

**Trustees' Report and
Financial Statements
Year ended
31 December 2013**

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Message from the Chair and Chief Executive

Our work in 2013 reflected challenge and change across the health and care system. We saw the publication of the Francis report into failures of care at Mid Staffordshire NHS Foundation Trust, and the Keogh and Berwick reviews of quality and patient safety. These reviews called for cultural transformation from leaders and organisations – themes which we explored in many areas of our work, including our annual leadership summit and report.

We also saw the implementation of the reforms brought in by the [Health and Social Care Act 2012](#), and continued to offer analysis to help people understand the impact of these changes, including reports on health and wellbeing boards and clinical commissioning groups. Our alternative guide to the NHS attracted huge interest and was one example of the innovative approach of our communications team working with leadership development colleagues.

The Fund's work to support and develop those working in health and care combines a unique blend of leadership expertise with knowledge of health and care policy. One of our highest priorities was to support leaders to make integrated care a reality, through a range of leadership and organisational development programmes, supported by further research and policy analysis. We published a number of reports on integrated care during the year as we continued to build the evidence base to support these programmes.

As well as working on current challenges, we focused on the changes needed in future through the [Time to Think Differently programme](#), and the launch of the [independent Barker Commission](#) to advise how health and social care should be funded in England. The Commission is revisiting the post war settlement from which the health and social care divide stems and asking what a system fit for the future would look like. Its work will form a major part of the Fund's contribution to the debate leading up to the 2015 election.

Within the Fund, we have continued to develop and improve how we work across teams, maximising the skills and expertise of our staff. We also kicked off an ambitious programme to review our business systems, ensuring they are robust and responsive. These changes are designed to ensure we work as efficiently as possible and continue to deliver excellent performance, including on our regular staff survey.

These achievements stand us in good stead for 2014, a year in which the financial and service pressures facing both health and care are increasing and which we will continue to monitor through quarterly reports on NHS performance. The Fund's work will be focused on four priority areas to ensure we make the greatest impact:

- we will reflect and explain objectively the scale of financial and service pressures and their current and potential impact on patient care.
- we will encourage leaders (including political leaders) to recognise the need for radical transformation in the way care is delivered and funded and are inspired and informed by our work about how to achieve that.
- we will support those committed to improving care within the limitations of the current system – specifically those engaged in better integrating care, better commissioning or in delivering greater productivity
- we will support the major cultural shift across the health system that is needed to have the kind of patient-centred services and system we want and the people to achieve it

Our aim is to build on and strengthen the Fund's reputation as an independent and trusted source of unbiased information in turbulent times, supplementing this with concrete and evidence-based proposals for the future.

Sir Christopher Kelly, Chair

Professor Chris Ham, Chief Executive

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Trustees' Report

About The King's Fund

The King's Fund ('the Fund') is an independent charity working to improve health and health care in England. We help to shape policy and practice through research and analysis; develop individuals, teams and organisations; promote understanding of the health and social care system; and bring people together to learn, share knowledge and debate.

Our vision is that the best possible health care is available to all. Our mission sets out how we will achieve this vision:

- by working to improve the way health care, and related social care, in England is organised, funded and delivered
- by supporting individuals, teams and organisations to improve health and health care.

In the way we work internally and externally, we seek to demonstrate the following values:

- we are committed to improving care and the experience of care for patients, service users and their families
- we will act with integrity, and will value and protect our independence
- our work will be relevant and challenging
- we will strive for excellence in everything we do – reflecting on what we have done and learning in order to improve
- we will work collaboratively within the Fund and with our partners.

Public benefit

Our vision that the best possible health care is available to all ensures that we work for the benefit of the public. We aim to deliver our vision and mission through a medium-term strategic plan and annual operational plans and, in approving these plans, the trustees are mindful of the Charity Commission's general guidance on public benefit. The major elements of these plans, and our achievements against these during 2013, are set out below.

This annual report and financial statements have been prepared in accordance with the provisions of the current Statement of Recommended Practice (SORP 2005) Accounting and Reporting by Charities and relevant accounting standards.

Programmes and priorities in 2013

Our 2013 operational plan set out our goals for the year, within the context of our [2012–14 strategic plan](#). Reflecting on our ambition to prioritise effective cross-team working, we distinguished between three cross-Fund programmes and four non-programme priorities in the operational plan.

Cross-Fund programmes:

1. shaping the future system of the health, public health and social care system: Time to think Differently
2. improving and integrating care for older people and people with long-term conditions
3. contributing to the theory and practice of leadership in the NHS.

Non-programme priorities:

1. improving the patient's experience and the quality of care
2. shaping the future system of the health, public health and social care system: reform and performance
3. supporting the NHS to improve productivity and efficiency
4. preventing illness and improving health and wellbeing in communities.

Our main achievements from 2013 are set out in more detail below. Highlights are also available in a digital timeline on our website.

Shaping the future system of the health, public health and social care system: Time to Think Differently

Our [Time to Think Differently](#) programme aims to stimulate, inform and influence debate about the future of health and social care, including future funding and new models of care. During 2013 we built on the extensive stakeholder engagement carried out in 2012, developing ideas about how we meet these future challenges. We published a number of reports:

- [How should we pay for health care in the future? Results of the deliberative events with the public](#)
- [Paying for social care: beyond Dilnot](#)

- [NHS buildings: obstacle or opportunity?](#)
- [NHS and social care workforce: meeting our needs now and in the future?](#)
- [Spending on health and social care over the next 50 years: Why think long term?](#)

In addition to these core publications, we developed a wide range of [online resources](#) including online data on future trends in health and care, a range of infographics, and guest blogs, which generated debate and discussion on the key themes of the programme.

In June we launched the [independent Commission on the Future of Health and Social Care in England](#), asking if the post-war settlement – which established separate systems for health and social care – remains fit for purpose. Chaired by Kate Barker, the Commission undertook a range of activities in 2013 including:

- a call for evidence that that elicited more than 60 submissions from a wide range of individuals and organisations
- a review of international evidence with support from Mark Pearson, Head of Health at the Organisation for Economic Co-operation and Development
- commissioned papers on funding options, values and ethics of health and care systems, and public attitudes towards the funding of health and care
- a series of stakeholder engagement events to test ideas and potential solutions with sector organisations, financial services and patient and service user groups
- the appointment of a panel of experts by experience to advise the Commission.

An [interim report](#) was published in spring 2014 and a final report will be published in September 2014, in time to influence the party manifestos and inform the incoming government's agenda at the start of the next Parliament.

Improving and integrating care for older people and people with long-term conditions

The purpose of this work is to promote the widespread adoption of effective approaches to integrated care to better meet the needs of older people and people with long-term conditions. Over the past three years we have successfully built up a body of research and used this to influence and inform national policy development in this area. In 2013 we focused on 'making it happen' through a range of leadership development and organisational development interventions.

- We designed a new leadership programme for senior leaders from health and social care organisations, [Building Collaborative Leadership](#).
- We set up three [learning networks](#): one supported leaders from ten communities with plans to implement integrated care at scale and pace; another supported nine communities from East and West Midlands with an interest in taking forward new models of care for older people; a third focused on supporting health and social care leaders from seven communities in implementing acute and community integration.
- We have worked with individual leaders, multi-professional teams and organisations (providers and clinical commissioning groups) across England in response to a growing number of requests for support.
- We continued our research and policy analysis, building the evidence base on integrated care. This included:
 - a [research report](#) based on a comparative analysis of five UK-based case studies of care co-ordination programmes for people with long-term and complex chronic conditions
 - [The quest for integrated health and social care: A case study in Canterbury, New Zealand](#)
 - [Integrated care in Northern Ireland, Scotland and Wales: lessons for England](#)
 - [Delivering better services for people with long-term conditions: building the house of care](#), which sets out a co-ordinated service delivery model that aims to deliver proactive, holistic and patient-centred care for people with long-term conditions.
 - [Making integrated care happen at scale and pace: lessons from experience](#)

Over the past year, a key priority has been to position the Fund as the place to go to for information on integrated care. We launched a [range of new resources](#) on our website, including a short animation demonstrating why integrated care matters, and an 'integrated care map,' which brings together a range of UK and international case studies. We have shared learning and stimulated debate on integrated care and related topics through holding conferences and roundtable discussions at the Fund, and speaking at a range of national and international events. We have also set up a free electronic [monthly bulletin](#) and a new [LinkedIn group](#).

