosis and it was predicted that he had just one year to live. Then Mark received a life-saving bone marrow transplant at UCLH. "Professor Linch gave me a thread of a lifeline when I thought there was no hope, and then UCLH saved my life." To express this gratitude, this year Mark walked the 80-mile London Capital Ring to raise money for UCLH Charity's Haematology Cancer Care fund. "I wanted to give something back to UCLH haematology department for saving my life. I did this doing something I enjoy with the added bonus of being joined by my wonderful family and friends along the way."

- **Katy**

In February 1983, Katy Hall was born at 24 weeks weighing just 1.19 pounds (540g) and was cared for in the UCLH neonatal unit. She suffered from many serious problems including intracranial bleeds and immaturity of the lungs, and her treatment was touch and go, but she survived "due to a combination of luck and excellent care from UCLH nurses and doctors." To show her gratitude, years later, Katie fundraised for the neonatal unit in a very original way. She shaved her hair. "I wanted to do something different – and I thought, what says dedication more than getting my head shaved; a woman's hair is part of her identity, and the challenge resulted in me wearing a hat for weeks!"

### Charitable activities

We aim to make a real difference, and everything we do supports the patients treated by the Foundation Trust. Our activities fall under five broad headings: medical equipment and infrastructure; provision of staff and professional services; patient welfare and amenities; research; and staff education and development. These activities are supported both through the provision of larger or smaller grants, and through the work of our discretionary funds. We also try to ensure that our grant-making activities support innovation within the hospitals, and help the Foundation Trust to operate more effectively and efficiently. Some of the projects we funded this year are detailed below.

## Medical equipment and infrastructure projects

### • Laparoscopic Fluorescent Imaging System

A UCLH Charity grant of £96,500 purchased a Fluorescent Imaging System, a piece of equipment that is expected to significantly reduce the number of patients who will suffer from an anastomotic leak, a potentially life-threatening complication that can occur following surgery to remove cancerous tumours of the bowel.

When a cancerous tumour of the bowel is removed, the ends of the colon are joined back together. The joining point is called an anastomosis, and 5-10% of patients who receive this operation will experience an anastomotic leak, a painful and serious complication that will cause prolonged hospital stay and often an emergency operation.

The operation fails because the tissue is not healthy, and the Imaging System enables doctors to assess the health of the tissue by monitoring blood flow. This is made visible by injecting fluorescent dye into the colon, which the imaging system translates into an image which is visible to the human eye. With the imaging system, it is estimated that the percentage of patients who will experience an anastomotic leak will be reduced to as low as 1.3%, which is a significant reduction, and means a substantial financial saving for the NHS.

### • In-utero repair of fetal spina bifida

As a result of funding from UCLH Charity, UCLH will be the first hospital in the UK to offer in-utero repair of fetal spina bifida, a congenital defect of the spine caused by an incomplete closure of the spinal column, leaving the spinal cord exposed in the womb and vulnerable to damage.

It has been proven that repairing the defect at the earliest possible moment could prevent further damage caused by exposure of the spinal cord and ensure a drastic reduction of symptoms. Compared with standard postnatal surgery correction, prenatal surgery is associated with a 50% reduction in the need for surgical shunt replacement and a significant improvement in mental development and motor function at 30 months of age.

The surgery involves opening the uterus for caesarean section to expose the spina bifida without delivering the fetus, allowing surgeons to operate and then repair the uterus. The UCLH Charity grant will fund the initial operations and the training of staff at a children's hospital in Philadelphia, along with a specialist professor in fetal surgery to oversee the project.

## Patient welfare and amenities

### • Hetty's Hospital App

Hospitals can be very intimidating places for children and young people, and often it is difficult to explain the hospital process to them. Evidence strongly indicates that play is a key learning tool. It can be used to develop greater understanding and awareness of a child's experiences and rationalise their experiences.

The charity has awarded funding for Hetty's Hospital App which explores through stories and games, a selection of commonly-experienced hospital narratives. The app is aimed at children of ages 4-8 years and will be offered for several services beginning with oncology, diabetes, allergy testing and dentistry.

Not only will the app vastly improve the hospital experience for its users, but it will also reduce length of stay and hence costs, since the more calm and prepared the child, the more likely they are to tolerate a daunting procedure such as an MRI scan without sedation, which currently costs £1,000 per patient.

## Research

### • Centre for Cancer Outcomes

As part of the cancer strategy and the work of the Cancer Vanguard, the charity has funded the cost of a part-time cancer clinician and senior analytical lead over a period of two years to establish the Centre for Cancer Outcomes, an initiative that will involve collecting clinical data and using information to improve and evaluate efficiency and outcomes across the hospital.

A robust infrastructure will be created to monitor the whole patient pathway and link information across multiple disciplines. The initiative will provide patients with clear and understandable information about treatment options and provide clinicians and multi-disciplinary teams with comparative information of clinical outcomes of cancer treatments. Information about costs and outcomes of cancer treatment will enable evidence-based decisions about what treatments should be provided.

### **Staff education and development**

#### **• Clinical academic career fellowships for nurses**

There have long been opportunities for doctors to combine a clinical career with research, but until recently this was rare for nursing, midwifery or allied health professionals. Only 0.01% of nurses become a clinical academic leader which makes a sharp contrast to the 5% of doctors who pursue the role. That's why UCLH Charity has funded four nursing and allied health professional fellowships this year. The selected candidates will support the development of research capability at UCLH and the grant will fund study leave for the participants along with salary replacement.

#### **• Community of Practice for Clinical Nurse Specialists**

UCLH has a particularly high number of Clinical Nurse Specialists who provide a valuable service to patients with both acute and chronic conditions. Increasingly they take on roles that used to be done by others, particularly doctors, but in the past there has been a fragmented approach across the group. After a successful pilot within the cancer service, UCLH Charity has provided funding for a Community of Practice which will enable the group to meet, collaborate and work together, share knowledge and improve the way that the hospital delivers care.

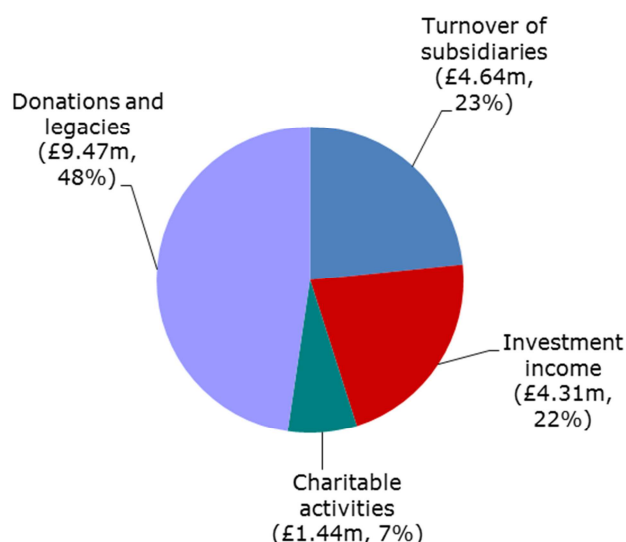
### **PLANS FOR FUTURE PERIODS**

Over the next five years, the charity plans:

- To make a grant of £30m to the Foundation Trust for its major Phase 4 development. This grant will be the largest ever made by UCLH Charity and will assist the creation of a short stay theatre complex and around 120 beds supporting specialist cancer activity, critical care and short stay surgery;
- To provide grants to the Foundation Trust for projects to improve patient care and the patient experience, ensuring that these are over and above NHS provision;
- To work with our fundholders who run ward and discretionary funds, supporting them in the valuable work they do on our behalf and assisting with their fundraising initiatives;
- To generate new income streams, building on existing expertise particularly in property investment;
- To continue to support UCLH staff, in funding educational courses, rewarding exceptional service, and providing interest-free season ticket loans; and
- To improve the profile of the charity within the hospitals and the community they serve, both to increase the level of support from the public and to celebrate the benefits which the charity provides.

## FINANCIAL REVIEW

### Income: group basis

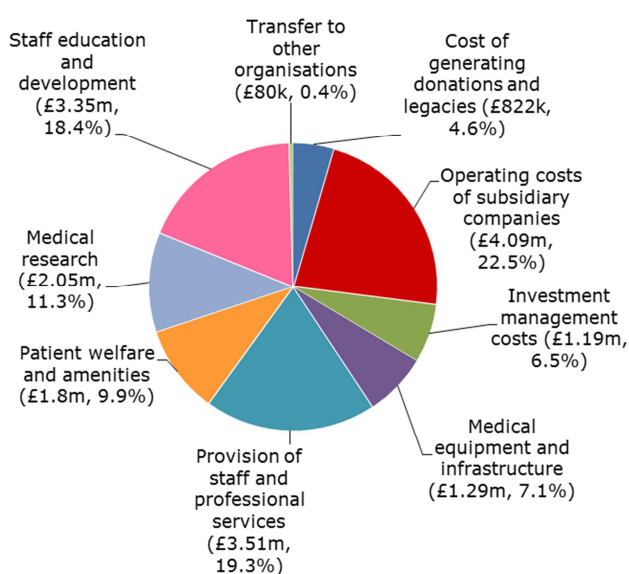


Income	2017 £'000	2016 £'000
Donations and legacies	9,470	9,730
Turnover of subsidiary companies	4,644	6,553
Investment income	4,310	3,777
Charitable activities, other fundraising activities and other income	1,444	1,584
<b>Total</b>	<b>19,868</b>	<b>21,644</b>

Income was £19.7m for the year, £1.9m lower than last year mainly due to lower turnover from Inventive Medical Ltd, as it was sold in August 2016.

