

ANNUAL REPORT AND ACCOUNTS 2010/2011

THE RCN FOUNDATION

Supporting nursing to improve the health and wellbeing of the public



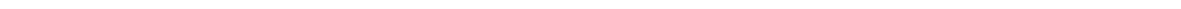


ANNUAL REPORT AND ACCOUNTS

THE RCN FOUNDATION

31 March 2011

Registered Charity 1134606
Registered Company 7026001



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TRUSTEES' ANNUAL REPORT

Introduction from the Chair

The RCN Foundation is now a year old. We are here to support nursing to improve people's health and wellbeing.

We fund projects to develop clinical practice, give grants to fund education and training, and support those members of the nursing team who need assistance due to hardship or ill health.

We are very aware that nurses are under more pressure than ever. With the difficult economic climate and cuts to services, nurse-led innovations that improve patient care and cut costs really can save lives.

Nurses have always worked to push boundaries and make a difference, but sometimes they need a helping hand. That's why the RCN Foundation is here.

Robert Sowney
Chair of the RCN Foundation Board of Trustees

Board of Trustees

Robert Sowney, Chair from April 2010
Helen Carter, Vice Chair and Chair of the Bursaries Committee from September 2010
Jenny Booth, Chair, Benevolent Fund Committee from April 2010
Charles Anthony Butterworth CBE, FRCN from September 2010
His Honour Judge John Colyer, QC from September 2010
Sarah Coward, Chair, Income Generation Committee from September 2010
Eileen Frame from September 2010
Claire Hicks, MBE from September 2010
Stacey Hunter from April 2010
Kath McCourt, FRCN from April 2010
Jane Miles from September 2010
Nicholas Pearson OBE from September 2010
Gordon Peterkin from September 2010

Reference and administrative details

Registered Office

20 Cavendish Square, London W1G 0RN
Telephone 020 7409 3333
Website: www.rcnfoundation.org.uk

Bankers

National Westminster Bank PLC
1 Cavendish Square, London W1A 4NU

Auditors

PricewaterhouseCoopers LLP
7 More London Riverside, London SE1 2RT

Lawyers

Bates Wells and Braithwaite
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 Number 1134606
Registered Company Number 7026001

The Board of Trustees of The RCN Foundation presents its annual report and accounts for the year ended 31 March 2011 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 1993 (amended 2006) and the Companies Act 2006.

The comparatives in these accounts are for the period from Incorporation on 22 September 2009 to 31 March 2010.

This document is a summary of our activities and finances at the end of our first year as a registered charity. It is available in hardcopy and to download from the RCN Foundation's website (www.rcnfoundation.org.uk) where there are further details about the RCN Foundation's work.

Structure, governance and management

Constitution

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

The Foundation has a Memorandum of Agreement with the Royal College of Nursing which sets out how the two organisations will work together to support nursing to improve the health and well-being of the public.

Objects

The objects of the RCN Foundation are:

- To promote the science and art of nursing and the better education and training of the nursing team and their efficiency in the profession of nursing.
- To promote the advancement of nursing as a profession in all its branches.
- To promote through the medium of international agencies and otherwise the foregoing purposes in other countries.

- To assist members of the nursing team who by reason of adversity, ill health or otherwise are in need of assistance of any nature.

Governance

The RCN Foundation's Board of Trustees is independent of the RCN UK. It has up to thirteen trustees. To help ensure strong links and a positive working relationship with the RCN UK, four of these places are reserved for RCN Members.

Under the terms of the Memorandum and Articles of Association at least three of the members of the Board of Trustees must have no previous connection with the College.

The first Trustees were appointed by the RCN'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 Foundation.

The Chair and Vice Chair of the Board have been appointed along with the Chairs of each of the sub-committees up to the date of this report.

In future RCN will continue to appoint its four members of the Board. Over the next year we will establish an appointments committee which will oversee the recruitment of new board members to fill vacancies as they arise. This committee will also oversee the Trustees' induction and development programme and Board succession planning.