Contributing to the theory and practice of leadership in the NHS

We held our third successful [leadership summit](#) in May 2013 and published our report [Patient-centred leadership: rediscovering our purpose](#). We also published the results of our [survey](#) of NHS professionals into the factors affecting the quality of patient care and the role of leadership in delivering improvements. We have subsequently used the report as content for our leadership programmes and

it has been used as core reading material for leadership programmes run by regional NHS leadership academies. The report has also informed the responses of other organisations, such as the Royal College of Physicians, to the Francis Inquiry.

The University of Birmingham published a report, jointly authored by The King's Fund's Chief Executive, Chris Ham, on a study on medical leadership in the NHS: [Are we nearly there yet? Models of medical leadership and their effectiveness](#). This provided an excellent platform from which to launch our medical leadership stakeholder events which, in turn, have informed our medical leadership strategy and programmes for the next three years.

We jointly sponsored a [survey](#) with the *Health Service Journal* (HSJ) into the issues relating to women in leadership in the NHS. There has been significant interest in the published results, and we have been invited to attend cross-sector events and to speak at leadership summits and conferences.

In October 2013 we published a paper, [Revalidation: The early experiences and views of responsible officers from London](#), at the Faculty of Medical Leadership and Management annual conference, and this has generated much interest from the medical community and positioned us as a source of information on revalidation.

Improving the patient's experience and the quality of care

All of our work at The King's Fund ultimately aims to help the NHS to improve the experience of care and outcomes for patients. This section of this report covers projects and activities which directly relate to patient experience and quality, particularly our work focused on helping teams and leaders improve patient experience.

In 2013 we:

- helped to establish the [Point of Care Foundation](#) as an independent organisation, ensuring a base for the delivery of Schwartz Center Rounds®
- completed our [Patient and Family-Centred Care programme](#) and showcased the teams' achievements at our fifth annual [Transforming patient experience](#) conference
- revised the [online toolkit](#) for experience-based co-design
- supported [Enhancing the Healing Environment projects](#) in prisons, hospices and hospitals
- conducted work for the Department of Health on volunteering in health and social care, publishing two reports: [Volunteering in health and care: securing a sustainable future](#) and [Volunteering in acute trusts in England: understanding the scale and impact](#)
- provided responsive comment, critique and policy analysis around the publication of the Francis Inquiry, Keogh review and Berwick report.

Our [conference on the Francis Inquiry](#) in February was attended by 300 delegates and live-streamed to 2,000 others, with the presentation by Robert Francis downloaded 4,500 times in the month after the conference. We trended in first place on Twitter for a large part of the day, a first for The King's Fund and extending our reach beyond the confines of the lecture theatre.

We also increased opportunities for patients and the public to be involved and represented in our activities through, for example, greater involvement of patients as speakers at our events, deliberative research with the public about future funding for the Time to Think Differently programme, and launching an experts by experience group to advise the Commission on the Future of Health and Social Care in England.

Shaping the future system of the health, public health and social care system: reform and performance

As the new structures and regulatory landscape ushered in by the Health and Social Care Act 2012 start to bed down, we have focused on analysing the implementation of these reforms. During 2013, we published:

- [Transforming our health care system: ten priorities for commissioners](#) (revised edition)
- [The four UK health systems: learning from each other](#)
- [Leading health care in London: time for a radical response](#)
- [Working together to deliver the Mandate: strengthening partnerships between the NHS and the voluntary sector](#)
- [Clinical commissioning groups: supporting improvement in general practice?](#)
- [Health and wellbeing boards: one year on](#)
- analysis and commentary on the [British Social Attitudes Survey](#).

We have published more than 20 [blogs](#) in this area of work and our staff and associates have spoken at a wide range of conferences and events on related issues. We made five [consultation responses](#) to government and regulators – including those on the refreshed NHS mandate and vulnerable older people's plan – and to the Care Quality Commission on the future of regulation and inspection. We also presented [written and oral evidence](#) to the House of Commons Health Select Committee on the Health and Social Care Act; two departmental select committee accountability hearings (Monitor and Care Quality Commission); the pre-legislative scrutiny committee for the draft Care and Support Bill; and the Lords Committee on Demographic Change and Ageing. We have provided formal and informal briefings to all party groups and committees.

Our [annual conference](#) in November 2013 focused on achieving transformational change. Major themes of the conference include technological advances, sustainable finance, innovation and achieving high performance.

Supporting the NHS to improve productivity and efficiency

As the NHS and social care sectors face ongoing financial pressure, with no prospect in real increases in funding in the near future, improving productivity continues to dominate policy.

In 2013, we continued our analysis of how the NHS is coping with these financial challenges, and the evolving reform agenda, in our [quarterly monitoring reports](#). The reports highlighted a system under increasing pressure as the year went on, with waits in accident and emergency departments and deficits forecast by the year end. In February, we expanded the scope of the reports, to include a survey of directors of adult social services in English local authorities alongside its usual survey of NHS finance directors.

Other work completed in 2013 included:

- an analysis of hospital variation in cost effectiveness of hip and hernia operations, published in two papers in the Journal of the Royal Society of Medicine
- a joint workshop held with the Healthcare Financial Management Association (HFMA) and Monitor to review ideas to develop payment by results, with a report published by the HFMA.

We responded to the joint NHS England/Monitor consultation on the 2014/15 national tariff payment system) and have provided written and oral [evidence](#) to the Health Select Committee inquiry into public expenditure.

Preventing illness and improving health and wellbeing in communities

Our research and policy work in 2013 has focused on the impact of health reforms on public health policy and practical evidence-based actions that local authorities can take to improve population health. We published two reports in 2013:

- [Improving the allocation of health resources: How to decide who gets what](#)
- [Improving the public's health: A resource for local authorities](#)

We published four [blogs](#) related to this priority and held a [conference](#) on the clustering of health behaviours and the implications for policy and practice. We also gave evidence to the Communities and Local Government Committee inquiry into the role of local authorities in health issues, and the Greater London Authority's Health Committee on tackling the health inequalities challenges of London.

Core functions

Our other achievements in 2013 can be grouped by our core functions:

- we carry out research and analysis to generate, develop and evaluate ideas – in doing so we draw on evidence, experience and expertise from the UK and across the world
- we develop individuals, teams and organisations – building leadership skills and capability to improve health care
- we promote understanding of health care and health policy – by providing access to a wide range of information and helping people to make sense of a complex and rapidly changing sector
- we bring people together face to face and virtually to learn, share knowledge, and debate.

Research and analysis

Alongside our corporate priorities, our Policy Directorate takes on externally commissioned work which complements these priorities. In 2013, this included: futures/strategy projects to help clients better understand or map out a future for their particular

area of interest; and evaluation projects, such as learning the lessons from the operation of the failure regime in South London and reviewing emergency care in specific localities.

Developing individuals, teams and organisations

Following a fundamental review of our activity in 2012, our Leadership Development Directorate has continued to review and consolidate its offer to the market. In 2013, we reviewed and refreshed our [open programmes](#), and launched a new suite of leadership development [programmes for medical](#) leaders and a new programme for [foundation trust lead governors](#) to help them with their changing roles and responsibilities.