Donations and legacies are the charity's largest funding source, with the majority of this being ring-fenced for consultants, departments and wards. The charity's arrangement of working closely with clinical staff means that this key funding stream is targeted very directly at the priorities identified by clinicians, who are best placed to see how their funds can be used to benefit patients.

### Expenditure: group basis



Expenditure	2017 £'000	2016 £'000
Cost of generating donations and legacies	822	658
Operating costs of subsidiary companies	4,088	5,981
Investment and property management costs	1,190	1,957
Medical equipment and infrastructure	1,292	1,429
Provision of staff and professional services	3,505	2,049
Patient welfare and amenities	1,796	2,140
Medical research	2,047	1,094
Staff education and development	3,348	2,480
Transfer to other organisations	80	34
<b>Total</b>	<b>18,168</b>	<b>17,822</b>

Expenditure was £18.2m compared to £17.8m for the same period last year. Operating costs of subsidiary companies were down by £1.9m due to the sale of IML in August 2016, but expenditure on charitable activities was higher, particularly in the provision of staff and professional services, medical research and staff education and development. Grant expenditure, and expenditure from discretionary funds, which form the bulk of the charitable expenditure, are by their nature unpredictable and not necessarily consistent from one financial year to another.

## Balance sheet

The group and the charity's financial positions are summarised on pages 20 and 21 respectively.

The Cotton Rooms patient accommodation, which occupies the top two floors of 170 Tottenham Court Road, a property owned by the charity, is classified as a tangible fixed asset, since it is used to provide services to the charity's beneficiaries. It was valued at £7.7m at 31 March 2017 (2016: £8.3m). The Middlesex Annex was bought in March 2017 and the purchase cost and other associated fees have also been classified as a tangible fixed asset, since the property is still under construction. It had a value of £13.1m at 31 March 2017, meaning the charity had tangible fixed assets of £20.8.

Investment properties accounted for £82.1m of the group's assets (2016: £76.2m), with a further £41.3m represented by listed investments (2016: £36.3m). Further details of investment performance are below. Debtors stood at £7.5m (2016: £9.1m), and the charity held £21.6m of cash at bank at 31 March 2017. This compares to cash of £54.7m at 31 March 2016 and the reduction in cash was partly due to the purchase of the Middlesex Annex and partly due to the repayment of the £18m Handelsbanken loan in the year.

The charity's main liability was its grant creditors, which stood at £14.7m (2016: £14.1m). Total liabilities were £18.1m at 31 March 2017 (2016: £41.2m).

Overall, the balance sheet stood at £156.6m at 31 March 2017 (2016: £144.8m).

## Investment policy and performance

During the year, the charity made net investment gains of £10.4m (2016: £27.8m). Of these gains, £1.9m (2016: £nil) represented realised gains on the sale of IML, £nil (2016: £17.1m) represented realised gains on disposal of investment properties, £0.4m (2016: £nil) represented investment fees taken from unit funds held by the charity, and the remaining £8.1m (2016: £10.8m) represented unrealised gains on the listed investment and investment property portfolios. These gains have caused the charity's net assets to rise significantly, which will in turn enable it to do more to support the hospital. Further details are provided in note 14 to the accounts, including the breakdown between listed investments and investment properties.

The majority of listed investments are held with three managers: Sarasin & Partners LLP, BNY Mellon Fund Managers Ltd and Cazenove Capital Management. The charity also owns a number of investment properties which provide residential and office accommodation, and in addition holds units in the COIF Charities Investment Fund, managed by CCLA Investment Management Ltd.

Investment in stocks and shares are made in accordance with a Charity Commission Scheme dated January 2009. The charity's governing documents allow the trustees to invest in a wide range of shares and investments provided they are not speculative or hazardous. The trustees require their investment managers to invest in a diversified portfolio of investments to provide growth of both capital and income over the long term, whilst avoiding exposing the charity's assets to unacceptable high levels of risk. Investment is not made directly or indirectly in companies which derive 10% or more of their revenue from the sale of tobacco or tobacco products. The trustees have delegated oversight of listed investment matters to the investment sub-committee.

Investment performance is continuously monitored and measured in-house, against trustees' and investment management benchmarks on a monthly basis. Investment advisers meet with the officers regularly and with the trustees half yearly to discuss strategies and performance. The trustees are content with the performance of the listed investments and remain satisfied that their investment objectives are being met. However, during the year the charity carried out an investment review and made a strategic switch for part of their investments from a total return approach to an equity income strategy.

The charity's investment properties were revalued using desktop valuation as at 31 March 2017, in line with the requirements of the Charities' Statement of Recommended Practice. The trustees have delegated oversight of properties to the property sub-committee.



As at 31 March 2017, the trustees held investment assets with a market value of £123.4m, consisting of £38.7m held with the investment managers detailed above, £0.95m held in common investment funds, and £82.05m in investment properties. As a result of the sale of Inventive Medical Ltd, the charity acquired shares in MedaPhor Group plc which were valued at £1.3m at the year end.

## Reserves

At 31 March 2017, the total funds of the group amounted to £156.6m. A full breakdown is shown in note 19.

Endowment funds totalled £6.7m (2016: £6.1m) and restricted funds amounted to £2.5m (2016: £2.9m). A further £49.9m (2016: £47.1m) was held in discretionary funds which have been designated for the support of consultants, departments and wards. For these funds, decisions over spending are delegated to senior clinical staff, so the funds are not available for application by the charity. Discretionary funds included a figure of £26.7m (2016: £26.7m) which has been set aside for the Foundation Trust with a view to it being used in the near future in relation to the hospital's Phase 4 building which is in construction and will incorporate the new proton beam therapy unit and additional patient beds for those receiving long-term cancer care. A further £12.8m (2016: £10.8m) is held in other designated funds, under the control of the trustees but ring-fenced for specific projects.

The trustees have ongoing commitments relating to the welfare of both patients and staff. Apart from donations and legacies, which are by their nature unpredictable, the income received by the charity's undesignated funds is derived from investments and property rental. The trustees therefore consider that there is a need to maintain a level of free reserves sufficient for the income therefrom to continue to meet these commitments, allowing for fluctuations in the returns that these investments generate.

The charity's expenditure varies from year to year and is often significant on any one project, be it the purchase of expensive medical equipment or a major capital scheme. A substantial level of free reserves is required both to meet known likely expenditure up to two or three years' forward and unforeseen expenditure. The level of undesignated free reserves at 31 March 2017 was £84.7m. The majority of this figure is within the £82.0m balance held as investment properties. Some properties are of strategic importance to the charity and the funds represented by these assets are not immediately available for use in the charity's activities.

The trustees review the level of the group's reserves on a quarterly basis to ensure that they can meet likely commitments, and review the reserves policy on an annual basis. To meet the group's aims and to reduce reliance on the reserves, the trustees actively seek opportunities for income generation. The trustees consider that the level of free reserves at 31 March 2017 is adequate to meet the charity's needs.

## Risk management

The trustees recognise that they have a responsibility to minimise the level of risk to which their activities could be exposed. They actively review the major risks which the group and charity face on a regular basis and believe that the maintenance of reserves, combined with the annual review of the controls over key financial systems will provide sufficient resources for committed grants in the event of adverse conditions.

UCLH Charity assesses risks for both likelihood of occurrence and potential financial impact, with procedures established to mitigate these as far as possible. Risks which score highly on both scales are monitored closely. At present, the most serious risks the charity has identified fall into two broad categories; investments and investment property. The charity considers that appropriate mitigating procedures are in place in both these areas, supported by existence of specialist sub-committees on each area reporting to the trustees. In particular, lack of appropriate investment policies or poor investment performance, which could lead to financial loss, is mitigated by the involvement of professional investment management firms who meet regularly with the trustees and officers. The risk of a property market collapse, which could have a significant impact on the value of the charity's investment properties, is mitigated by the fact that the properties are held by the charity as long-term investments and long-term rental agreements are held with tenants.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### UCLH Charity structure

Following the NHS Executive's proposal for restructuring NHS Charities, The Middlesex Hospital Special Trustees, the University College Hospital Special Trustees and UCL Hospital NHS Trust Charity were reconstituted as a single body of Trustees under Section 11 of the 1990 NHS and Community Care Act. Under Statutory Instrument 2000 No 860 these charities were officially merged into one charity entitled 'University College London Hospitals Charities' with effect from 1 April 2000. A further Charity Commission Scheme was issued on 20 January 2009 which rationalised the number of sub-charities. At this point the charity adopted the working name University College London Hospital Charity (UCLH Charity). Details of the charities within the group, their individual governing documents and objectives can be found on the Charity Commission website ([www.charity-commission.gov.uk](http://www.charity-commission.gov.uk)). Further details may be obtained from the charity's registered address.

The charity is an unincorporated organisation. Following the Department of Health's review of the governance of NHS charities, the charity has gone through a restructuring process. A new charitable company limited by guarantee has been registered with the Charity Commission (1165398) and Companies House (9980449). All the assets and liabilities of the existing NHS Charity (229771) were transferred into this new legal entity on 1 April 2017.

### Trustees

The trustees who held office during the year were:

#### ***Dr Victoria Harrison (Chairman)***

Dr Victoria Harrison is former Chief Executive of the Wolfson Foundation, a grant-giving charity. Her other posts have included Deputy to the Chief Scientific Adviser in the Cabinet Office and head of the policy divisions of the Agricultural and Food Research Council and the Biotechnology and Biological Sciences Research Council. She is also a trustee for Hearing Dogs for Deaf People.

#### ***Professor Peter Ell (until 31 March 2017)***

Professor Peter Ell FMedSci Dr HC is a former Senior Investigator with the National Institute for Health Research, who has authored more than 630 peer-reviewed papers and 12 textbooks. Professor Ell has also received a number of international awards for his outstanding contribution to nuclear medicine.

