



# Annual Report 2019





# The RCN Foundation Annual Report and Financial Statements 1 January to 31 December 2019

## Contents

Introduction	2
Report of the trustees	4
Financial review	13
Principal risks and uncertainties	16
Board of trustees	17
Reference and administrative details	18
Structure, governance and management	19
Thank you to all our supporters	23
Statement of trustees' responsibilities	24
Independent auditor's report	25
Financial statements	28

**Our purpose is to support and strengthen nursing to improve the health and wellbeing of the public.**

**Our values are to be:**

- relevant for today and ready for tomorrow
- focused on impact
- accountable
- ambitious.

# Introduction

We find ourselves in unprecedented circumstances due to the COVID-19 outbreak. Thanks to our strong financial position, and the remarkable support we have received from our donors, we continue to deliver our charitable objectives to support nurses, midwives and health care support workers.

Having said farewell in January to our inaugural Chair, Robert Sowney, we were delighted to welcome a new Chair. Professor Jane Cummings CBE RN joined the board in May. A registered nurse with nearly 40 years' experience, Jane brings significant clinical and leadership expertise to the RCN Foundation. Her most recent role before retiring was as Chief Nursing Officer for England.

During the year we continued to deliver and expand on our key areas of activity by:

- supporting individual members of the nursing and midwifery team by providing grants for hardship and education
- investing in the profession to improve patient care by funding projects in our key priority areas of children and young people's mental health, and learning disability
- championing nursing by raising the profile of the profession and enabling better public understanding of its contribution to improving the nation's health.

The need for our support continues to grow each year. This year, over 1,200 nurses, midwives and health care support workers sought our help, whether they were facing hardship and personal crisis, or seeking to expand their clinical skills and knowledge. Many more benefited as a result of our projects.

In March, for the first time, we celebrated the best and brightest of our education grant recipients at our first RCN Foundation Impact Awards. The ceremony, held in London, highlighted the incredible outcomes that education grant recipients achieved with the funding awarded from the RCN Foundation, not only for their patients but also for themselves. As one of our award winners

said: "I think the first thing it did was give me a real confidence boost to think actually the RCN Foundation is behind me."

During 2019, we introduced a new education grant for pre-registration students in partnership with The Leathersellers' Company Charitable Fund. We received double the number of applications for this grant than we received for our other grants, signifying the very real need for support that exists amongst nursing students.

This year, our priority funding programme on supporting nursing in a care home setting came to an end. Having spent five years bringing attention to this neglected part of the profession, and investing over half a million pounds in innovative nursing-led research and projects, we closed our programme with a high profile and well-attended Care Homes Summit in September.

In consolidating our programme and ensuring that it left a lasting legacy, the board agreed at the end of 2019 to fund the development of a care homes nursing network. The network, established by the Queen's Nursing Institute, aims to encourage and develop nursing staff in care homes, and will be an effective way to support future generations of nurses in this important sector.

During the year, we also began to develop our two new priority funding programmes focusing on the mental health and wellbeing of children and young people, and learning disability nursing. We look forward to developing these programmes fully so that they can make a positive difference to some of society's most vulnerable individuals in the years ahead.

As ever, our work could not have been possible without the support of so many individuals and organisations. We are grateful and humbled that they continue to put their faith in us so that we can continue to support and strengthen the nursing and midwifery professions so that patients receive the very best care.



Improving patient care

## Project Grants Case Study

During 2019, funding was awarded to the Aneurin Bevan University Health Board for a project entitled *Tackling Loneliness and Isolation in Care Homes in Wales*. Loneliness and isolation is a public health issue, and is reported to be as harmful as smoking 15 cigarettes a day, bringing an increased risk of depression, physical and cognitive decline and premature death. Loneliness is fast becoming an epidemic and nurses are in an excellent position to make a positive impact in relation to the issue.

This project sought to improve the mental and physical wellbeing of older people living in nursing and residential homes, whilst also addressing the positive wellbeing of children who may be at risk. This innovative nursing-led project aimed to demonstrate the positive wellbeing impact of intergenerational befriending and intergenerational activity on older people, school children, uniformed cadets, nursing and care staff.

The project began with the development and publication of an Intergenerational Strategy which set out how it would support a number of national policy drivers on the issue. Following this, 72 care homes were twinned with 80 primary and 15 secondary schools. Training has been developed for teachers on the benefits of intergenerational practice and awareness around dementia.

Finally, two publications aimed at children were published during the year.

# Report of the trustees for the year ending 31 December 2019

(incorporating the directors' report)

The Board of Trustees of the RCN Foundation presents its audited annual report and financial statements for the year ended 31 December 2019 in accordance with Generally Accepted Accounting Practice in the United Kingdom (UK GAAP), the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP), the Charities Act 2011 and the Companies Act 2006; the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

This document is a summary of our activities and finances in 2019. It is available in hard copy by written request and can be downloaded from the RCN Foundation's website ([www.rcnfoundation.org.uk](http://www.rcnfoundation.org.uk)), where there are further details about the RCN Foundation's work.

## 2019 objectives

### Achievements and performance

In 2019, the RCN Foundation continued to deliver on key areas of work aimed at meeting our purpose of supporting and strengthening nursing to improve the health and wellbeing of the public. We carried out a robust programme of activity in 2019 with a focus on achieving positive outcomes for members of the nursing and midwifery team and the public. Our objectives for 2019, as listed in the 2018 Annual Report, and the progress made against these objectives, are highlighted below.

## 1. Implement a strong programme of grant-making that focuses on:

- supporting individual members of the nursing team through our hardship and education grants;
- investing in the nursing profession to improve patient care, particularly through our priority themes of care homes, children and young people's mental health, and learning disability;
- supporting nursing-led innovation; and special projects that address current critical priorities;
- championing nursing by raising the profile of nursing and public understanding of its contribution to improving the nation's health;
- focusing on the mental health of the nursing team.

In 2019, we continued to support members of the nursing and midwifery team facing hardship by funding the Lamplight Support Service (LSS) which was administered by the Royal College of Nursing. LSS provided advice and grants to nurses, midwives and health care support workers who were facing a wide range of issues including physical and mental ill health, debt, relationship breakdowns, caring responsibilities, and domestic abuse.

In 2019, the RCN Foundation made grants to the value of £233k through LSS (2018: £247k), with 72% of grant recipients reporting that they are more financially independent as a result of the grant they received. There were 1,125 individuals who benefited from income maximisation advice via telephone assessments (2018: 1,313) and were, on average, £4,800 better off as a result of the advice received. Of this total, 377 beneficiaries also received a grant.

We continued to support those seeking to improve their clinical skills through education and training. In 2019, the RCN Foundation awarded £318k in education grants (2018: £305k) to 120 individuals (2018: 161). These grants were for a broad range of activities encompassing postgraduate studies and courses aimed

## Project Grants Case Study continued

*Billy the Superhero* is a bi-lingual book written by children for children and it aims to introduce the topic of health and social care to children, encourage them to reach their potential and spark interest as a possible career. Due to the nature of this work, increased intergenerational activity and the likelihood of residents in care homes dying, feedback from teachers, parents and care homes indicated a real need to prepare children for the inevitable loss of their older friends. *The Elephant in the Room* was lauded for its sensitive approach to this emotive topic and for its usability. Teachers and parents were able to use/refer to the book when signing up to intergenerational practice or supporting those children who were already involved. The project will continue in 2020.

at contributing to continuing professional development. Once again, the courses being undertaken were in a variety of topics including respiratory care, diabetes, and mental health. In addition, we also awarded grants to those with a first non-nursing degree wishing to take up a degree in nursing.

In 2019, unclaimed bursaries for £48k were written off (2018: £24k).

During the year, we continued to develop our joint grant programme with the Worshipful Company of Needle-makers, whilst our partnership with Leukaemia Care came to an end. A new partnership was established with The Leathersellers' Company Charitable Fund to support pre-registration nursing students. There was an overwhelming response to this new grant round with over 200 applications received, approximately double the number for all other education grant streams combined.

Following the funding received via the Omaze fundraising platform in 2018, work began in earnest to develop an advanced practice education

## Providing a helping hand to those in hardship

# Maureen's story

“When I accessed the Lamplight Support Service, I was new to being in supported housing. I had suffered a complete mental breakdown earlier in the year which had affected my life in all ways. I had previously worked as a registered nurse for over 40 years. I was not used to not working and felt totally lost and alone. I was housed with a housing association but I could not afford to buy essential items. I was constantly worried about finances as I had applied for Universal Credit but had not received any payments.

I contacted Lamplight and found all the people extremely helpful and kind. I explained my situation and filled in a form asking for funds for a new cooker, which I desperately needed. Imagine my surprise when, after a few weeks I discovered that there was £500 in my bank account from Lamplight to help me with my rent (as I was in arrears, causing me great anxiety) and also, I was granted a cooker.

Lamplight restored my faith in human nature at a very dark time of my life. They certainly were a bright light that shone for me. Knowing that there was someone that actually cared about me and so willing to help restored my self-esteem and self-worth.”

programme in the specialism of neurological rehabilitation. We funded two significant pieces of research to underpin the education programme's development – first on the economic case for investing in advanced practice nursing education in neuro-

rehabilitation completed in 2019; and a second on the unmet needs of people aged 18 to 40 years who have experienced stroke or brain injury which is to be completed in 2020.

The process of selecting a provider to develop and deliver the advanced practice neuro-rehabilitation education programme took place towards the end of the year, with the award to be made in January 2020.

We supported a number of nursing-led projects during the year. A number of these projects, which had been funded over multiple years, were completed during the year.

The RCN Foundation awarded a final year's funding to the Florence Nightingale Foundation to deliver 10 travel scholarships. These scholarships were used to explore UK and international evidence for the improvement of clinical leadership in the care of patients with long-term conditions. The scholarships were for nurses with at least two year's post-registration experience and in current practice in the UK. The amount awarded was for up to £5,000 dependent upon the scope and extent of the project and travel.

Another project that came to an end was Celebrating Nursing Practice, which sought to enable nursing staff to develop and disseminate innovations in nursing practice that will deliver tangible benefits to the health of the public. Delivered by the Royal College of Nursing, the project has achieved a number of positive outcomes. A bespoke website has been established, highlighting the innovation and best practice being undertaken by nurses and midwives, and serves as a legacy for the project ([www.rcn.org.uk/celebrating-nursing-practice](http://www.rcn.org.uk/celebrating-nursing-practice)). The excellent and innovative practice undertaken by one of the individual nurses involved in the project was also recognised when she was shortlisted for an award by *Nursing Standard*.

