

CHARITY REGISTRATION NUMBER 1118930

COMPANY REGISTRATION NUMBER 05718525

EUROPEAN LUNG FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

EUROPEAN LUNG FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Directors	Prof. J Chorostowska-Wynimko Mrs I Saraiva
Trustees	Mr W Bill Mrs I Saraiva Prof. J Chorostowska-Wynimko (Appointed 27 September 2019)
Head of European Lung Foundation	Dr P Powell
Secretary	W Bill
Charity number	1118930
Company number	05718525
Principal address	442 Glossop Road Sheffield South Yorkshire S10 2PX
Registered office	442 Glossop Road Sheffield South Yorkshire S10 2PX
Auditors	UHY Hacker Young 6 Broadfield Court Broadfield Way Sheffield S8 0XF
Bankers	HSBC Bank plc 2 Fargate Sheffield S1 2JS

EUROPEAN LUNG FOUNDATION

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EUROPEAN LUNG FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

The trustees present their report and financial statements for the year ended 31 March 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements 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) (effective 1 January 2019)".

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.

EUROPEAN LUNG FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

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

- New ELF Chair appointed
- New ELF office in Brussels set up in November 2019 to allow for it to be used for EU applications from Nov 2020
- ELF Award presented to Maria Neira from WHO
- Introduced transparency document for all ELF patient organisation network members
- ELF sat on committees including:
 - WHO Air Quality guidelines
 - Lancet COPD and lung cancer
- Monthly website visits 312,000 sessions in March 2020 compared to 99,000 in March 2019
- Air travel database updated (152 airlines contacted and details checked)
- Background research on ELF website audience performed, plans for new ELF website developed
- 22,393 people completing the Your lungs at work quiz (in the first 2 years); abstract submitted to ERS
- Increase in social media following on facebook and twitter
- 6 factsheets produced in 24 languages
- Number of factsheet downloads over year 34,431
- 50+ new volunteer translators recruited
- 10 factsheets reviewed and updated
- Involved in 12 EU project applications; 2 successful (DiscovAIR, FAIR)
- Ongoing activity in 3TR, BETTER B, FAIR and DiscovAIR
- 2 new PAGs in sleep apnoea and COPD
- Patient involvement in more than 30 Task Forces and CRCs
- Successful Patient organisation networking day with 95 participants from 50 countries
- EPAP translated into Spanish in partnership with SEPARPacientes, FENEAR, LoveXair
- EPAP Total for year: 197 learners enrolled with 326 fully completed modules: 139 EN, 96 FR, 60 NL, 19 DE, 7 IT, 5 ES
- HLfL events planned and carried out in Madrid: 882 spirometry tests; 170 pledges from public to change their lifestyles; event at the Ministry of Health
- First round HLfL Global Grants (35 applications); 4 grants (Pakistan, Africa, Nigeria, UK)
- Second round HLfL Global grants (60 applications); 5 grants (Nepal, Pakistan, Bulgaria, Croatia, Tanzania)
- HLfL won Incredible impact awards won - \$7,000 to put towards more HLfL grants
- In addition and not budgeted for: ELF produced information for patients during COIVD pandemic, including:
 - Q and A in 11 languages, responding to 121 direct questions from patients
 - A dedicated COVID section on the ELF website
 - Sourced patient experiences
 - Applied for 2 COVID EU projects

Involved in COVID research through ERS CRCs

Financial review

The charity's total income for the year was £962,792 (2019: £606,363). Expenditure amounted to £612,019 (2019: £604,038) leaving a surplus of £350,773 (2019: £2,325). Restricted funds totalled £16,475 (2019: £nil) and unrestricted funds £788,941 (2019: £454,643), of which £786,097 is freely available.

EUROPEAN LUNG FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

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 has also opened a branch office in Brussels to mitigate any effects of Brexit.

ELF has now employed a full-time fundraiser and recruited a fundraising expert to the board to further investigate funding options, including individuals, foundations and companies.

Plans for future periods

The aims of the European Lung Foundation in 2020/2021 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; ensuring information on COVID is relevant for respiratory patients and up to date.

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 2020/2021 - 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 2020

During the last three months of the year, the COVID19 global pandemic occurred. COVID has impacted ELF in the following ways: all staff have been working from home since March 2020; demands on ELF time have increased due to requests and questions from patients; increased need to provide timely and evidence-based information about COVID; inability to travel for meetings and events; unavailability of patients for ELF activities due to shielding. ELF's income is impacted as its primary funder (ERS) has been unable to hold its annual conference face to face, which means that the budget requested from ERS by ELF has been limited.

To mitigate this ELF has been successful in securing some alternative funding: a large EU project on COVID; several small grants for production of COVID materials. ELF now has a permanent fundraiser who is looking for and applying for grant opportunities on a regular basis. In the long-term ELF may benefit from the COVID crisis as funding for COVID and lung health and patients with lung disease has increased and the credibility of ELF has also been increased.

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 (Resigned 27 September 2019)

Mrs I Saraiva

Prof. J Chorostowska-Wynimko (Appointed 27 September 2019)

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 five members of the European Respiratory Society and five 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.

