

Draft Financial Statements

CHARITY REGISTRATION NUMBER 1118930

COMPANY REGISTRATION NUMBER 05718525

EUROPEAN LUNG FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Directors Prof. J A Chorostowska-Wynimko
Mr K S Hansen

Trustees Mr W Bill
Prof. J A Chorostowska-Wynimko
Mr K S Hansen

**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

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

CONTENTS

	Page
Trustees' report	1 - 6
Statement of trustees' responsibilities	7
Independent auditor's report	8 - 11
Statement of financial activities	12
Balance sheet	13
Statement of cash flows	14
Notes to the financial statements	15 - 30

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2022

The trustees present their annual report and financial statements for the year ended 31 March 2022.

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 is a patient-led organisation that works internationally to bring patients and the public together with healthcare professionals to improve lung health and advance diagnosis, treatment and care. 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.

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2022

GENERAL

- ELF Award presented to Dimitris Kontopidis
- Involved as a founding partner in the formation of the International Respiratory Coalition

WEBSITE

- Continued adjustment and improvement of new website
- Ukrainian resources made more clearly available
- Monthly website sessions in March 2022 were 184,264
- Hired marketing company to optimise SEO, Google Ads, and social media ads
- Monetised YouTube
- Reached pre-redevelopment web stats in Oct 2021 and continuing to climb
- Social media stats continuing to climb

FACTSHEETS

- 4 factsheets produced in 24 languages
- Topics covered included:
 - Data sharing in healthcare
 - Remote care: looking after your health using digital tools
 - Testing your lungs: lung volume tests
 - Testing your lungs: the gas transfer test
- Lay summaries of guidelines produced:
 - Diagnosing adult asthma
 - Diagnosing and treating non-cystic fibrosis bronchiectasis in children
 - Diagnosing childhood asthma
 - Managing bronchiectasis in adults
 - Treating obstructive sleep apnoea using alternatives to CPAP
 - Treating sarcoidosis

Draft Financial Statements

EUROPEAN LUNG FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2022

EU PROJECTS

Continued work on several EU projects as follows including 3TR, Better-B, DiscovAIR, FAIR and DRAGON. Work started on OPTIMA and UNITE4TB. Activities include factsheets, conferences, surveys and recruitment support.

PATIENT INPUT

- Patient involvement in more than 39 ERS projects, including 22 Task Forces and 17 CRCs, with several publications, lay guidelines and patient-facing materials produced as a result
- Ongoing management of ELF's 13 Patient Advisory Groups

PATIENTS AT CONGRESS

- At ERS Congress 2021 - 13 patient speakers participated by video in 11 sessions, with 45 registrations from patient organisations and patient representatives
- Successful Virtual Patient organisation networking day
- First patient conference held on long-COVID
- Second patient conference held on bronchiectasis

EPAP

- Relaunched EPAP in English
- New flyer and PAG promotional video produced
- Total for year: 255 fully completed modules

HLfL

- One round of HLfL Global Grants held (28 applications)
 - Five 1,000 euro grants given
 - Events planned for: Ukraine, Pakistan, Italy, Canada and Nepal

FUNDRAISING

- Real challenges faced due to losing fundraiser role for 6 months. 2021/22 Income: €25,845.

Financial review

The charity's total income for the year was £523,219 (2021: £662,735). Expenditure amounted to £527,497 (2021: £630,647) leaving a deficit of £4,278 (2021: surplus of £32,088). Restricted funds totalled £122,976 (2021: £137,793) and unrestricted funds £710,250 (2021: £699,711), of which £683,711 were 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.

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.

Draft Financial Statements

EUROPEAN LUNG FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2022

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 2022/23 are to continue to translate the work of respiratory professionals to the public and patients to improve knowledge about lung disease specifically.

To improve patient and public influence on respiratory health and medicine.

The European Lung Foundation will also continue working on its current EU projects, as well as being involved with a number of new project applications in 2022/23 - fitting into both of the aims of the European Lung Foundation.

During 2020 and 2021, 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 from 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: ELF now has a permanent fundraiser who is looking for and applying for grant opportunities on a regular basis.

Draft Financial Statements EUROPEAN LUNG FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2022

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. J A Chorostowska-Wynimko

Mr K S Hansen

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 patient members. Meetings of the Council are held a minimum of 3 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.