The two projects funded as part of our care homes programme in Scotland were both completed in 2019. *Transforming Nursing in Care Homes* undertaken by the University of Dundee saw the development of a Massive Open Online Course (MOOC) designed to increase awareness of the nature, extent and complexity of care home nursing. The nature of the MOOC means that it is available to a wide audience,



including the public as well as health care workers, nursing and medical students. One participant commented: “A huge thank you for the range of materials and ‘food for thought’ and to everyone who has participated in the conversations. It really has changed my perception and led me to applying for a role in a care home. I feel I have a better understanding of the issues faced and I am excited about supporting the staff working within the care home to continue to develop, so that those in our care receive the high standards of care and compassion they deserve. I also hope to attract more nurses in to the social care sector”.

*Reshaping Care Homes Care* delivered by Queen Margaret University, saw the development of listening and learning feedback methods and tools that can be easily transferred across the care homes sector.

The feasibility study of a Pan-London education-career pathway for care home registered nurses: supporting nurse retention and development (PEACH programme) led by a team from King’s College London, continued to be delivered in 2019. Due to workloads the number of participants was lower than originally planned, but the project has continued to deliver its overall objectives. There have been a number of positive outcomes including a paper produced for publication and the development of information for a website. The project team has also established links with the Capital Nurse programme to increase the wider impact and sustainability of the project. Collaborative work with Health Education England to design the careers coaching intervention part of the PEACH Programme was written up as a paper to be submitted to an appropriate journal.

The expansion of our care homes programme into Wales also continued through *Tackling Loneliness and Isolation in Care Homes in Wales*, an intergenerational project developed and delivered by the Aneurin Bevan University Health Board. The project seeks to improve the mental and physical wellbeing of older people living in nursing and residential homes. A total of 90 schools and 72 care homes were recruited to take part in the project. In December, two books aimed at children were produced – one to attract children to a career in caring and a second focused on bereavement. Over

## Providing a helping hand to those in hardship

### Lesley’s story

“Two years ago, my husband Tom had an accident when he fell off his bicycle and needed to have a total hip replacement. It took a lot of time for him to recover for both himself and for the business. Just as we thought things were starting to pick up, he was diagnosed with advanced lung cancer after four weeks of symptoms. He was advised to take early retirement on diagnosis.

As you can imagine our world was turned upside down. I used to work only 14 hours a week as a nurse at a university but had to reduce my hours even further as I needed to look after Tom. We had been struggling financially when I got in touch with Lamplight. I was amazed and delighted to be given a grant. We had to travel to the hospital for Tom’s appointments and the grant has really helped with travel costs. It’s also helped with heating costs as we have had to have the house heating on a lot more because of his illness.

A very big thank you!”

200 children have also been signed up to become digital heroes, the aim being to support those who are digitally naive to use i-Pads, social media and other digital technology to reconnect with their communities.

To mark the end of the care homes nursing programme, the board agreed to fund one final project. Funding was awarded to the Queen’s Nursing Institute to establish a National Care Homes Nurses, Network to provide support to nurses and care staff working within this important sector. This project was seen as a fitting legacy for the RCN Foundation’s grant programme in this area.

Following the Collaborative Forum on Mental Health that took place in 2018, the RCN Foundation issued a call for a UK-wide scoping research project to explore nursing-led psychological interventions that support mental health and emotional wellbeing in children and young people's mental health. Sheffield Hallam University was awarded a grant of £25,000 to undertake a two-stage project consisting of a scoping review of the literature and a modified two-round consensus study using a modified Delphi methodology. The final research report from the project is expected in Spring 2020.

A Collaborative Forum on Learning Disability Nursing took place in June. There were a wide range of contributors to the event including charities, statutory bodies and people with lived experience. The purpose of the forum was to generate debate through which the RCN Foundation could identify specific issues and themes to inform our future programme on learning disability nursing. As a result of the discussion, a funding call was developed for proposals to undertake scoping research to understand the contribution of nurses to improving the health and wellbeing of people with learning disabilities across the lifespan, now and for the future. Funding is expected to be awarded in early 2020.

As part of our commitment to ensuring that we are responsive to current critical priorities for the profession, we funded a major research project entitled *An Ethnographic Examination of Nurses' Professional Judgement in Nurse Staffing Systems in England and Wales*. The project, led by Cardiff University, aimed to explore in detail how nurses use professional judgement in making decisions about how best to organise the nursing workforce to meet patient need.

Critical investigations into failures of care in hospital settings, such as the Francis Reports and Keogh Review, identified the need to develop better systems to support decision-making about levels of nurse staffing. In England and Wales, policy guidance recommends that nurses make decisions about the number of nurses required per shift by using three sources of information (a) their professional judgement, (b) workforce management tools, and (c) data on the quality and safety of patient care. Whilst

there is some understanding about the technical and organisational aspects of nurse staffing policies very little is known about the role of nurses' professional judgement in decisions about nurse staffing levels. The aim of this study is to address this gap in understanding. This three-year study will generate a substantial data set that can be deployed in different ways to inform policy and practice.

During the year, the RCN Foundation also funded the Society of Occupational Medicine to undertake an evidence synthesis of the relevant literature relating to the mental health and wellbeing of nurses and midwives. The research study aimed to assess the prevalence; identify antecedents and outcomes; highlight the cost of poor wellbeing; and review the effectiveness of interventions. The study will be launched and completed in 2020.

The third RCN Foundation Annual Lecture was held on World Mental Health Day on 10 October. In conversation with nurse consultant and voice hearer Jonathon Slater, author and former mental health nurse Nathan Filer shared the stories of some extraordinary people on their experiences of living with schizophrenia. Filer's new book *The Heartland* debunks myths, challenges assumptions and offers fresh insight into what it means to live with schizophrenia.

As the RCN Foundation's portfolio of funded projects grows, one of the key challenges to have emerged is a slippage in timescales for the delivery of projects. A number of projects have had to request an extension to the deadline for the completion. This has been due to a number of factors but a common theme has been the workplace pressures faced by frontline nurses which has prevented or delayed their involvement in projects leading to the slippage in timescales.

As part of its ongoing monitoring of projects, any potential slippage is highlighted at an early stage so that contingencies can be put in place. Going forward, the RCN Foundation will be reviewing the whether project timescales need to have some flexibility built in at an early stage.

In reporting on its expenditure on charitable activities, the RCN Foundation follows guidance from

the Charity Commission, which itself refers back to the SORP definition of charitable expenditure. The guidance states that expenditure on charitable activities should include all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities. In line with this guidance, the RCN Foundation's expenditure on charitable activities was 81% in 2019 (2018: 80%).

## 2. Undertake activities that raise the profile of the RCN Foundation and highlight the impact of our work

During the year, there were a number of ways in which the work of the RCN Foundation was brought to a wider audience. There was publicity for the RCN Foundation in the nursing press on the launch of the work to develop an Advanced Practice Education Programme on neuro-rehabilitation. There was also publicity surrounding the appointment of the new Chair, including an interview with her in a nursing magazine.

A key development for the RCN Foundation was the launch of our new website in August. As well as providing clearer information about the charity, the website introduced online education grant applications for the first time. The resulting rise in the number of grant applications received suggests that applicants found the process more effective.

To mark the end of the RCN Foundation's care homes grants programme, a Care Homes Summit was organised and held in London. The summit sought to highlight the research and projects that have been funded by the RCN Foundation as part of our care homes nursing grants programme. The keynote speaker was Andrea Sutcliffe, Chief Executive of the Nursing and Midwifery Council.

During the year we launched a new Alumni Network consisting of past recipients of education grants. The reaction to the network was extremely positive and we will seek to engage more actively with members of the network to encourage them to support the RCN Foundation's work in the future.

## Investing in the future of nursing

### Sukdeep's story

"At the time of applying for the RCN Foundation education grant I had been qualified for three years and had always worked in the acute sector. However, I had been interested in the areas of public health, health inequalities and inclusion health since my undergraduate training, so really wanted to develop my knowledge in these areas with hopes of moving into this field of nursing in the future. The Master's in Public Health at the University of Birmingham seemed like the perfect opportunity to do this. I applied for the grant to help with my tuition fees for the course.

The support from the RCN Foundation has been invaluable to me in terms of being able to complete my Master's. As I was unable to apply for a tuition fee loan, I have had to fund most of the Master's myself, so the grant has really helped with this – I really appreciate the financial support that the RCN Foundation has given me."

## 3. Ensure that income from investments and fundraising performs well and is able to support the delivery of our work

Income from investments and fundraising performed well during the year and was ahead of budget. Following the fall in the value of the portfolio in 2018, 2019 saw a steady increase in the value of the combined portfolio to £36,132,384 (see note 7 of the financial statements).

Fundraising income performed well, with legacies and regular donations our two strongest areas of performance. The difference in voluntary income between 2018 (£1,362k) and 2019 (£506k) was mainly due to the unusually large donation received following

the Omaze campaign; and the higher level of income received from legacies.

Whilst income from major fundraising was also fairly significant in 2019, this reflected the final part of the donation from Omaze, given through CAF America.

A key change for the RCN Foundation in 2019 was the recruitment of the charity's first Head of Fundraising and Communications. This role will focus on and test the key areas of fundraising outlined above, in addition to new and previously unexplored areas of fundraising. The aim is to build a strong and sustainable fundraising income base over the next three to five years.

#### **4. Continue to contribute positively to the RCN Group working cohesively to achieve shared objectives**

An RCN Group stand was once again a focal point of RCN Congress. The theme of the stand was education, and the RCN Foundation was able to provide advice and guidance to a wide range of attendees on making a successful application for education grant funding. We also launched our new publication, *Education Grant Applications: Hints and Tips*, which proved to be highly popular.

Towards the end of the year, the RCN Foundation was invited to join a Group-wide Task and Finish Group which was established to keep an overview of activities to commemorate the International Year of the Nurse and Midwife in 2020. This group will continue to meet throughout 2020.

#### **5. Continue to strengthen our own organisational performance, capacity to deliver and impact, including in the areas of governance, finance and technology**

With the RCN Foundation's three-year strategy due to finish on 31 December 2020, the board undertook a review in the autumn. The board agreed to extend the current strategy for a further three years (to the end of 2023). The current themes of nursing-led support for children and young people's mental health, and learning disability nursing, would continue to remain a priority. The board also agreed that within the current

priority themes, we should endeavour to support projects that contribute to the development of newly qualified/early career nurses and midwives; and that includes a nursing-led digital focus.

During the year, the board also agreed a new financial strategy. The purpose of the financial strategy was to utilise the RCN Foundation's resources in a way that ensured we carried out our charitable activities more effectively. As part of the development of the financial strategy, the board agreed that a new Reserves Policy would be developed in 2020.

