

From the Chair

The annual report and financial statements contained in this document report on another challenging year.

The objectives of the Trustees are to support worthwhile projects and initiatives which will improve patient care. This is delivered through expenditure directly related to the patient experience or in support of cutting edge research. We also invest in the development and training of Trust staff.

In the past year a wide range of activity has been supported. For example, over fourteen thousand massages have been delivered to patients via the complimentary therapy team, important research has been undertaken into MRSA and patients and staff alike have benefited from the establishment of an internet café adjacent to the main hospital restaurant.

In addition the Trustees have begun to consider how they might support the Royal National Throat Nose and Ear Hospital, as it seeks to regenerate its site to provide the best possible facilities for its patients.

Sadly we said goodbye to Felicity Chadwick, our Director of Fundraising and would wish to place on record our appreciation of all that she did for the charity. We were delighted however to welcome her successor, Sara Morley.

I would like to conclude by thanking the patients, relatives, friends and staff who have so generously supported the charity throughout the year.

Pamela J Chesters

1) Reference and Administrative Details

Governing Instrument:	Section 11 of the National Health Service Act 1990
Registered charity number:	1060924
Registered office:	Pond Street, Hampstead London NW3 2QG
Trustees:	Mrs P Chesters, Chair Dr J Carrier Mrs J Morgan Mr M Morton Ms J Palca
Co Opted Trustees:	Mrs N Begent Mr D Bernstein Mrs A Eden Mr A Lewis Mrs W Lowrie
Honorary Secretary:	Mr A Way
Honorary Treasurer:	Mr P Commins (to September 2006) Mrs M Leadbeater (from October 2006)
Bankers:	Lloyds TSB plc 40 Rosslyn Hill London NW3 1NL
Auditors:	Audit Commission 1 st Floor Millbank Tower Millbank London SW1P 4HQ
Investment managers:	Black Rock Investment Management (UK) Ltd King William Street London WC4R 9AS

2) Structure, Governance and Management of the Charitable Funds

Background

When the National Health Service was created in 1948, boards of governors were given the responsibility for managing the endowment funds that many hospitals, notably the major London teaching hospitals, had built up over many generations.

In 1974, when the NHS was reorganised, boards of governors were abolished and the administration of endowment funds passed to Special Trustees appointed by the Secretary of State for Health.

In April 2000 a new body, the Trustees for the Royal Free Hampstead NHS Trust came into being. This body, formed by the merger of the former Special Trustees for the Royal Free Hospital, and the former Special Trustees of the Royal National Throat Nose and Ear Hospital, was effected under the powers of Section 11 of the National Health Services Act 1990. The organisation is now known as the Royal Free Hampstead Charitable Trust.

Management

The unrestricted funds of the Charity are managed by the Trustees (see below). The Trustees have full control over the management, investment and deployment of the trust property relating to the assets vested in them. Also within the Charity, and overseen by the Trustees, are a number of restricted (earmarked) funds relating to particular wards and departments. The charity manages spending through local fund advisers who are allocated part of the total budget to spend in accordance with agreed authorisation limits. Fund managers for each of the restricted funds manage these funds on a day to day basis within the standing orders and powers of the Trustees of the Royal Free Hampstead Charitable Trust.

Investment powers

The investment powers are conferred by the Trustee Act 2000. .

The Trustees

The Trustees are responsible for the overall management and control of the Charitable Fund and are required to:

- Control, manage and monitor the use of the fund's resources
- Provide support, guidance and encouragement for all its income raising activities whilst managing and monitoring the receipt of all income.
- Ensure that 'best practice' is followed in the conduct of all its affairs fulfilling all its legal responsibilities.
- Ensure that the investment strategy and its performance is continually reviewed whilst being aware of ethical considerations.

Trustee meetings are held four times per year and decisions are taken by voting Trustees. The Trustees elect from amongst themselves a Chair.

Appointment

Trustees are appointed by the NHS Appointments Commission. The Trustees may also co-opt non-voting members in order to provide the Committee with additional skills or experience as required. Details of the Trustees during the year as well as other key officers are as follows:

Mrs Pamela Chesters became Chair of the Royal Free Hampstead NHS Trust Board in December 2001 and was nominated by the NHS Trust to be a Trustee. Her professional background is in the oil industry where she worked for British Petroleum for nearly twenty years, latterly as Chief Executive Officer of Duckhams Oils. She served as an elected Councillor on the London Borough of Camden from 1990 to 2000.