More than 600 managers and leaders took part in our leadership development programmes in 2013. More than 100 organisations commissioned our leadership development team to deliver [bespoke programmes](#), benefiting from our unique blend of leadership expertise and knowledge of health care policy and leadership challenges.

Promoting understanding of health care and health policy

An engaging campaign around [Time to Think Differently](#), developing a range of highly shareable web resources was a good example of our use of digital communication in 2013. In July we launched an [animation explaining the new NHS](#) – by December, this had been viewed more than 90,000 times. Our website went from strength to strength, with the number of unique monthly visitors regularly reaching 100,000 per month. We also developed [digital resources to support integrated care](#), launching an animation to explain in simple terms what it means, a case study map and an email bulletin to flag our content and new literature.

Our media profile remained high. In particular, our [quarterly monitoring report](#) was highly effective in relation to the ongoing debate about access to accident and emergency services.

Our engagement with political audiences was maintained at a good level with significant interaction with parliamentarians across the board, the Health Select Committee, Public Accounts Committee, relevant Lords committees, ministerial teams and their advisers.

We have made better use of the resources and skills in our [Information and Knowledge Services](#) team to develop new web content, alerts and bulletins such as the new integrated care bulletin, and providing more direct research support to core projects.

Through effective working across teams, we had a visible and targeted presence at conferences and exhibitions in 2013, including events held by The NHS Confederation, Foundation Trust Network, Future of Health and the Faculty of Medical Leadership and Management.

Bringing people together

Our work under this function incorporates much of the work carried out by our commercial directorate, specifically the work of the Events, Corporate Partnerships, Venue Management and Facilities teams. Their work helps us maximise income generation, forming a significant part of the Fund's overall income, and so supporting the Fund to deliver our mission to improve health and health care in England.

Our events team ran a demanding schedule during 2013, including pay-to-attend conferences, lectures, seminars, workshops, roundtable discussions and policy dinners. More than 3,000 delegates attended our paid-for [conference programme](#) in 2013, a substantial increase on 2012.

Our venue ([No.11 Cavendish Square](#)) provides high-quality facilities for organisations in the health and social care sectors and beyond, attracting bookings for major health care events, seminars, large commercial conferences, weddings and corporate parties. In 2013, we cemented our reputation as a leading venue in central London, being shortlisted for two event industry awards, and increasing the number of events taking place at the venue.

The [corporate partnership schemes](#) aim to build on synergies between the Fund's areas of interest and our partner organisations' expertise. In 2013 we welcomed Boots Alliance to the corporate partnership scheme, increasing the number of partners from three to four. We welcomed DAC Beachcroft, SAS Software, Merck Sharp & Dohme, and Winscribe as new supporters, increasing the number from eight to 12.

Investing in the way we work

In addition to all that we achieved to deliver our corporate priorities and core functions, we have looked at how we can develop as an organisation. Work has progressed on a number of deliverables that will significantly improve the way we operate. This included

reviewing our ways of working across the Fund, including work to develop a competency framework. This review has been supported by investments to replace our ageing business systems. Work will progress in these areas in 2014.

Plans for 2014

Our 2014 operational plan sets out our goals for this year, within the context of our [three-year strategic plan](#). Our work will be focused on the three cross-Fund programmes and four non-programme priorities described above, with specific focus on four high impact areas. The activities we carry out to achieve our goals for all of our programmes and priorities will include some combination of publications, events, online engagement, information resources and development support. A summary of our plans is set out below.

Shaping the future system: Time to Think Differently

In 2014 the focus of this programme will be on working with others to generate and develop ideas about what models of care and funding can meet future needs. This will include a paper synthesising views gathered during the engagement phase of [this project](#) and setting out the Fund's view on what needs to happen. We will also be supporting the [Barker Commission](#) on the Future of Health and Social Care in England, as it publishes its interim and final reports.

Improving and integrating care for older people and people with long-term conditions

We will continue to focus on supporting the delivery of integrated care in 2014, running learning networks and development programmes. We will also select four communities to work in-depth over three years offering development support alongside a research programme. We will also continue to build the national and international evidence-base for integrated care, and to influence national policy to ensure that our statutory, regulatory and financial frameworks enable, not prevent, better integrated care.

Contributing to the theory and practice of leadership in the NHS

The Fund has contributed significantly to the development of leaders in the NHS over many years through our learning and development programmes. In 2014, we will develop a three-year research and thought leadership strategy and plan, building on our previous leadership summits and reports. Our summit this year will focus on taking the evidence for cultural change and turning it into practical action.

Improving the patient's experience and the quality of care

In 2014 we will scope new work to explore what patient leadership means for the health and care system and conduct research into quality in community services. We will also publish an online resource to disseminate the lessons learned from the Patient and family-centred care programme and run our seventh [Transforming the patient experience](#) conference plus a further conference on quality and safety.

Shaping the future system: reform and performance

We will see the new structures and regulatory framework introduced from the Health and Social Care Act 2012 put to the test in 2014. Our work will focus on [analysing how the reforms are playing out in practice](#) and recommending solutions for areas where problems arise. With the forthcoming general election, we will also be focused on engaging with and influencing the political parties.

Supporting the NHS to improve productivity and efficiency

In 2014, we will continue to analyse the impact of the productivity challenge, support the NHS to improve productivity and efficiency and disseminate our work widely to share learning. Specific projects include developing the [quarterly monitoring reports](#) and publishing a report which looks at six trusts' experience of grappling with the productivity challenge.

Preventing illness and improving health and wellbeing in communities

Building on work completed in 2013/14, we will be analysing how and why different communities out- or under-perform in terms of health outcomes.

Priority areas for impact

In 2014, we will be seeking to make the greatest impact in four priority areas. These are driven by the external environment in which we are operating: political uncertainty as the election approaches; increasing financial and service pressures; and the dynamics of a new system continuing to emerge following the reforms of the Health and Social Care Act 2012.

- **We will reflect and explain objectively the scale of financial and service pressures and their current and potential impact on patient care.**

The continuing scale of change within the system, shifting dynamics at a national and local level, financial pressures and growing political debate around health and social care mean that our role in giving an objective analysis about what is happening in the system has never been more vital. We have built a reputation over many years, enhanced in the past two years by the [quarterly monitoring reports](#), for clear, accessible explanation of data about the system and the implications of this.

- **We will encourage leaders (including political leaders) to recognise the need for radical transformation in the way care is delivered and funded and are inspired and informed by our work about how to achieve that.**

Our [Time to Think Differently programme](#), including the setting out of the case for fundamental change, generating resources on future trends affecting health and social care and the launch of the [Commission on the Future of Health and Social Care in England](#), has generated an informed debate in this area. We need to build on this by moving towards a clear articulation of what needs to happen in the future in order to have a high-quality and sustainable system of care. This is a key area of impact for the Fund prior to a general election and a crucial spending review in 2015.

- **We will support those committed to improving care within the limitations of the current system – specifically those engaged in better integrating care, better commissioning or in delivering greater productivity**

While we believe there is a case for fundamental and radical change to how we design and deliver care, many in the health and social care system look to the Fund to provide evidence, guidance, events and programmes that will support them to work better within the current system. We need to achieve a balance in our programme of work, looking to the long term and also supporting those dealing with current challenges. We will do this partly through commentary and analysis, which we hope will influence those responsible for the policy, regulatory and financial framework, and also through direct support to individuals, teams, organisations and communities.

- **We will support the major cultural shift across the health system that is needed to have the kind of patient-centred services and system we want and the people to achieve it**

Our work over many years has highlighted that [culture](#) and the nature of leadership within teams and organisations are fundamental to good-quality care. We are building internal expertise in this area, and in 2014 we want to both draw attention to how culture must change, including a shift in the role of the patient in care, and provide clear guidance for organisations about how this can be achieved.