#### ***Lord Hemphill***

Lord Hemphill is a director of Waverton Investment Management Limited. He has worked in the investment management business for over 35 years, having been a director at Morgan Grenfell, Deutsche Asset Management and Spencer House Capital Management. He is currently a member of the Legal Education Foundation's investment committee, and a trustee of the Dulverton Trust and Highclere Castle. Lord Hemphill chairs the investment sub-committee.

#### ***Dr Rima Makarem***

Rima Makarem is a non-executive director at UCLH NHS Foundation Trust. She has extensive experience in healthcare and pharmaceuticals and currently runs a consultancy business, holding a portfolio of non-executive positions. These include non-executive director and audit Chair at the National Institute for Health and Care Excellence (NICE), independent Council member at St George's University of London, board trustee of Anchor Trust and chair of the National Travel Health Network and Centre (NaTHNaC).

#### ***Dr James Mountford (until 31 March 2017)***

Dr James Mountford is Director of Quality at UCLPartners and at the Royal Free London NHS Foundation Trust. Previously, James held roles as an NHS doctor and as a consultant at McKinsey. He has also been a Commonwealth Fund/Health Foundation Harkness Fellow, based in Boston at Massachusetts General Hospital and at the Institute for Healthcare Improvement.

**Mrs Nikki Williams-Ellis**

Nikki Williams-Ellis has a wealth of experience in the charitable sector, in particular with care and supported living for children and young adults with learning disabilities. She has over 30 years of expertise in the commercial and residential property sectors and leads a charity set up to build the first cricket stadium in Rwanda. Mrs Williams-Ellis chairs the property sub-committee.

**Mr James Thorne**

James Thorne is a former partner at the law firm Farrer & Co where he worked for some 34 years. He was a Governor at the University for the Creative Arts and Chairman of its Audit and Risk Committee, and the Chairman of a committee at the Institute of Cancer Research. He is a trustee of the Colyer-Fergusson Charitable Trust and is Chairman of Governors at the New Beacon Educational Trust.

**Recruitment, appointment, training and induction of trustees**

All trustees are appointed by the NHS Trust Development Authority on behalf of the Secretary of State for Health and all, once appointed, have equal responsibilities with their fellow trustees. As at 31 March 2017 there were four lay trustees and three NHS-linked trustees.

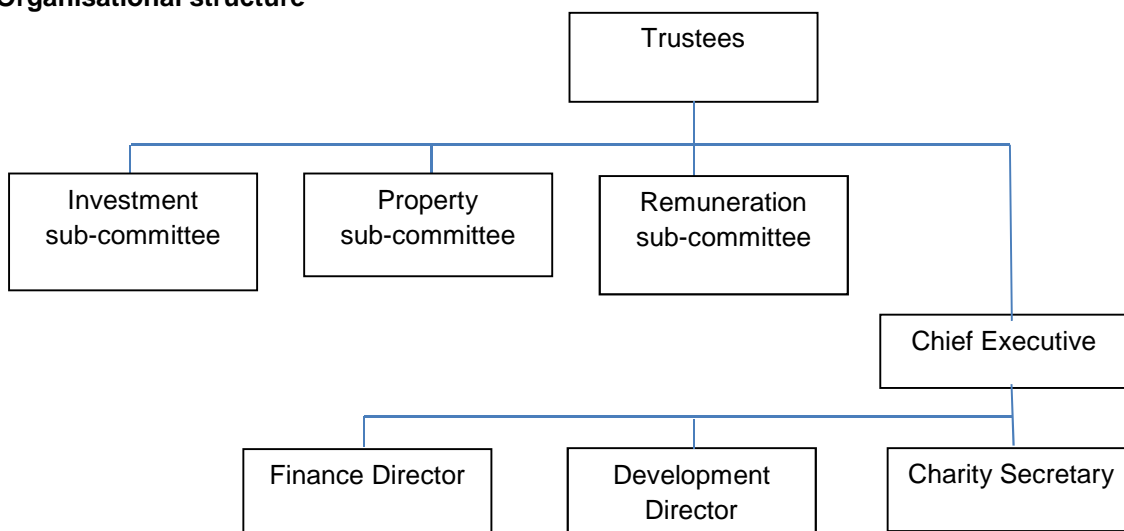
All applicants for trustee vacancies are required to go through a selection process set out by the NHS Trust Development Authority. Candidates must be able to demonstrate knowledge of and an interest in the NHS both nationally and locally. The trustees are selected to provide the charity with a relevant mix of professional skills in law, investment management, banking, fundraising and charitable grant-making.

The NHS Trust Development Authority makes the final decision on all appointments and the chair of the Appointments Commission writes to invite successful candidates to serve as charity trustees. Trustees are appointed initially for a fixed term of four years, but may be considered for reappointment at the end of this term. No trustee may serve more than ten years in total.

Newly appointed trustees are provided with information packs which provide details on the duties and roles of an NHS charity trustee, copies of the constitution of the charity, the previous year’s annual reports and accounts, and the standing orders and standing financial instructions. In addition, new trustees meet the chairman and officers of the charity to discuss the organisation’s aims, objectives and direction.

Trustees are kept up to date regularly with changes relating to charity legislation. Conferences organised by legal, financial and investment professionals are available for trustees to attend. The charity is also a member of the Association of NHS Charities, which offers regular seminars for the trustees.

**Organisational structure**



## Organisation and decision-making process

The trustees are responsible for setting the strategic direction of the organisation and for establishing policy. They meet quarterly to discuss and review the group and charity's state of affairs. The trustees delegate the day to day administration of the charity to the chief executive who employs accounting and administrative staff to support him.

The charity invites applications for funding of projects through University College London Hospitals NHS Foundation Trust. Grant bids must be approved by the Foundation Trust Executive Board before consideration by the trustees, to ensure that grants made are in line with the strategic direction of the Foundation Trust.

Grant bids which have been passed by the Foundation Trust Executive Board are discussed at quarterly trustees' meetings which the Foundation Trust's chairman and chief executive are invited to attend in an advisory capacity. Decisions to approve all or part of a particular grant are made by the trustees following these discussions.

Grants are made from unrestricted and restricted funds within the registered charities of the group. Unrestricted funds are made up of donations with no particular preference expressed by donors, thus enabling the trustees to apply these funds for the general purposes of the charity. Restricted funds are funds subject to specific trusts that may be declared by the donors or created through legal process that can only be applied for particular purposes within the charity's objects.

A remuneration sub-committee recommends a level of remuneration for key management personnel comprising the Chief Executive and the executive team. This sub-committee consists of at least three trustees with appropriate skills and experience. It meets at least once a year and reports to the full board of trustees. During the year, the sub-committee took advice from external professionals. Further details of key management personnel and their remuneration are given in note 10.

## Discretionary funds

A significant proportion of the charity's activities are delivered by the staff of the Foundation Trust, who are a key link to patients and supporters. For our discretionary funds, which are designated (see note 20), we rely on these staff to submit proposals for the most effective use of funds, bearing in mind their knowledge of local needs in their own wards and departments. These requests are reviewed and authorised by officers of the charity in accordance with the charity's standing orders and standing financial instructions. We are very grateful to all our fundholders for this invaluable assistance in ensuring that our funds are used effectively to target local priorities.

## Association of NHS Charities

The Charity is a member of the Association of NHS Charities. This organisation provides a forum for discussion of issues across the sector with other similar charities, and provides opportunities for collaborative working. While the Association provides helpful support, it does not influence the operational policies adopted by the trustees of the charity.

## Subsidiary companies owned by UCLH Charity and consolidated in these accounts

The charity owns the entire share capital of the entities listed below, whose results are consolidated in these accounts:

- **QS Enterprises Ltd** (registered company number 01850377)

This company provides clinical imaging services to patients of the NHS and private hospitals. It has a separate board of directors who report to the charity trustees on a regular basis. The company had another very successful year and was able to make a Gift Aid contribution to the charity of £0.85m. Further details of its financial results are given in note 3.

- **Inventive Medical Ltd** (registered company number 06468381) (Until August 2016)

This company was formed to exploit income-generating projects arising from research or development funded by grants from UCLH Charity. It had a separate board of directors who reported to the charity trustees regularly.

The company sold its HeartWorks echocardiography simulator packages to over 200 hospitals, improving the training of cardiac anaesthetists around the world. Further details of its financial results are given in note 4.

In August 2016, Inventive Medical Ltd (IML) was sold to Medaphor Group plc, an AIM-listed company, in return for £2.7m in shares in Medaphor plc. IML's cardiology-related ultrasound training is a complementary technology to Medaphor's ScanTrainer simulator which specialises in female pelvis and upper abdomen ultrasound training.

- **Duchess UCLHC Ltd** (registered company number 07709000) (dissolved on 14 March 2017)

This company was formed to carry out property development. It was dissolved during the year.

### Associated organisations

The charity exists to support the work of UCLH NHS Foundation Trust, with which it has a close working relationship. The Foundation Trust chairman and chief executive are invited to attend regular trustees' meetings, but the trustees of UCLH Charity are totally independent of the Foundation Trust. We collaborate with the Foundation Trust's membership office and the voluntary services, so that the support the hospitals get from us all is as effective as possible. We also work with the following organisations:

- **The Essex Wynter Charity** (registered charity number 1084786)

This is an independent charity which provides subsidised accommodation for retired nurses. UCLH Charity has the responsibility of appointing the Essex Wynter Charity trustees and also provides administrative support to the charity. Close links are maintained between the two bodies as staff of UCLH NHS Foundation Trust benefit from the activities of both entities.