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2022

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 K S Hansen

Trustee

Dated:

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2022

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 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 2022 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, 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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in 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.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

Based on our understanding of the charity and the sector in which it operates, we identified the principal risks of non-compliance with laws and regulations related to the acts by the charity, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and the charity's net income for the year.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to the regulators, including correspondence with the Charity Commission, review of correspondence with legal advisors, enquiries of management in so far as they related to the financial statements, and in testing of journals and evaluating whether there was evidence of bias by the trustees that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the 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

.....

Chartered Accountants
Statutory Auditor

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022

		Unrestricted funds	Restricted funds	Total 2022	Unrestricted funds	Restricted funds	Total 2021
	Notes	£	£	£	£	£	£
<u>Income from:</u>							
Donations	3	20,285	-	20,285	17,318	-	17,318
<u>Charitable activities</u>							
The relief and care of lung disease	4	419,323	83,611	502,934	436,600	208,817	645,417
Total income		<u>439,608</u>	<u>83,611</u>	<u>523,219</u>	<u>453,918</u>	<u>208,817</u>	<u>662,735</u>
<u>Expenditure on:</u>							
<u>Charitable activities</u>							
The relief and care of lung disease	5	429,069	98,428	527,497	537,756	92,891	630,647
Total charitable expenditure		<u>429,069</u>	<u>98,428</u>	<u>527,497</u>	<u>537,756</u>	<u>92,891</u>	<u>630,647</u>
Gross transfers between funds		-	-	-	(5,392)	5,392	-
Net income/(expenditure) for the year/							
Net movement in funds		10,539	(14,817)	(4,278)	(89,230)	121,318	32,088
Fund balances at 1 April 2021		<u>699,711</u>	<u>137,793</u>	<u>837,504</u>	<u>788,941</u>	<u>16,475</u>	<u>805,416</u>
Fund balances at 31 March 2022		<u><u>710,250</u></u>	<u><u>122,976</u></u>	<u><u>833,226</u></u>	<u><u>699,711</u></u>	<u><u>137,793</u></u>	<u><u>837,504</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.

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

BALANCE SHEET

AS AT 31 MARCH 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		23,936		16,320
Tangible assets	12		2,603		3,787
			<u>26,539</u>		<u>20,107</u>
Current assets					
Debtors	13	41,693		316,123	
Cash at bank and in hand		945,362		612,733	
		<u>987,055</u>		<u>928,856</u>	
Creditors: amounts falling due within one year	14	(180,368)		(111,459)	
Net current assets			806,687		817,397
Total assets less current liabilities			<u>833,226</u>		<u>837,504</u>
Income funds					
Restricted funds	16		122,976		137,793
Unrestricted funds			710,250		699,711
			<u>833,226</u>		<u>837,504</u>

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

.....
Mr K S Hansen
Trustee

Company Registration No. 05718525

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	19	352,420	246,167
Investing activities			
Purchase of intangible assets		(19,584)	(19,584)
Purchase of tangible fixed assets		(207)	(2,386)
Net cash used in investing activities		(19,791)	(21,970)
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		332,629	224,197
Cash and cash equivalents at beginning of year		612,733	388,536
Cash and cash equivalents at end of year		945,362	612,733

Draft Financial Statements

EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.5 Resources expended

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

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 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software	33% straight line
----------	-------------------

1.7 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
--------------------------------	-------------------------

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 the statement of financial activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.8 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.

1.9 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.

1.10 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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.

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.

1.11 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.

1.12 Retirement benefits

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

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies **(Continued)**

1.13 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.

3 Donations

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2022 £	2022 £	2022 £	2021 £	2021 £	2021 £
Donations and gifts	20,285	-	20,285	17,318	-	17,318
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

4 Charitable activities

	2022	2021
	£	£
Services provided under contract	502,934	645,417
	<u> </u>	<u> </u>
Analysis by fund		
Unrestricted funds	419,323	436,600
Restricted funds	83,611	208,817
	<u> </u>	<u> </u>
	<u>502,934</u>	<u>645,417</u>

The company received unrestricted income under a service agreement of £379,607 (2021 - £367,181) from European Respiratory Society during the year.

In addition, the company received restricted grants during the year as follows:- 3TR - £17,468 (2021 - £17,991); DiscovAir £3,076 (2021: £22,583); Dragon Project £nil (2021: £167,266); FAIR Project £1,262 (2021: £976); BetterB £7,485 (2021: £nil); UNITE4TB £31,832 (2021: £nil); Optima £22,488 (2021: £nil).