Investing in the way we work

We recognised in 2013 that we need to put in place an organisational change programme to equip us to deliver against our objectives in 2014 and beyond. Our ways of working, behaviours, skills and ways we communicate and collaborate all need to be examined and, where necessary, improved, and supported by investments in new business systems. This programme of work will enable the Fund to adapt to become the kind of organisation we want to be.

The programme will have an impact on all parts of the Fund and we will work hard to engage and involve staff throughout its development and implementation. We will support staff in understanding what needs to change, how it impacts on their own work and how they can get the most from the benefits the programme will realise.

Looking beyond 2014, we will be continuing with the priorities set out in our current strategic plan into 2015. We will carry out our next strategic review after the general election.

Structure, governance and management

We are registered with the Charity Commission for England and Wales, registration number 1126980. Details of the trustees and their record of attendance at meetings, the Chief Executive and Senior Management Team, principal office, and professional advisers are shown in the Legal and Administrative Information section.

The King's Fund was incorporated by Royal Charter on 4 November 2008 and is governed by the provisions and byelaws of the charter; any revocation, alteration or additions to the byelaws must be approved by the Privy Council.

The objects of the Fund are the promotion of health and the alleviation of sickness for the benefit of the public, by working with and for health care organisations, provided that such work will confer benefit, whether directly or indirectly, on health care in London. In

this context, 'health care organisations' means those organisations involved in the commissioning, monitoring, or supply and provision of health care.

Her Majesty the Queen is Patron of the Fund and His Royal Highness The Prince of Wales is its President. The byelaws provide for a minimum of four and a maximum of twelve [trustees](#), who are also ex-officio members of the Fund. Trustees are appointed for an initial term of three years and may be re-appointed for a second term and, exceptionally, a third term. Appointment as a trustee is open to any suitably qualified member of the public. Newly appointed trustees are provided with an induction programme, which sets out the activities of the Fund and their responsibilities as a trustee. The Chair of Trustees meets with each trustee on an annual basis to review performance in the past year and to discuss the year ahead.

The trustees have established a [General Advisory Council](#) (GAC) in accordance with Byelaw 42 to the Royal Charter. The GAC meets twice a year to provide advice to the trustees and Chief Executive. The members of the GAC, appointed by the President for a period of up to three years, are shown in the Legal and Administrative Information section.

The trustees have appointed a [Chief Executive](#), to whom they have delegated the responsibility for realising the Fund's strategies and objectives and for the day-to-day management of the Fund. The Chief Executive acts within a governance framework approved by the trustees. He is supported by a Senior Management Team.

The Board of Trustees meets seven times a year with the Chief Executive and the Senior Management Team to handle business that has not been formally delegated to the Chief Executive and to consider other matters related to the operations of the Fund. One of the seven meetings is designated the Annual General Meeting, at which the Trustees' Report and Financial Statements for the preceding year are considered and approved.

The Board of Trustees has established a number of standing sub-committees to support it in its work:

- **Audit and Risk Committee:** oversees the preparation and independent audit of the Fund's Consolidated Financial Statements, and to review the procedures for the identification and management of risks to which the Fund is exposed
- **Investment Committee:** responsible for the strategic direction of investment of the Fund's endowment and oversight of its investment managers
- **Facilities and Estates Committee,** a sub-committee of the Investment Committee with responsibility for the stewardship and development of its investment and operational properties
- **Remuneration Committee:** approves annual pay settlements for the Chief Executive and other Fund staff
- **Nominations Committee:** manages the process for the selection and appointment (including re-appointment) of trustees.

The trustees have identified and considered the major strategic, operational and financial risks to which the Fund is exposed and they are satisfied with the procedures that have been established to review these risks and with the action plans adopted to mitigate exposure to them.

The key strategic risks are detailed below:

- **Failure to realise the external impact of core work programme**
Lack of focus around our agreed priorities may result in the Fund taking on work outside the scope of our strategic priority areas and therefore poor realisation of the external impacts we seek to achieve.
- **Poor management of work programme**
A high volume of work and failure to align our expertise and resources effectively may result in project slippage or staff being put under undue stress and pressure to work over their capacity to deliver.
- **Failure to work effectively, efficiently and in cross-functional teams**
If we do not invest in and develop our people, systems and the ways that we work together then we will be unable to work effectively, efficiently and in cross functional teams to deliver high quality outputs.
- **Failure to meet income / expenditure targets**
If we are unable to generate sufficient income to fund the delivery of our core work programme and support the Fund's internal improvements we may need to draw down additional capital from the investments.

A key element of the risk mitigation process is the work performed under the annual internal audit plan, which Grant Thornton UK LLP prepares and delivers (based on a three-year rolling programme derived from the risk register). The annual plan and all internal audit reports are submitted to the Audit and Risk Committee for review and approval.

Financial strategy and reserves

The Fund's financial strategy is guided by its policies on expenditure, reserves and investments. The Fund's policy on expenditure is to ensure that it has sufficient resources to meet its charitable objectives over the medium term. The Fund generates money from a variety of activities that support or are complementary to its core purpose and make best use of its assets, with a proportion derived from its investments. In agreeing the level of resources, trustees are mindful of their responsibility for the stewardship of the Fund's long term mission and take a risk-based approach, which aims to balance its ambition in meeting its objectives; its ability to generate income and its capacity to spend from investments, now and in the future.

The Fund's policy on reserves is based on recognising the long term nature of its work and the continuing need for financial support. The expendable endowment and unrestricted reserves are managed as a pooled investment with the intention of providing financial support today and for the foreseeable future. After taking into account the reserves set aside to match the expected deficit from The King's Fund Staff Pension and Life Assurance Plan, the trustees consider the level of reserves to be at an appropriate level.

The Fund's policy on investments is to take a long term approach, investing globally across a range of assets with the intention of preserving its value in real terms after allowing for expenditure. The Fund does not invest directly in tobacco or tobacco-related stocks.

The Fund's investment strategy is to manage the portfolio based on a total return, i.e. income and capital combined. The Fund has an asset allocation that is geared towards equities because of their higher expected returns, whilst maintaining an appropriate level of liquidity to maintain expenditure commitments in the near future. The reference date for the purpose of assessing the real value of the investments is 1 January 2009. Trustees review the amount that they spend from investments periodically; balancing the expected demand for resources with the likelihood of future investment returns.

The trustees recognise that each year the Fund will need to draw from the investment capital to bridge the gap between income, both from investments and activities, and expenditure and set the budget accordingly. The reporting requirements of the SORP necessarily show this gap as net outgoing resources in the year.

The Fund's planning process, including financial projections, takes into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. The Fund has a reasonable expectation that its resources are adequate to continue in operational existence for the foreseeable future and that there are no material uncertainties that call into doubt the charity's ability to continue. The financial statements have, therefore, been prepared on the basis that the charity is a going-concern

Financial review 2013

Consolidated income and expenditure

Total income for the year amounted to £13.5 million (£15.2 million in 2012), of which £7.3 million (£9.1 million in 2012) was generated from charitable activities and £6.1 million (£6.1 million in 2012) was derived from commercial, investment and other activities.

Income arising from charitable activities fell by £1.5 million due to a reduction in commissioned work for leadership programmes within Developing individuals, teams and organisations.

Incoming resources from generated funds fell slightly. Income from investments fell by £0.5million, whilst External conference and catering services rose by £0.3million, despite challenging conditions for venue hire.

Total expenditure of the Fund was £15.8 million (£17 million in 2012). *Resources expended on generating funds* were £0.2m higher than last year, reflecting increased activity in External conferences and Catering services.

Resources expended on charitable activities were £1.3 million lower than last year, largely due to a reduction in costs in line with a fall in income in Developing individuals, teams and organisations.

The average number of staff employed by the Fund during the year was 124 compared with 128 in 2012. Further analysis is shown in Note 8 to the Financial Statements.

