

CHARITY COMMISSION

COP

CHARITY REGISTRATION NUMBER 1118930

COMPANY REGISTRATION NUMBER 05718525

**EUROPEAN LUNG FOUNDATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

# EUROPEAN LUNG FOUNDATION

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Directors</b>	Prof. C R Cordeiro Mrs I Saraiva	(Appointed 10 September 2017)
<b>Trustees</b>	Mr W Bill Prof. C R Cordeiro Mrs I Saraiva	
<b>Head of European Lung Foundation</b>	Dr P Powell	
<b>Secretary</b>	W Bill	
<b>Charity number</b>	1118930	
<b>Company number</b>	05718525	
<b>Principal address</b>	442 Glossop Road Sheffield South Yorkshire S10 2PX	
<b>Registered office</b>	442 Glossop Road Sheffield South Yorkshire S10 2PX	
<b>Auditors</b>	UHY Hacker Young 6 Broadfield Court Broadfield Way Sheffield S8 0XF	
<b>Bankers</b>	HSBC Bank plc 2 Fargate Sheffield S1 2JS	

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# EUROPEAN LUNG FOUNDATION

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# EUROPEAN LUNG FOUNDATION

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2019

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The trustees present their report and financial statements for the year ended 31 March 2019.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).

### Objectives and activities

The charity's objectives are to promote and protect the physical and mental health of sufferers of lung disease and its related risks, primarily in Europe; to advance the education and understanding of the public about lung disease and its related risk factors; to promote research into lung disease for the public benefit.

The European Lung Foundation aims to bring together patients and the public with respiratory professionals. The charitable company works to communicate and translate into European languages the work of respiratory professionals to those outside the respiratory field. The European Lung Foundation also works to ensure that people with lung diseases and the general public have the opportunity to influence respiratory research and guidelines at the European level.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. All the activities are undertaken to further the charity's charitable purposes for the public benefit.

### Achievements and performance

The European Lung Foundation has achieved its charitable objectives by educating people across Europe about lung health and disease, as is proved through its website and social media statistics and media and press clippings. It has also increased the accessibility of health professionals and the scientific community to patients through its engagement of patient organisations in the work of the European Lung Foundation.

Specific achievements of the European Lung Foundation during the year were as follows:

- New ELF customer relationships management (CRM) system developed and launched
- The introduction of new Patient Advisory Groups (PAGs) in sarcoidosis, COPD and sleep apnoea
- Increased web traffic and social media followers and interactions
- Reactivation of Google Ad words account
- Factsheets developed on: air travel, spirometry and ChILD
- Increased number of languages ELF materials are being translated into (now up to 29)
- Launch of the ELF occupational health quiz in German, Dutch and Portuguese
- Completion of the FRESH AIR project
- Successful applications for two new EU projects: Better B and 3TR
- Successful ERS Congress in Paris with high levels of patient input and interaction
- Continued involvement in 25 ERS Task Forces and 10 CRCs
- Involvement of patients in assessment of grant applications
- Continued involvement in the 'ERN-LUNG'; a central hub for rare lung conditions
- Further development of the Patient priorities project by adding sarcoidosis activities
- 216 new European Patient Ambassadors trained online
- Successful HLfL events in Paris

# EUROPEAN LUNG FOUNDATION

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2019

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### Financial review

The charity's total income for the year was £606,363 (2018: £765,762). Expenditure amounted to £604,038 (2018: £566,078) leaving a surplus of £2,325 (2018: £199,684). Restricted funds totalled £nil and unrestricted funds £454,643, of which £450,706 is freely available.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use are maintained at a limited level. Generally speaking, reserves are aimed to be kept at around 6-9 months of expenditure - such that they are of sufficient size to act as a buffer zone for any unforeseen costs to ensure the charity can continue its current activities in the forthcoming year. During the year the reserves levels have increased.

The principal funding source of the charity continued to be European Respiratory Society (Lausanne). The funds provided have been utilised to further the objectives as described above.

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

The major risks include a loss of income from the European Respiratory Society. This is mitigated by a contract between the parties ensuring that European Lung Foundation will have notice of more than one financial year in advance of any changes in planned funding. This time will enable European Lung Foundation to find alternative sources of funding, if required.

Another risk facing the charity is the loss of EU funding. This risk is mitigated by ensuring that the charity is involved in as many project applications as it has capacity using different EU funding streams. EU funding makes up a limited amount of the overall income and so would have limited affect, should funding be lost. ELF is also looking into opening a branch office in Brussels to mitigate any effects of Brexit.

ELF is now also looking at other funding options, including foundations and companies.