Dr John Carrier was a member and Vice Chairman of Hampstead Health Authority from its inception and was appointed to the Board of the Royal Free Hampstead NHS Trust in 1990 serving initially as Vice Chairman, then as Chairman from 1997 until November 2001. He became a Special Trustee of the Royal National Throat Nose and Ear Hospital in 1996 and of the Royal Free Hospital in 1999, until November 2001 and became the representative of Camden Primary Care Trust in April 2003.

Mr Martin Morton was appointed in October 2001. He has been an NHS in-patient at the Royal Free and has lived locally since 1957. When working he became a Director of the Confederation of British Industry, and Deputy Secretary, he is now its Pension Fund Pensioner Trustee and does voluntary work for the Pensions Advisory Service. He is a Friend of the Royal Free and serves on the hospital's Users' Panel. He was an elected member of St. Pancras and Camden Councils for 25 years, is a school governor and is involved with the Camden Civic Society and Highgate Cemetery Charity.

Ms Julia Palca was appointed in May 2005. Julia has a degree in Law and Politics from Durham University and began her career in 1978 at a specialist defamation law firm in London. After spending time in a large London Law firm, and then starting up the litigation department at Mirror Group Newspapers, Julia joined her present law firm Olswang, a central London firm focusing on the media and property sectors. Julia is a partner in the firm and founded its litigation department, specialising in employment and media litigation.

Following a bout of cancer in 1998, Julia's interests widened. Among other things, she became a trustee of Macmillan Cancer Support, where she is Chairman of its Remuneration Committee,

and a Board member of the Institute of Employment Studies. She is a local Hampstead resident, living in Pond Street with her husband and three children.

Mrs Janet Morgan was a nurse at University College Hospital prior to becoming the founding MD/Chairman of Grosvenor International, a small upmarket independent boutique Estate Agency. She is also very active in the charitable sector and her work includes supporting the Alzheimer's Research Trust for which she is a life patron, founding the Lithuanian Orphans Support Trust, chairing the European Committee of the International Women's forum and working to found and support a cross-party non-sectarian group in Northern Ireland. Mrs Morgan became a Trustee of the Royal Free Charitable Trust in May 2005.

Co-opted Trustees

Mrs Nicky Begent was appointed in January 2004. Having completed a PhD for research work at the Department of Pharmacology of the Institute of Basic Medical Sciences, she did several years of research at Kings College and later was appointed Research Administrator at Charing Cross and Westminster Medical School. She worked voluntarily as fundraiser for the Ronald Raven Cancer Research Trust and is now Chairman of Friends of the Royal Free Hospital (Charity) and a director of Friends of the Royal Free Hospital Ltd (The Friends Shop).

Ms Angela Eden was appointed as a Trustee in October 2001. An organisational consultant, she has spent the last 20 years advising and supporting organisations (commercial, public and Not for Profit) through change and development processes. Her family roots are in the area, and she has inevitably had patient experiences in the hospital. Her involvement in the local community stems from her child's education, being an employee of the London Borough of Camden and serving on the International Committee of the local Group Analytic Society. Her interest in serving as a Trustee is to maintain and develop the excellence of the Trust for both patients and staff.

Mr Danny Bernstein was appointed in February 2006. He has been an airline executive since 1974 and in 1991 was appointed Managing Director of Monarch Airlines Ltd. He is currently Non-executive Chairman of Monarch as well as Chairman of The British Air Transport Association, the national organisation that represents all U.K. Airlines. He is also a non-executive director of The National Air Traffic Services Ltd, the Watermark Group plc and the Royal Free Hampstead NHS Trust.

Mrs Weira Lowrie has been associated with the Royal Free hospital for nearly 30 years. She started as a volunteer, and soon joined the Friends of the Royal Free Hospital Executive Committee, becoming Vice Chairman and then Chairman, a position she held for 10 years. She continues to work for the Friends as their President, and is also a member of the Royal Free Hospital panel of users, and of the Works of Art Committee.

Mr Adam Lewis trained in medicine at St Bartholomew's Hospital and subsequently at the Royal Free Hospital, where he was a consultant general surgeon for many years. He also served as Medical Director of the Royal Free Hampstead NHS Trust, and as a member of the Court of Examiners for the Royal College of Surgeons of England. In 1991 he was appointed Surgeon to the Royal Household and in 2001 became Sergeant Surgeon to Her Majesty The Queen. .

Trustee Induction and Training

The Chair of the Trustees ensures that all new and existing Trustees are fully briefed on the key issues facing the Royal Free Hampstead Charitable Trust including the objectives of the charity, Charity Commission information on Trustee responsibilities and receive copies of previous reports, accounts and other key documents.