Board development

Although we bring significant recent expertise to the role, we recognise that we have an ongoing responsibility to ensure that we are able to discharge our duties well. To this end:

- All Trustees have been provided with the Charity Commission best practice guidelines.
- A Board Strategy Day was held in September 2010 to enable new Trustees to help them to become fully conversant with the role and objects of the Foundation and aspirations for the future.
- A briefing was given to the Trustees by the Foundation's legal advisers in December 2010.
- Other briefings are included in Board meetings as required and the induction and training requirements will remain under review.

Board meetings

The Board of Trustees normally meets every 6-8 weeks.

Sub-committees

In order to help us manage our affairs efficiently and tackle our development agenda, we have appointed three sub-committees.

The membership of these committees is largely drawn from the Board. We have however co-opted two additional members with particularly relevant experience and expertise.

The Benevolent Fund sub-committee – to develop and implement the strategy for supporting members of the nursing team in need of assistance.

The Bursaries sub-committee – to develop and deliver a new education bursary programme.

The Income Generation sub-committee – to develop fundraising strategies and help facilitate growth of the RCN Foundation.

Terms of reference are in the process of being agreed for these sub-committees.

Management

The Foundation does not at present employ any staff.

Currently the RCN provides management and administrative support to the Foundation on terms and fees agreed and set out in a Service Level agreement between the two organisations and this arrangement will be kept under review to ensure the efficient and effective administration of the charity.

Jane Clarke, RCN Director of Governance Support, is the point of contact for the Foundation for both the Charity Commission and Companies House. The Board is also supported by Tim Golbourn, RCN Director of Finance and Corporate Services and Theresa Fyffe, Director of RCN Scotland. Other RCN staff support the RCN Foundation as required.

Compliance

Much of the first year has been devoted to ensuring that key governance documents, processes and controls were developed so that the Foundation operates in an efficient and effective way in order to best deliver its charitable objectives.

KPMG carried out the first internal audit of the Foundation in January 2011 and concluded that, although all the processes and controls were not yet fully developed, all the necessary work was underway and the building blocks are in place for a strong governance framework.

We conduct an effectiveness review at the end of each meeting and a comprehensive review is carried out once a year.

We are in the process of developing key performance measures and controls in order to monitor activities and achievements.



Risk management

We have agreed our risk management policy and framework. We review our risk matrix and register at each main Board meeting to ensure that any new risks are identified and measures are in place to address the potential impact of existing risks and ensure actions are identified to mitigate them. Assurance that such actions are appropriate to the level of risk posed is noted in the risk register and reviewed at each meeting. To date this process has identified and addressed the following risks: financial and economic, technological, reputation, governance and information management.

Conflict of interest

A procedure is in place to manage any conflict of interest which might arise. We are asked to declare any such conflict at the beginning of each meeting.

Financial Review

Investments, policy and performance

The RCN Foundation is subject to the Trustee Act 2000. Our investment objective is to seek to protect real income and capital growth over time by placing the emphasis on equity type assets, while still generating a reasonable level of immediate income.

Investment performance is reviewed at each meeting.

The fund managers have discretion over the selection of stocks but avoid investments with significant interests in the tobacco, pornography or arms industries or which exploit child labour or vulnerable groups or who are involved in terrorism or drug trafficking.

Review of financial position

The RCN Foundation was formed in December 2009 and registered as a charity in March 2010 but did not undertake any activities until April 2010. April 2010 to March 2011 is therefore the first accounting year in which the Foundation has financial results to report.

The financial statements are presented in the format required under 'Statement of Recommended Practice: Accounting and Reporting by Charities' (SORP 2005) and the statement of financial activities reflects the strategic objectives of the RCN Foundation.

The statement of financial activities and balance sheet for the year ended 31 March 2011 are set out on pages 13 and 15. The statement of financial activities shows that the RCN Foundation had net incoming resources of £23,989,000 in the year. However this includes exceptional income of £24,012,000 which represents the transfer of investments and cash from the RCN Charitable Trust as laid out in the Charity Commission Order dated 31 March 2010. An additional statement of financial activities excluding the effect of the exceptional income is set out in note 16 on page 22 for information. This reports net outgoing resources of £23,000 for the year to 31 March 2011.