- **The 52 Club**

The 52 Club is the sports and social club for UCLH staff. It is a non-profit-making licensed club governed by a management committee. UCLH Charity provides the club with administrative support.

- **The Friends of UCLH** (registered charity number 266669)

This is an independent charity which exists to support the Foundation Trust and also benefits from administrative support from UCLH Charity. A link between the two organisations is maintained to allow communication and cooperation in delivering the charitable activities of the two entities.

- **The Middlesex Hospital Nurses' Benevolent Fund** (registered charity number 268576)

This charity exists to provide financial support for nurses from the former Middlesex Hospital. It similarly benefits from administrative support from UCLH Charity.

- **Pathway** (registered charity number 1138741)

This grew out of a project started in 2008 by UCLH Charity to provide support for homeless people admitted to University College Hospital. It became an independent charity in 2010 and now provides the service to hospitals across London and the rest of the UK. UCLH Charity continues to work closely with Pathway and to provide administrative and practical support. The Pathway team also make good use of the UCLH Charity Samaritan Fund for clothing, travel and other small expenses for homeless patients.

### REFERENCE AND ADMINISTRATIVE INFORMATION

<b>Name</b>	University College London Hospitals Charities	
<b>Working name</b>	UCLH Charity	
<b>Registered charity no.</b>	229771	
<b>Principal office</b>	5th Floor East, 250 Euston Road, London, NW1 2PG	
<b>Trustees</b>	Dr Victoria Harrison (Chairman) Professor Peter Ell (until 31 March 2017) Lord Hemphill Dr Rima Makarem Dr James Mountford (until 31 March 2017) Mr James Thorne Mrs Nikki Williams-Ellis	
<b>Auditor</b>	Buzacott LLP, 130 Wood Street, London, EC2V 6DL	
<b>Principal bankers</b>	Coutts & Co, 440 Strand, London, WC2R 0QS Handelsbanken, 5 <sup>th</sup> Floor, 13 Charles II Street, London, SW1Y 4QU	
<b>Solicitors</b>	Withers LLP, 16 Old Bailey, London, EC4M 7EG	
<b>Investment advisors</b>	Sarasin & Partners LLP, Juxon House, 100 St Pauls Churchyard, London, EC4M 9BU BNY Mellon Fund Managers Ltd, 160 Queen Victoria Street, London EC4V 4LA Cazenove Capital Management, 12 Moorgate, London EC2R 6DA CCLA Investment Management Ltd, 80 Cheapside, London, EC2V 6DZ	
<b>Investment property advisers</b>	Dron & Wright, 80 Cannon Street, London EC4N 6HL	
<b>Executive team</b>	Philip Brading Peter Burroughs Zung To Josephine Webb	Chief Executive Development Director Charity Secretary Finance Director

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the income and expenditure of the group for that period. In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Charity (Accounts and Reports) Regulations and the provisions of the charity's trust deed. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

### Signed on behalf of the trustees:

 27 September 2017

**Independent auditor's report to the trustees of University College London Hospitals Charities**

We have audited the accounts of University College London Hospitals Charities for the year ended 31 March 2017, which comprise the group and the parent charity statement of financial activities, the group and the parent charity balance sheets, group statement of cash flows, the principal accounting policies and the related notes. 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 FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the trustees' responsibilities statement set out in the Report of the Trustees, the trustees are responsible for the preparation of accounts which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on the accounts**

In our opinion the accounts:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2017 and of the group's 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 Charities Act 2011.



**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the trustees' annual report is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept; or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

*Buzzacott LLP 11 October 2017*

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

### Consolidated statement of financial activities

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total Funds £'000	2016 Total Funds £'000
<b>Income and endowments from:</b>						
Donations and legacies	2	9,468	2	-	9,470	9,730
Charitable activities		1,339	-	-	1,339	1,297
Other trading activities						
Turnover of QS Enterprises Ltd	3	3,841	-	-	3,841	4,194
Turnover of Inventive Medical Ltd (discontinued)**	4	803	-	-	803	2,359
Other fundraising activities		96	-	-	96	69
Investments	5	4,227	83	-	4,310	3,777
Other		9	-	-	9	218
<b>Total income</b>		<b>19,783</b>	<b>85</b>	<b>-</b>	<b>19,868</b>	<b>21,644</b>
<b>Expenditure on:</b>						
Raising funds						
Costs of generating donations and legacies		(814)	(8)	-	(822)	(658)
Fundraising trading expenditure						
Operating costs of QS Enterprises Ltd	3	(3,025)	-	-	(3,025)	(3,083)
Operating costs of Inventive Medical Ltd (discontinued)**	4	(1,063)	-	-	(1,063)	(2,898)
Investment management costs						
Costs of managing quoted investments		(195)	(9)	(34)	(238)	(311)
Costs of managing, maintaining and repairing investment properties		(793)	(2)	-	(795)	(1,183)
Bank interest and charges on loan relating to investment properties		(157)	-	-	(157)	(463)
Charitable activities						
Medical equipment and infrastructure costs	6	(895)	(397)	-	(1,292)	(1,429)
Provision of staff and professional services		(3,503)	(2)	-	(3,505)	(2,049)
Patient welfare and amenities		(1,663)	(133)	-	(1,796)	(2,140)
Medical research		(1,932)	(115)	-	(2,047)	(1,094)
Staff education and development		(3,345)	(3)	-	(3,348)	(2,480)
Other		(80)	-	-	(80)	(34)
<b>Total expenditure</b>		<b>(17,465)</b>	<b>(669)</b>	<b>(34)</b>	<b>(18,168)</b>	<b>(17,822)</b>
Net gains on investments		9,478	184	739	10,401	27,861
<b>Net income/(expenditure)</b>		<b>11,796</b>	<b>(400)</b>	<b>705</b>	<b>12,101</b>	<b>31,683</b>
Transfers between funds	19	112	-	(112)	-	-
<b>Other recognised (losses)/gains</b>						
(Losses)/gains on revaluation of tangible fixed assets	13	(334)	-	-	(334)	167
<b>Net movement in funds</b>		<b>11,574</b>	<b>(400)</b>	<b>593</b>	<b>11,767</b>	<b>31,850</b>
<b>Reconciliation of funds</b>						
Total funds brought forward	19	135,792	2,911	6,110	144,813	112,963
<b>Total funds carried forward</b>	19	<b>147,366</b>	<b>2,511</b>	<b>6,703</b>	<b>156,580</b>	<b>144,813</b>

**\*\* Disposal of Inventive Medical Ltd – Discontinued operation**

On 2 August 2016, Inventive Medical Limited, a subsidiary of the charity, was disposed of. Consequently, transactions up to this date have been included in income and expenditure, with the gain on disposal shown as part of the net investment gains for the period. The amounts included in the statement of financial activities for the year ended 31 March 2017 are presented below.

	<b>2017</b>	<b>2016</b>
	<b>Total</b>	<b>Total</b>
	<b>Funds</b>	<b>Funds</b>
<b>Note</b>	<b>£'000</b>	<b>£'000</b>
Turnover of Inventive Medical Ltd	803	2,359
Operating costs of Inventive Medical Ltd	(1,063)	(2,898)
<b>Loss for the period</b>	<u>(260)</u>	<u>(539)</u>
<b>Gain on disposal of Inventive Medical Ltd</b>		
Net proceeds received	2,440	-
Less loan from Charity to Inventive Medical Ltd	(2,630)	-
Realised loss on disposal of Inventive Medical Ltd	(190)	-
Add accumulated losses at 31 July 2016	4      2,109	-
<b>Total gain on disposal</b>	<u>1,919</u>	<u>-</u>

Apart from the balances above, all other balances relate to continuing operations.

### Charity only statement of financial activities

		Unrestricted Funds	Restricted Funds	Endowment Funds	2017 Total Funds	2016 Total Funds
	Note	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
Donations and legacies		10,305	2	-	10,307	10,894
Charitable activities		1,339	-	-	1,339	1,297
Other trading activities		96	-	-	96	69
Investments	5	4,227	83	-	4,310	3,777
Other		9	-	-	9	218
<b>Total income</b>		<u>15,976</u>	<u>85</u>	<u>-</u>	<u>16,061</u>	<u>16,255</u>
<b>Expenditure on:</b>						
Raising funds						
Costs of generating donations and legacies		(814)	(8)	-	(822)	(658)
Investment management costs						
Costs of managing quoted investments		(195)	(9)	(34)	(238)	(311)
Costs of managing, maintaining and repairing investment properties		(793)	(2)	-	(795)	(1,183)
Bank interest and charges on loan relating to investment properties		(157)	-	-	(157)	(463)
Charitable activities	6					
Medical equipment and infrastructure costs		(895)	(397)	-	(1,292)	(1,429)
Provision of staff and professional services		(3,503)	(2)	-	(3,505)	(2,049)
Patient welfare and amenities		(1,663)	(133)	-	(1,796)	(2,140)
Medical research		(1,932)	(115)	-	(2,047)	(1,094)
Staff education and development		(3,345)	(3)	-	(3,348)	(2,480)
Other		(80)	-	-	(80)	(34)
<b>Total expenditure</b>		<u>(13,377)</u>	<u>(669)</u>	<u>(34)</u>	<u>(14,080)</u>	<u>(11,841)</u>
Net gains on investments		7,369	184	739	8,292	27,861
<b>Net income/(expenditure)</b>		<u>9,968</u>	<u>(400)</u>	<u>705</u>	<u>10,273</u>	<u>32,275</u>
Transfers between funds	19	112	-	(112)	-	-
<b>Other recognised (losses)/gains</b>						
(Losses)/gains on revaluation of tangible fixed assets	13	(334)	-	-	(334)	167
<b>Net movement in funds</b>		<u>9,746</u>	<u>(400)</u>	<u>593</u>	<u>9,939</u>	<u>32,442</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		137,566	2,911	6,110	146,587	114,145
<b>Total funds carried forward</b>		<u>147,312</u>	<u>2,511</u>	<u>6,703</u>	<u>156,526</u>	<u>146,587</u>