Voluntary Work

All Trustee work is entirely voluntary, this together with fundraising activity by other volunteers equates to approximately two whole time equivalent posts.

3) Strategic Objectives and Activities

The objectives of the Trustees are to support worthwhile projects and initiatives that

- improve services, facilities and the environment for patients and staff of the Royal Free Hampstead NHS Trust;
- promote medical knowledge through research and by dissemination;
- preserve the heritage of The Royal Free Hampstead NHS Trust..

The Trustees' funds have been built up over many years from

- gifts and bequests from grateful patients and their families;
- donations from other supporters of the hospital;
- investments.

The overall strategy of the Charity during the year was to achieve the charitable objectives by the following means:

- Patients Welfare and Amenities – Purchase of small items of equipment and the provision of facilities not normally provided by or in addition to the normal NHS provision, such as extra amenities at Christmas.
- Staff Welfare and Amenities - to improve facilities and services for staff and to provide rewards over and above those that would normally be provided by the NHS such as long service and achievement awards.
- Preservation of the heritage of The Royal Free – by giving ongoing support to the hospital archivist.

Relationships with related Parties / External Bodies

Subject to their powers and duties as Trustees for the Royal Free Hampstead Charitable Trust, the Trustees will aim to follow the policies and decisions of the Royal Free Hampstead NHS Trust, which is responsible for ensuring the satisfactory delivery of healthcare within the Royal Free Hospital, Queen Mary's Hospital and the Royal National Throat, Nose and Ear Hospital. Staff within these hospitals identify and advise the charity on local priorities and assist the Trustees in monitoring the use of the charitable funds.

Close links are also maintained with the hospital League of Friends and other charities and voluntary organisations which provide charitable support to the hospitals of the NHS Trust.

4) Achievements and Performance

During the year the Trustees have met the charitable objectives through the continuation of work started in earlier years. As very significant expenditure is planned for 2007/8 and subsequent years, no new projects were initiated during the year.

Review of Charitable and Fundraising Activities

The financial review below provides a summary of the income received from both fundraising and investments. During the year, the Director of Fundraising evaluated the feasibility of an appeal in support of a major "bricks and mortar" development in the NHS Trust.

5) Financial Review

Where the money came from

In the financial year ended 31 March 2007, the total income of the Charitable Trust was £5,744k. This included a one-off sum of £1,051K from Medic-to-Medic in recognition of the Royal Free Hampstead NHS Trust's contribution to "Map of Medicine" (an on-line aid to clinical decision making): excluding this, recurrent income was £4,693K, comparable with previous years, allowing for a particularly large legacy (see below). Of recurrent income, 66.7% came from donations from organisations and individuals, including grateful patients, relatives and other supporters and staff who raised money in a variety of ways, and from internally generated funds. 15.7% came from dividends and interest on investments, 10.9% from legacies, and 6.7% from properties.

Legacies received in the year totalled £511K, significantly higher than in previous years. The Trustees particularly acknowledge the generosity of Dr Betty Pallot, a former consultant anaesthetist at the Royal National Throat Nose and Ear Hospital, and of all other legators.

Investments and Charitable Property Income

Income from investments and charitable property totalled £1,008K, as against £1,032K in the previous year. The fall is mainly because the charitable property, Ornan Court, yielded no income while it was vacant for the first nine months of the financial year, prior to its sale in December 2006. The Trustees' financial investment portfolio has been managed since January 1997 by Merrill Lynch Investment Management (now Black Rock Investment Management (UK) Ltd). The policy of the Trustees is to achieve a reasonable level of income and capital growth having regard to the requirement not to invest in the securities of organisations involved in activities incompatible with the objectives and ethos of the National Health Service. The performance of investments is reviewed regularly in comparison with suitable benchmarks. During the year, the investments performed above the benchmark level and their market value rose from £18,877K on 1st April 2006 to £19,559K on 31st March 2007.

In March 2007, the Charitable Trust took over the assets and liabilities of the former Dresden Assistance Fund for the Royal Free Hospital (previously a separate charity). Foremost among these assets was a portfolio of stocks and shares valued at £382K, and managed by Rathbones.

The Charitable Trust's investment properties are valued at £5,765K in the accounts, following a revaluation at 31 March 2007 by DTZ, Chartered Surveyors.

Where the money went

In the financial year ended 31 March 2007 the Trustees' total expenditure was £3,272K of which £231K related to fundraising and management (including investment management and audit). The balance of £3,041K was spent in furtherance of the charitable objectives of patient and staff welfare and amenities (including supporting staff attending conferences or undertaking other forms of professional development), research, and items of equipment.