The outcome for the year, namely expenditure exceeding income by £2.3 million (£1.8 million in 2012), was in line with the financial strategy set out above, that is to say that it was met by planned drawings from investment capital, and was within the budget approved by the trustees at the outset of the year.

KEHF Limited, a company registered in England (number 2754697), is wholly owned by The King's Fund and provides conference, catering and ancillary services to external hirers of the conference suites at Cavendish Square. Despite the challenging market conditions, the company generated an operating profit of £0.7m (£0.4m in 2012). The directors of the company have agreed to make a Gift Aid donation to the Fund of £0.7m.

Tangible assets held for the use of the Fund

The book value of the tangible assets held by the Fund for its own use decreased in the year as the depreciation charged on existing and new assets exceeded capital expenditure in the year. At the year end the book value of those assets was £18.8 million (£19.1million in 2012) as shown in Note 10 to the Financial Statements. The trustees are in receipt of an independent report on Fund's offices at 11–13 Cavendish Square, London W1 which indicates a market value significantly greater than this book value.

Investment performance

The Investment Committee is responsible for overseeing the performance of the Fund's investments in public and private equity, bonds and property. The committee has agreed a Strategic Asset Allocation and corresponding long term return target for its public equity and bonds, which are managed by FF&P Asset Management Limited (FF&PAM). The committee receives additional advice from Cambridge Associates. The committee also reviews the performance of our investments in private equity and property. Given our exposure to property, through our estate in Old Basing and our offices in Central London, we removed any further allocation to this asset class and we rebalanced our Strategic Asset Allocation, during the year.

FF&PAM maintain a 'Main Fund' which has been constructed and is managed to align with the Strategic Allocation, see below, and its performance is measured against a blended benchmark derived from this allocation.

Asset Class	Strategic Allocation	Minimum	Maximum	Actual Allocation 2013	Actual Allocation 2012
<i>UK Equities</i>	23%			25.4%	18.6%
<i>Global ex UK Equities</i>	37.5%			38.6%	35.0%
<i>Emerging Market Equities</i>	12.5%			11.8%	17.5%
Equities	73%	58%	78%	75.8%	71.1%
Inflation-linked Bonds	13.5%	7%	17%	7.3%	8.5%
Nominal Gilts and Cash	13.5%	8%	22%	5.2%	8.5%
Opportunistic		0%	20%	11.7%	11.9%
TOTAL	100%			100.0%	100.0%

At the end of 2013, the amount held in Nominal Gilts and Cash fell below the minimum level due to the timing between the purchase of equities at the end of December 2013 and the sale of equities at the beginning of January 2014. The value of the main fund at 31 December was £120.8 million, after a capital distribution of £2.5 million, representing an increase of 17.4% including the distribution (£105.8 million in 2012).

FF&PAM also oversee the investments in two private equity funds of funds but, given the fixed commitments to these investments, they are unable to effect any change. The total value of these funds at 31 December 2013 was £8.5m (£8.3 million in 2012) after a capital distribution of £832,000 in the year and reflected growth (including the distribution) of 12.4%.

The annual valuation of the Fund's investment properties at Old Basing was £10.9million (£8.9million in 2012), an increase of 22.5%.

At 31 December 2013, the total value of investments was £137.6 million (£123.1 million in 2012). Adjusting for withdrawals used to finance the activities of the Fund, investment assets rose by 13.9% in the year (rose by 8.5% in 2012). Although performance has been strong over the last three years, the value of the investments has only just recovered to the level they were in 2007, in nominal terms.

Donations and legacies

The Treasurer gratefully acknowledges donations and/or legacies received from the following during the past year:

Her Majesty the Queen, D & K L Welbourne, and anonymous donors.

Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under charity law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group, and of their net outgoing resources for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the charity will continue to operate.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. 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.

Sir Christopher Kelly
Chair
13 May 2014

**Auditor's Report
and Financial
Statements**

Independent Auditor's Report to the Trustees of The King's Fund

We have audited the financial statements of The King's Fund for the year ended 31 December 2013 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 December 2013 and of the group's 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 Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Crowe Clark Whitehill LLP

Statutory Auditor

London

May 2014

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated Statement of Financial Activities

For the year ended 31 December 2013

	Notes	Unrestricted funds £000	Expendable endowment £000	2013 Total funds £000	2012 Total funds £000
INCOMING RESOURCES					
<i>Incoming resources from generated funds</i>					
Donations and legacies		1	--	1	4
External conference & catering services		3,195	--	3,195	2,876
Tenancies		345	--	345	287
Investment income	4	2,191	--	2,191	2,744
		5,732	--	5,732	5,911
<i>Incoming resources from charitable activities</i>					
Research Analysis		661	--	661	808
Developing Individuals, Teams and Organisations		5,854	--	5,854	7,286
Programme Understanding		184	--	184	183
Bringing People Together		674	--	674	820
		7,373	--	7,373	9,097
<i>Other incoming resources</i>	5	386	--	386	203
Total incoming resources		13,491	--	13,491	15,211
RESOURCES EXPENDED					
<i>Resources expended on generating funds</i>					
External conference & catering services		1,728	--	1,728	1,582
Tenancies		334	--	334	277
Investment management costs	6	458	--	458	456
		2,520	--	2,520	2,315
<i>Resources expended on charitable activities</i>					
Research Analysis		3,625	--	3,625	3,923
Developing Individuals, Teams and Organisations		7,901	--	7,901	8,973
Programme Understanding		1,016	--	1,016	1,065
Bringing People Together		743	--	743	704
	7/8	13,285	--	13,285	14,665
<i>Resources expended on governance</i>	9	29	--	29	32
Total resources expended		15,834	--	15,834	17,012
Net outgoing resources		(2,343)	--	(2,343)	(1,801)
Net gains / (losses) on investment assets		6,000	11,288	17,288	9,905
Actuarial gain / (loss) on pension scheme		918		918	(172)
Net movement in funds		4,575	11,288	15,863	7,932
Balances brought forward at 1 January		51,852	87,330	139,182	131,250
Balances carried forward at 31 December		56,427	98,618	155,045	139,182

All of the operations represented by the information above are continuing.

Balance Sheets

As at 31 December 2013

	Notes	CONSOLIDATED		CHARITY	
		2013 £000	2012 £000	2013 £000	2012 £000
FIXED ASSETS					
Tangible assets	10	18,824	19,069	18,824	19,069
Investments	11/12	137,622	123,033	137,672	123,083
Total Fixed Assets		156,446	142,102	156,496	142,152
CURRENT ASSETS					
Debtors	13	2,281	3,139	2,631	3,378
Cash at bank and in hand		1,985	1,813	1,256	1,167
Total Current Assets		4,266	4,952	3,887	4,545
CURRENT LIABILITIES					
<i>Amounts falling due within one year</i>					
Creditors	14	(2,866)	(3,496)	(2,539)	(3,145)
Total Current Liabilities		(2,866)	(3,496)	(2,539)	(3,145)
NET CURRENT LIABILITIES		1,400	1,456	1,348	1,400
Net assets excluding pension plan liability		157,846	143,558	157,844	143,552
Pension plan liability	15	(2,801)	(4,376)	(2,801)	(4,376)
Net assets including pension plan liability		155,045	139,182	155,043	139,176
FUNDS					
Expendable endowment		98,618	87,330	98,618	87,330
Designated fund for tangible own use assets		18,824	19,069	18,824	19,069
Pension plan reserve		(2,801)	(4,376)	(2,801)	(4,376)
Unrestricted funds		40,404	37,159	40,402	37,153
Total unrestricted funds		56,427	51,582	56,425	51,846
Total funds	16	155,045	139,182	155,043	139,176

Approved by the Board of Trustees at a meeting on 13 May 2014.