## Consolidated balance sheet as at 31 March 2017

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total Funds £'000	2016 Total Funds £'000
<b>Fixed assets</b>						
Intangible assets	12	-	-	-	-	483
Tangible assets	13	22,154	-	-	22,154	8,808
Listed investments and investment properties	14	115,718	952	6,703	123,373	112,563
Programme-related loans	15	83	-	-	83	96
<b>Total fixed assets</b>		<u>137,955</u>	<u>952</u>	<u>6,703</u>	<u>145,610</u>	<u>121,950</u>
<b>Current assets</b>						
Stocks		4	-	-	4	244
Debtors	16	7,488	-	-	7,488	9,146
Cash at hand and in bank		20,095	1,559	-	21,654	54,741
<b>Total current assets</b>		<u>27,587</u>	<u>1,559</u>	<u>-</u>	<u>29,146</u>	<u>64,131</u>
<b>Current liabilities</b>						
Creditors: amounts falling due within one year	17	(18,082)	-	-	(18,082)	(41,188)
<b>Net current assets</b>		<u>9,505</u>	<u>1,559</u>	<u>-</u>	<u>11,064</u>	<u>22,943</u>
<b>Total assets less current liabilities</b>		<u>147,460</u>	<u>2,511</u>	<u>6,703</u>	<u>156,674</u>	<u>144,893</u>
Creditors: amounts falling due after more than one year	18a	(19)	-	-	(19)	(5)
Provisions for liabilities and charges	18b	(75)	-	-	(75)	(75)
<b>Total net assets</b>		<u><u>147,366</u></u>	<u><u>2,511</u></u>	<u><u>6,703</u></u>	<u><u>156,580</u></u>	<u><u>144,813</u></u>
<b>The funds of the charity</b>						
Capital funds						
Endowment funds	19	-	-	6,703	6,703	6,110
Income funds						
Restricted funds	19	-	2,511	-	2,511	2,911
Unrestricted funds						
General funds	19	84,737	-	-	84,737	77,508
Designated discretionary funds	19	49,862	-	-	49,862	47,177
Other designated funds	19	12,767	-	-	12,767	10,773
Revaluation reserve	19	-	-	-	-	334
<b>Total funds</b>		<u><u>147,366</u></u>	<u><u>2,511</u></u>	<u><u>6,703</u></u>	<u><u>156,580</u></u>	<u><u>144,813</u></u>

The notes on pages 28 to 38 form part of these accounts.

Approved by the trustees and signed on their behalf

Chairman 

Date 27th September 2017

Charity only balance sheet as at 31 March 2017

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total Funds £'000	2016 Total Funds £'000
<b>Fixed assets</b>						
Tangible assets	13	20,838	-	-	20,838	8,333
Listed investments and investment properties	14	115,718	952	6,703	123,373	112,563
Programme-related loans	15	83	-	-	83	96
<b>Total fixed assets</b>		<u>136,639</u>	<u>952</u>	<u>6,703</u>	<u>144,294</u>	<u>120,992</u>
<b>Current assets</b>						
Stocks		4	-	-	4	7
Debtors	16	8,606	-	-	8,606	11,732
Cash at hand and in bank		19,526	1,559	-	21,085	54,018
<b>Total current assets</b>		<u>28,136</u>	<u>1,559</u>	<u>-</u>	<u>29,695</u>	<u>65,757</u>
<b>Current liabilities</b>						
Creditors: amounts falling due within one year	17	(17,463)	-	-	(17,463)	(40,162)
<b>Net current assets</b>		<u>10,673</u>	<u>1,559</u>	<u>-</u>	<u>12,232</u>	<u>25,595</u>
<b>Total net assets</b>		<u>147,312</u>	<u>2,511</u>	<u>6,703</u>	<u>156,526</u>	<u>146,587</u>
<b>The funds of the charity</b>						
Capital funds						
Endowment funds	19	-	-	6,703	6,703	6,110
Income funds						
Restricted funds	19	-	2,511	-	2,511	2,911
Unrestricted funds						
General funds		84,678	-	-	84,678	79,339
Designated discretionary funds	19	49,862	-	-	49,862	47,177
Other designated funds		12,772	-	-	12,772	10,716
Revaluation reserve	19	-	-	-	-	334
<b>Total funds</b>		<u>147,312</u>	<u>2,511</u>	<u>6,703</u>	<u>156,526</u>	<u>146,587</u>

**Consolidated statement of cash flows for the year ended 31 March 2017**

	Note	2017 £'000	2016 £'000
<b>Cash flows from operating activities:</b>			
Net cash (used in)/provided by operating activities	21	<u>(4,557)</u>	<u>3,899</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		4,145	3,777
Proceeds from the sale of investments		3,118	68,111
Net cash from disposal of subsidiary		(589)	-
Purchase of intangible fixed assets		-	(243)
Purchase of tangible fixed assets		(14,214)	(152)
Purchase of investments		(3,003)	(43,437)
Repayments of programme-related loans		13	61
<b>Net cash provided by investing activities</b>		<u>(10,530)</u>	<u>28,117</u>
<b>Cash flows from financing activities</b>			
Repayments of borrowing		(18,000)	-
<b>Change in cash and cash equivalents in the reporting period</b>		(33,087)	32,016
Cash and cash equivalents at the beginning of the reporting period		54,741	22,725
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>21,654</u></u>	<u><u>54,741</u></u>

## Accounting policies

### Basis of preparation

The accounts have been prepared under the historic cost convention, with the exception of investments which are included at fair value.

The accounts 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 on 16 July 2014 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 2015.

The accounts are presented in sterling and rounded to the nearest thousand pounds.

The charity is a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about UCLH Charity's ability to continue as a going concern. Preparation of the accounts requires the trustees to make significant judgements and estimates. The items in the accounts where these judgements and estimates have been made include:

- estimating investment management fees charged on managed funds;
- estimating the useful economic life of tangible fixed assets and intangible assets;
- provisions against slow moving stocks; and
- the basis for allocation of support costs.

The results of the wholly-owned subsidiary companies, QS Enterprises Ltd and Inventive Medical Ltd, have been consolidated in these accounts on a line-by-line basis. QS Enterprises Ltd has been included for a full year and Inventive Medical Ltd up to the date of its disposal on 2 August 2016. Further details are given in notes 3 and 4 respectively.

### Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as a restricted fund or an endowment fund. Restricted funds are those where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose. Endowment funds arise when the donor has expressly provided that the gift is to be invested and only the income of the fund may be spent.

Those funds which are neither endowment nor restricted income funds, are unrestricted income funds which are sub analysed between designated (earmarked) funds where the trustees have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors and unrestricted funds which are at the trustees' discretion, including the general funds which represent the charity's reserves. The major funds held in each of these categories are disclosed in note 19.

### Income

All income is recognised once the charity has entitlement to the resources, it is probable (more likely than not) that the resources will be received and the monetary value of income can be measured with sufficient reliability. Where there are terms or conditions attached to income, particularly grants, then these terms or conditions must be met before the income is recognised as the entitlement condition will not be satisfied until that point. Where terms or conditions have not been met or uncertainty exists as to whether they can be met then the relevant income is not recognised in the year but deferred and shown on the balance sheet as deferred income.

Legacies are accounted for as income either upon receipt or where the receipt of the legacy is probable. Receipt is probable when:

- Confirmation has been received from the representatives of the estate(s) that probate has been granted
- The executors have established that there are sufficient assets in the estate to pay the legacy and
- All conditions attached to the legacy have been fulfilled or are within the charity's control.



The income received from the invested endowment funds is wholly restricted.

### **Expenditure and irrecoverable VAT**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the statement of financial activities. Expenditure is recognised when the following criteria are met:

- There is a present legal or constructive obligation resulting from a past event
- It is more likely than not that a transfer of benefits (usually a cash payment) will be required in settlement
- The amount of the obligation can be measured or estimated reliably.

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

Grants payable are payments made to linked, related party or third party NHS bodies, in furtherance of the charity's objectives. Grant payments are recognised as expenditure when the conditions for their payment have been met or where there is a constructive obligation to make a payment. A constructive obligation arises when:

- We have communicated our intention to award a grant to a recipient who then has a reasonable expectation that they will receive a grant;
- We have made a public announcement about a commitment which is specific enough for the recipient to have a reasonable expectation that they will receive a grant; and
- There is an established pattern of practice which indicates to the recipient that we will honour our commitment.

The trustees have control over the amount and timing of grant payments and consequently where approval has been given by the trustees and any of the above criteria have been met then a liability is recognised. Grants are not usually awarded with conditions attached. However, when they are, then those conditions have to be met before the liability is recognised.

### **Allocation of support costs**

Support costs are those costs which do not relate directly to a single activity. These include staff costs, costs of administration, legal fees and audit fees. Support costs have been apportioned between costs of raising funds and charitable activities on an appropriate basis. The analysis of support costs and the bases of apportionment applied are shown in note 7.

### **Costs of raising funds**

The costs of raising funds are those costs attributable to generating income for the charity, other than those costs incurred in undertaking charitable activities or the costs incurred in undertaking trading activities in furtherance of the charity's objects. The costs of raising funds represent fundraising costs together with the operating costs of the charity's subsidiary companies, investment management fees and property management costs.

### **Charitable activities**

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the charity. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to the direct costs. The total costs of each category of charitable expenditure include an apportionment of support costs as shown in note 6.