Finally, the RCN Foundation continued to strengthen its overall governance with the appointment of a new Chair of the Board of Trustees, a new trustee, and a number of new advisers.

#### **RCN Foundation response to COVID-19**

For the RCN Foundation, a key development in relation to COVID-19 has been the establishment of a new subsidiary charity, the COVID-19 Healthcare Support Appeal. This charity was established to accept and administer a donation of £5 million from the video sharing platform TikTok. This donation is intended to support members of the wider health and care workforce who have been adversely affected by the COVID-19 pandemic. The RCN Foundation has made an application for a grant, amounting to £600k, to the new charity, and been awarded funding.

As a health charity, and our beneficiaries being at the forefront of tackling the pandemic, it is to be expected that the RCN Foundation would be impacted in a different way to many other charities. However, our ability to use the sudden and marked increase in donations over a short period has only been possible because of the investment in fundraising capacity agreed by the board in 2018. Over the past two years, our focus has been on diversifying our income streams and putting in place the mechanisms to deal with increases in donations. Without this investment, it would have been challenging for the RCN Foundation to respond quickly to the impact of the pandemic and provide increased support to nurses during this time.

Please see note 16 on page 42 for further information.

## Policies

During 2019 the board approved the new Grant-Making Policy and revised the existing Expenses Policy.

## Amalgamation of funds

The process of amalgamating various funds held by the RCN Foundation into two main funds – the Benevolent Fund and the Education Fund – was ongoing in 2019. A number of funds in the first phase of amalgamation were merged into the RCN Foundation Professional Education Fund and the RCN Foundation Benevolent Funds.

There are thirteen education funds remaining and the RCN Foundation will aim to spend these funds in line with their objectives. In addition, there are five

research funds and these will also be spent out in line with their objectives.

A physical honour roll to commemorate the contribution and support of the many named individuals who have supported the charitable work of the RCN UK initially, and then the RCN Foundation when it was established, is now housed in the entryway to the RCN Library and Heritage Centre. An online version is still in development following the establishment of the new website.

## Our position on modern day slavery

Our policy is to assess and address anti-modern slavery laws in our own organisation and we expect organisations we work with to adopt and enforce policies to comply with the legislation.



## Investing in the future of nursing

# Maritess' story

"I moved to the UK from the Philippines in the 1990s and worked in a hospital in Kent. It was always my goal to study for a Master's degree in nursing. Eventually I moved to London and worked in the community. I absolutely loved working in the community, and became a qualified district nurse and a community matron. During my community role, I became passionate about supporting older people living in their own homes. I left the NHS and worked in a nursing home for older people and this created an inspiration and a determination in me to be involved in improving residents' lives in care homes for older people, and to improve education and training for staff.

These experiences made me realise that I wanted to be involved in redesigning care for older people and to lead and influence change to improve care, particularly in care homes. I decided to study for an MSc in Global Issues in Ageing and Gerontology to help support this ambition, and I was overjoyed to receive an educational grant to help me undertake the course.

The work of the RCN Foundation is inspirational. I feel more appreciated as a nurse. The support of the Foundation has increased my confidence and strengthened my commitment and determination to pursue my passion of improving care of older people in the community and care homes."

## Objectives for 2020

1. Implement a strong programme of grant-making that focuses on: supporting individual members of the nursing and midwifery team through our hardship and education grants; investing in the nursing and midwifery profession to improve patient care; and championing nursing by raising its profile as well as supporting the mental health of the nursing and midwifery team.
2. Fund the development and delivery of an Advanced Practice neuro-rehabilitation education programme.
3. Carry out a programme of activities to mark the International Year of the Nurse and Midwife.
4. Ensure that outcomes from funded projects are widely and effectively disseminated. This will include a clearer understanding of how outcomes will be disseminated and to whom.
5. Ensure that income from investments and fundraising performs well and is able to support the delivery of our work.
6. Continue to contribute positively to the RCN Group working cohesively to achieve shared objectives.
7. Continue to strengthen our own organisational performance, capacity to deliver and impact, including in the areas of governance, finance and technology.
8. Ensure that the RCN Foundation has put in place the financial and operational steps needed to address the impact of the COVID-19 pandemic on the charity and its ability to continue to support the nursing profession. This includes establishing the RCN Foundation's subsidiary charity, the COVID-19 Healthcare Support Appeal.

# Financial review

## Investments, policy and performance

The RCN Foundation is subject to the Trustee Act 2000. The RCN Foundation Board of Trustees has adopted a Statement of Investment Principles which sets out the investment strategy, the role of the Board, risks and investment objective, which is to seek to protect real income and capital growth over time. The trustees accept that in achieving this objective the portfolio will be subject to short-term volatility but nevertheless they would like to achieve their goal with a low to medium level of risk.

The board oversees the management of the RCN Foundation's investment portfolio and monitors the performance of the investment manager, Sarasin & Partners LLP. The Income Generation and Investment Committee review the investment strategy, policy and performance and make recommendations to the board as appropriate.

The trustees specified that a part of the portfolio should be accessible at relatively short notice. Therefore the investment managers retain a short term fund consisting of cash, short-term deposits and short dated bonds. At 31 December 2019, £1m was held in the short-term fund as Money Market Investments and is shown as a current asset on the Balance Sheet (31 December 2018: £1m).

The fund managers have discretion over the selection of stocks but the contract with Sarasin & Partners stipulates the trustees' requirement for the investments to be managed in a socially responsible manner in line with their values and corporate policies and their wish to avoid any investment in companies that manufacture tobacco products. The trustees have also stated a preference to avoid investments in hedge funds.

During 2019, the trustees worked with the investment manager to implement agreed recommendations arising from the 2018 independent review of the investment portfolio. The most significant change related to relatively small changes in the asset allocation benchmark and a reduction in the proportion of the portfolio's sterling weighting (the proportion of the portfolio valued in sterling) from 75% to 65%.

The following table shows the original and new asset allocation benchmark.

	Original allocation %	New allocation %
Gilts	10	10
Corporate bonds	10	10
UK equities	35	20
Global equities	35	50
UK and global equities	5	5
Alternatives	-	5
Cash	5	-
<b>Total fund</b>	<b>100</b>	<b>100</b>

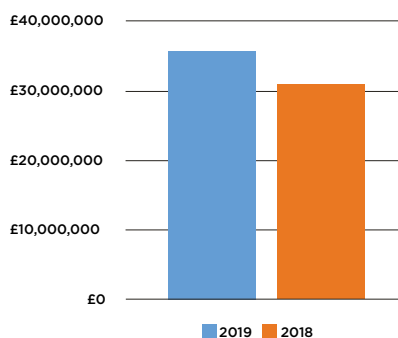
The implementation of the new asset allocation and currency weighting began in October 2019 and is due to be complete in January 2020.

2019 has been an exceptional year for the RCN Foundation investments both in terms of income generated and increase in the value of the portfolio. The gross investment income in the year ended 31 December 2019 was £1.1m (associated investment management fees of £157k) which is 11% higher compared to the gross income received in 2018 (£984k).

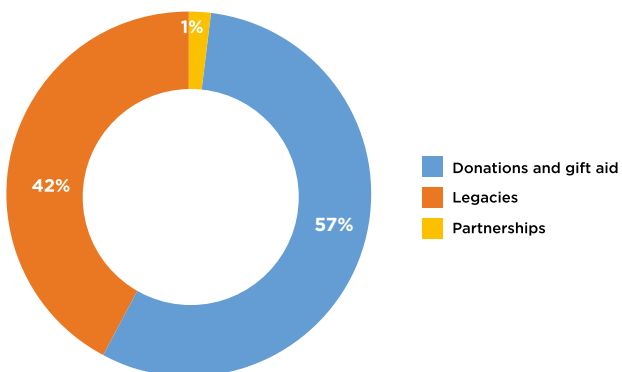
The movement in the investments resulted in a significant increase in the market value of the combined portfolio from £31.3m at the start of the year to £36.1m at the end of the year.

All asset classes performed well during the year, with equities, both UK and global, in-particular producing high returns.

### Value of combined investment portfolio



**Donation and Legacy income 2019 - £506k**



The favourable movement in the market value of the portfolio effectively regained the £2m losses reported at 31 December 2018 and further increased the market value of the portfolio at the end of 2019, this highlights the volatility of the market value of investment which is subject to the fluctuation of the open market and thus exposed to a degree of uncertainty and speculation.

### Review of financial position

The financial statements are presented in the format required under ‘Statement of Recommended Practice: Accounting and Reporting by Charities’ (SORP FRS 102) and the statement of financial activities reflects the strategic objectives of the RCN Foundation and Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

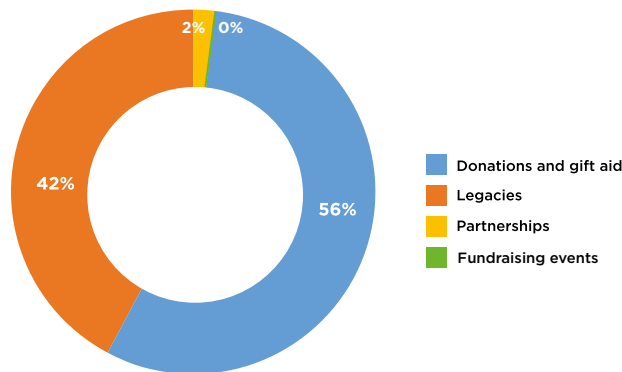
The statement of financial activities for the year ended 31 December 2019 and the balance sheet as at 31 December 2019 are set out on pages 29 and 30. The statement of financial activities shows that the RCN Foundation had net surplus of £4.7m in the year ended 31 December 2019 (31 December 2018: net loss of £1.1m).

### Income

The RCN Foundation income is made up of income from donations and legacies, income from trading activities and investment income.

Total income in the year was £1.6m which is 32% lower than the previous year (31 December 2018: £2.4m).