The Trustees have always had a dedicated commitment to research and education which remains resolute. The Royal Free Hospital and The Royal National Throat Nose and Ear Hospital are both recognised nationally and internationally as centres of excellence, with highly developed infrastructures of education, training and research to which many restricted funds, whose income derives either directly from clinicians or as a result of their efforts, are devoted.

Risk Management

The Trustees for the Royal Free Hampstead NHS Trust recognise that they have a responsibility to minimise the risk to which their activities could be exposed. They acknowledge that risk is an inherent feature of all activity and that the management of risk is vital if the objects of the charity are to be met. The Trustees have in place a mechanism for the identification, assessment and regular review of risk and systems have been established to mitigate the effect of those risks. One of the risks that the Trustees have identified is that many of the income streams that are received are subject to factors that are outside of the charity's control. These include:

- Investment gains - subject to stock market fluctuations.
- Investment gains on properties – subject to property price fluctuation
- Legacy income – unknown by nature and fluctuates from year to year.

In light of the uncertainty of income the Trustees have adopted a reserves policy whereby the accumulated unrealised gains have been held in reserve. This reserve is represented by investments which generate future income streams that will be used for meeting the Charitable Trust's ongoing expenditure.

6) Plans for the Future Period

2006/7 saw the beginning of a period of consolidation for the Charitable Trust, and in which it made no significant new grants in anticipation of committing substantial resources to, and fundraising for, the physical infrastructure of The Royal National Throat Nose and Ear Hospital,

and of the Royal Free Hospital. As this will entail drawing upon the Charitable Trust's accumulated reserves, the reserves and expenditure policies will require revision in subsequent years. However, the trustees expect no significant changes in the objectives of the charity in 2007/8, in which their regular, ongoing undertakings will continue to be met.

Signed:Pamela J Chesters (Chair) on behalf of the Trustees

Date: October 2007

The Royal Free Hampstead Charitable Trust

Statement of Financial Activities for the year ended 31 March 2007

Incoming Resources	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	2006/07 Total Funds	2005/06 Total Funds
Incoming Resources from Generated Funds						
Voluntary Income		£000	£000	£000	£000	£000
Donations and Grants		1,362	2,820	0	4,182	3,050
Legacies		501	10	0	511	39
Total Voluntary Income		1,863	2,830	0	4,693	3,089
Activities for generating funds		0	0	0	0	121
Investment Income	7.2	593	415	0	1,008	911
Total Income from Generated Funds		2,456	3,245	0	5,701	4,121
Profit on disposal of fixed asset		43	0	0	43	0
Total Incoming Resources		2,499	3,245	0	5,744	4,121
Resources Expended						
Cost of Generating Funds						
	3.2					
Cost of generating voluntary income		81	0	0	81	70
Investment management costs		80	0	0	80	83
Property management costs		7	0	0	7	0
Total Cost of Generating Funds		168	0	0	168	153
Charitable Activities	2	461	2,580	0	3,041	4,884
Governance Costs	3.2	46	17	0	63	22
Total Resources Expended		675	2,597	0	3,272	5,059
Net incoming/(outgoing) resources before transfers		1,824	648	0	2,472	(938)
Gross transfer between funds - reclassification of restricted funds as unrestricted	10.3	1,928	(1,928)	0	0	0
Net incoming/(outgoing) resources		3,752	(1,280)	0	2,472	(938)
Gains on revaluation of fixed assets		0	0	0	0	1,592
Gains/(losses) on revaluation/disposal of investments		(690)	216	(222)	(696)	2,789
Net movement in funds		3,062	(1,064)	(222)	1,776	3,443
Fund balances brought forward at 1 April 2006		15,500	12,673	820	28,993	25,550
Fund balances carried forward at 31 March 2007		18,562	11,609	598	30,769	28,993

The notes on pages 4 to 12 form part of these accounts

The Royal Free Hampstead Charitable Trust

Balance Sheet as at 31 March 2007

		Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	2006/07 Total Funds £000	2005/06 Total Funds £000
Fixed Assets						
Tangible Assets	6	0	0	0	0	4,393
Investments	7	13,204	11,904	598	25,706	25,838
Total Fixed Assets		13,204	11,904	598	25,706	30,231
Current Assets						
Debtors	8	1,375	292	0	1,667	406
Short term deposits		4,200	0	0	4,200	0
Cash at bank and in hand		98	4	0	102	3
Total Current Assets		5,673	296	0	5,969	409
Creditors: amounts falling due within one year	9	(315)	(591)	0	(906)	(1,517)
Net Current Assets/(Liabilities)		5,358	(295)	0	5,063	(1,108)
Total Assets less Current Liabilities		18,562	11,609	598	30,769	29,123
Provisions for liabilities and charges		0	0	0	0	(130)
Total Net Assets		18,562	11,609	598	30,769	28,993
Funds of the Charity						
Capital Funds						
Endowment Funds	10.1			598	598	820
Income Funds						
Restricted	10.3		11,609		11,609	12,673
Unrestricted		18,562			18,562	15,500
Total Funds		18,562	11,609	598	30,769	28,993