### **Intangible fixed assets**

Intangible fixed assets related entirely to the charity's subsidiary company, Inventive Medical Ltd.

Product, product development and patent costs were capitalised as an intangible asset and stated at cost less amortisation. Amortisation was provided on all intangible assets at rates calculated to write off the cost of each asset evenly over its estimated useful economic life.

Previously this period was considered to be 5 years but since the company was sold in August 2016, the Medaphor board changed this to 3 years in order to bring IML's amortisation policy in line with that of Medaphor Group plc.

Patent costs	over 3 years
Product and product development costs	over 3 years
Pathology development	over 3 years
E-learning development	over 3 years
Other development	over 3 years

The carrying values of intangible assets were reviewed for impairment in periods if events or circumstances indicate the carrying value may not be recoverable.

### Tangible fixed assets and depreciation

Neither the charity nor its subsidiary companies have a strict monetary limit below which fixed assets are not capitalised. Instead, each asset or group of assets is considered separately and capitalised if appropriate, unless the value is clearly negligible.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Land and buildings	50 years
Leasehold improvements	Over the term of the lease
Furniture, medical and office equipment	3 to 5 years
Computer equipment	2 to 3 years
Demonstration equipment	3 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Land and buildings are subject to revaluation. Formal valuations for land and buildings are usually carried out by a professional valuer at five yearly intervals but as the charity's property portfolio was still in transition at 31 March 2017 a desktop valuation was used instead. The last formal valuation was at 31 March 2012 provided by Dron & Wright. Between formal valuations, desktop valuations are provided by a professional valuer, which are used to value the land and buildings in the accounts at the year end date. Valuation gains and losses are credited (or debited) to other gains or losses within the statement of financial activities with the balance sheet reflecting the revalued amounts. Any revaluation losses in excess of previously recognised revaluation gains are shown within the appropriate heading of expenditure.

### Investments

Listed investments are a form of basic financial instrument and are included in the accounts at their market value as at the balance sheet date. Investment portfolios are held with Sarasin & Partners LLP, BNY Mellon Fund Managers Ltd, Cazenove Capital Management and CCLA. For Sarasin & Partners LLP and Cazenove Capital Management, quoted stocks and shares are included in the balance sheet at bid price at close of business on the valuation date. For BNY Mellon, quoted stocks and shares are included in the balance sheet at market price at close of business on the valuation date. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

The charity does not acquire put options, derivatives or other complex financial instruments.

Formal valuations for investment properties are usually carried out by a professional valuer at five yearly intervals but as the charity's property portfolio was still in transition at 31 March 2017 a desktop valuation was used instead. The last formal valuation was at 31 March 2012 provided by Dron & Wright. Between formal valuations, desktop valuations are provided by a professional valuer, which are used to value the investment properties in the accounts at the year end date. Valuation gains and losses are credited (or debited) to the statement of financial activities with the balance sheet reflecting the revalued amounts. No depreciation is charged on investment properties.

An official pooling scheme is operated for investments. After the merger of The Middlesex Hospital Special Trustees, University College Hospital Special Trustees and UCL Hospitals NHS Trust Charity, the trustees passed a resolution on 26 September 2000 to adopt The Middlesex Hospital Charity's Pooling Scheme. This scheme was registered with the Charity Commission on 15 September 1986, subsequently updated by Charity Commission schemes on 7 April 1999, 30 November 2000 and 20 January 2009. Investments in subsidiary companies are valued at cost with provision being made for any permanent diminution in value.

### **Programme-related loans**

Programme-related loans comprise loans made by the charity to other charitable organisations in furtherance of UCLH Charity's objectives. These are included in the balance sheet at the recoverable amount.

### **Stock**

Stocks for resale are valued at the lower of cost and net realisable value.

### **Fund structure**

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects. The designated funds are monies or assets set aside out of general funds and designated for specific purposes by the trustees. Restricted funds are those for which a legal restriction exists over their use. Endowment funds consist of capital held in perpetuity where the related income may be used for unrestricted or restricted purposes as specified by the donor.

### **Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

### **Pension costs**

Employees of the charity were entitled to join the NHS Pensions Scheme, an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable participating bodies to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the charity of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.

The Scheme is a final salary scheme. Since 1 April 2015 there have been two separate pension schemes covering NHS workers. The 1995/2008 Scheme closed with effect from 1 April 2015 except for some members entitled to continue in this Scheme through 'Protection' arrangements. On 1 April 2015 a new NHS Pension Scheme was introduced. This new Scheme covers all former members of the 1995/2008 Scheme not eligible to continue in that Scheme as well as new NHS employees on or after 1 April 2015.

The Scheme is subject to a full actuarial valuation every four years, and an IAS 19 accounting valuation every year. The valuation of scheme liability in accordance with IAS19 is carried out annually by the Scheme Actuary. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website.

QS Enterprises Ltd contributes to the personal pension schemes of all employees, other than directors. Contributions are charged to the statement of financial activities as they become payable in accordance with the contribution rates agreed with the relevant employees.

### **Leased assets**

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risk and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under finance leases are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged to the statement of financial activities over the period of the leases and represent a constant proportion of the balance of capital repayments outstanding.

### **Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

### **Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

## Notes to the accounts

### 1. Comparative consolidated statement of financial activities split between funds

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2016 Total Funds £'000
<b>Income and endowments from:</b>					
Donations and legacies	2	9,730	-	-	9,730
Charitable activities		1,297	-	-	1,297
Other trading activities					
Turnover of QS Enterprises Ltd	3	4,194	-	-	4,194
Turnover of Inventive Medical Ltd	4	2,359	-	-	2,359
Other fundraising activities		69	-	-	69
Investments	5	3,707	70	-	3,777
Other		218	-	-	218
<b>Total income</b>		<u>21,574</u>	<u>70</u>	<u>-</u>	<u>21,644</u>
<b>Expenditure on:</b>					
Raising funds					
Costs of generating donations and legacies		(651)	(7)	-	(658)
Fundraising trading expenditure					
Operating costs of QS Enterprises Ltd	3	(3,083)	-	-	(3,083)
Operating costs of Inventive Medical Ltd	4	(2,898)	-	-	(2,898)
Investment management costs					
Costs of managing quoted investments		(262)	(12)	(37)	(311)
Costs of managing, maintaining and repairing investment properties		(1,183)	-	-	(1,183)
Bank interest and charges on loan relating to investment properties		(463)	-	-	(463)
Charitable activities					
Medical equipment and infrastructure costs	6	(1,196)	(233)	-	(1,429)
Provision of staff and professional services		(1,947)	(102)	-	(2,049)
Patient welfare and amenities		(2,114)	(26)	-	(2,140)
Medical research		(1,066)	(28)	-	(1,094)
Staff education and development		(2,475)	(5)	-	(2,480)
Other		(34)	-	-	(34)
<b>Total expenditure</b>		<u>(17,372)</u>	<u>(413)</u>	<u>(37)</u>	<u>(17,822)</u>
Net gains/(losses) on investments		29,972	(7)	(104)	29,861
<b>Net income/(expenditure)</b>		<u>34,174</u>	<u>(350)</u>	<u>(141)</u>	<u>33,683</u>
Other recognised gains/(losses)					
Gains/(losses) on revaluation of fixed assets	13	167	-	-	167
<b>Net movement in funds</b>		<u>34,341</u>	<u>(350)</u>	<u>(141)</u>	<u>33,850</u>
<b>Reconciliation of funds</b>					
Total funds brought forward	19	103,451	3,261	6,251	112,963
<b>Total funds carried forward</b>	19	<u><u>137,792</u></u>	<u><u>2,911</u></u>	<u><u>6,110</u></u>	<u><u>146,813</u></u>

### 2. Donations and legacies

	Unrestricted Funds	Restricted Funds	Endowment Funds	2017 Total Funds	2016 Total Funds
	£'000	£'000	£'000	£'000	£'000
Donations	5,930	2	-	5,932	3,889
Legacies	1,253	-	-	1,253	3,895
Grants	2,285	-	-	2,285	1,946
	<u>9,468</u>	<u>2</u>	<u>-</u>	<u>9,470</u>	<u>9,730</u>

### 3. QS Enterprises Ltd

The charity's wholly owned subsidiary, QS Enterprises Ltd, is incorporated in England and Wales (company number 01850377). Its principal activity is the provision of clinical imaging services to patients of NHS and private hospitals. QS Enterprises Ltd donates its taxable profit, if any, to UCLH Charity. A summary of its results is shown below. Separately audited accounts for the company are filed with the Registrar of Companies. The share capital of QS Enterprises Ltd has a nominal value of £2.

	2017 Total £'000	2016 Total £'000
Turnover	3,841	4,194
Operating expenses	(3,010)	(3,070)
Audit fee	(14)	(13)
Gift Aid payable	(815)	(1,105)
Bank interest receivable	1	1
Interest payable	(2)	(6)
Profit for the year	<u>1</u>	<u>1</u>
Reserves brought forward	56	55
<b>Reserves carried forward</b>	<u>57</u>	<u>56</u>

### 4. Inventive Medical Ltd

The charity's wholly owned subsidiary, Inventive Medical Ltd, was incorporated in England and Wales (company number 06468381). Its principal activity was the development and sale of cardiac training aids. A summary of its results is shown below. The company was sold to Medaphor Group plc on 2 August 2016 and the information presented below shows transactions until this date.