### Plans for future periods

The aims of the European Lung Foundation in 2019/2020 are to continue to translate the work of respiratory professionals to the public and patients to improve knowledge about lung disease specifically: managing the lay press and media activities of the ERS; running and coordinating a global lung awareness campaign called Healthy Lungs for Life in collaboration with the European Respiratory Society; launching a new website and translating into more languages; developing patient information; working on improving travel for patients with oxygen who travel.

To improve patient and public influence on respiratory health and medicine, the European Lung Foundation will: ensure that its structure is fit for purpose; update, promote and translate its patient training programme (European Patient Ambassador Programme) to facilitate patients and the public to interact with healthcare professionals, politicians and the media; work with scientific guideline groups in Europe to ensure that patient and public input is possible and facilitated; further strengthen its network of patients organisations and the work that they do.

The European Lung Foundation will also continue working on its current EU project, as well as potentially being involved with a number of new projects and project applications in 2019/2020 - fitting in to both of the aims of the European Lung Foundation.

# EUROPEAN LUNG FOUNDATION

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2019

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### Structure, governance and management

The charity is a registered charity and is also a company limited by guarantee under the provisions of the Companies Act 2006. The charitable company does not have any share capital.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr W Bill

Prof. C R Cordeiro

Mrs I Saraiva

The directors are appointed by the Executive Committee of the ultimate controlling party, European Respiratory Society, which is based in Switzerland. It is the normal duty of the Secretary General of the European Respiratory Society and the Chair of the European Lung Foundation to become directors of the charitable company.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The European Lung Foundation Council is the main decision-making body of the charitable company. This is made up of six members of the European Respiratory Society and four other members. Meetings of the Council are held up to four times a year and decisions are made via majority vote. Members of the Council include the directors of the charitable company. The Director of the European Lung Foundation makes decisions about the everyday running of the charitable company, based on a work plan and budget agreed annually with the European Lung Foundation Council. The Director of the European Lung Foundation may from time to time consult with the European Lung Foundation Chair and Secretary (both of whom are directors) for approval on certain decisions.

All new trustees will meet with the European Lung Foundation Director and Chair immediately after their appointment. In this meeting the functioning of the charity and the trustee's role and responsibilities will be outlined in detail together with an accompanying document. If required, new trustees are invited to the European Lung Foundation office in Sheffield to provide a more in-depth overview of the foundation's activities and to meet the staff.

The pay of key management personnel is reviewed annually in December. The Director of the European Lung Foundation proposes a salary increment and bonus, which is benchmarked against other comparable positions in the UK. Two members of the ERS leadership then assess the level of proposed pay and modify as appropriate before giving their approval.

# EUROPEAN LUNG FOUNDATION

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2019

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### Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.

**Mrs I Saraiva**

Trustee

Dated: 27 September 2019

A handwritten signature in black ink, appearing to read 'Mrs I Saraiva', written in a cursive style.

# **EUROPEAN LUNG FOUNDATION**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2019**

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The trustees, who are also the directors of European Lung Foundation for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, 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, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

6 Broadfield Court  
Broadfield Way  
Sheffield  
S8 0XF

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN LUNG FOUNDATION**

### **Opinion**

We have audited the financial statements of European Lung Foundation (the 'charity') for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN LUNG FOUNDATION CONTINUED**

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our 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 this regard.

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

In our opinion, based on the work undertaken in the course of our 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; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN LUNG FOUNDATION CONTINUED**

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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**

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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Roland Givans (Senior Statutory Auditor)**  
**for and on behalf of UHY Hacker Young**

27 September 2019

**Chartered Accountants**  
**Statutory Auditor**

# EUROPEAN LUNG FOUNDATION

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

		Unrestricted funds	Restricted funds	Total 2019	Total 2018
	Notes	£	£	£	£
<b><u>Income from:</u></b>					
Donations	3	5,319	-	5,319	4,787
<b><u>Charitable activities</u></b>					
The relief and care of lung disease	4	590,568	10,170	600,738	760,496
Other trading activities	5	306	-	306	479
<b>Total income</b>		<u>596,193</u>	<u>10,170</u>	<u>606,363</u>	<u>765,762</u>
<b><u>Expenditure on:</u></b>					
<b><u>Charitable activities</u></b>					
The relief and care of lung disease	6	<u>577,723</u>	<u>26,315</u>	<u>604,038</u>	<u>566,078</u>
<b>Total resources expended</b>		<u>577,723</u>	<u>26,315</u>	<u>604,038</u>	<u>566,078</u>
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		18,470	(16,145)	2,325	199,684
Fund balances at 1 April 2018		<u>436,173</u>	<u>16,145</u>	<u>452,318</u>	<u>252,634</u>
<b>Fund balances at 31 March 2019</b>		<u><u>454,643</u></u>	<u><u>-</u></u>	<u><u>454,643</u></u>	<u><u>452,318</u></u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006 and has been prepared on the basis that all operations are continuing.