The notes on pages 4 to 12 form part of these accounts

Chairman _____

Date _____

Trustee _____

The Royal Free Hampstead Charitable Trust

Cash Flow Statement for the year ended 31 March 2007

	Note	2006/07 £000
Cash outflow from operating activities	11.1	(581)
Returns on investment and servicing of finance		
Investment income		1,008
Capital expenditure and financial investment		
Receipts from sales of fixed assets		4,436
Payments to purchase investments		(4,104)
Receipts from sales of investments		3,540
Net cash inflow from capital expenditure and financial investment		3,872
Increase/(decrease) in cash and liquid resources	11.2	4,299

The notes on pages 4 to 12 form part of these accounts

Notes to the Accounts

1 Accounting Policies

1.1 Accounting Convention

The financial statements have been prepared under the historic cost convention, except for investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities"(SORP 2005) issued in March 2005, applicable UK accounting standards and the Charities Act 1993.

1.2 Fund Structure

Restricted funds are funds for which a legal restriction exists over their use, as determined by the donor. This could be a restriction to a particular department of the hospital (eg, cardiac or renal) or to a particular sphere of activity (eg, research, equipment).

Unrestricted funds are available for use at the discretion of the trustees for general charitable purposes throughout the hospitals of The Royal Free Hampstead NHS Trust.

Endowment funds are funds for which the capital is held in perpetuity but the income from which may be used for restricted or unrestricted purposes, as determined by the donor.

1.3 Incoming Resources

All incoming resources are included in full in the Statement of Financial Activities as soon as the following three factors can be met:

- (i) entitlement - arises when a particular resource is receivable or the charity's right becomes legally enforceable.
- (ii) certainty - when it is reasonably certain that the incoming resources will be received.
- (iii) measurement - when the monetary value of the incoming resources can be measured with sufficient reliability.

Unrestricted donations include £1,051,000 in recognition of the Royal Free Hampstead NHS Trust's contribution to "Map of Medicine" project, an on-line aid to clinical decision making.

Legacy income is only included where receipt is reasonably certain and the amount is known with certainty, or the sum has been received. As at 31 March 2007 the Charitable Trust had been notified of a legacy of £127,000 which has not been accrued in the accounts.

1.4 Resources Expended

Liabilities are recognised as resources expended if the charity has a legal or constructive obligation committing it to the expenditure, or if the charity has a constructive obligation to make a transfer of value to a third party. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the particular category.

1.5 Allocation of Overhead and Support Costs

Overhead costs have been divided into five broad categories (see note 3.1), and apportioned between the categories of expenditure (cost of generating funds, governance, and charitable expenditure), and between restricted or unrestricted funds, on the basis of their relevance to each category and type of fund. Where staff costs are involved these are apportioned on the basis of an estimate of the amount of time spent by staff on different activities.

1.6 Investments

Investments are shown in the balance sheet at market value.

Property assets, all but one of which are leased to The Royal Free Hampstead NHS Trust, are shown in the accounts at a value of £5,765,000 derived from a valuation as at 31st March 2007 undertaken by DTZ Debenham Tie Leung, Chartered Surveyors. The figures were discounted by DTZ to allow for planning risks: without discounting, the amount shown in the accounts would have been £10,780,000.

The properties are let at an annual rental of £272,500.

1.7 Realised Gains and Losses

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

1.8 Change in the Basis of Accounting

There have been no changes in the basis of accounting during the year.

1.9 Prior Year Adjustments

A prior year adjustment concerns the value of 6, Castlebar Hill, an investment property. It was valued in the 2005/6 accounts at £2 million, but the Charitable Trust accepts that the figure should have been £1 million. The comparative figures have been reduced accordingly.

Although not a prior year adjustment, certain figures relating to expenditure in 2005/6 have

been shown on a subjective basis comparable with the analysis used in 2006/7, rather than that used in the 2005/06 accounts.