The RCN Foundation tailored benchmark is used which is made up of a weighted total return from the following indices:

Gilts	- FT All Stock Index	20.0%
Index Linked Gilts	- FTSE Index linked all stocks	10.0%
UK Equities	- FTSE All Share 5% Capped Index	33.5%
Overseas Equities	- MSCI World Net	21.5%
Overseas Equities	- MSCI World Local Currency	10.0%
Hedge Funds	- 7 Day LIBID	5.0%
Total		100.0%

Income

Total income including exceptional income was £24,415,000. Of this £18,500,000 was unrestricted (£18,305,000 exceptional). Investment income for the year was £287,000 and legacies and donations were £106,000. The Trustees intend to develop an income generation strategy which they expect to result in increased recurrent income resources in the future.

The RCN Foundation investments reported net gains of £1.3m of which a majority relates to realised gains.

We have considered the most appropriate process for managing the charity's long-term and short-term investments effectively to ensure that they are optimised to meet the needs of the charity and its beneficiaries both in the present and in the future. We will be setting up a sub-committee to manage the charities investments and advise us on investment matters.

Expenditure

Total expenditure amounted to £426,000 of which £202,000 was unrestricted. Grants made from the benevolent funds and some educational bursaries appear under restricted expenditure. An annual fee is agreed in advance to meet the cost of the service provided by the RCN for governance, finance, marketing and other services and is under unrestricted expenditure. Support costs include trustee expenses for attending meetings and the one-off cost of recruiting the first trustees including advertisements in the national press.

Reserves

We have adopted a reserves policy which we consider appropriate to ensure the Foundation can meet its objectives and at the same time manage the expectations of both its potential supporters and beneficiaries.

The level of free reserves at 31 March 2011 was £19,000,000 and we agreed that expenditure of up to a maximum of £2,000,000 from unrestricted reserves could take place within the year, provided that the market value of investments did not fall so as to take free reserves at 31 March 2012 below the level of £17,000,000. This policy reflects our wish to increase the Foundation's direct charitable expenditure year on year whilst recognising that, until alternative income streams are developed, the Foundation is largely reliant on reserves together with investment income for the furtherance of its charitable objectives. We will review our policy annually.

Activities and achievements and future plans

We have taken into account the Charity Commission's guidance on public benefit in section 4 of the Charities Act 2006. All the activities of the RCN Foundation are undertaken to further our charitable purposes for the public benefit in accordance with our aims and objectives.

Our priorities have been to continue to support people who are dependent on the charity to reach out to those in need and to identify and foster positive change.

The Foundation does this by:

- Supporting members of the nursing team who need assistance due to adversity, retirement, ill health, disability, family breakdown, or changes to employment.
- Supporting the learning and development of nursing and healthcare professionals through bursaries.

Benevolent Fund

The fund is to support nurses, midwives, HCAs and health visitors in the UK who are in need of assistance due to adversity, retirement, ill health, disability, family breakdown or changes to employment. The fund also provides one off grants for essential outgoings such as mobility equipment, household bills and childcare costs. In addition the Benevolent Fund offers grants to support those managing personal difficulties that are impacting on quality of life.

The RCN Benevolent Fund is open to members of the nursing team in work, unemployed or retired who are experiencing financial difficulties.

The Foundation understands that financial difficulties can occur at any time of life and for many different reasons so an eligibility checklist has been devised.



To be eligible to apply for an award you must be a nurse, midwife or health care support worker experiencing financial difficulties for the following reasons:

- during a period of ill health when full contractual sick pay has ceased;
- following ill health retirement;
- during retirement;
- following a relationship breakdown – if there are children; or
- during a dispute with an employer.

Unfortunately it is beyond the scope of the Benevolent Fund to make automatic awards for a reduction in income.

All applicants need to show that they have applied for all statutory benefits for which they are eligible.

For RCN members, the RCN Welfare Rights and Guidance Adviser can advise on benefit entitlement.

During 2010/11 The RCN Foundation received 549 grant applications from the Benevolent Fund, Sick Nurses Fund and WING Discretionary Fund. £179,000 was awarded to 412 members. The average size of grant was £422.

We aim to acknowledge an enquiry on the day it is received and process a claim within 15-20 days.

We know from the many letters and calls of appreciation that we receive that even a relatively small amount can make a significant difference at a time when someone is battling with personal difficulties.

Pauline applied to the Benevolent Fund when her husband was off work with cancer and her wage alone was supporting her young family. She was awarded £600 towards her mortgage and said it “brought much relief at a time of great worry and stress.”