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

5 Charitable activities

	2022	2021
	£	£
Staff costs	404,415	415,421
Depreciation and impairment	13,358	4,707
Publishing costs	25,097	84,417
Media and marketing costs	39,074	79,603
Allowances and honorariums	5,342	6,836
Recruitment and training	1,704	681
Staff travel	875	1,402
Rent and service charges	12,699	16,472
Telephone	801	687
Computer costs	6,310	4,831
Legal and professional	11,014	26,980
Bank charges	56	725
Exchange rate variance	(4,628)	(34,684)
Subscriptions	628	852
Insurance	6,791	6,463
Other charitable expenditure	2,161	6,192
	<u>525,697</u>	<u>621,585</u>
Grant funding of activities (see note 6)	-	7,412
Share of governance costs (see note 7)	1,800	1,650
	<u>527,497</u>	<u>630,647</u>
	<u><u>527,497</u></u>	<u><u>630,647</u></u>
Analysis by fund		
Unrestricted funds	429,069	537,756
Restricted funds	98,428	92,891
	<u>527,497</u>	<u>630,647</u>
	<u><u>527,497</u></u>	<u><u>630,647</u></u>

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

6 Grants payable

	2022 £	2021 £
European Lung Foundation Europe	-	2,858
Grants to individuals	-	4,554
	<u>-</u>	<u>7,412</u>
	<u>-</u>	<u>7,412</u>
-		

7 Support costs

	Support costs £	Governance costs £	2022 £	Support costs £	Governance costs £	2021 £
Audit fees	-	1,800	1,800	-	1,650	1,650
	<u>-</u>	<u>1,800</u>	<u>1,800</u>	<u>-</u>	<u>1,650</u>	<u>1,650</u>
	<u>-</u>	<u>1,800</u>	<u>1,800</u>	<u>-</u>	<u>1,650</u>	<u>1,650</u>
Analysed between						
Charitable activities	-	1,800	1,800	-	1,650	1,650
	<u>-</u>	<u>1,800</u>	<u>1,800</u>	<u>-</u>	<u>1,650</u>	<u>1,650</u>

Governance costs includes payments to the auditors of £1,800 (2021: £1,650) for audit fees and legal and professional fees includes payments to the auditors of £1,800 (2021: £1,650) for other services carried out during the year.

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, but none of them were reimbursed for expenses, in relation to travelling and subsistence (2021: one was reimbursed a total of £63).

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2022	2021
	Number	Number
Directors	2	2
Managers	1	1
Administration	9	10
	<u>12</u>	<u>13</u>
	<u><u>12</u></u>	<u><u>13</u></u>

Employment costs

	2022	2021
	£	£
Wages and salaries	358,099	370,355
Social security costs	33,494	32,338
Other pension costs	12,822	12,728
	<u>404,415</u>	<u>415,421</u>
	<u><u>404,415</u></u>	<u><u>415,421</u></u>

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

	2022	2021
	Number	Number
£90,000 to £99,999	-	1
£100,000 and above	1	-
	<u><u>1</u></u>	<u><u>-</u></u>

Contributions totalling £3,752 (2021: £3,418) were made to a defined contribution pension scheme on behalf of the employee whose emoluments exceed £60,000.

10 Taxation

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

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

11 Intangible fixed assets

	Software £
Cost	
At 1 April 2021	19,584
Additions - separately acquired	19,584
	<u> </u>
At 31 March 2022	39,168
	<u> </u>
Amortisation and impairment	
At 1 April 2021	3,264
Amortisation charged for the year	11,968
	<u> </u>
At 31 March 2022	15,232
	<u> </u>
Carrying amount	
At 31 March 2022	23,936
	<u> </u>
At 31 March 2021	16,320
	<u> </u>

12 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 April 2021	17,132
Additions	207
	<u> </u>
At 31 March 2022	17,339
	<u> </u>
Depreciation and impairment	
At 1 April 2021	13,346
Depreciation charged in the year	1,390
	<u> </u>
At 31 March 2022	14,736
	<u> </u>
Carrying amount	
At 31 March 2022	2,603
	<u> </u>
At 31 March 2021	3,787
	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

13 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	-	18,496
Amount owed by parent undertaking	-	259,291
Amounts owed by fellow group undertakings	12,637	-
Other debtors	10,242	18,573
Prepayments and accrued income	18,814	19,763
	<u>41,693</u>	<u>316,123</u>

14 Creditors: amounts falling due within one year

	2022	2021
	£	£
Other taxation and social security	10,459	11,129
Trade creditors	37,081	71,266
Amount due to parent undertaking	111,642	-
Other creditors	2,478	2,532
Accruals and deferred income	18,708	26,532
	<u>180,368</u>	<u>111,459</u>

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 £12,822 (2021: £12,728) 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.