# EUROPEAN LUNG FOUNDATION

## BALANCE SHEET

AS AT 31 MARCH 2019

		2019		2018	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		3,937		2,198
<b>Current assets</b>					
Debtors	14	58,536		26,903	
Cash at bank and in hand		730,634		722,381	
		<u>789,170</u>		<u>749,284</u>	
<b>Creditors: amounts falling due within one year</b>	15	(338,464)		(299,164)	
Net current assets			450,706		450,120
<b>Total assets less current liabilities</b>			<u>454,643</u>		<u>452,318</u>
<b>Income funds</b>					
Restricted funds	17		-		16,145
Unrestricted funds			454,643		436,173
			<u>454,643</u>		<u>452,318</u>

The financial statements were approved by the board of directors and authorised for issue on 27 September 2019 and are signed on its behalf by:

Mrs I Saraiva  
Trustee

Company Registration No. 05718525




# EUROPEAN LUNG FOUNDATION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	19	11,906	148,335
<b>Investing activities</b>			
Purchase of tangible fixed assets		(3,653)	(351)
<b>Net cash used in investing activities</b>		(3,653)	(351)
<b>Net cash used in financing activities</b>		-	-
<b>Net increase in cash and cash equivalents</b>		8,253	147,984
Cash and cash equivalents at beginning of year		722,381	574,397
<b>Cash and cash equivalents at end of year</b>		730,634	722,381

# EUROPEAN LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

#### Company information

European Lung Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is 442 Glossop Road, Sheffield, South Yorkshire, S10 2PX.

#### 1.1 Accounting convention

These accounts have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charity. The Charity also uses Euros as a functional currency. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

#### 1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

# EUROPEAN LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

(Continued)

#### 1.5 Resources expended

Resources expended are recognised in the year in which they are incurred. Resources expended are allocated to headings in the statement of financial activities based on the actual purpose of the expenditure.

Charitable activities represent the direct costs incurred in the provision of the company's services, and include all support costs.

Governance costs represent costs of managing and administering the charitable company as a statutory vehicle.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	33%/12.5% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

#### 1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/(expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# EUROPEAN LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

(Continued)

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# EUROPEAN LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

(Continued)

#### ***Basic financial liabilities***

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### **1.10 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.11 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.12 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in net income/(expenditure) for the period.

### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. There are no judgements or estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

# EUROPEAN LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 3 Donations

	2019 £	2018 £
Donations and gifts	5,319	4,787

### 4 Charitable activities

	2019 £	2018 £
Services provided under contract	600,738	760,496
Analysis by fund		
Unrestricted funds	590,568	
Restricted funds	10,170	
	600,738	

#### For the year ended 31 March 2018

Unrestricted funds	742,993
Restricted funds	17,503
	760,496

The company received unrestricted income under a service agreement of £590,568 (2018 - £675,270) from European Respiratory Society during the year.

In addition, the company received restricted grants during the year as follows:- Fresh Air - £10,171 (2018 - £17,503).

### 5 Other trading activities

	2019 £	2018 £
Rental income	306	479

# EUROPEAN LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 6 Charitable activities

	2019 £	2018 £
Staff costs	348,713	329,375
Depreciation and impairment	1,914	1,830
Publishing costs	72,814	71,204
Media and marketing costs	52,211	37,705
Allowances and honorariums	20,651	10,039
Recruitment and training	14,201	7,313
Staff travel	20,447	24,089
Entertaining	3,868	4,366
Rent and service charges	20,540	24,648
Telephone	1,273	2,459
Computer costs	1,996	1,952
Legal and professional	20,793	30,722
Bank charges	827	665
Exchange rate variance	1,938	1,575
Subscriptions	2,823	2,283
Insurance	5,211	5,469
Other charitable expenditure	7,718	8,884
	<u>597,938</u>	<u>564,578</u>
Grant funding of activities (see note 7)	4,500	-
Share of governance costs (see note 8)	1,600	1,500
	<u>604,038</u>	<u>566,078</u>
<b>Analysis by fund</b>		
Unrestricted funds	577,723	
Restricted funds	26,315	
	<u>604,038</u>	
<b>For the year ended 31 March 2018</b>		
Unrestricted funds		562,168
Restricted funds		3,910
		<u>566,078</u>