Hannah applied to the fund in September 2010. She said that without the help of the Foundation “I would never have been able to repair my windows” following an arson attack on her home at a time when she could not afford insurance due to illness

Bursary programme

Our bursary scheme funds a wide variety of learning development and research opportunities.

This year the scheme has funded 80 awards to a total value of £41,000.

In 2011 our schemes covered emergency and acute care, an international exchange programme for emergency nurses, long term conditions, dementia nursing practice development, practice nurse education, occupation health nursing in Scotland and Professional Development in Northern Ireland, graduates entering nurse training, students, health care assistants/ assistant practitioners professional development, and the history of nursing.

We follow a standard application and adjudication process. All applications are assessed against pre-agreed criteria. In some of our schemes short-listed candidates are invited for interview by a specialist panel. We ask for a supporting signature of a line manager as an indication of organisational support and for most schemes applicants will be expected to present their award outcomes at an RCN conference or write a report for an RCN journal, newsletter or the RCN website.

Theresa is a nurse in a community hospital in Nottingham. She wanted to improve the care offered to patients with dementia. The grant she received enabled her to develop a reusable learning programme for all staff and students to be educated about dementia and person-centred care.

Suzanne received funding to help fund her Masters degree in Preventive Cardiology at Imperial College London and her research looked at whether the spouses of coronary patients were at a high risk of cardiovascular disease themselves and advocated that screening and lifestyle advice be made available.



Further details of benevolent funding available and bursary schemes, together with the application process can be found on our website www.rcnfoundation.org.uk.

We have focused on developing a vision and strategy for the charity which will be launched later in the coming year. Meanwhile a short term work plan has been adopted and is in the process of implementation.

A marketing and communications strategy is being developed, a new logo has been adopted, the website has been launched and an information booklet printed.

Members of the Board attended the RCN AGM and other events in order to explain how the RCN Foundation will be supporting the vital work of nursing to improve the health and wellbeing of the public.

Future Plans

We are already seeing an increase in demand for grants given the uncertain economic situation.

The Benevolent Fund has been chosen as the RCN President's Charity for 2011 which will help meet this growing need but we will also be focussing on ways in which we can increase the Foundation's income and capacity to respond. Donations will be gratefully received and can be made by post or through our website.

We will be reviewing the impact of our bursaries programme, strengthening the link with wider public benefit and developing a new scheme. We will also be looking at the application process, guidelines and eligibility criteria in order to remove any unnecessary restrictions and to make the process as simple and transparent as possible.

Aware of the limitations of the number of small restricted funds which have been gifted to the Foundation, we will be applying to the Charity Commission to amalgamate them.

It is planned to have all our key governance documents agreed and in place by 31 March 2012.

We will be launching a new scheme in 2012 to fund:

- Nursing-led innovation projects to support the development of leading edge clinical practice, educational tools and the improvement of patient care.

- Research and development activity in pursuit of the improvement of nursing and healthcare services.
- Development of practice to enable people and communities to make positive choices about their own health and wellbeing.

A prospectus will be published and further work will be done on raising the Foundation's profile with both potential donors and those who may benefit from a bursary or grant.

Statement of trustees' responsibilities

The trustees (who are also directors of the 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).

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

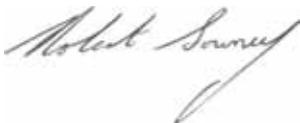
The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, and the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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; and
- 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.

On behalf of the Board of Trustees

A handwritten signature in black ink, appearing to read "Robert Sowney".

Robert Sowney
Chair of the Board of Trustees
Date: 12 July 2011

Independent auditors' report to the members and trustees of the RCN Foundation

We have audited the financial statements of the RCN Foundation for the year ended 31 March 2011 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 10 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and 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) and Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report of the year and all the other information listed of the contents page to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of the incoming resources and application of resources, including the income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Liz Hazell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 27 July 2011