	2017 4 months Total £'000	2016 Total £'000
Turnover	803	2,359
Operating expenses	(1,057)	(2,887)
Audit fee	(6)	(11)
Interest payable	(20)	(53)
Loss for the year	<u>(280)</u>	<u>(592)</u>
Accumulated losses brought forward	(1,829)	(1,237)
<b>Accumulated losses carried forward</b>	<u>(2,109)</u>	<u>(1,829)</u>

## 5. Investment income

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total Funds £'000	2016 Total Funds £'000
Investment properties	3,002	-	-	3,002	2,767
Listed investments	1,092	50	-	1,142	804
Common deposit or common investment funds	-	33	-	33	32
Investment cash	33	-	-	33	59
Other investments	100	-	-	100	115
	<u>4,227</u>	<u>83</u>	<u>-</u>	<u>4,310</u>	<u>3,777</u>

## 6. Charitable activities

	Activities undertaken directly £'000	Grant funded activities (note 8) £'000	Support costs (note 7) £'000	2017 Total Funds £'000	2016 Total Funds £'000
Improvements to patient services					
Medical equipment and infrastructure costs	798	439	55	1,292	1,429
Provision of staff and professional services	2,768	590	147	3,505	2,049
Patient welfare and amenities	1,386	335	75	1,796	2,140
Medical research	743	1,218	86	2,047	1,094
Staff education and development	3,206	-	142	3,348	2,480
	<u>8,901</u>	<u>2,582</u>	<u>505</u>	<u>11,988</u>	<u>9,192</u>

The charity has a number of designated discretionary funds where decisions over spending are delegated to ward or consultant level, under the oversight of officers of the charity. Direct expenditure from these funds delivered a significant proportion of the activities of the charity. More details are given in the Report of the Trustees.

## 7. Support costs - apportionment

Expenditure type	Basis of apportion- ment	Raising funds £'000	Equipment £'000	Staff & professional services £'000	Patient welfare & amenities £'000	Medical research £'000	Staff welfare & amenities £'000	Total costs 2017 £'000	Total costs 2016 £'000
Charity staff salaries	Time	334	35	94	48	55	90	656	707
Governance	Proportional to salaries	49	3	8	4	5	8	77	91
Premises costs	Proportional to salaries	112	12	31	16	18	30	219	186
Other office and sundry costs	Proportional to salaries	45	5	14	7	8	14	93	142
		<u>540</u>	<u>55</u>	<u>147</u>	<u>75</u>	<u>86</u>	<u>142</u>	<u>1,045</u>	<u>1,126</u>

### 8. Analysis of grants

	Number of grants	Aggregate amount paid £'000	Number of grants	Aggregate amount paid £'000
Medical equipment and infrastructure costs	8	439	2	188
Provision of staff and professional services	11	590	12	480
Patient welfare and amenities	7	335	8	842
Medical research	3	1,218	-	-
Charitable activities	29	2,582	22	1,510
Fundraising	1	140	-	-
	<u>30</u>	<u>2,722</u>	<u>22</u>	<u>1,510</u>

### 9. Net movement in funds

This is stated after charging:

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2017 Total Funds £'000	2016 Total Funds £'000
Staff costs (note 10)	2,032	-	-	2,032	2,342
Auditors' remuneration					
Statutory audit services, charity only					
- Current year	22	-	-	22	19
- Prior year	5	-	-	5	-
Statutory audit services, subsidiary companies	20	-	-	20	21
Other services	-	-	-	-	5
Depreciation	311	-	-	311	381
Amortisation	138	-	-	138	683
Deficit on disposal of fixed assets	84	-	-	84	4
Deficit on disposal of intangible assets	345	-	-	345	-
Impairment of value of fixed asset	140	-	-	140	-
Operating lease charges	181	-	-	181	282
	<u>2,032</u>	<u>-</u>	<u>-</u>	<u>2,032</u>	<u>2,342</u>

### 10. Staff costs

	2017 Total £'000	2016 Total £'000
Wages and salaries	1,724	2,060
Employer's national insurance costs	200	212
Pension costs	108	70
	<u>2,032</u>	<u>2,342</u>

The average number of employees, analysed by function, was:	Headcount		Full time equivalent	
	2017	2016	2017	2016
Charity employees	10	9	9	8
Staff of trading subsidiaries	31	35	31	29
	<u>41</u>	<u>44</u>	<u>40</u>	<u>37</u>



The number of senior employees whose emoluments for the year amounted to £60,000 or more were:

	Charity	Subsidiaries	2017 Total	2016 Total
£60,001 - £70,000	1	3	4	1
£70,001 - £80,000	2	-	2	1
£90,001 - £100,000	-	-	-	1
£100,001 - £110,000	-	1	1	1
£110,001 - £120,000	-	-	-	1
£120,001 - £130,000	-	-	-	1
£130,001 - £140,000	-	-	-	1
£170,001 - £180,000	1	-	1	1
£230,001 - £240,000	-	1	1	1
	<u>4</u>	<u>5</u>	<u>9</u>	<u>9</u>

The key management personnel were the Chief Executive, the Development Director, the Charity Secretary and the Finance Director. The total remuneration received by the key management personnel was £397K (2016: £437K).

Benefits were accruing to one of the above members of staff under the defined benefit pension scheme outlined under accounting policies (2016: one member of staff). Contributions of £8K (2016: £7K) were made to purchase defined contribution pension benefits on behalf of one of the above members of staff.

None of the trustees received remuneration during this or the preceding year. Expenses totalling £1,506 were reimbursed to one trustee (2016: £846 to one trustee).

The charity has purchased insurance to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on charity business. The insurance policy provides cover up to £3 million (2016: £3 million) and the cost for the year ended 31 March 2017 was £3K (2016: £4K).

## 11. Taxation

UCLH Charity is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities. Its wholly owned subsidiary, QS Enterprises Ltd, donates its taxable profits, if any, to the charity.

## 12. Intangible assets – group

	Patent costs £'000	Product and product development £'000	Pathologies development £'000	E-learning development £'000	Other development £'000	Total £'000
<b>Cost</b>						
Brought forward at 1 April 2016	118	820	897	174	90	2,099
Disposals	(118)	(820)	(897)	(174)	(90)	(2,099)
Balance at 31 March 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Amortisation</b>						
Brought forward at 1 April 2016	97	727	570	174	48	1,616
Charge for the year	13	24	91	-	10	138
Disposals	(110)	(751)	(661)	(174)	(58)	(1,754)
Balance at 31 March 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value at 31 March 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value at 31 March 2016	<u>21</u>	<u>93</u>	<u>327</u>	<u>-</u>	<u>42</u>	<u>483</u>

All intangible fixed assets were held by the charity's subsidiary company, Inventive Medical Ltd.

### 13. Tangible assets

	Group						Total £'000
	Charity only		Leasehold improvements £'000	Furniture, medical & office equipment £'000	Computer equipment £'000	Demonstration equipment £'000	
	Land & buildings £'000	Assets under construction £'000					
Cost or valuation							
Brought forward at 1 April 2016	8,500	-	1,258	280	438	325	10,801
Additions	-	13,146	982	18	68	-	14,214
Disposals	-	-	-	(28)	(7)	(325)	(360)
Revaluations	(474)	-	-	-	-	-	(474)
Balance at 31 March 2017	<u>8,026</u>	<u>13,146</u>	<u>2,240</u>	<u>270</u>	<u>499</u>	<u>-</u>	<u>24,181</u>
Accumulated depreciation							
Brought forward at 1 April 2016	167	-	993	202	399	231	1,992
Charge for the year	167	-	72	23	32	17	311
On disposals	-	-	-	(21)	(7)	(248)	(276)
Balance at 31 March 2017	<u>334</u>	<u>-</u>	<u>1,065</u>	<u>204</u>	<u>424</u>	<u>-</u>	<u>2,027</u>
Net book value at 31 March 2017	<u>7,692</u>	<u>13,146</u>	<u>1,175</u>	<u>66</u>	<u>75</u>	<u>-</u>	<u>22,154</u>
Net book value at 31 March 2016	<u>8,333</u>	<u>-</u>	<u>265</u>	<u>77</u>	<u>39</u>	<u>94</u>	<u>8,808</u>

The total fixed assets held by the charity amounted to £20.838m (2016: £8.333m). Land and buildings are held by the charity only. They were revalued as at 31 March 2017 by an independent valuer using a term and reversion technique which values the existing income stream at an initial yield with a reversion to estimated rental value once the current income stream has expired. Assets under construction are held by the charity only. At 31 March 2017 the figure of £13.146M represented the purchase cost of the Middlesex Annex and the associated planning and professional fees.

All other tangible assets relate to subsidiary undertakings.

### 14. Listed investments and investment properties – group and charity

	Listed investments £'000	Investment property £'000	2017 Total £'000	2016 Total £'000
Market value at 1 April	36,296	76,267	112,563	109,375
Add: acquisitions at cost	5,073	686	5,759	43,437
Less: disposals at carrying value	(3,116)	-	(3,116)	(51,049)
Net unrealised gain on revaluation	3,070	5,096	8,167	10,800
<b>Market value at 31 March</b>	<u>41,323</u>	<u>82,049</u>	<u>123,373</u>	<u>112,563</u>
Historic cost at 31 March	<u>35,950</u>	<u>45,533</u>	<u>81,503</u>	<u>78,130</u>

Disposal proceeds during the year amounted to £3.1m (2016: £68.1m).