EUROPEAN LUNG FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

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.

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.

Mr W Bill

Trustee

Dated: 12 November 2020

EUROPEAN LUNG FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2020

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 2020 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 2020 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

12 November 2020

Chartered Accountants
Statutory Auditor

EUROPEAN LUNG FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

		Unrestricted funds	Restricted funds	Total 2020	Unrestricted funds	Restricted funds	Total 2019
	Notes	£	£	£	£	£	£
<u>Income from:</u>							
Donations	3	193,207	2,585	195,792	5,319	-	5,319
<u>Charitable activities</u>							
The relief and care of lung disease	4	746,023	20,300	766,323	590,568	10,170	600,738
Other trading activities	5	677	-	677	306	-	306
Total income		<u>939,907</u>	<u>22,885</u>	<u>962,792</u>	<u>596,193</u>	<u>10,170</u>	<u>606,363</u>
<u>Expenditure on:</u>							
<u>Charitable activities</u>							
The relief and care of lung disease	6	605,609	6,410	612,019	577,723	26,315	604,038
Total charitable expenditure		<u>605,609</u>	<u>6,410</u>	<u>612,019</u>	<u>577,723</u>	<u>26,315</u>	<u>604,038</u>
Net income for the year/ Net movement in funds		334,298	16,475	350,773	18,470	(16,145)	2,325
Fund balances at 1 April 2019		<u>454,643</u>	<u>-</u>	<u>454,643</u>	<u>436,173</u>	<u>16,145</u>	<u>452,318</u>
Fund balances at 31 March 2020		<u><u>788,941</u></u>	<u><u>16,475</u></u>	<u><u>805,416</u></u>	<u><u>454,643</u></u>	<u><u>-</u></u>	<u><u>454,643</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

EUROPEAN LUNG FOUNDATION

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	12		2,844		3,937
Current assets					
Debtors	13	464,512		58,536	
Cash at bank and in hand		388,536		730,634	
		<u>853,048</u>		<u>789,170</u>	
Creditors: amounts falling due within one year	14	<u>(50,476)</u>		<u>(338,464)</u>	
Net current assets			802,572		450,706
Total assets less current liabilities			<u>805,416</u>		<u>454,643</u>
Income funds					
Restricted funds	16		16,475		-
Unrestricted funds			788,941		454,643
			<u>805,416</u>		<u>454,643</u>

The financial statements were approved by the board of directors and authorised for issue on 12 November 2020 and are signed on its behalf by:

Mr W Bill
Trustee

Company Registration No. 05718525

EUROPEAN LUNG FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	19		(341,660)		11,906
Investing activities					
Purchase of tangible fixed assets		(438)		(3,653)	
Net cash used in investing activities			(438)		(3,653)
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(342,098)		8,253
Cash and cash equivalents at beginning of year			730,634		722,381
Cash and cash equivalents at end of year			<u>388,536</u>		<u>730,634</u>

EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

The financial statements 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) (effective 1 January 2019)". 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. In making that assessment, the trustees have specifically considered the impact of the coronavirus on the operations of the charity, alongside actions taken to mitigate that impact. 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.

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.

EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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 2020

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 2020

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 2020

3 Donations

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2020 £	2020 £	2020 £	2019 £	2019 £	2019 £
Donations and gifts	193,207	2,585	195,792	5,319	-	5,319

4 Charitable activities

	2020 £	2019 £
Services provided under contract	766,323	600,738
Analysis by fund		
Unrestricted funds	746,023	590,568
Restricted funds	20,300	10,170
	766,323	600,738

The company received unrestricted income under a service agreement of £726,001 (2019 - £590,568) from European Respiratory Society during the year.

In addition, the company received restricted grants during the year as follows:- Fresh Air - £nil (2019 - £10,171); 3TR - £20,300 (2019 - £nil).

5 Other trading activities

	2020 £	2019 £
Rental income	677	306

EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

6 Charitable activities

	2020	2019
	£	£
Staff costs	342,381	348,713
Depreciation and impairment	1,531	1,914
Publishing costs	63,361	72,814
Media and marketing costs	50,181	52,211
Allowances and honorariums	15,054	20,651
Recruitment and training	5,331	14,201
Staff travel	17,769	20,447
Entertaining	7,217	3,868
Rent and service charges	37,591	20,540
Telephone	628	1,273
Computer costs	6,127	1,996
Legal and professional	41,965	20,793
Bank charges	770	827
Exchange rate variance	(173)	1,938
Subscriptions	2,252	2,823
Insurance	5,535	5,211
Other charitable expenditure	8,335	7,718
	<u>605,855</u>	<u>597,938</u>
Grant funding of activities (see note 7)	4,564	4,500
Share of governance costs (see note 8)	1,600	1,600
	<u>612,019</u>	<u>604,038</u>
Analysis by fund		
Unrestricted funds	605,609	577,723
Restricted funds	6,410	26,315
	<u>612,019</u>	<u>604,038</u>

EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

7 Grants payable

	2020 £	2019 £
Grants to individuals (2 grants)	4,564	4,500
	<u>4,564</u>	<u>4,500</u>

-

8 Support costs

	Support costs £	Governance costs £	2020 £	Support costs £	Governance costs £	2019 £
Audit fees	-	1,600	1,600	-	1,600	1,600
	<u>-</u>	<u>1,600</u>	<u>1,600</u>	<u>-</u>	<u>1,600</u>	<u>1,600</u>
	<u>-</u>	<u>1,600</u>	<u>1,600</u>	<u>-</u>	<u>1,600</u>	<u>1,600</u>
Analysed between Charitable activities	-	1,600	1,600	-	1,600	1,600
	<u>-</u>	<u>1,600</u>	<u>1,600</u>	<u>-</u>	<u>1,600</u>	<u>1,600</u>

Governance costs includes payments to the auditors of £1,600 (2019: £1,600) for audit fees and legal and professional fees includes payments to the auditors of £1,600 (2019: £1,600) 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 £3,989 in expenses, in relation to travelling and subsistence (2019: £2,664).

EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

10 Employees

Number of employees

The average monthly number of employees during the year was:

	2020	2019
	Number	Number
Directors	2	2
Managers	1	1
Administration	8	7
	<u>11</u>	<u>10</u>

Employment costs

	2020	2019
	£	£
Wages and salaries	305,159	311,555
Social security costs	26,482	29,550
Other pension costs	10,740	7,608
	<u>342,381</u>	<u>348,713</u>

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

	2020	2019
	Number	Number
£90,000 and above	<u>1</u>	<u>1</u>

Contributions totalling £3,296 (2019: £2,398) 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 2020

12 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 April 2019	14,308
Additions	438
	<hr/>
At 31 March 2020	14,746
	<hr/>
Depreciation and impairment	
At 1 April 2019	10,371
Depreciation charged in the year	1,531
	<hr/>
At 31 March 2020	11,902
	<hr/>
Carrying amount	
At 31 March 2020	2,844
	<hr/> <hr/>
At 31 March 2019	3,937
	<hr/> <hr/>

13 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Amount owed by parent undertaking	430,248	-
Other debtors	4,181	21,784
Prepayments and accrued income	30,083	36,752
	<hr/>	<hr/>
	464,512	58,536
	<hr/> <hr/>	<hr/> <hr/>

14 Creditors: amounts falling due within one year

	2020 £	2019 £
Other taxation and social security	9,249	6,888
Trade creditors	20,608	49,013
Amount due to parent undertaking	-	264,152
Other creditors	2,124	1,971
Accruals and deferred income	18,495	16,440
	<hr/>	<hr/>
	50,476	338,464
	<hr/> <hr/>	<hr/> <hr/>

EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

15 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 £10,740 (2019: £7,608) 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.

EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 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:

	Movement in funds			Movement in funds			
	Balance at 1 April 2018	Incoming resources	Resources expended	Balance at 1 April 2019	Incoming resources	Resources expended	Balance at 31 March 2020
	£	£	£	£	£	£	£
3TR	-	-	-	-	20,300	(6,410)	13,890
Mundipharma	-	-	-	-	2,585	-	2,585
Fresh Air	16,145	10,171	(26,316)	-	-	-	-
	<u>16,145</u>	<u>10,171</u>	<u>(26,316)</u>	<u>-</u>	<u>22,885</u>	<u>(6,410)</u>	<u>16,475</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.

3TR is a large research project funded by the Innovative Medicines Initiative 1 (IMI2). It is the largest project in the field of immunology ever funded by IMI2 to date. It will provide important new insights and information about why a large number of patients suffering from the following seven diseases do not respond to treatment: asthma, COPD, Crohn's disease, ulcerative colitis, multiple sclerosis, systemic lupus erythematosus and rheumatoid arthritis. In this project, ELF is responsible for involving asthma and COPD patients throughout the project and also in dissemination and communication of the project to patients and the public.

The donation received from Mundipharma is used to help pay HLFL grants and these were paid in July 2020.

EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

17 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2020	2020	2020	2019	2019	2019
	£	£	£	£	£	£
Fund balances at 31 March 2020 are represented by:						
Tangible assets	2,844	-	2,844	3,937	-	3,937
Current assets/ (liabilities)	786,097	16,475	802,572	450,706	-	450,706
	<u>788,941</u>	<u>16,475</u>	<u>805,416</u>	<u>454,643</u>	<u>-</u>	<u>454,643</u>

18 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020	2019
	£	£
Aggregate compensation	<u>104,437</u>	<u>91,850</u>

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

	2020	2019
	£	£
Surplus for the year	350,773	2,325
Adjustments for:		
Depreciation and impairment of tangible fixed assets	1,531	1,914
Movements in working capital:		
(Increase) in debtors	(405,976)	(31,633)
(Decrease)/increase in creditors	(287,988)	39,300
Cash (absorbed by)/generated from operations	<u>(341,660)</u>	<u>11,906</u>

EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Analysis of changes in net funds

The charity had no debt during the year.