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2011

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
INCOMING RESOURCES						
Voluntary income						
Donations		-	80	-	80	-
Legacies		5	21	-	26	-
Incoming resources from generated funds:						
Investment income	3	180	107	-	287	-
Other incoming resources:						
Exceptional income	2d	18,305	4,956	751	24,012	-
Other income		10	-	-	10	-
TOTAL INCOMING RESOURCES		18,500	5,164	751	24,415	-
RESOURCES EXPENDED						
Cost of generating funds:						
Investment management fee	4	69	-	-	69	-
Charitable activities:						
Education and training	4	27	43	-	70	-
Benevolent funds	4	28	181	-	209	-
Promotion of nursing	4	-	-	-	-	-
Research	4	9	-	-	9	-
Governance costs	4	69	-	-	69	-
TOTAL RESOURCES EXPENDED		202	224	-	426	-
NET INCOMING / (OUTGOING) RESOURCES						
Realised gains on investment assets	5	923	301	60	1,284	-
Unrealised gains on investment assets	5	6	2	1	9	-
NET MOVEMENT IN FUNDS		19,227	5,243	812	25,282	-
FUND BALANCE BROUGHT FORWARD AT 1 APRIL						
		-	-	-	-	-
FUND BALANCES CARRIED FORWARD AT 31 MARCH						
		19,227	5,243	812	25,282	-

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

All of the above results derive from continuing operations.

There are no material differences between net incoming resources for the year stated above and their historical cost equivalent.

Notes on pages 16 to 22 form part of these accounts.

INCOME AND EXPENDITURE ACCOUNT

	2011 £'000	2010 £'000
INCOME		
Donations	80	-
Legacies	26	-
Investment income (includes realised gains)	1,571	-
Exceptional income	23,201	-
Other	10	-
TOTAL REALISED INCOME	24,888	-
LESS		
Investment management fee	69	-
Charitable expenditure	288	-
Governance costs	69	-
SURPLUS/(DEFICIT) OF INCOME AND EXPENDITURE	24,462	-

An income and expenditure account is an alternative summary of the information contained in the Statement of Financial Activities. As recommended in the Charity SORP, this statement excludes gifts of capital that are currently available for revenue expenditure (see note 9 on Endowment Funds) and unrealised revaluations of investment assets. The income and expenditure account is included in the accounts in order to comply with the Companies Act 2006.

BALANCE SHEET AS AT 31 MARCH 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Investments	5	17,286	-
		17,286	-
CURRENT ASSETS			
Short-term deposits		7,000	-
Cash at bank and in hand		1,157	-
		8,157	-
CREDITORS – amounts falling due within one year			
Creditors and accrued charges	6	(161)	-
NET CURRENT ASSETS		7,996	-
TOTAL NET ASSETS		25,282	-
CAPITAL FUNDS			
Endowment funds	9	812	-
INCOME FUNDS			
Restricted funds	7	5,243	-
Unrestricted funds:			
Revaluation reserve	12	1,505	-
General funds		17,722	-
Total unrestricted funds	11	19,227	-
TOTAL FOUNDATION FUNDS		25,282	-

Notes on pages 16 to 22 form part of these accounts.

Approved by the Board of Trustees on 12 July 2011, and signed on their behalf by:



Robert Sowney
Chair of the Board of Trustees

NOTES TO THE ACCOUNTS

1. FORMATION OF THE RCN FOUNDATION

The charitable activities of the RCN are now carried out by the RCN Foundation effective from 1 April 2010. A split of the RCN Charitable Trust net assets and the entire investment portfolio were transferred to the RCN Foundation as outlined in the Charity Commission Order. The RCN ceased to be a charity on 1 April 2010. The RCN Property and Income Charity (which was the charitable part of RCN UK) and the RCN Charitable Trust (RCN CT) have now been removed from the Charity Commission register.

2. ACCOUNTING POLICIES

(a) Accounting convention

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain land and buildings and investments, and are in accordance with applicable accounting standards in the United Kingdom and the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005), Charities Act 1993 (amended 2006) and the Companies Act 2006.

(b) Cashflow Statement

The RCN prepares and files a consolidated cashflow statement which includes the cash flows of the RCN Foundation. The RCN Foundation has relied on the exemption provided by FRS 1 (revised) from preparing its own cashflow statement.

(c) Income

Income is accounted for on an accruals basis. Income received includes interest and dividends received from the investment portfolio, donations 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, measurability and certainty of the amount become known.