1.10 Pooling Scheme

The Trustees operate two separate pooling schemes, one each for the former Special Trustees of The Royal Free Hospital, and for the former Special Trustees of the Royal National Throat Nose and Ear Hospital. As at 31 March 2007, a new Charity Commission Scheme, incorporating a revised pooling arrangement, is being devised.

These schemes do not distinguish between the different types of funds (unrestricted, restricted and endowment), all of which are pooled together.

2. Analysis of Charitable Expenditure

	Grants	Direct	Support Costs	Total
	£000	£000	£000	£000
Patient Welfare and Amenities	20	24	0	44
Staff Welfare and Amenties	88	62	1	151
Research	52	132	2	186
Contributions to NHS	75	1,450	25	1,550
Others	217	880	13	1,110
Total	452	2,548	41	3,041

2.1 Grants Payable to Institutions	Amount paid £000
Royal Free Hampstead NHS Trust	438
The Royal Free Association	7
NHS Retirement Fellowship	7
Total	452

2.2 Grants Payable by Category (all from unrestricted funds)

	Activities Undertaken Directly £000	Apportioned Support Costs £000	Total Costs £000
Patient Welfare and Amenities	20	0	20
Staff Welfare and Amenities	88	1	89
Research	52	0	52
Contributions to NHS	75	5	80
Others	217	3	220
Total Grants Payable	452	9	461

2.3 Direct Charitable Expenditure (all from restricted funds)

	Activities Undertaken Directly £000	Apportioned Support Costs £000	Total Costs £000
Patient Welfare and Amenities	24	0	24
Staff Welfare and Amenities	62	1	63
Research	132	1	133
Contributions to NHS	1,450	19	1,469
Others	880	11	891
Total Direct Charitable Expenditure	2,548	32	2,580

3.1 Analysis of Overhead and Support Costs by Fund Type

	Total £000	Unrestricted £000	Restricted £000
Fundraising Department			
Salaries	66	66	0
Recruitment	9	9	0
Database	6	6	0
Finance Department - Salaries	55	14	41
Audit	23	6	17
Investment Management Fees	87	87	0
Others	26	26	0
Total Costs	272	214	58

3.2 Analysis of Overhead and Support Costs by Activity

	Total	Governance	Cost of Generating Funds	Charitable Activities
	£000	£000	£000	£000
Fundraising Department	81	0	81	0
Finance Department	55	14	0	41
Audit	23	23	0	0
Investment & Property Management Fees	87	0	87	0
Others (including bought-in services from NHS)	26	26	0	0
Total Costs	272	63	168	41

4 Analysis of Total Resources Expended

	Cost of Generating Funds	Charitable Activities	Governance	Total Costs
	£000	£000	£000	£000
Auditors remuneration*	0	0	23	23
Bought in services from NHS**	66	40	40	146
Others	102	3,001	0	3,103
Total	168	3,041	63	3,272

* This relates exclusively to the cost of the statutory audit.

**This item comprises the costs of employees of The Royal Free Hampstead NHS Trust who provided services to The Royal Free Hampstead Charitable Trust, as follows:

Fundraising staff £66,000 (included under Cost of Generating Funds)

Finance and other staff £80,000 (split between Charitable Activities, and Governance)

5 Changes in Resources available for charity use

	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2007 £000	Total 2006 £000
Net movement in funds for the year	3,062	(1,064)	(222)	1,776	4,423
Net movement in tangible fixed assets	(4,393)	0	0	(4,393)	1,577
Net movement in funds available for future activities	(1,331)	(1,064)	(222)	(2,617)	6,000

6 Tangible Fixed Asset - Freehold Building

	Gross Value £000	Depreciation £000	Net Book Value £000
Balance as at 31 March 2006	4,534	141	4,393
Disposal	(4,534)	(141)	(4,393)
Balance as at 31 March 2007	0	0	0

7 Analysis of Fixed Asset Investments

	2007 £000	2006 £000
Market value at 31 March 2006	25,838	24,573
Less: Disposals at carrying value	(3,810)	(1,483)
Add: Acquisitions at cost	4,104	81
Net gain/(loss) on revaluation	(426)	2,667
Market value at 31 March 2007	25,706	25,838

7.1 Market value at 31 March 2007

	Held In UK £000	Held Overseas £000	2007 Total £000	2006 Total £000
Investment properties	5,765	0	5,765	6,961
Investments listed on Stock Exchange	335	13	348	0
Investments in a Common Investment Fund	19,308	0	19,308	17,645
Cash held within the investment portfolio	285	0	285	1,232
Total Investments	25,693	13	25,706	25,838

7.2 Analysis of Income from Investments

	Held In UK £000	Held Overseas £000	2007 Total £000	2006 Total £000
Investment properties	273	0	273	273
Investments listed on Stock Exchange	4	0	4	0
Investments in a Common Investment Fund	633	0	633	584
Cash held as part of the investment portfolio	29	0	29	43
Total Investments	939	0	939	900

The sale proceeds of the fixed asset mentioned in note 6 were held as short term cash deposits outside the investment portfolio. In 2006/7 they yielded interest of £69,000.