**Donation and Legacy income 2018 - £1.4m**

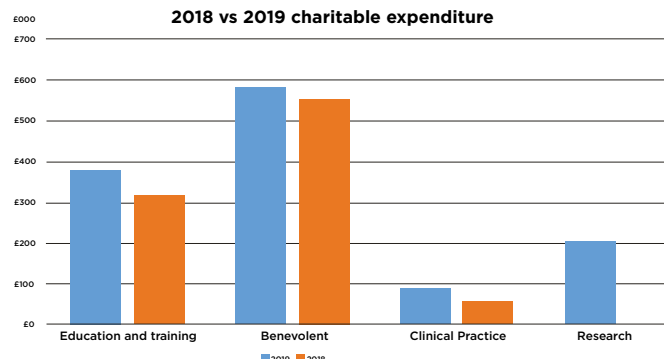


The negative variance is attributable to donations and legacies received, as 2018 was an exceptional year in terms of major donors and legacy income. In 2018 the RCN Foundation received £600k through a major fundraising campaign led by Emilia Clarke on the online fundraising platform Omaze, this year the charity received the final instalment of £134k. In addition, legacy income received in 2019 stood at £211k while in 2018 the RCN Foundation received £577k. In 2019, no fundraising activities have been organised by the RCN Foundation.

Legacies, donations and gift aid amounted to £506k (31 December 2018: £1.4m). Income earned from other trading activities includes sponsorship income raised for the Care Home Summit (£3k) and for the Impact Awards event, received from LV= (£1k).

The adverse variance in donations and legacies has been partially offset by the income generated by the investment portfolio. Investment income for the year was £1.1m (31 December 2018: £984k). The RCN Foundation investments reported net gains of £4.8m (31 December 2018: £2m losses) mainly due to unrealised gains on the investment portfolio.

**2018 vs 2019 charitable expenditure**





## Expenditure

Total expenditure in the year amounted to £1.8m (31 December 2018: £1.4m).

In 2019 expenditure increased by 28% compared to 2018, the variance is due to an increase in project grants awarded to organisations, both for clinical practice and research purposes.

In 2019, £652k restricted grants were paid (31 December 2018: £530k), of these £242k relates to benevolent activities (31 December 2018: £247k), £276k to educational bursaries (31 December 2018: £281k) and £134k for a research project grant. The RCN Foundation paid £284k to RCN UK as part of the agreement to run the LSS (31 December 2018: £267k), this expenditure has been charged against unrestricted funds.

An annual fee is agreed in advance to meet the cost of the service provided by the RCN UK for governance, finance, marketing and other services and is included within unrestricted expenditure. This was £433k in the year ended 31 December 2019 (31 December 2018: £376k). The fee reflects staff costs for those RCN UK employees working on behalf of the RCN Foundation plus 12% overheads. The fee increase is partly due to the recruitment of a new role, Head of Fundraising and Communications.

The total cost of raising funds in the year was £333k, this figure includes investment management fees, the portion of management fees allocated to this activity as well as a share of support costs (31 December 2018: £273k). The investment management fee is calculated as a proportion of the value of the portfolio and varies accordingly (31 December 2019: £157k; 31 December 2018: £148k).

In the year trustee expenses of £15k were incurred (31 December 2018: £18k). These costs are treated as unrestricted expenditure.

## Reserves

The investment and reserves policies reflect the trustees' acknowledgment that the RCN Foundation is largely reliant on reserves and investment income for the furtherance of its charitable objectives for the foreseeable future. The trustees also acknowledge the inherent risk in holding the majority of its assets within the investment portfolio, namely the fluctuation in market values, this risk is considered when setting the reserves policy.

The current reserves position is set at £18.5m. A new reserves policy will be developed in 2020.

The level of free reserves at 31 December 2019 was £27m (31 December 2018: £23.6m). This excludes those unrestricted funds that have been earmarked for particular purposes by the trustees and are shown as designated funds on the Balance Sheet, and excludes tangible fixed assets. The increase in reserves is due to the net gains on the investment portfolio which more than offsets net loss of £178k.

The RCN Foundation accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime, and has not prepared a strategic report for that purpose.



# Principal risks and uncertainties

Our risk management framework is used to test the organisation's key decisions and influence the use of our resources. Risks are assessed on a quarterly basis by the Board of Trustees to ensure that adequate measures are in place to manage the identified risks. Risk appetite is the amount and type of risk that the RCN Foundation is willing to take in order to meet our strategic objectives. We have a range of appetites for different risks and these are set out below.

## Financial

### Appetite for risk: low

There is an ongoing dependency on reserves and investment income. We continue to rely heavily on returns from our investment income to support our activities. Trustees are prioritising the need to diversify sources of income over time, though with a clear understanding that results will not be immediate. During the year we received significant voluntary income from legacies, as well as the final tranche of funds from the Omaze campaign which took place in 2018. A Head of Fundraising and Communications was appointed to begin to develop a more sustainable fundraising programme. An independent financial review of the RCN Foundation was carried out in 2019 and, as a result, a new financial strategy was agreed by the board.

## Governance

### Appetite for risk: low

A key risk during the year was to ensure the successful recruitment of a new Chair for the RCN Foundation. A new Chair was recruited and began her term of office on 1 May 2019. The Vice-Chair chaired the Board of Trustees during the interim period.

## Regulatory

### Appetite for risk: low

The RCN Foundation's appetite for regulatory risk is low. Consequently, we keep under review a number of regulatory frameworks and ensure that processes are in place to address any regulatory issues.

## Operational

### Appetite for risk: medium

The ability to deliver our ambitious grant-making plans continued to feature as a key risk. Key areas of work during the year included: the launch of two new priority grant programmes; the introduction of a new education grant for pre-registration nurses; and the development of an Advanced Practice education programme for neuro rehabilitation. Recruitment of an additional senior staff member to support our growing programmes was not possible and this will be prioritised in 2020. The board continued to keep this risk under review.

## External

### Appetite for risk: medium

External risks for the RCN Foundation included uncertainty over the potential impact of Brexit on the investment portfolio, and competition from other charities. The former risk was kept under review during the year by the board, and Income Generation and Investment Committee. The latter risk was mitigated through the delivery of a strong programme of grant-making and better communication about the impact of our work. This will continue to be increased following the appointment of a Head of Fundraising and Communications during the year.

## COVID-19

Since the end of the financial year on 31 December 2019, there have been two significant events that have affected, or may affect, the work of the RCN Foundation. These are: the fulfilment of the UK's decision to leave the EU on 31 January 2020; and the outbreak of the COVID-19 pandemic. Trustees have been cognisant of the potential impact of both these significant events on the RCN Foundation in terms of, for example, the cancellation of events, and a decrease in both investment and voluntary income. Both risks are being closely monitored and plans are being put in place to mitigate their impact. Please see note 16 - Post Balance Sheet Events - COVID-19 on page 42 for further details.

# Board of trustees Reference and administrative details Structure, governance and management

## Board of trustees

The trustees who are in office or have been during 2019 are:

### **Robert Sowney FRCN**

Chair of the Board (retired January 2019)

### **Professor Jane Cummings RN, CBE**

Chair of the Board (joined 1 May 2019)

### **Christine Perry**

Vice-Chair and Chair of the Appointments Panel

### **Professor Jacqueline Dunkley-Bent OBE**

(joined 1 December 2019)

### **Gordon Hull**

### **David Jones**

Chair of the Income Generation and Investment Committee

### **Moya Kirmond**

### **Rachel Lambert-Forsyth**

Chair of the Grants Committee (from 1 January 2020)

### **Denise Llewellyn MBE, FRCN**

Chair of the Wales Committee

### **Professor Charlotte McArdle**

### **Ian Norris**

Chair of the Grants Committee (retired 31 December 2019)

### **Atulkumar Patel MBE**

## External advisers

The external advisers on our committees are:

### **Nichola Ashby**

Grants Committee

### **Professor Michael Brown**

Scotland Committee

### **Joanne Griffin**

Income Generation and Investment Committee

### **Nicola Heazell**

Grants Committee

### **Professor Angela Hopkins**

Wales Committee

### **John Husselbee**

Income Generation and Investment Committee

### **Yvette Lloyd**

Income Generation and Investment Committee

### **Professor Donna Mead OBE**

Wales Committee

### **Jane Miles**

Grants Committee

### **Dr Susan Morgan**

Wales Committee

### **Tanya Strange MBE**

Wales Committee

### **Sian Thomas**

Wales Committee

### **Jayne Young**

Appointments Panel

## Reference and administrative details

### Registered office

20 Cavendish Square, London W1G 0RN

Telephone 020 7409 3333

Website: [www.rcnfoundation.org.uk](http://www.rcnfoundation.org.uk)

### Bankers

National Westminster Bank PLC

250 Regent Street, London W1B 3BN

### Independent auditor

Deloitte LLP

Statutory Auditor

1 New Street Square, London EC4A 3HQ

United Kingdom

### Lawyers

Bates Wells LLP

2-6 Cannon Street, London EC4M 6YH

### Investment managers

Sarasin & Partners LLP

Juxon House, 100 St Paul's Churchyard, London

EC4M 8BU

## Charity and Company registration numbers

**Registered Charity** 1134606  
**Scottish registered charity** SC043663  
**Registered Company** 07026001

The Board of Trustees of the RCN Foundation presents its annual report and financial statements for the year ended 31 December 2019 in accordance with Generally Accepted Accounting Practice in the United Kingdom (UK GAAP), the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP), the Charities Act 2011 and the Companies Act 2006; the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

This document is a summary of our activities and finances at the end of our eighth year as a registered charity. It is available in hard copy by written request and can be downloaded from the RCN Foundation's website ([www.rcnfoundation.org.uk](http://www.rcnfoundation.org.uk)), where there are further details about the RCN Foundation's work.

## Structure, governance and management

### Constitution

The RCN Foundation was registered as a charity on 2 March 2010. It was registered as a company limited by guarantee in December 2009 and the Royal College of Nursing in the United Kingdom (RCN UK) is the sole member. The Memorandum and Articles of Association were incorporated on 22 September 2009.

The RCN Foundation was set up as a result of a review of the legal and governance structure of the Royal College of Nursing, which is no longer a registered charity.

The RCN Foundation has a Memorandum of Agreement with the Royal College of Nursing that sets out how the two organisations will work together to support nursing and improve care.

## Objects

The objects of the RCN Foundation are to:

- promote the science and art of nursing and the better education and training of persons providing nursing in health and social care and their efficiency in the profession of nursing including those who are students
- promote the advancement of nursing as a profession in all or any of its branches
- promote through the medium of international agencies and otherwise the foregoing purposes in other countries
- relieve and prevent charitable need of persons providing nursing in health and social care including those who are students, those who have retired and the dependents of any such persons.

## Public benefit statement

The trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have regard to the Charity Commission's guidance on Charities and Public Benefit.

## Governance

The RCN Foundation's Board of Trustees is independent of the Royal College of Nursing (RCN UK). The board has provision for up to 14 trustees, four of whom are appointed by RCN UK Council. At least three of the members of the Board of Trustees must have no previous connection with the RCN UK. This enables us to retain our strong connections with the RCN UK whilst maintaining our independence.