(d) Exceptional income

Exceptional Income relates to the transfer of Investments, £16.0m and cash, £8.0m to the RCN Foundation from the RCN Charitable Trust as part

of the Charity Commission Order dated 31 March 2010 which was effective from 1 April 2010.

Included within exceptional income are funds transferred from the RCN Charitable Trust that were endowments or were restricted income funds; these funds will be managed in line with the Charity Commission Order dated 31 March 2010.

(e) Expenditure

Expenditure is recognised on an accruals basis according to the RCN Foundation's objectives. The objectives are explained within the Trustees' report of this annual report and accounts. Restricted expenditure relates primarily 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 based on income activity.

Objective 1: Education & 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: Promotion of nursing

Promoting, through the medium of international agencies and otherwise, the foregoing purposes in other countries as well as in the United Kingdom.

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.

Governance costs

A proportion of expenditure has been allocated to Governance Costs to cover the time spent by the Governance support team on governance issues around restricted funds and the RCN Foundation's position in the structure of the RCN Group.

Cost of generating funds

Relates to expenditure directly attributable to non general operational activities. In 2011 this was the investment management fee only.

(f) Irrecoverable value added tax

Where value added tax is incurred and cannot be recovered it is expensed in the Statement of Financial Activities.

(g) Investments

Fixed asset investments are stated at market valuation, where market value represents the mid market price on the last trading day before the year end. Investments purchased as part of treasury management, which are intended to be held for less than one year are shown as current assets, investments held to generate longer term income and capital growth are shown within fixed assets. 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 trust terms provide for the expenditure of capital rather than its preservation.

(i) Restricted 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 SOFA. 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.

3. INVESTMENT INCOME

	2011 £'000	2010 £'000
UK equities	100	-
Overseas equities	10	-
UK fixed interest	176	-
Cash held for investment	-	-
Bank interest	1	-
Total	287	-

4. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Support costs £'000	Grants and direct costs £'000	Total 2011 £'000	Total 2010 £'000
Cost of Generating Funds				
Investment management fee	-	69	69	-
Charitable Activities				
Education and training	27	43	70	-
Benevolent funds	28	181	209	-
Promotion of nursing	-	-	-	-
Research	9	-	9	-
Governance Costs	34	35	69	-
Total	98	328	426	-

Support costs are allocated based on income activity.

5. INVESTMENTS

	2011 £'000	2010 £'000
Market value at 31 March	15,823	-
Additions at cost	7,953	-
Disposals at market value	(7,888)	-
Realised gain/(loss)	1,284	-
Unrealised gain/(loss)	9	-
	17,181	-
Investments at market value at 31 March		
Cash held for reinvestment	101	-
UK unlisted securities:		
Market value at 31 March	4	-
Market value at 31 March	17,286	-
Historic cost at 31 March	15,777	-

Investments at market value comprise:	2011 £'000	2010 £'000
Listed investments		
Fixed interest (Government securities and bonds)	4,207	-
UK equities	5,664	-
Global equities	6,451	-
Alternative assets	859	-
Liquid assets	101	-
	17,282	-
UK unlisted securities	4	-
Total	17,286	-

Holdings over 5%

The following investments represented holdings in excess of 5% of the investment portfolio at 31 March 2011.

	2011 %	2010 %
Sarasin Equisar Global Thematic Fund	25%	-
Treasury Bonds 2.25%	7.5%	-
Sarasin Charity – Thematic UK Equity	33%	-
Sarasin Sterling Class A income bonds	7.6%	-
Sarasin CI Equisar Sterling Global Thematic Fund units	12%	-

6. CREDITORS

	2011 £'000	2010 £'000
Amounts falling due within one year		
Accruals	50	-
Trade Creditors	12	-
Amounts due to RCN UK	99	-
	161	-

7. RESTRICTED INCOME FUNDS

	2010 £'000	Exceptional income £'000	Incoming resources £'000	Expenditure £'000	Net investment gains £'000	2011 £'000
Educational funds						
England and Wales Edu. Fund	-	1,075	43	-	87	1,205
Trevor Clay Scholarship Fund	-	359	6	(2)	24	387
John Colyer Fund	-	262	18	(14)	20	286
Cowdray Scholarship Fund	-	216	4	(1)	13	232
Other educational funds	-	462	11	(26)	20	467
Total Educational	-	2,374	82	(43)	164	2,577
Benevolent funds						
RCN Benevolent Fund	-	495	83	(155)	4	427
RCN Housing Fund	-	1,142	21	-	79	1,242
Other Benevolent Funds	-	699	12	(26)	47	732
Total Benevolent	-	2,336	116	(181)	130	2,401
Research funds	-	246	10	-	9	265
Total restricted funds	-	4,956	208	(224)	303	5,243