8 Analysis of Debtors	2007	2006
	£000	£000
Accrued income	20	248
Other debtors	1,647	158
Total debtors falling due within one year	1,667	406

No debtors were due after more than one year at either 31 March 2007 or 31 March 2006.

9 Analysis of Creditors	2007	2006
	£000	£000
Loans and overdrafts	0	35
Accruals	175	1,482
Other creditors	498	0
Total creditors falling due within one year	673	1,517

No creditors were due after more than one year at either 31 March 2007 or 31 March 2006.

10 Analysis of material funds

10.1 Endowment Fund Balances	Opening Balance	Incoming Resources	Resources Expended	Transfers	Gains/Losses	Closing Balance
	£000	£000	£000	£000	£000	£000
Crawshay	302	0	0	0	(82)	220
Cookson	89	0	0	0	(24)	65
Hart	80	0	0	0	(22)	58
Samaritan	64	0	0	0	(17)	47
Abrahams	43	0	0	0	(12)	31
Others	242	0	0	0	(65)	177
	820	0	0	0	(222)	598

10.2 Details of Endowment Funds

Crawshay	To fund Crawshay Ward
Cookson	To fund an oncology fellowship and memorial lecture
Hart	To fund Hart Ward
Samaritan	To provide funds for needy patients
Abrahams	To fund research into scleroderma

10.3 Restricted Fund Balances	Opening Balance	Incoming Resources	Resources Expended	Transfers	Unrealised Gains	Closing Balance
	£000	£000	£000	£000	£000	£000
Chemical Pathology	821	512	(269)	0	222	1,286
Beckett Legacy	739	35	(51)	0	151	874
Research General	868	36	(300)	0	126	730
Dresden Assistance	0	386	0	0	0	386
Cancer Research	355	17	0	0	78	450
Thoracic Medicine	288	14	0	0	63	365
Medical Microbiology	236	11	(2)	0	51	296
Garrett Anderson Ward	147	151	(89)	0	44	253
Nan Blofeld Fellowship	194	9	(14)	0	39	228
Bed Endowment	174	8	0	0	38	220
Saxl Legacy	117	6	0	0	26	149
AIDS	91	15	(5)	0	21	122
Others	8,643	2,045	(1,867)	(3,650)	1,079	6,250
Total Restricted Funds	12,673	3,245	(2,597)	(3,650)	1,938	11,609

10.4 Details of Restricted Funds

Chemical Pathology	To fund research and teaching in chemical pathology
Beckett Legacy	To fund scholarships and lecturerships in medicine
Research General	To fund research
Dresden Assistance	To support needy patients upon discharge from hospital
Cancer Research	To fund research into cancer
Thoracic Medicine	To support provision of services for HIV patients
Medical Microbiology	To fund research and teaching in medical microbiology
Garrett Anderson Ward	To support provision of services for HIV patients
Nan Blofeld Fellowship	To fund research into otorhinolaryngology
Bed Endowment Fund	To provide beds and similar amenities for patients
Saxl Legacy	To foster the care of cancer patients
AIDS	To support provision of services for AIDS patients

10.5 Transfers between Funds

During the year £2.384 million, representing a general fund solely for use at The Royal National Throat, Nose and Ear Hospital, was reclassified from restricted to unrestricted. This does not affect the nature of this fund - to be used for general purposes at the Royal National Throat, Nose and Ear Hospital - but merely reflects the provision of paragraph 10 of Schedule 4 of the National Health Service Act 2006, under which all funds of the Charitable Trust are held.

11 Notes to the Cash Flow Statement

11.1 Reconciliation of cashflows from operating activities to net incoming/outgoing resources

	2007	2006
	£000	£000
Net incoming/(outgoing) resources	2,472	(938)
Non-operating items - investment income	(1,008)	(625)
Depreciation charges	0	15
Profit on the sale of fixed asset	(43)	0
(Increase) in debtors	(1,261)	(115)
(Decrease) in creditors and provisions	(741)	(500)
Cash outflow from operating activities	(581)	(2,163)

11.2 Analysis of changes in cash and short term investments and deposits

	Balance	In Year	Balance
	2006	Change	2007
	£000	£000	£000
Short term investments and deposits	0	4,200	4,200
Cash in hand and at bank	3	99	102
Change in cash and liquid resources	3	4,299	4,302

12 Contingent Liabilities

There were no contingent liabilities at either 31 March 2007 or 31 March 2006.