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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 2020	Incoming resources	Resources expended	Transfers	Balance at 1 April 2021	Incoming resources	Resources expended	Balance at 31 March 2022
	£	£	£	£	£	£	£	£
3TR	13,890	17,991	(31,881)	-	-	17,468	(9,062)	8,406
Dragon Project	-	167,267	(36,086)	-	131,181	-	(44,124)	87,057
Healthy Lungs for Life	2,585	-	(2,585)	-	-	-	-	-
DiscovAir	-	22,583	(18,045)	-	4,538	3,076	(7,614)	-
BetterB	-	-	(4,294)	5,392	1,098	7,485	(8,583)	-
FAIR Project	-	976	-	-	976	1,262	(2,238)	-
UNITE4TB	-	-	-	-	-	31,832	(14,673)	17,159
Optima	-	-	-	-	-	22,488	(12,134)	10,354
	<u>16,475</u>	<u>208,817</u>	<u>(92,891)</u>	<u>5,392</u>	<u>137,793</u>	<u>83,611</u>	<u>(98,428)</u>	<u>122,976</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

16 Restricted funds

(Continued)

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 for the Healthy Lungs for Life was used to help pay grants to individuals and organisations under that programme. These were paid in July 2020.

The Dragon Project is an IMI funded project, using artificial intelligence (AI) and machine learning to deliver a decision support system for the precise coronavirus diagnosis using CT scanning. ELF is involved in patient input and communication and dissemination. ELF hosts the website (europeanlung.org/dragon/).

DiscovAir is a HORIZON2020 funded project that will develop a lung cell atlas. This will be a 3D reconstruction of how the cells in the lungs interact with other cells, certain medications and how the lungs in people with lung diseases are different from those without disease. ELF is helping getting the patient and public perspective on the project and involved in communication and dissemination.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

16 Restricted funds

(Continued)

Better-B is an HORIZON2020 funded study involving international breathlessness experts from respiratory, palliative care and rehabilitative specialisms. The project will test whether an antidepressant can be repurposed to help in managing breathlessness where non-drug treatments cannot be effectively used. ELF is involved in communication and dissemination together with the ERS.

FAIR is an EU-funded project aiming to assess an adjunct to antibiotic therapy as an emerging concept to overcome AMR in pneumonia. The research focusses on the unique immunomodulator flagellin that enhances airway epithelial innate immune defences, and the development of airway-specific aerosol delivery by nebulisation. ELF is involved in communication and dissemination together with the ERS.

UNITE4TB is the newest project of the IMI AMR Accelerator, a public-private collaboration with the shared goal of progressing the development of new medicines to treat or prevent resistant bacterial infections. The 7-year project aims to accelerate and improve the clinical evaluation of combinations of existing and novel drugs, with the goal of developing new and highly active TB treatment regimens for drug-resistant and sensitive TB.

OPTIMA is an Innovative Medicines Initiative (IMI)-funded EU project aiming to ensure that every patient with lung, prostate and breast cancer has access to the most up-to-date individualised treatments and innovative therapies. It will do this by strengthening shared decision-making using dynamic computer-interpretable guidelines, and using AI-driven technology and tools.

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

17 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Fund balances at 31 March 2022 are represented by:						
Intangible fixed assets	23,936	-	23,936	16,320	-	16,320
Tangible assets	2,603	-	2,603	3,787	-	3,787
Current assets/(liabilities)	683,711	122,976	806,687	679,604	137,793	817,397
	<u>710,250</u>	<u>122,976</u>	<u>833,226</u>	<u>699,711</u>	<u>137,793</u>	<u>837,504</u>

18 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022	2021
	£	£
Aggregate compensation	<u>118,021</u>	<u>104,115</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

	2022	2021
	£	£
(Deficit)/surplus for the year	(4,278)	32,088
Adjustments for:		
Depreciation and impairment of tangible fixed assets	13,358	4,707
Movements in working capital:		
Decrease in debtors	274,430	148,389
Increase in creditors	68,910	60,983
Cash generated from operations	<u>352,420</u>	<u>246,167</u>

Draft Financial Statements
EUROPEAN LUNG FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

20 Analysis of changes in net funds

The charity had no debt during the year.