The first trustees were appointed by the RCN UK's Council in 2010 through a public advertisement and interview process designed to identify trustees with as wide a range of different skills, backgrounds and experience as possible to establish the new RCN Foundation. Since then the Appointments Panel of the board has led the process of appointing a number of independent trustees.

The Board of Trustees normally meets quarterly with the addition of an annual board away day. The two substantive committees of the board – the Grants Committee, and the Income Generation and Investment Committee – also meet on a quarterly basis. The Grants Committee is accountable to the board for the development and implementation of the strategy to support members of the nursing team in need of assistance as well as the RCN Foundation’s project and education grants programme. The Income Generation and Investment Committee is accountable to the board for the development and delivery of the fundraising, marketing and communications initiatives as well as keeping the investment strategy under regular review and monitoring the performance of the investment manager.

The membership of these committees is largely drawn from the board and the committees are chaired by a trustee. We have also appointed additional independent members with particularly relevant experience and expertise to our committees. The Appointments Panel oversees the recruitment and appointment of trustees, Chair and Vice Chair elections, and committee appointments on behalf of the board. It also oversees trustees’ induction, development programmes and performance review. Throughout the year, the Appointments Panel undertook a recruitment process for new trustees to replace those who had retired in 2019 who were due to retire. Appointments arising from this process were made in 2019. All new trustees are provided with a structured induction programme. Trustees also undertake development activities during the year to ensure their skills are relevant and up to date.

The RCN Foundation also has two country committees, one for Scotland and a second for Wales. The Wales Committee was launched in 2017. Both of these committees monitor and evaluate the RCN Foundation’s work in their respective countries. We will be seeking to establish a committee in Northern Ireland over the next twelve months.

Terms of reference for all committees have been agreed by the board.

## Management

The RCN Foundation operates from the RCN UK’s headquarters and is staffed by RCN UK employees under a Services Agreement which is kept under regular review. In 2019, the RCN Foundation’s staffing structure continued to evolve. The staffing complement now comprises the following roles: RCN Foundation Director; Head of Grants and Impact (vacant); Grants Manager; Head of Fundraising and Communications; Fundraising and Communications Manager; Clerk to the Trustees; and Team Administrator. Additionally, the RCN Foundation is supported by a dedicated member of the RCN Finance team.

The RCN Foundation is also supported by Jane Clarke, RCN Group Secretary and Vanessa Woods, RCN Head of Finance. Other RCN UK staff support the RCN Foundation as required.

The key management personnel of the RCN Foundation in charge of directing and controlling, running and operating the charity on a day to day basis comprise the members of Board of Trustees together with the RCN Foundation Director.

## Charities with a connection to a non-charity

Following the issuing of guidance by the Charity Commission on charities with a connection to a non-charity, the Board of Trustees reviewed the guidance in the context of its legal relationship with the Royal College of Nursing.

The board had previously taken legal advice on this issue which had informed the processes and practices it has in place.

The RCN Foundation is structured as a company limited by guarantee. The College is the sole company law member. A legally binding Memorandum of Agreement between the two organisations sets down the RCN UK’s obligation to act in the best interests of the RCN Foundation as a ‘quasi trustee’ and to use its membership to further

the charitable purposes of the RCN Foundation. The document also recognises that the RCN Foundation is independent from the College and that the day to day management and control of the RCN Foundation rests with the trustees.

Trustees' obligations under charity and companies legislation mean that they must at all times act solely in the interests of the Charity. This may include working with the College when the Trustees consider that to be the most effective way of achieving the purposes of the RCN Foundation. If the RCN Foundation makes a grant to the College, a proposal provided from the College to the RCN Foundation is considered in exactly the same way as a funding proposal from any other organisation.

The Board took account of the various aspects of the guidance and the legal advice it had received. It concluded that the processes it has in place ensure that all grant funding decisions are made with the sole purpose of furthering the objectives of the RCN Foundation and there was no significant risk to the RCN Foundation of its constitutional relationship with the RCN UK.

## Compliance

Our key governance documents, processes and controls are in place to ensure that the RCN Foundation operates in an efficient and effective way in order to best deliver its charitable objectives. We conduct regular effectiveness reviews of these.

The RCN Foundation has a clear statement of purpose and a set of organisational values, which are described in our three year strategy document, a summary of which is available in hard copy and on the RCN Foundation website. A new financial strategy was developed in 2019.

## Fundraising approach

In 2019, the RCN Foundation relied on donations from existing regular donors, unsolicited legacy donations and a select few community fundraising activities. In 2019, no fundraising activities have been organised by the RCN Foundation.

The RCN Foundation has two staff positions which have responsibility for fundraising strategy and activity included as part of their role and used no professional fundraising agency partners in 2019.

The RCN Foundation is also a member of the Fundraising Regulator and, as such, abides by the Code of Fundraising Practice.

The RCN Foundation received no complaints in 2019 related to its fundraising practices.

## Conflicts of interest

Our register of interests is available on our website. We have guidance for managing conflicts and we ask trustees and advisers to identify any conflicts at the beginning of each meeting.



RCN Foundation  
Together we can be there for you  
www.rcnfoundation.org.uk  
Registered Charity: 1134606

RCN Foundation  
Together we can be there for you  
www.rcnfoundation.org.uk  
Registered Charity: 1134606

RCN Foundation  
Together we can be there for you  
www.rcnfoundation.org.uk  
Registered Charity: 1134606

RCN Foundation  
Together we can be there for you  
www.rcnfoundation.org.uk  
Registered Charity: 1134606





Thank you to all our supporters

We are extraordinarily grateful to each and every individual, team and organisation who has supported us during the year. With their vital help, we have been able to continue to achieve our purpose of supporting and strengthening nursing to improve the health and wellbeing of the public.

Every donation we receive, whether big or small, makes a real difference to the lives of hundreds of nurses, midwives and health care practitioners, and through them patients and families.

Thank you.



# Statement of trustees' responsibilities

The trustees (who are also directors of RCN Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information
- the trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees' Report on pages 4 to 21 was approved by the board and signed on its behalf by:



**Professor Jane Cummings RN, CBE**  
**Chair of the Board of Trustees**

**Date:** 3 July 2020

## Independent auditor's report to the trustees and members of the RCN Foundation

### Opinion

In our opinion the financial statements of the RCN Foundation ('the charitable company'):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

We have audited the financial statements which comprise:

- the statement of financial activities (incorporating the income and expenditure account)
- the balance sheet
- the statement of cash flows
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('the FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the trustees' use of the going concern basis of accounting in preparation of the financial statements is not appropriate
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

## Other information

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

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

We have nothing to report in respect of these matters.

## Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and report in accordance with those Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on other legal and regulatory requirements

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report included within the trustees' report.

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

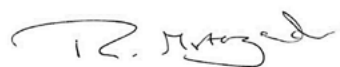
Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Reza Motazedi - FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
Date: 3 July 2020

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as audit of a company under section 1212 of the Companies Act 2006.

# Financial statements



## Statement of financial activities 31 December 2019 (Incorporating the income and expenditure account)

	Note	Unrestricted funds		Restricted funds		Endowment funds		31 December 2019	31 December 2018
		2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000	£'000	£'000
<b>Income from:</b>									
<b>Income and endowments</b>									
Donations and legacies		366	739	140	623	-	-	506	1,362
<b>Income earned from other activities</b>									
Investment income	2	808	736	280	248	-	-	1,088	984
<b>Income earned from other trading activities</b>									
Income from fundraising events		-	-	-	8	-	-	-	8
Sponsorship income		4	-	-	2	-	-	4	2
<b>Total income</b>		<b>1,178</b>	<b>1,475</b>	<b>420</b>	<b>881</b>	<b>-</b>	<b>-</b>	<b>1,598</b>	<b>2,356</b>
<b>Expenditure</b>									
Cost of raising funds	3	333	271	-	2	-	-	333	273
<b>Expenditure on charitable activities:</b>									
Education and training		161	97	276	281	-	-	437	378
Benevolent funds		430	422	242	247	-	-	672	669
Clinical practice		100	64	-	-	-	-	100	64
Research		100	-	134	-	-	-	234	-
<b>Total expenditure</b>	<b>3</b>	<b>1,124</b>	<b>854</b>	<b>652</b>	<b>530</b>	<b>-</b>	<b>-</b>	<b>1,776</b>	<b>1,384</b>
<b>Net income/(expenditure) before investment gains/(losses)</b>		<b>54</b>	<b>621</b>	<b>(232)</b>	<b>351</b>	<b>-</b>	<b>-</b>	<b>(178)</b>	<b>972</b>
Net gains/(losses) on investments	12	3,567	(1,503)	1,155	(483)	110	(51)	4,832	(2,037)
<b>Net income/(loss) for the year</b>		<b>3,621</b>	<b>(882)</b>	<b>923</b>	<b>(132)</b>	<b>110</b>	<b>(51)</b>	<b>4,654</b>	<b>(1,065)</b>
Transfers between funds		(40)	-	168	473	(128)	(473)	-	-
<b>Net movement in funds</b>	<b>12</b>	<b>3,581</b>	<b>(882)</b>	<b>1,091</b>	<b>341</b>	<b>(18)</b>	<b>(524)</b>	<b>4,654</b>	<b>(1,065)</b>
<b>Reconciliation of funds</b>									
Fund balances brought forward at the start of the period	12	24,186	25,068	7,760	7,419	684	1,208	32,630	33,695
Fund balances carried forward at the end of the period	12	27,767	24,186	8,851	7,760	666	684	37,284	32,630

There are no recognised gains or losses other than those disclosed above.

All of the above results derive from continuing operations. There is no difference between the net income for the periods stated above and the historical cost equivalent.

Notes on pages 32 to 43 form part of these financial statements.