# EUROPEAN LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 7 Grants payable

	2019	2018
	£	£
Grants to individuals (5 grants)	4,500	-
	<u>4,500</u>	<u>-</u>
	<u>4,500</u>	<u>-</u>

### 8 Support costs

	Support costs	Governance costs	2019	2018
	£	£	£	£
Audit fees	-	1,600	1,600	1,500
	<u>-</u>	<u>1,600</u>	<u>1,600</u>	<u>1,500</u>
	<u>-</u>	<u>1,600</u>	<u>1,600</u>	<u>1,500</u>
Analysed between				
Charitable activities	-	1,600	1,600	1,500
	<u>-</u>	<u>1,600</u>	<u>1,600</u>	<u>1,500</u>

Governance costs includes payments to the auditors of £1,600 (2018: £1,500) for audit fees and legal and professional fees includes payments to the auditors of £1,600 (2018: £1,500) for other services carried out during the year.

### 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, but two of them were reimbursed a total of £2,664 in expenses, in relation to travelling and subsistence (2018: £2,692).

# EUROPEAN LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 10 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Directors	2	2
Managers	1	2
Administration	7	6
	<u>10</u>	<u>10</u>

#### Employment costs

	2019 £	2018 £
Wages and salaries	311,555	292,162
Social security costs	29,550	29,606
Other pension costs	7,608	7,607
	<u>348,713</u>	<u>329,375</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2019 Number	2018 Number
£80,000 to £89,999	-	1
£90,000 and above	1	-
	<u>1</u>	<u>-</u>

Contributions totalling £2,398 (2018: £2,328) were made to a defined contribution pension scheme on behalf of the employee whose emoluments exceed £60,000.

### 11 Taxation

On the basis of these financial statements no provision has been made for corporation tax.

# EUROPEAN LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 12 Tangible fixed assets

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 1 April 2018	10,655
Additions	3,653
At 31 March 2019	14,308
<b>Depreciation and impairment</b>	
At 1 April 2018	8,457
Depreciation charged in the year	1,914
At 31 March 2019	10,371
<b>Carrying amount</b>	
At 31 March 2019	3,937
At 31 March 2018	2,198

### 13 Financial instruments

	2019 £	2018 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	740,805	734,088
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	331,576	292,008

### 14 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	-	11,707
Other debtors	21,784	5,680
Prepayments and accrued income	36,752	9,516
	58,536	26,903

# EUROPEAN LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 15 Creditors: amounts falling due within one year

	2019 £	2018 £
Other taxation and social security	6,888	7,156
Trade creditors	49,013	60,853
Amount due to parent undertaking	264,152	225,620
Other creditors	1,971	1,690
Accruals and deferred income	16,440	3,845
	<u>338,464</u>	<u>299,164</u>

### 16 Retirement benefit schemes

#### Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £7,608 (2018: £7,607) and all relates to the single activity carried out by the charity. Amounts charged to restricted funds relate to the pension costs incurred for staff working on the relevant restricted funding projects.

### 17 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2018 £	Movement in funds		Balance at 31 March 2019 £
		Incoming resources £	Resources expended £	
Fresh Air	16,145	10,171	(26,316)	-
	<u>16,145</u>	<u>10,171</u>	<u>(26,316)</u>	<u>-</u>

Fresh Air is a 3-year EU Horizon 2020-funded implementation science project, to improve prevention, diagnosis and treatment of chronic lung diseases where resources are limited. ELF is involved in two work packages in this project: 1. To provide patient information appropriate for the relevant populations in each country on topics such as smoking cessation and pulmonary rehabilitation; 2. To communicate the work and findings of the project to a wider audience.

# EUROPEAN LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 18 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	91,850	83,814

The ultimate controlling party is European Respiratory Society, which is based in Switzerland. It is unknown whether any individual has control over that organisation. European Respiratory Society (being the smallest and largest group of which the charitable company is a member for which group financial statements are prepared) prepares group accounts and copies can be obtained from 4 Ave Sainte-Luce, CH-1003, Lausanne, Switzerland.

### 19 Cash generated from operations

	2019 £	2018 £
Surplus for the year	2,325	199,684
Adjustments for:		
Depreciation and impairment of tangible fixed assets	1,914	1,830
Movements in working capital:		
(Increase)/decrease in debtors	(31,633)	11,006
Increase in creditors	39,300	3,537
(Decrease) in deferred income	-	(67,722)
<b>Cash generated from operations</b>	<b>11,906</b>	<b>148,335</b>