Strone Macpherson
Treasurer
13 May 2014

Consolidated Cashflow Statement

	<i>Notes</i>	2013 £000	2012 £000
Net cash outflow from operating activities	A	(4,935)	(4,713)
<i>Returns on investment</i>			
Dividends and interest received		1,950	2,541
Investment property income received		240	203
Net cash inflow from investing activities		2,190	2,744
<i>Capital expenditure and financial investment</i>			
Payments to acquire tangible fixed assets		(332)	(112)
Net sale / (purchase) of securities		3,249	3,250
Net cash inflow / (outflow) from capital expenditure & financial investment		2,917	3,138
<i>Management of liquid resources</i>			
Reduction / (increase) in cash deposits held as investments	B	-	-
Increase in cash in the year	B	172	1,169

NOTES TO THE CASHFLOW STATEMENT

Note A : Reconciliation of net outgoing resources to net cash outflow from operating activities

	2013 £000	2012 £000
Net outgoing resources	(1,668)	(1,801)
Investment income	(2,191)	(2,744)
Depreciation charged on tangible assets	(647)	649
Loss on disposal of fixed assets	-	-
Current service cost less contributions to the pension scheme	135	216
Contributions to past service cost of the pension scheme	(406)	(504)
Other finance income from the pension scheme	(386)	(204)
Decrease / (increase) in debtors	858	(106)
Decrease in short term creditors	(630)	(219)
Decrease in long term creditors	-	-
Net cash outflow from operating activities	(4,935)	(4,713)

Note B : Analysis of changes in net funds

	At 1 January 2013 £000	Movement £000	At 31 December 2013 £000
Cash at bank and in hand	1,813	172	1,985
Cash deposits held as investments	-	-	-
Total net funds	1,813	172	1,985

Notes to the Financial Statements

For the year ended 31 December 2013

1 Basis of preparation

These financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and investment properties and in accordance with the Charities Act 2011, the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005) and applicable accounting standards. The financial statements have been prepared on a going-concern basis as discussed in the Trustees' Report on page 8.

The consolidated financial statements for both years incorporate the results of the wholly owned subsidiary company, KEHF Limited, registration number 2754697, made up to 31 December each year.

No separate Statement of Financial Activities has been presented for the Charity alone as permitted by paragraph 397 of SORP 2005.

2 Accounting policies

Donations and legacies

Donations and legacies are recognised in the Statement of Financial Activities when they become receivable, that is where it is reasonably certain that they will be received and where the value can be measured with sufficient reliability.

Grants receivable

Grants receivable are recognised in the Statement of Financial Activities in full in the year in which they become receivable, that is when the conditions for receipt have been met.

Investment income

Income from investments and securities held in segregated portfolios is accounted for when dividends and interest are receivable and includes recoverable taxation. Income received, but not distributed, by pooled funds is included as part of the net gains/losses on investment assets in the Statement of Financial Activities.

Other income

All other income is included in the Statement of Financial Activities when The King's Fund is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Grants payable

Grants payable are included in the Statement of Financial Activities in the period in which the conditions attached to the award have been met. Any grants where conditions have been met but the grant has not yet been paid are accounted for as creditors on the Balance Sheet. Where grants have been approved in principle but conditions attached to the award have not yet been met they are included in the notes to the accounts as a contingent liability.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

The costs of certain support departments are allocated to the principal activities on the basis of a direct relationship with those activities, e.g. through measures of floor area, headcount, rooms used, etc. The balance of these costs are allocated to the activities in proportion to their relative outputs measured by reference to direct expenditure and, where relevant, the income that they generate.

Pension Costs

The King's Fund Staff Pension and Life Assurance Scheme (the Plan) is a defined benefits scheme. The current service costs of the Plan, together with the scheme interest cost less the expected return on the scheme assets for the year, are charged to the Statement of Financial Activities within staff costs. The actuarial gains and losses on the Plan are recognised immediately as other recognised gains and losses.

The assets of the Plan are measured at fair value at the Balance Sheet date. Liabilities are measured on an actuarial basis at the Balance Sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the Balance Sheet.

The NHS Pension Scheme is a multi-employer defined benefits scheme and therefore contributions have been accounted for, in the period to which they relate, as if it were a defined contribution scheme.

The King's Fund Group Personal Pension Plan is a defined contribution scheme and contributions have been accounted for in the period to which they relate.

Tangible assets

Tangible assets costing more than £5,000, including any incidental expenses of acquisition, are capitalised and recorded at cost.

Depreciation is calculated so as to write off the cost of the tangible assets on a straight line basis over the expected useful economic lives of the assets concerned which are taken as:

Plant and machinery:-

Electrical installations	3 to 30 years
Mechanical installations	5 to 30 years
Lifts	30 years

Furniture, fittings and equipment:-

Catering equipment	3 to 20 years
Furniture and fittings.....	5 to 20 years
ICT hardware and software	3 to 5 years
Office equipment.....	3 to 10 years

Freehold buildings..... 50 years

The expected useful economic life of each major item of plant and machinery is determined by an independent consulting quantity surveyor.

Freehold land is not depreciated.

Investments

Most investments are valued at mid-market prices at the Balance Sheet date. The private equity investments are held in funds of funds. No readily identifiable market price is available for these unquoted funds and therefore they are included at the most recent valuations provided by the manager. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Investment properties are stated at their estimated value on an open market basis at the Balance Sheet date. Valuations are updated annually by the professional advisers retained by The King's Fund.

Foreign currencies

Transactions denominated in foreign currencies during the year are translated at prevailing rates. Assets and liabilities are translated at rates applying at the Balance Sheet date. All differences are taken to the Statement of Financial Activities.

Funds

Expendable endowment: The Expendable Endowment is maintained to generate income for the benefit of The King's Fund although the capital sum may be spent at the discretion of the Trustees.

Designated fund for tangible own use assets: This unrestricted fund represents the value of the tangible fixed assets of The King's Fund, ie its offices at 11-13 Cavendish Square, London W1G 0AN, together with the depreciated plant and machinery, office equipment and computers in those premises.

Unrestricted funds: The King's Fund has the power to spend its unrestricted funds within its objects as it sees fit.

3 Taxation

No taxation is payable by The King's Fund as it is able to make use of the tax exemptions on income and capital gains available to charities, or by the subsidiary company as it is expected that each year it will donate an amount equal to its taxable profits to The King's Fund under the Gift Aid scheme.

4 Investment income

	2013 £000	2012 £000
Income from securities and cash assets		
Equities	986	1,434
Bonds	944	916
Property funds	0	166
Cash	23	25
Income from investment properties	238	203
	2,191	2,744

5 Other incoming resources

	2013 £000	2012 £000
Other income from The King's Fund Staff Pension & Life Assurance Plan	386	203
	386	203

6 Investment management fees

The cost of investment management is the total of those fees paid to managers, custodians, administrators and advisers for the discharge of their duties in connection with the investment portfolio and property. It does not include fees charged within pooled funds.