## Balance sheet as at 31 December 2019

	Note	31 December 2019 £'000	31 December 2018 £'000
<b>Fixed assets</b>			
Tangible assets	5	9	13
Long-term investments	7.1	35,132	30,287
<b>Total fixed assets</b>		<b>35,141</b>	<b>30,300</b>
<b>Current assets</b>			
Debtors	8	125	316
Short-term investments	7.2	1,001	1,001
Cash at bank and in hand		1,627	1,510
<b>Total current assets</b>		<b>2,753</b>	<b>2,827</b>
<b>Liabilities</b>			
Creditors: amounts falling due within one year	9	(610)	(478)
<b>Net current assets</b>		<b>2,143</b>	<b>2,349</b>
<b>Total assets less current liabilities</b>		<b>37,284</b>	<b>32,649</b>
Creditors: amounts falling due after one year	9	-	(19)
<b>Total net assets</b>		<b>37,284</b>	<b>32,630</b>
<b>The funds of the charity</b>			
Restricted funds:			
Permanent endowment	12	629	634
Expendable endowment	12	37	50
Restricted income funds	12	8,851	7,760
<b>Total restricted funds</b>		<b>9,517</b>	<b>8,444</b>
Unrestricted funds:			
Revaluation reserve	11	6,035	2,732
General funds		21,039	20,848
Designated funds	12	693	606
<b>Total unrestricted funds</b>	<b>12</b>	<b>27,767</b>	<b>24,186</b>
<b>Total charity funds</b>		<b>37,284</b>	<b>32,630</b>

Approved and authorised for issue by the Board of Trustees on 3 July 2020 and signed on their behalf by:



**Professor Jane Cummings RN, CBE**  
**Chair of the Board of Trustees**



## Statement of cash flows

	Note	31 December 2019 £'000	31 December 2018 £'000
<b>Reconciliation of net movement in funds to net cash flow from operating activities:</b>			
Net movement in funds		4,654	(1,065)
Dividends and interest from investments		(1,088)	(984)
(Gains)/losses from investments		(4,832)	2,037
Decrease/(increase) in debtors	8	191	(247)
Increase/(decrease) in creditors	9	113	(308)
<b>Net cash used in operating activities</b>		<b>(962)</b>	<b>(567)</b>
<b>Cash flows from investing activities:</b>			
Dividends and interest from investments	2	1,088	984
Proceeds from sale of investments	7	14,800	11,285
Purchase of investments	7	(14,284)	(10,668)
<b>Net cash provided by investing activities</b>		<b>1,604</b>	<b>1,601</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>642</b>	<b>1,034</b>
Opening cash at bank		1,510	1,099
Opening cash in investments		619	318
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>2,129</b>	<b>1,417</b>
<b>Change in cash and cash equivalents due to exchange rate movements</b>		<b>186</b>	<b>(322)</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>2,957</b>	<b>2,129</b>
Represented by:			
Closing cash at bank		1,627	1,510
Closing cash in investments		1,330	619

# Notes to the financial statements

## 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

The RCN Foundation is a private company limited by guarantee (registered company: 07026001), it was registered as a charity (registered charity: 1134606) on 2 March 2010.

### a. Accounting convention

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investments at market value, and are in accordance with the Statement of Recommended Practice: Accounting and Reporting for Charities (SORP 2015) guidance on the application of the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) effective 1 January 2015 and the Companies Act 2006, and Charities Accounts (Scotland regulations 2006) and Charities and Trustee Investment (Scotland) Act 2005.

The RCN Foundation meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of disclosure exemptions available to it in respect of its separate financial statements. Accordingly, exemption has been taken in relation to disclosure of remuneration of key management personnel.

The RCN Foundation constitutes a public benefit entity as defined by FRS102.

The trustees consider that there are no material uncertainties about the RCN Foundation's ability to continue as a going concern. The most significant areas of adjustment and key assumptions that affect items in the financial statements are to do with the valuation of investments. Since the market value of investments are dependent on the fluctuation of the open market these are exposed to a degree of uncertainty and speculation.

### b. Statement of cash flows

The RCN UK prepares and files a consolidated statement of cash flows which includes the cash flows of the RCN Foundation. Under FRS102, a statement of cash flow is incorporated within these financial statements for the year ended 31 December 2019.

### c. Income

All income is accounted for when the RCN Foundation has entitlement to the funds, the amount can be quantified and it is probable that the income will be received.

Income includes interest and dividends receivable from the investment portfolio, donations and legacies to the various restricted funds held by the RCN Foundation, and unrestricted legacies and donations gifted to the RCN Foundation.

Legacy income is accrued at the point that the entitlement and measurability of the amount become known and it is probable that the legacy income will be received. Entitlement in the case of residual and pecuniary legacies is counted from the earlier of estate financial statements being finalised and cash received.

### d. Expenditure

Expenditure is recognised on an accruals basis and allocated according to the RCN Foundation's objectives. Charitable activities relate to the objectives which are explained within the trustees' report of this annual report and financial statements. Restricted expenditure relates to grants and awards paid out under the terms of the individual funds.

Where expenditure cannot be directly allocated under these main categories, they are allocated across activities in the ratio shown below based on actual direct expenditure incurred on the activities.

	31 December 2019 %	31 December 2018 %
Cost of raising funds	19	20
Education and training	25	27
Benevolent fund	38	48
Clinical practice	6	5
Research	12	-

### Cost of raising funds

The cost of raising funds relate to the fee paid to the investment managers and other costs incurred by the charity to raise funds for its charitable work.

### Objective 1: Education and training

Promoting the science and art of nursing and the better education and training of nurses and their efficiency in the profession of nursing.

### Objective 2: Benevolent funds

Assisting nurses who by reason of adversity, ill-health or otherwise are in need of assistance of any nature.

### Objective 3: Clinical practice

Supporting the development of clinical practice and the improvement of care.

### Objective 4: Research

To fund nursing-led innovation projects and research and development activity to support the development of leading edge clinical practice, educational tools and the improvement of patient care.

### Grants payable

Grants and bursaries payable are charged to the Statement of Financial Activities in the year in which the grant is awarded and the successful granting is conveyed to the recipient. In cases where the offer is conditional, grants are wholly recognised as expenditure in the year when the conditions attached solely relate to the recipient meeting the conditions of the grant. If there are conditions that are within the control of the RCN Foundation the expenditure is recognised to the extent the conditions are fulfilled. Those grants which are payable in future periods are included in creditors as set out in note 9.

The grant payable to RCN UK for the LampLight Support Service is recognised on a yearly basis for the duration of the grant due to the terms of the agreement, which aligns the grant payable to the cost of providing the service in the year.

### Support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support cost have been allocated are set out in note 3. Governance costs include all cost of compliance with constitutional and statutory requirements, including legal and audit fees and the cost of trustee meetings and are included within support costs.

### e. Irrecoverable value added tax

Where value added tax is incurred and cannot be recovered it is expensed in the Statement of Financial Activities. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

### f. Tangible assets - software

In 2019 there have been further developments on CRM phase 2. New features have been implemented into the software and reflected in the financial statements as a transfer from assets under construction to computer software (see note 5).

The database depreciates over five years using straight line depreciation after deducting any residual value at the end of the useful life of the database.

### g. Investments

Investments are initially recognised at their transaction value and subsequently measured at their market value, where market value represents the mid-market price on the last trading day before the period end. Investments purchased as part of the treasury management, which are intended to be held for less than one year, are shown as current assets (short-term investments). Investments held to generate longer term income and capital growth are shown within fixed assets. All gains and losses are taken to the Statement of Financial Activities as they arise. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities. Any unrealised or realised gains arising from investments are taken to the fund for which the investments are held.

### h. Endowments

Where funds are given to be held as capital, they are shown as endowment funds in the financial statements. Expendable endowments are those where the trusts' terms provide for the expenditure of capital rather than its preservation. Permanent endowment funds are donations that have been given to the RCN Foundation to be held as capital with no power to convert the funds to income. Permanent endowment funds are held by the RCN Foundation as a corporate trustee and do not form part of the corporate property of the charitable company. Investment income generated from the endowment funds is allocated to these restricted funds.

### i. Restricted income funds

Where income is received for purposes specified by the donor or the terms of appeal under which it was raised, that income is shown as restricted in the Statement of Financial Activities. This includes income arising from endowment funds if it is restricted in use by the donor. Expenditure for the specified purposes is shown as restricted expenditure. Any unexpended balance at the balance sheet date is carried forward as a restricted income fund.

### j. Unrestricted funds

Unrestricted funds are expendable at the discretion of the trustees in the furtherance of the objects of the RCN Foundation.

### k. Designated funds

Designated funds are unrestricted funds that have been earmarked for a particular purpose by the trustees. The designated funds are set out in note 12.

In 2019, the RCN Foundation received the final instalment of £134k from CAF America, as a result of a the fundraising campaign led by RCN UK Ambassador Emilia Clarke on the online fundraising platform Omaze in 2018. The grant has been designated by the trustees for educational purposes and in 2019 £43k have been spent on the ongoing advanced practice education programme in the specialism of neuro rehabilitation. The RCN Foundation is planning to spend the remaining funds in the next two to three years.

#### **l. Financial Instruments**

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

#### **m. Pensions**

The RCN UK operates defined benefit and defined contribution schemes. As the RCN Foundation staff are employed by the RCN UK and work for the RCN Foundation in accordance with the Service Level Agreement (SLA) they fall within the pension schemes of the RCN UK.

#### **n. Critical accounting judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial performance date and the amounts reported for income and expenditure during the year. However, the nature of the estimates means that actual outcomes could differ from those estimates.

Significant area of estimation and judgement:

Grants payable: it is estimated that the value of grants payable recognised in note 9 is due in the next financial year based on the payment schedule agreed with the beneficiaries.

#### **o. Going concern**

A detailed forecast was prepared to assess organisational financial resilience during the COVID-19 pandemic. The assessment anticipates net movement in the funds for the next 12 months from the date of signing off the financial statements. The RCN Foundation's Income, Generation and Investment Committee has reviewed and approved the assessment of the RCN Foundation's financial resources. The assessment includes a thorough review of the RCN Foundation's cash flow forecast, investment income and donations pledged under the best, worst and most likely case scenarios.

The board is of the opinion that in the case of any of the three scenarios, ie, 'Likely,' 'Best' and 'Worst' being materialised, this will not threaten the sustainability and viability of the business as a going concern. Therefore, it is not appropriate to modify the key assumptions and judgments while preparing the financial statements for the business.

Please see note 16 - Post-Balance Sheet Event - COVID-19 on page 42 for further details.