13 Post Balance Sheet Events

There were no such events at 31 March 2007.

14 Loans and Guarantees secured against assets of the charity

There were no such loans in either 2006/7 or 2005/6.

15 Trustees and Connected Persons Transactions

During the year 2006/7 no trustee or member of the key management staff or persons related to them has undertaken any material transactions with the Charitable Trust.

No trustee was reimbursed for any expenses or received any remuneration in 2006/7.

The trustees did not hold indemnity insurance in either 2006/7 or 2005/6.

16 Related Party Interests

The Charitable Trust makes grants to The Royal Free Hampstead NHS Trust. During 2006/7, relevant interests in other organisations are:

Mrs Pamela Chesters was Chairman of The Royal Free Hampstead Charitable Trust, and also Chairman of The Royal Free Hampstead NHS Trust.

Dr John Carrier was a trustee of the Royal Free Hampstead Charitable Trust, and also Chairman of Camden Primary Care Trust.

Mr Danny Bernstein was a co-opted trustee of The Royal Free Hampstead Charitable Trust, and also a non-executive director of The Royal Free Hampstead NHS Trust.

Mrs Nicky Begent and Mrs Wiera Lourie were co-opted trustees of The Royal Free Hampstead Charitable Trust, and also Chairman, and President, respectively, of The Friends of the Royal Free Hospital, (registered charity no 266632) which makes grants to the hospitals of The Royal Free Hampstead NHS Trust.

Mr Andrew Way was Honorary Secretary of The Royal Free Hampstead Charitable Trust, and also Chief Executive of The Royal Free Hampstead NHS Trust, and a trustee of Royal Free Cancer Research Trust, (registered charity no 299617) supporting developments in cancer research at The Royal Free and University College Medical School. He was also a trustee of the Hampstead Wells and Campden Trust (registered charity no 1094611) which has made grants to the Royal Free Hospital.

Mr Peter Commins (April-September 2006) and Mrs Mary Leadbeater (October 2006-March 2007) were Honorary Treasurers of The Royal Free Hampstead Charitable Trust, and also Directors of Finance of The Royal Free Hampstead NHS Trust for the periods indicated.

The Royal Free Hampstead Charitable Trust

Statement of trustees' responsibilities

The trustees are responsible for:

- (i) keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the funds held on trust and to enable them to ensure that the accounts comply with requirements in the Charities Act 1993;
- (ii) establishing and monitoring a system of internal control;
- (iii) establishing arrangements for the prevention and detection of fraud and corruption.

The trustees are required under the Charities Act 1993 to prepare accounts for each financial year so as to give a true and fair view of the financial position of the funds held on trust. In preparing those accounts, the trustees are required to:

- (i) apply on a consistent basis accounting policies laid down by the Charity Commission;
- (ii) make judgements and estimates which are reasonable and prudent;
- (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The trustees confirm that they have met the responsibilities set out above and complied with the requirements for preparing the accounts on a going concern basis. The financial statements have been compiled from and are in accordance with the Charitable Trust's financial records.

By order of the trustees

Chairman _____

Trustee _____

Independent Auditor's report to the trustees of The Royal Free Hampstead Charitable Trust

I have audited the financial statements of The Royal Free Hampstead Charitable Trust for the year ended 31 March 2007 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with Section 43A of the Charities Act 1993 and regulations made under Section 44 of that Act. My audit work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for my audit work, or this report, or the opinions I have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

I have been appointed as auditor under Section 43A of the Charities Act 1993 and report in accordance with regulations made under Section 44 of that Act. My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. I also report to you if, in my opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the Trustees' Annual Report and consider the implications for my report if I become aware of any apparent misstatements within it.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the fund's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or other error. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the financial statements.

I read other information contained in the Annual Report and considered whether it is consistent with the financial statements.

Opinion

In my opinion, the financial statements:

- (a) give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- (b) have been properly prepared in accordance with the Charities Act 1993.

Signed _____

Date _____

Philip Johnstone
Auditor appointed by the Audit Commission
Audit Commission
1st floor, Millbank Tower
Millbank
London SW1P 4HQ.