7 Analysis of resources expended on charitable activities

	Research analysis £000	Developing individuals, teams and organisations £000	Promoting understanding £000	Bringing people together £000	2013 Total £000	2012 Total £000
Direct expenditure						
Staff related expenditure	1,490	1,793	369	185	3,837	4,303
Grants (7a)	-	110	-	-	110	140
Other costs	572	2,345	170	108	3,195	4,617
Sub Total	2,062	4,248	539	293	7,142	9,060
Support departments (7b)	1,563	3,653	477	450	6,143	5,605
Total resources expended	3,625	7,901	1,016	743	13,285	14,665

7a Analysis of grants	2013 £000	2012 £000
Enhancing the Healing Environment prisons programme - see below	110	140
	110	140

Enhancing the Healing Environment - Prisons Programme (£000)

HM Prison Eastwood Park	10	HM Prison Whatton	10
HM Prison Exeter (Devon PCT)	10	HM Prison Whitemoor	10
HM Prison Forest Bank	10	Network Awards	20
HM Prison Stocken	10		
HM Prison Long Lartin	10		
HM Prison Lincoln	10		
HM Prison Risley	10		
		Total EHE Prisons Programme	110

7b Support departments	‡	Research analysis £000	Developing individuals, teams and organisations £000	Promoting understanding £000	Bringing people together £000	2013 Total £000	2012 Total £000
Building services incl. depreciation	1	90	108	88	25	311	253
Conference and catering services	2	79	279	26	227	611	592
Communications	3	213	463	56	30	762	880
Other support functions	4	1,181	2,803	307	168	4,459	3,880
Total costs of support departments		1,563	3,653	477	450	6,143	5,605

‡ Distribution methods:

- 1 Pro rata to the relative floor area occupied by staff offices and related functions, eg conference rooms.
- 2 Pro rata to recorded internal usage.
- 3 Pro rata to the estimated usage of the various departments including Marketing.
- 4 Costs apportioned using direct expenditure and, where appropriate income generated, as measures of output. Other support functions include: Chief Executive's Office, Finance, HR, Information & Communications Technology, and Facilities Management.

8 Employees

	2013 £000	2012 £000
Wages and salaries	6,464	6,865
Social security costs	604	657
Pension costs	600	612
Total emoluments	7,668	8,134

The total for Wages and salaries includes expenditure on temporary and seconded staff of £453,800 (£400,000 in 2012).

	2013	2012
Average number of staff		
Research Analysis	29	27
Developing Individuals, Teams and Organisations	25	27
Programme Understanding	9	10
Bringing People Together	5	4
Support departments including external conference services	57	60
TOTALS	125	128

	2013	2012
The numbers of employees with remuneration exceeding £60,000 were:		
£60,000 – £69,999	1	6
£70,000 – £79,999	5	5
£80,000 – £89,999	3	5
£90,000 – £99,999	2	1
£100,000 – £109,999	4	4
£110,000 – £119,999	2	2
£190,000 – £199,999	0	1
£205,000 – £209,999	1	0

Contributions were made to The King's Fund Staff Pension and Life Assurance Plan, which is a defined benefit scheme, for 7 (10 in 2012) higher-paid employees and to the NHS Pension Scheme, which is also a defined benefit scheme, for 3 (4 in 2012) higher-paid employees. Contributions totalling £81,307 (£84,164 in 2012) were made to The King's Fund Group Personal Pension Plan, which is a defined contribution scheme, for 7 (8 in 2012) higher-paid employees.

The above data include the post of Chief Executive which has been filled since 6 April 2010 under a contractual secondment arrangement with the University of Birmingham.

9 Resources expended on governance

	2013 £000	2012 £000
Auditors' remuneration - external audit fees	21	26
- external audit fees (KEHF Limited)	4	6
Meeting Costs	4	-
	29	32

10 Consolidated and charity tangible assets

	Freehold land and buildings £000	Plant and machinery £000	Furniture, fittings and equipment £000	2013 Total assets £000	2012 Total Assets £000
Cost					
At 1 January	15,990	5,461	3,850	25,301	25,191
Additions	–	–	402	402	111
Disposals	–	–	–	–	–
At 31 December	15,990	5,461	4,252	25,703	25,302
Depreciation					
At 1 January	641	2,821	2,770	6,232	5,585
Charge for the year	160	226	261	647	648
Disposals	–	–	–	–	–
At 31 December	801	3,047	3,031	6,879	6,233
Net Book Value					
At 31 December	15,189	2,414	1,221	18,824	19,069
Previous Year	15,349	2,640	1,080	19,069	

Freehold land and buildings represent the Fund's offices at 11–13 Cavendish Square, London W1, which are held at cost. Within the above total, the amount attributable to the freehold land is £7,977,000. Depreciation is calculated on an estimated life of the buildings of 50 years. The trustees are in receipt of an independent report on the freehold land and buildings, which indicates a market value significantly greater than book value..

11 Investments at market value

	Held in the UK £000	Held outside the UK £000	2013 Total £000	2012 Total £000
Securities:				
Equities	31,316	58,152	89,468	75,383
Index Linked bonds	8,627	–	8,627	12,575
Fixed Interest bonds	6,349	11,065	17,414	12,727
Private Equity funds	8,455	–	8,455	8,262
Cash	2,742	–	2,742	5,162
Investment properties	10,916	–	10,916	8,924
Consolidated Total	68,405	69,217	137,622	123,033
Shareholding in subsidiary company	50	–	50	50
Charity Total	68,455	69,217	137,672	123,083

Within the Consolidated Total, £115,509,000 is classified as Level 1 as defined by IFRS7, that is, 'the investment is quoted in an active market and measured at the unadjusted quoted price at the reporting date'. The remainder, £8,450,000, is classified as Level 3, that is, 'the investment is measured using unobservable inputs at the reporting date'. This sum comprises the two Private Equity Funds of Funds.

At the year end the uncalled commitments to the above Private Equity funds were €900,000 (approximately £747,000). The uncalled commitments to one fund (€3,000,000) reported at 31 December 2010 have since been waived and it is estimated that most of the commitments to the other fund (€1,800,000) will not be called prior to its final closure in March 2023.

The investment properties were valued by Smiths Gore as at 31 December 2013.

A reconciliation of the movement in the market value of the investments of The King's Fund during the year is as follows:

	2013 £000	2012 £000
Opening balance at 1 January	123,033	116,378
Net monies disinvested	(2,500)	(3,250)
Increase/(decrease) on revaluation	17,089	9,905
Consolidated closing balance at 31 December	137,622	123,033
Shareholding in subsidiary company	50	50
Charity closing balance at 31 December	137,672	123,083

12 Subsidiary company

KEHF Limited, a company registered in England number 2754697, began trading on 2 August 2007 having previously been reported as a dormant company.

The authorised share capital of the company is 50,000 shares of £1 each. The King's Fund owns all of those shares and is therefore the sole member of the company. The company has four Directors of which the Chairman is the Treasurer, and a trustee, of The King's Fund, two others hold directorships as employees of The King's Fund, and the fourth is an independent person.

The activities undertaken by the company comprise the letting of conference space within the premises of The King's Fund to third parties along with the provision of catering and other related services.

In the year to the same date, the company had income of £3,253,000 (£2,922,000 in 2012) and expended £2,582,000 (£2,484,000 in 2012) thereby generating an operating profit of £671,000 (£438,000 in 2012). The Directors have proposed that a sum of £676,000 be donated to The King's Fund, through Gift Aid, The resultant accumulated surplus at the year-end is £2,000 (surplus of £6,000 in 2012).

13 Debtors

	CONSOLIDATED		CHARITY	
	2013 £000	2012 £000	2013 £000	2012 £000
Trade debtors	1,203	2,305	734	1,973
Amounts owed by KEHF Limited		–	143	239
Prepayments and accrued income	951	787	951	681
Amounts owed by the Plan		–		–
Other debtors	127	47	127	47
Donations from KEHF Limited		–	676	438
	2,281	3,139	2,631	3,378

14 Current liabilities : amounts falling due in less than one year

	CONSOLIDATED		CHARITY	
	2013 £000	2012 £000	2013 £000	2012 £000
Trade creditors	659	611	525	450
Amounts owed to KEHF Limited	-	-	99	3
Deferred income - see analysis below	1,429	1,967	1,232	1,787
Taxation and social security	214	423	187	423
Other creditors and accruals	564	495	469	482
	2,866	3,496	2,539	3,145
Grants payable	-	-	-	-
	2,866	3,496	2,539	3,145

	Balance at 1 January 2013 £000	Released in 2013 £000	Additional deferrals £000	Balance at 31 December 2013 £000
A				
Consultancy fees received in advance	416	193		223
EHE distributions received in advance	120	20		100
Programme fees received in advance	1,251	1,164	822	909
Grants received in advance	-			-
Charity Total	1,787	1,377	822	1232
Deposits including KEHF Limited	107	106	109	110
Other deferred income including KEHF Limited	73	73	87	87
Consolidated Total	1,967	1,556	1,018	1,429

15 Pension schemes***The King's Fund Staff Pension and Life Assurance Plan***

The King's Fund Staff Pension and Life Assurance Plan (the Plan) is a defined benefit scheme. The Plan was open to all employees of The King's Fund who were not members of another scheme until it was closed to new members on 28 February 2008.