## 2. Investment income

	31 December 2019 £'000	31 December 2018 £'000
UK equities	530	472
Overseas equities	330	286
UK fixed interest	207	215
Bank interest	13	11
<b>Overseas fixed interest</b>	<b>8</b>	<b>-</b>
<b>Total</b>	<b>1,088</b>	<b>984</b>

## 3. Analysis of total expenditure

	Cost of raising funds		Charitable activities		Support costs		Total expenditure	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000	31 December 2019 £'000	31 December 2018 £'000
<b>Grants/bursaries:</b>								
– to organisations	-	-	535	243	-	-	535	243
– to individuals	-	-	503	528	-	-	503	528
RCN UK service fee	126	75	154	145	153	156	433	376
Investment management fee	157	148	-	-	-	-	157	148
Fundraising costs	4	2	-	-	-	-	4	2
Trustee costs	-	-	-	-	15	22	15	22
Audit and tax advice	-	-	-	-	16	11	16	11
Publicity and events	-	-	3	-	29	7	32	7
Professional services	-	-	44	-	4	31	48	31
Travel and subsistence	-	-	2	-	4	5	6	5
IT costs	-	-	-	-	5	-	5	-
Miscellaneous costs	-	-	-	-	22	11	22	11
	<b>287</b>	<b>225</b>	<b>1,241</b>	<b>916</b>	<b>248</b>	<b>243</b>	<b>1,776</b>	<b>1,384</b>
Support costs	46	48	202	195	(248)	(243)	-	-
<b>Total</b>	<b>333</b>	<b>273</b>	<b>1,443</b>	<b>1,111</b>	<b>-</b>	<b>-</b>	<b>1,776</b>	<b>1,384</b>

Support costs are allocated across the charitable activities and the cost of raising funds based on the actual costs incurred on these activities.

External audit fee – auditor services of £11,650 including VAT are included in these financial statements (31 December 2018: £11,200).

The amount spent on direct charitable activities, excluding support costs, compared to total expenditure for the year was 70% in 2019 (31 December 2018: 66%).

## Expenditure on charitable activities

	Education and training		Benevolent funds		Clinical practice		Research		Total charitable activities	
	2019	2018	2019	2018	2019	2018	2019	2018	31 December 2019	31 December 2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Grants/bursaries (note 4):</b>										
– to organisations	11	(24)	293	267	30	-	201	-	535	243
– to individuals	270	281	233	247	-	-	-	-	503	528
RCN UK service fee	59	55	39	37	56	53	-	-	154	145
LSS evaluation costs	-	-	13	-	-	-	-	-	13	-
Care home summit	5	-	-	-	-	-	-	-	5	-
Specialist nursing programme consultancy fees	31	-	-	-	-	-	-	-	31	-
	<b>376</b>	<b>312</b>	<b>578</b>	<b>551</b>	<b>86</b>	<b>53</b>	<b>201</b>	<b>-</b>	<b>1,241</b>	<b>916</b>
Support costs	61	66	94	118	14	11	33	-	202	195
<b>Total</b>	<b>437</b>	<b>378</b>	<b>672</b>	<b>669</b>	<b>100</b>	<b>64</b>	<b>234</b>	<b>-</b>	<b>1,443</b>	<b>1,111</b>

In 2019, the RCN UK service fee is allocated to charitable activities according to the time spent by the RCN Foundation staff on each activity.

### Staff costs

The RCN Foundation does not employ any staff directly. A service level agreement is in place between RCN UK and RCN Foundation for the provision of services to RCN Foundation (RCN service fee). Under the agreement there are seven employees who work for RCN Foundation (31 December 2018: six employees), one of whom earns between £70,000 - £80,000 per annum. Pension payments made with regard to this individual amounted to £6,859 (31 December 2018: £5,758).

	31 December 2019	31 December 2018
	£'000	£'000
Wages and salaries	322	271
Social security costs	35	30
Other pension costs	32	27
<b>Total</b>	<b>389</b>	<b>328</b>

## 4. Grants payable

	Unrestricted funds		Restricted funds		Total grants payable	
	2019	2018	2019	2018	31 December 2019	31 December 2018
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance brought forward at start of period</b>	<b>181</b>	<b>387</b>	<b>253</b>	<b>293</b>	<b>434</b>	<b>680</b>
<b>Awarded in the period:</b>						
Grants and bursaries	387	266	700	529	1,087	795
Unused awards written back	-	(24)	(48)	-	(48)	(24)
<b>Charge to SOFA</b>	<b>387</b>	<b>242</b>	<b>652</b>	<b>529</b>	<b>1,039</b>	<b>771</b>
Paid in period	(476)	(448)	(633)	(569)	(1,109)	(1,017)
<b>Balance carried forward at the end of the period</b>	<b>92</b>	<b>181</b>	<b>272</b>	<b>253</b>	<b>364</b>	<b>434</b>
Falling due within one year	92	162	272	253	364	415
Falling due after one year	-	19	-	-	-	19

Grants were awarded as follows:

	31 December 2019 £'000	31 December 2018 £'000
<b>Grants to individuals:</b>		
Educational bursaries	318	305
Educational bursaries write backs	(48)	(24)
Benevolent grants	233	247
<b>Total grants to individuals</b>	<b>503</b>	<b>528</b>
<b>Grants to organisations</b>		
RCN Public Lecture Series	-	19
UCLPartners	-	(63)
LampLight Support Service (LSS)	284	267
Florence Nightingale Foundation	19	19
RCN Bounce Back Boy	-	1
University of Plymouth	1	-
Aneurin Bevan University	20	-
Sheffield Hallam University	25	-
Society of Occupational Medicine	20	-
Sheffield Teaching Hospital	4	-
Cardiff University	130	-
QNI	30	-
LSE	10	-
QMU	(8)	-
<b>Total grants to organisations</b>	<b>535</b>	<b>243</b>

In the year the RCN Foundation awarded educational bursaries to 120 individuals and benevolent grants to 377 individuals.

## 5. Tangible assets

	Note	Computer software £'000	Assets under construction £'000	Total £'000
<b>Cost or valuation</b>				
Balance at 1 January 2019		9	7	16
Transfer of assets under construction	1.f	5	(5)	-
Disposals				
<b>Balance at 31 December 2019</b>		<b>14</b>	<b>2</b>	<b>16</b>
<b>Accumulated depreciation</b>				
Balance at 1 January 2019		3	-	3
Charge for the year		4	-	4
Disposals				
<b>Balance at 31 December 2019</b>		<b>7</b>	<b>-</b>	<b>7</b>
<b>Net book value at 31 December 2019</b>		<b>7</b>	<b>2</b>	<b>9</b>
<b>Net book value at 31 December 2018</b>		<b>6</b>	<b>7</b>	<b>13</b>

## 6. Taxation

The RCN Foundation is exempt from tax as all its income is charitable and is applied for charitable purposes.

## 7. Investments

### 7.1. Long-term investments

	31 December 2019 £'000	31 December 2018 £'000
Market value at the start of the year	29,668	31,998
Additions at cost	10,284	6,668
Disposals at carrying value	(10,496)	(7,227)
Redemptions	(304)	(57)
Realised gain	1,347	567
Unrealised gain/(loss)	3,303	(2,281)
<b>Investments at market value at the end of the year</b>	<b>33,802</b>	<b>29,668</b>
Cash held for reinvestment	1,330	619
<b>Market value at the end of the year</b>	<b>35,132</b>	<b>30,287</b>
<b>Historic cost at the end of the year</b>	<b>29,097</b>	<b>27,555</b>

Investments at market value comprise:

	31 December 2019 £'000	31 December 2018 £'000
<b>Listed investments</b>		
Fixed interest (Government securities and bonds)	5,882	5,520
UK equities	8,603	9,993
Global equities	15,363	10,318
Alternative assets	2,065	2,133
Property	1,905	1,706
Liquid assets in long-term fund	1,314	617
<b>Total</b>	<b>35,132</b>	<b>30,287</b>

The trustees believe that the carrying value of the investments is supported by their underlying net assets.

### Holdings over 5%

None of the investments represented holdings in excess of 5% of the investment portfolio at the start or the end of the period.

### 7.2. Short-term investments

	31 December 2019 £'000	31 December 2018 £'000
Market value at the start of the year	1,001	1,001
Additions at cost	4,000	4,000
Redemptions	(4,000)	(4,000)
<b>Investments at market value at year end</b>	<b>1,001</b>	<b>1,001</b>
Cash held for reinvestment	-	-
<b>Market value at the end of the year</b>	<b>1,001</b>	<b>1,001</b>
<b>Historic cost at end of the year</b>	<b>1,000</b>	<b>1,000</b>

Due to the volatility of the market at the time the financial statements have been signed off, the investment portfolio has reduced its value. The RCN Foundation will continue monitoring the situation closely with the Trustees and our investment manager-Sarasin & Partners LLP. Nevertheless, there is no intention to liquidate the portfolio in the near future.



## 8. Debtors

	31 December 2019 £'000	31 December 2018 £'000
Prepayments and accrued income	77	303
Due from RCN UK	36	13
Sundry debtor	12	-
<b>Total</b>	<b>125</b>	<b>316</b>

## 9. Creditors

	31 December 2019 £'000	31 December 2018 £'000
<b>Amounts falling due within one year</b>		
Trade creditors	3	3
Grants payable (note 4)	364	415
Accruals	106	60
Due to RCN UK	125	-
Other creditors	12	-
<b>Total</b>	<b>610</b>	<b>478</b>
<b>Amounts falling due after one year</b>		
Grants payable (note 4)	-	19
<b>Total</b>	<b>-</b>	<b>19</b>

## 10. Analysis of net assets between funds

	Unrestricted funds		Restricted funds		Endowment funds		Total funds	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000	31 December 2019 £'000	31 December 2018 £'000
<b>Fund balances at the end of the period are represented by:</b>								
Software	9	13	-	-	-	-	9	13
Investments	28,198	24,594	6,268	5,009	666	684	35,132	30,287
Current assets	441	(207)	2,311	3,034	-	-	2,752	2,827
- Current liabilities and provisions	(881)	(195)	272	(283)	-	-	(609)	(478)
- Non-current liabilities	-	(19)	-	-	-	-	-	(19)
<b>Total net assets</b>	<b>27,767</b>	<b>24,186</b>	<b>8,851</b>	<b>7,760</b>	<b>666</b>	<b>684</b>	<b>37,284</b>	<b>32,630</b>

## 11. Revaluation reserve

	31 December 2018 £'000	Investment unrealised gain £'000	31 December 2019 £'000
Revaluation reserve	2,732	3,303	6,035
<b>Total</b>	<b>2,732</b>	<b>3,303</b>	<b>6,035</b>

In 2019, the revaluation reserve related to the investment portfolio has increased by the value of the unrealised gain for the year.