Analysis of listed investments and investment properties – group and charity:

	<b>Held in UK £'000</b>	<b>2017 Total £'000</b>	<b>2016 Total £'000</b>
Investment properties - charity	82,050	82,050	76,267
Investments listed in the stock exchange or valued by reference to such investments	40,046	40,046	35,193
Investments in common deposit or common investment funds	952	952	826
Cash held as part of investment portfolio	325	325	277
<b>Total investments - group and charity</b>	<u><u>123,373</u></u>	<u><u>123,373</u></u>	<u><u>112,563</u></u>

The trustees consider the following individual investment holdings to be material:

	<b>Listed investments £'000</b>	<b>Investment properties £'000</b>
170 Tottenham Court Road, London	-	54,667
46,48,50,52,54,56,58,60,68,70 Huntley Street, London	-	20,460
69-75 Chenies Mews, London	-	6,282
Sarasin Alpha CIF for Endowments	18,628	-
Newton Growth and Income Fund for Charities	18,184	-
MedaPhor Group plc	<u><u>1,314</u></u>	<u><u>-</u></u>

## 15. Programme-related loans – group and charity

	<b>Total £'000</b>
At 1 April 2016	96
Repayments during year	<u>(13)</u>
At 31 March 2017	<u><u>83</u></u>

The charity has made an interest-free loan to the 52 Club, the UCLH staff sports and social club, to enable it to develop fitness studios and upgrade its fixtures and fittings. This loan is repayable by September 2022.

### 16. Debtors

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Amounts falling due within one year</b>				
Trade debtors	3,468	2,633	2,920	1,622
Prepayments	327	374	180	157
Accrued income	903	3,918	903	3,918
Due from subsidiary undertakings	-	-	815	3,857
Other debtors	2,790	2,221	2,786	2,178
<b>Total debtors falling due within one year</b>	<b>7,488</b>	<b>9,146</b>	<b>7,604</b>	<b>11,732</b>
<b>Amounts falling due after more than one year</b>				
Due from subsidiary undertakings	-	-	1,002	-
<b>Total debtors falling due after more than one year</b>	<b>-</b>	<b>-</b>	<b>1,002</b>	<b>-</b>
<b>Total debtors</b>	<b>7,488</b>	<b>9,146</b>	<b>8,606</b>	<b>11,732</b>

### 17. Creditors: amounts falling due within one year

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade creditors	439	659	337	424
Other creditors	836	1,088	319	451
Bank loan	-	18,000	-	18,000
Grant creditors	14,690	14,144	14,690	14,144
Accruals	1,821	6,920	1,821	6,920
Deferred income	296	377	296	223
	<b>18,082</b>	<b>41,188</b>	<b>17,463</b>	<b>40,162</b>

### 18a. Creditors: amounts falling due after more than one year – group only

	2017 £'000	2016 £'000
Hire purchase contracts	19	5

All creditors falling due after more than one year relate to the charity's subsidiary company, QS Enterprises Ltd.

### 18b. Provisions for liabilities and charges – group only

	£'000
At 1 April 2016 and at 31 March 2017	75

All provisions for liabilities and charges relate to the charity's subsidiary company, QS Enterprises Ltd.

## 19. Analysis of net movement in funds

	Total funds brought forward £000	Total income £000	Total expenditure £000	Transfers between funds £000	Gains and losses £000	Total funds carried forward £000
<b>Endowment funds</b>						
Otto Beit Fund	136	-	-	-	21	157
Dresden Assistance Fund	329	-	-	-	50	379
UCLH Spicer Samaritan Fund	185	-	-	-	28	213
Gordon Taylor Fund	198	-	-	-	26	224
David E Hughes Fund	1,564	-	(11)	-	202	1,755
University College Hospital Fund	3,698	-	(23)	(112)	412	3,975
<b>Total endowment funds (group and charity)</b>	<b>6,110</b>	<b>-</b>	<b>(34)</b>	<b>(112)</b>	<b>739</b>	<b>6,703</b>
<b>Restricted funds</b>						
Otto Beit Fund	70	10	(1)	-	9	88
Dresden Assistance Fund	155	23	(5)	-	37	210
UCLH Spicer Samaritan Fund	861	39	(54)	-	116	962
Gordon Taylor Fund	179	13	(3)	-	22	211
CancerCare at UCLH Fund	298	-	(203)	-	-	95
Institute of Sport Fund	1,348	-	(403)	-	-	945
<b>Total restricted funds (group and charity)</b>	<b>2,911</b>	<b>85</b>	<b>(669)</b>	<b>-</b>	<b>184</b>	<b>2,511</b>
<b>Unrestricted funds</b>						
General funds	77,508	6,156	(7,486)	(108)	8,667	84,737
Designated discretionary funds	47,177	9,540	(6,904)	30	19	49,862
Other designated funds	10,773	4,087	(3,076)	190	793	12,767
Revaluation reserve	334	-	-	-	(334)	-
<b>Total unrestricted funds, group</b>	<b>135,792</b>	<b>19,783</b>	<b>(17,466)</b>	<b>112</b>	<b>9,145</b>	<b>147,366</b>
<b>Total funds</b>	<b>144,813</b>	<b>19,868</b>	<b>(18,169)</b>	<b>-</b>	<b>10,068</b>	<b>156,580</b>

### Fund descriptions

Otto Beit Fund – to be applied for the benefit of patients suffering from arthritis and rheumatoid conditions.

Dresden Assistance Fund – to be applied for the benefit of inpatients of University College Hospital who are in need.

UCLH Spicer Samaritan Fund – for the relief of patients who have been treated at any hospital of UCLH NHS Foundation Trust.

Gordon Taylor Fund – to be applied for the benefit of incapacitated nurses of the former Middlesex Hospital or of University College Hospital.

David E Hughes Fund – to be applied for the general purposes of University College Hospital.

University College Hospital Fund – to be applied for the general purposes of UCH.

CancerCare at UCLH Fund – for the purpose of providing for the Meyerstein Institute of the University College London Hospitals and in particular for research and for the treatment and benefit and comfort of cancer patients.

Institute of Sport Fund – for the purpose of creating an Institute of Sport Exercise and Health, a facility for the treatment of athletes and people engaged in sports.

During the year, a fund which had previously been incorrectly classified as an endowment fund was reclassified as an unrestricted designated fund. This was following much effort to trace documents supporting the previous classification of this fund, and legal advice.

Designated discretionary funds are funds operated on behalf of specific wards or consultants, where decisions over spending are delegated to ward or consultant level, under the oversight of officers of the charity.

Other designated funds are funds which the trustees of the charity have chosen to designate for specific purposes. They include a fund held on behalf of the Royal London Hospital for Integrated Medicine, funds held for the National Hospital for Neurology and Neurosurgery and the Heart Hospital as a result of the annual profit donated by QS Enterprises Ltd, various prize funds and funds created as a result of legacies given to the charity for specific purposes.

## 20. Reconciliation of accumulated unrealised gains

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Unrealised gains included as part of net assets:		
On listed investments	5,373	3,034
On investment properties	36,497	31,399
Total unrealised gains at 31 March	<u>41,870</u>	<u>34,433</u>
Reconciliation of movements in unrealised gains:		
Unrealised gains at 1 April	34,433	30,226
Less: in respect to disposals in the year	(730)	(6,593)
Add: unrealised gains in year	8,167	10,800
Total unrealised gains at 31 March	<u>41,870</u>	<u>34,433</u>

## 21. Reconciliation of net income to net cash flow from operating from operating activities

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Net income	11,767	31,683
Amortisation charges (note 13)	138	683
Depreciation charges (note 14)	311	381
Impairment of tangible fixed asset	140	-
Gain on disposal of subsidiary	(1,919)	-
Losses on revaluation of tangible fixed assets	334	-
(Gains) on investments	(8,168)	(27,861)
Dividends, interest and rents from investments	(4,310)	(3,777)
Loss on disposal of fixed assets	(26)	4
Decrease in stocks	105	85
Decrease/(increase) in debtors	1,303	(3,014)
(Decrease)/increase in creditors and provisions	(4,232)	5,715
<b>Cash (outflow)/inflow from operating activities</b>	<u><u>(4,557)</u></u>	<u><u>3,899</u></u>

## 22. Commitments under non-cancellable operating leases

	Land and buildings		Other	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
As at 31 March the group had total commitments under Non-cancellable operating leases which fall due:				
within one year	329	241	51	101
within two to five years inclusive	1,268	875	-	51
over five years	208	360	-	-
	<u>1,805</u>	<u>1,476</u>	<u>51</u>	<u>152</u>
As at 31 March the charity had total commitments under Non-cancellable operating leases which fall due:				
within one year	152	152	-	-
within two to five years inclusive	609	609	-	-
over five years	208	360	-	-
	<u>969</u>	<u>1,121</u>	<u>-</u>	<u>-</u>

## 23. Other contractual commitments

As at 31 March 2017, the charity had contractual commitments of £0.7m for refurbishment costs in relation to investment properties contracted for but not accrued in the accounts at the year end (2016: nil).

## 24. Material legacies

Legacies are accounted for as income either upon receipt or where the receipt of the legacy is probable and the amount can be determined with reasonable accuracy. As at 31 March 2017 the charity had been notified of five legacies (2016: one legacy) which were not included in income since the amount due to be received was not known.

## 25. Related party transactions

During the year none of the trustees or members of the key management staff or parties related to them undertook any material transactions with UCLH Charity.

The Essex Wynter Charity is a related party for UCLH Charity as the trustees of UCLH Charity appoint the trustees of the Essex Wynter Charity. The Essex Wynter Charity was charged a sum of £8K for the provision of accounting and administration services (2016: £8K). Its outstanding balance at the year end was £17K (2016: £10K).

The accounts do not include disclosure of transactions between the charity and its wholly owned trading subsidiaries due to the exemptions available under section 33 of FRS 102.

## 26. Post balance sheet event

Following the Department of Health's review of the governance of NHS charities, the charity has gone through a restructuring process. A new charitable company limited by guarantee has been registered with the Charity Commission (1165398) and Companies House (9980449). All the assets and liabilities of the existing NHS Charity (229771) were transferred into this new legal entity on 1 April 2017.