	2013 £000	2012 £000
The amounts recognised in the Balance sheet are as follows:		
Fair value of Plan assets	42,641	38,928
Present value of Plan liabilities	(45,442)	(43,304)
Net Plan liability	(2,801)	(4,376)
Changes in the present value of the Plan liability are as follows:		
Opening value of the Plan liability	43,304	40,846
Current service cost	432	512
Employee contributions	110	125
Interest costs	1,956	1,994
Actuarial losses	1,300	1,253
Benefits paid	(1,660)	(1,426)
Closing value of the Plan liability	45,442	43,304

	2013	2012
	£000	£000
Changes in the fair value of Plan assets are as follows:		
Opening fair value of Plan assets	38,928	36,150
Expected return	2,341	2,197
Employee contributions	703	125
Employers' contributions	110	801
Actuarial gains/(losses)	2,219	1,081
Benefits paid	(1,660)	(1,426)
Closing fair value of Plan assets	42,641	38,928

Employers' contributions included £405,000 (£504,000 in 2012) in respect of past service costs.

In addition, the Plan has pension liabilities which are insured with a value of approximately £392,950 (£444,000 in 2012). The value of these liabilities has been excluded from both the assets and the liabilities since the liability is matched directly by an asset of equal value.

	2013	2012
	£000	£000
Total expense recognised in the Statement of Financial Activities:		
Current service cost	432	512
Interest on the Plan liabilities	1,955	1,990
Expected return on the Plan assets	(2,341)	(2,197)
Total amount charged within net outgoing resources	46	309
Actuarial loss/(income)	918	(172)
Total amount credited to the Statement of Financial Activities	964	137

	2013	2012
Proportion of total Plan assets by asset class:		
Equities (including property)	63%	59%
Bonds	9%	31%
Index-linked	28%	10%

The overall expected rate of return on the Plan assets is determined by applying each asset type's expected long-term rate of return to that asset type's market value and calculating a weighted average rate of return over all asset types.

	2013	2012
	£000	£000
Actual return on Plan assets	4,560	3,279

	2013	2012
The principal actuarial assumptions used at the balance sheet date		
Discount rate	4.40%	4.55%
Rate of increase in salaries - first year (two years in 2010)	3.40%	3.10%
General price inflation	2.20%	2.30%
Rate of increase in pension payments:		
Service prior to 1 April 2000	4.30%	4.20%
Service after 1 April 2000	3.25%	3.00%
Expected return on Plan assets	6.30%	6.08%

The King's Fund expects contributions of £820,000 to be made to the Plan in the year ending 31 December 2014. This sum includes monthly payments of £42,025 in respect of past service costs. The payments in respect of past service costs have been calculated to eliminate the Plan deficit over a period of ten years.

	2013	2012	2011	2010	2009
	£000	£000	£000	£000	£000
History of Plan experience					
Present value of the Plan liabilities	45,442	43,304	40,846	36,379	33,839
Fair value of the Plan assets	42,641	38,928	36,150	35,451	31,953
Deficit in the Plan	(2,801)	(4,376)	(4,696)	(928)	(1,886)
Experience adjustments on Plan liabilities	0	383	(3,256)	(1,323)	(1,467)
Experience adjustments on Plan assets	2,219	1,081	(1,137)	1,900	4,296

NHS Pension Scheme

The King's Fund contributes to the NHS Pension Scheme, a defined benefit scheme, for 7 (8 in 2012) members of staff as at the Balance Sheet date who are eligible to belong to this scheme. In 2013 The King's Fund contributed £69,199 (£92,606 in 2012) to the scheme. The employer's contribution rate is set by the Government Actuary at 14%.

The King's Fund Group Personal Pension Scheme

The King's Fund contributes to the Group Personal Pension Plan, a defined contribution scheme established in 2008, for 43 (39 in 2012) members of staff as at the Balance Sheet date. The King's Fund contributed £212,631 (£178,715 in 2012) to the scheme. The employer's contribution rates are twice that of each individual employee within the range from 6% to 12%.

The pension charges for the period are show below:

	2013	2012
	£000	£000
Pension charges:		
The King's Fund Staff Pension and Life Assurance Plan	318	341
NHS Pension Scheme	69	92
The King's Fund Group Personal Pension Plan	213	179
Total charges	600	612

16 Split of assets between funds

	Expendable endowment £000	Unrestricted Funds £000	2013 Total funds £000	2012 Total funds £000
Tangible assets		18,824	18,824	19,069
Investments : Securities	98,618	28,088	126,706	114,109
Investments : Property		10,916	10,916	8,924
Net current liabilities		1,400	1,400	1,456
Pension fund reserve		(2,801)	(2,801)	(4,376)
Total funds	98,618	56,427	155,045	139,182

17 Related party transactions

All trustees and senior staff have submitted declarations stating that they had no related party transactions in 2013.

Legal and Administrative Information

Board of Trustees of The King's Fund

Sir Christopher Kelly (Chair)	Sir Thomas Hughes-Hallett
Mr Strone Macpherson (Treasurer)	Professor Julian Le Grand
Dr Penny Dash (Vice-chair)	Sir Jonathan Michael
Dame Jacqueline Docherty [until December 2013]	Sir David Wootton
Dame Ruth Carnall [from April 2014]	

Sub-Committees

Investment Committee

Mr Strone Macpherson (Chair)
 Sir John Bradfield
 Ms Mary-Ann Daly
 Mr Max Ward
 Sir Christopher Kelly

Remuneration Committee

Dr Penny Dash (Chair)
 Sir Christopher Kelly
 Mr Strone Macpherson
 Sir David Wootton

Nominations Committee

Sir Christopher Kelly (Chair)
 Dr Penny Dash
 Mr Strone Macpherson
 Sir David Wootton

Audit and Risk Committee

Sir David Wootton (Chair)
 Mr Strone Macpherson
 Sir Thomas Hughes-Hallett [from 4 February 2013]

Facilities & Estates Committee (sub-committee of the Investment Committee)

Mr Strone Macpherson (Chair)
 Sir John Bradfield
 Robin Chute
 Sir Christopher Kelly

Attendance at meetings during 2013

	Board of Trustees	Investment Committee	Audit & Risk Committee	Remuneration Committee	Nominations Committee
Trustee	6 meetings	4 meetings	3 meetings	1 meetings	1 meeting
Sir Christopher Kelly	6	3	2	1	1
Mr Strone Macpherson	6	4	3	1	1
Dr Penny Dash	3			0	0
Dame Jacqueline Docherty	4				
Professor Julian Le Grand	6				
Sir Jonathan Michael	4				
Sir Thomas Hughes-Hallett	6		2		
Sir David Wootton	6		3	1	1

Senior Management Team

Chief Executive:	Professor Chris Ham
Director of Policy:	Anna Dixon [until 30 April 2013] Richard Murray [from 6 January 2014]
Director of Operations and Finance:	Vacant
Director of Leadership:	Nicola Hartley
Director of Communications and Information:	Rebecca Gray
Commercial Director:	Jonathan Morris
Head of HR:	Shirley Collier

Principal Office

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