## 12. Movement in funds year end 31 December 2019

	31 December 2018 £'000	Income £'000	Expenditure £'000	Net investment gains £'000	Transfers between Funds £'000	31 December 2019 £'000
<b>Endowment funds</b>						
<b>Permanent</b>						
Educational funds	165	-	-	20	(104)	<b>81</b>
Research fund – Daphne Heald R&D Fund	469	-	-	79	-	<b>548</b>
<b>Expendable</b>						
Educational funds	38	-	-	8	(24)	<b>22</b>
Benevolent funds	-	-	-	-	-	<b>-</b>
Other funds	12	-	-	3	-	<b>15</b>
<b>Total endowment funds</b>	<b>684</b>	<b>-</b>	<b>-</b>	<b>110</b>	<b>(128)</b>	<b>666</b>
<b>Restricted income funds</b>						
<b>Educational funds</b>						
RCNF Professional edu. funds	1,649	91	(61)	442	855	<b>2,976</b>
Trevor Clay Scholarship fund	411	13	(123)	52	(5)	<b>348</b>
John Colyer fund	135	5	(31)	48	-	<b>157</b>
Cowdray Scholarship fund	254	1	-	8	(263)	<b>-</b>
Other educational funds	655	20	(62)	38	(419)	<b>232</b>
<b>Total educational funds</b>	<b>3,104</b>	<b>130</b>	<b>(277)</b>	<b>588</b>	<b>168</b>	<b>3,713</b>
<b>Benevolent funds</b>						
RCNF benevolent funds	3,346	237	(241)	435	189	<b>3,966</b>
Other benevolent funds	862	23	-	102	(189)	<b>798</b>
<b>Total benevolent funds</b>	<b>4,208</b>	<b>260</b>	<b>(241)</b>	<b>537</b>	<b>-</b>	<b>4,764</b>
<b>Research funds</b>	<b>448</b>	<b>30</b>	<b>(134)</b>	<b>30</b>	<b>-</b>	<b>374</b>
<b>Total restricted funds</b>	<b>7,760</b>	<b>420</b>	<b>(652)</b>	<b>1,155</b>	<b>168</b>	<b>8,851</b>
<b>Unrestricted funds</b>						
<b>General funds</b>	<b>23,580</b>	<b>1,043</b>	<b>(1,081)</b>	<b>3,567</b>	<b>(35)</b>	<b>27,074</b>
<b>Designated funds</b>						
Omaze	600	-	(43)	-	-	557
Other designated funds	6	135	-	-	(5)	136
<b>Total designated funds</b>	<b>606</b>	<b>135</b>	<b>(43)</b>	<b>-</b>	<b>(5)</b>	<b>693</b>
<b>Total unrestricted funds</b>	<b>24,186</b>	<b>1,178</b>	<b>(1,124)</b>	<b>3,567</b>	<b>(40)</b>	<b>27,767</b>
<b>Total funds</b>	<b>32,630</b>	<b>1,598</b>	<b>(1,776)</b>	<b>4,832</b>	<b>-</b>	<b>37,284</b>

## 12. Movement in funds year end 31 December 2018

	31 December 2017 £'000	Income £'000	Expenditure £'000	Net investment (losses) £'000	Transfers between Funds £'000	31 December 2018 £'000
<b>Endowment funds</b>						
<b>Permanent</b>						
Educational funds	179	-	-	(14)	-	165
Research fund – Daphne Heald R&D Fund	509	-	-	(40)	-	469
<b>Expendable</b>						
Educational funds	41	-	-	(3)	-	38
Benevolent funds	466	-	-	7	(473)	-
Other funds	13	-	-	(1)	-	12
<b>Total endowment funds</b>	<b>1,208</b>	<b>-</b>	<b>-</b>	<b>(51)</b>	<b>(473)</b>	<b>684</b>
<b>Restricted income funds</b>						
<b>Educational funds</b>						
England & Wales edu. fund	1,913	33	(87)	27	(1,886)	-
RCNF professional edu. funds	-	21	(91)	(164)	1,883	1,649
Trevor Clay Scholarship fund	424	12	-	(25)	-	411
John Colyer fund	211	6	(58)	(24)	-	135
Cowdray Scholarship fund	255	8	5	(14)	-	254
Other educational funds	670	63	(52)	(29)	3	655
<b>Total educational funds</b>	<b>3,473</b>	<b>143</b>	<b>(283)</b>	<b>(229)</b>	<b>-</b>	<b>3,104</b>
<b>Benevolent funds</b>						
RCN benevolent fund	341	90	(138)	1	(294)	-
RCNF benevolent funds	-	538	(109)	(220)	3,137	3,346
RCN Housing fund	2,089	36	-	26	(2,151)	-
Other benevolent funds	1,080	47	-	(46)	(219)	862
<b>Total benevolent funds</b>	<b>3,510</b>	<b>711</b>	<b>(247)</b>	<b>(239)</b>	<b>473</b>	<b>4,208</b>
<b>Research funds</b>	<b>436</b>	<b>27</b>	<b>-</b>	<b>(15)</b>	<b>-</b>	<b>448</b>
<b>Total restricted funds</b>	<b>7,419</b>	<b>881</b>	<b>(530)</b>	<b>(483)</b>	<b>473</b>	<b>7,760</b>
<b>Unrestricted funds</b>						
<b>General funds</b>	<b>25,062</b>	<b>875</b>	<b>(854)</b>	<b>(1,503)</b>	<b>-</b>	<b>23,580</b>
<b>Designated funds</b>						
Omaze	-	600	-	-	-	600
Other designated funds	6	-	-	-	-	6
<b>Total designated funds</b>	<b>6</b>	<b>600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>606</b>
<b>Total unrestricted funds</b>	<b>25,068</b>	<b>1,475</b>	<b>(854)</b>	<b>(1,503)</b>	<b>-</b>	<b>24,186</b>
<b>Total funds</b>	<b>33,695</b>	<b>2,356</b>	<b>(1,384)</b>	<b>(2,037)</b>	<b>-</b>	<b>32,630</b>

The funds we hold are for the following purposes:

#### **Educational funds**

To provide higher educational facilities, scholarships and annual awards for nurses who are studying or intending to study.

#### **Benevolent funds**

To assist nurses who by reason of adversity, ill health or otherwise are in need of assistance.

#### **Research funds**

To fund a research and development unit within the RCN and to provide funds to undertake research projects.

#### **Transfers between funds**

Phase 1 of the amalgamation of funds started in 2018 and was completed in 2019. In February 2019, the RCN Foundation received an order from the Charity Commission to amalgamate a number of small funds in the RCN Foundation Professional Education Fund and the RCN Foundation Benevolent Fund. The transfers can be found on note 12.

Phase 2 of the amalgamation of funds, aims at increasing the spending of restricted funds according to the conditions set by the donors. This phase started in 2019 and will continue in 2020.

The amalgamation also included any existing endowment for the above funds.

### **13. Related party transactions**

During the year a service charge of £433,470 was paid by the RCN Foundation to RCN based upon the agreed service level agreement (31 December 2018: £376,230).

In 2019, a total of £284,301 (31 December 2018: £267,324) has been paid to RCN for the LampLight Support Service (LSS). A repayment of LSS unused grant of £1,309 from RCN remains outstanding at year end.

### **14. Remuneration**

None of the trustees received remuneration. Costs incurred by the RCN Foundation trustees while carrying out trustee duties amounted to £15,134 in the year (31 December 2018: £18,405). These expenses related to £4,059 in accommodation and meals, £5,075 in travel and £6,000 in recruitment costs for the Chair of the Board. These costs relate to 10 trustees and are made up of both out of pocket expenses reimbursed as well as those paid directly to a third party.

### **15. Ultimate controlling party**

The RCN is the sole company member of the RCN Foundation. It discharges that role as a quasi-trustee by using its membership to further the charitable purposes of the RCN Foundation. However, the RCN Foundation is established for exclusively charitable purposes and the RCN will respect at all times the RCN Foundation's independence as a charity, separate and distinct from the RCN. The ultimate sanction to appoint and dismiss trustees resides with the RCN. The RCN's principal place of business is 20 Cavendish Square, London, W1G 0RN. The results of the RCN Foundation are included in the consolidated financial statements of the RCN which are available from the above address.

### **16. Post-Balance Sheet Events - COVID-19**

The COVID-19 pandemic arose after the RCN Foundation's reporting date, 31 December 2019. The Board of Trustees has considered the impact of the COVID-19 pandemic. The assessment was conducted in April 2020 and continue to be updated and monitored up until the date of signing. It included a thorough review of the RCN Foundation's cash flow forecast, investment income, and donations pledged under the best, worst, and most likely case scenarios;

- Expected – broadly the Q1 forecast position, current strict restrictions are eased towards the end of June 2020 with some, but fewer, restrictions in place for the remainder of 2020
- Best – current strict restrictions are eased towards the end of May 2020 with a return to some form of “normality” for the remainder of 2020
- Worst – current strict restrictions remain until late in the year, at least until October 2020 and most likely beyond before restrictions begin to ease.

In all three scenarios above “normality” is expected to include some form of social distancing requirements for a significant period.

The assessment anticipates net movement in the funds to remain positive in the next twelve months from the date of signing these financial statements. The Board of Trustees has also assessed the fixed working capital requirements for the forthcoming twelve months based on the scenarios mentioned until June 2021. Upon reviewing those cash flow projections for the forthcoming twelve months, the Board of Trustees is of the view that the RCN Foundation should not require additional financial resources in the twelve-month period from the date of approval of these financial statements to enable the charity to fund its current operations and to meet its commitments.

The operations of the RCN Foundation have been financed mainly through income received from the short and long-term investments, as well as donations from individual and institutional donors.

The main areas affected are voluntary income and charitable expenditure; the impact of COVID-19 on these areas was not felt until late March 2020. To date, the RCN Foundation saw an increase in financial support due to the COVID-19 pandemic, with a number of large and small donors getting in touch, wanting to support nurses and nursing currently. The increase in donations led to the RCN Foundation, setting up a dedicated fund to help those affected. As at the end of May 2020, the charity has awarded more than £300k grants.

The occurrence of COVID-19 pandemic has significantly impacted the global markets and economy. The investment managers have communicated that there will be a maximum of a 20% decrease in investment income in the post-year period and that the short- and long-term investments of £36m held by the RCN Foundation at the 31 December 2019 had reduced in value by 4% when compared against the valuation as at 31st May 2020. The RCN Foundation holds the portfolio for the long-term and does not have any requirement to draw from it. The RCN Foundation cash balances remain strong due to a significant increase in financial support as a result of the pandemic from the general public.

The RCN Foundation Board of Trustees supported by management believe the RCN Foundation will remain financially viable and the 2019 annual report and financial statements can continue to be prepared on a going concern basis. Therefore, the COVID-19 crisis is treated as a non-adjusting event.

20 Cavendish Square  
London W1G 0RN  
[rcn.org.uk](http://rcn.org.uk)

Publication code: 009 082  
July 2020

Published by the Royal College of Nursing  
The RCN UK is a Royal College set up by Royal  
Charter and a Special Register Trade Union  
established under the Trade Union and Labour  
Relations (Consolidation) Act 1992