8. GRANTS FROM RESTRICTED FUNDS

Grants totalling £179,000 were made from restricted funds (RCN Benevolent Fund) to a total of 412 individuals for relief of hardship and support for educational and development activities. The RCN Foundation bursaries this year has funded 80 awards to a total value of £41,000.

9. ENDOWMENT FUNDS

	2010 £'000	Exceptional income £'000	Incoming resources £'000	Net investment gains £'000	2011 £'000
PERMANENT					
Educational funds					
Other educational funds	-	111	-	9	120
Research fund					
Daphne Heald R&D Fund	-	315	-	26	341
Total permanent endowment funds	-	426	-	35	461
Expendable					
Educational funds	-	27	-	2	29
Benevolent funds	-	290	-	23	313
Other funds	-	8	-	1	9
Total expendable endowment funds	-	325	-	26	351
Total endowment funds	-	751	-	61	812

10. FUNDS

The funds set out in notes 7 to 9 are held 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.

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
Fund Balances at 31 March are represented by:					
Investments	12,434	4,040	812	17,286	-
Current assets	6,954	1,203	-	8,157	-
Current liabilities and provisions	(161)	-	-	(161)	-
Total net assets	19,227	5,243	812	25,282	-

12. REVALUATION RESERVE

	2010 £'000	Transfers from RCN CT £'000	Investment unrealised gain £'000	2011 £'000
Investments	-	1,496	9	1,505
	-	1,496	9	1,505

13. RELATED PARTY TRANSACTIONS

During the financial year a service level charge of £82,688 from RCN UK to RCN Foundation was incurred (2010: no related party transactions).

14. REMUNERATION

External audit fees – auditor services of £10,000 are included in these accounts. No external audit fees were incurred in the previous year.

None of the trustees received remuneration. Out of pocket expenses were reimbursed to RCN Foundation Trustees while carrying out trustee duties amounted to £4,283. Out of pocket expenses related predominately to travel expenses.

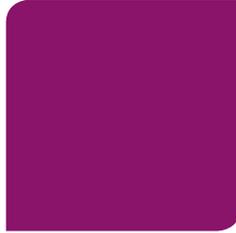
15. ULTIMATE CONTROLLING PARTY

The RCN is the sole company law member of the Foundation. It discharges that role as a quasi trustee by using its membership, to further the charitable purposes of the Foundation. However the Foundation is established for exclusively charitable purposes and the RCN will respect at all times the 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 Foundation are included in the consolidated financial statements of the RCN and are available from the above address.

16. STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2011 EXCLUDING EXCEPTIONAL INCOME

For information only the 2011 SOFA has been restated below to exclude exceptional income.

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
Incoming resources					
Voluntary income:					
Donations	-	80	-	80	-
Legacies	5	21	-	26	-
Incoming resources from generated funds:					
Investment income	180	107	-	287	-
Other incoming resources:					
Other income	10	-	-	10	-
Total incoming resources	195	208	-	403	-
Resources expended					
Cost of generating funds:					
Investment management fee	69	-	-	69	-
Charitable activities:					
Education and training	27	43	-	70	-
Benevolent funds	28	181	-	209	-
Promotion of nursing	-	-	-	-	-
Research	9	-	-	9	-
Governance costs	69	-	-	69	-
Total resources expended	202	224	-	426	-
Net incoming / (outgoing) resources	(7)	(16)	-	(23)	-
Realised gains on investment assets	923	301	60	1,284	-
Unrealised gains on investment assets	6	2	1	9	-
Net movement in funds	922	287	61	1,270	-
Fund balances brought forward at 1 April	-	-	-	-	-
Fund balances carried forward at 31 March	922	287	61	1,270	-



The RCN foundation is an independent charity supporting nursing to improve the health and wellbeing of the public.

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