

TAYSIDE NHS BOARD ENDOWMENT FUND

(SC 011042)

ANNUAL ACCOUNTS

2013/2014

*Tayside NHS Board Endowment Fund
Board of Trustees
24 June, 2014*

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INFORMATION

ADDRESS: Headquarters
Ninewells Hospital & Medical School
Dundee DD1 9SY

TRUSTEES:

Chairman Mr Alexander B Watson OBE, DL

**Non-Executive Members
of Tayside NHS Board**

Dr Andrew Cowie
Mr Douglas Cross (from 1/10/13)
Cllr David Doogan*
Dr David Dorward*
Mrs Linda Dunion*
Mrs Judith Golden*
Mr Stephen Hay (from 1/5/13)
Mr Munwar Hussain*
Mr Matt Landsburgh*
Cllr Ken Lynn* (from 1/9/13)
Cllr Glennis Middleton*
Mr Andrew Richmond (to 30/9/13)
Mr Hugh Robertson (from 1/1/14)
Mrs Alison Rogers*
Cllr Alan Ross* (to 19/8/13)
Mrs Angela Scott (to 31/10/13)
Professor Margaret Smith
Mrs Sheila Tunstall-James

**Executive Members
of Tayside NHS Board**

Mr Ian McDonald
Dr Margaret McGuire*
Ms Lesley McLay (from 16/12/13)
Mr Gerry Marr (to 30/11/13)
Dr Andrew Russell
Dr Drew Walker

* Members of Endowment Advisory Group

SENIOR EXECUTIVE LEAD: Mr David Carson

SCOTTISH CHARITY NUMBER: SC011042

TAX REFERENCE: CR41430

INVESTMENT MANAGERS: Deutsche Asset & Wealth Management
25 Melville Street
Edinburgh EH3 7PE

AUDITORS: MMG Archbold CA
Registered Auditor
Chapelshade House
78 – 84 Bell Street
Dundee DD1 1RQ

BANKERS: Royal Bank of Scotland
133 Albert Street
Dundee DD4 6PR

REPORT OF THE TRUSTEES

The Trustees present their annual report for the year ended 31 March, 2014.

REFERENCE AND ADMINISTRATIVE DETAILS

Charitable Status

Since April 2006, The Office of the Scottish Charity Regulator recognises Tayside NHS Board Endowment Fund as a "charity" for the purposes of Section 505 Income and Corporation Taxes Act 1988. By virtue of its entry in The Scottish Charity Register, the Fund is entitled to describe itself as a 'Scottish Charity'. The Scottish Charity Number is SC011042. Its principal office is as shown on page 2.

Trustees

The Chairman, Non-Executive Members and Executive Members of Tayside NHS Board were appointed as Trustees ex officio of the Endowment Fund by Scottish Ministers. The present Trustees, and any former Trustees who served during the year, are shown on page 2. Names of the Senior Executive Lead and the Endowment Fund's external advisors are shown on page 2.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Endowment Fund is created in terms of NHS (Scotland) Act 1978, and the Trustees are those appointed as Tayside NHS Board Members by Scottish Ministers ex officio.

Induction and training of Trustees

As part of their induction programme new Trustees are given briefing by the Senior Executive Lead, at which they are made aware of their responsibilities as Trustees. This briefing emphasises the separate nature of their role as Trustees, from that as Non-Executive and Executive Members of Tayside NHS Board.

Board of Trustees hold seminars on an ad hoc basis, which include briefing sessions on the statutory framework and responsibilities of Trustees and the control environment within which they operate. These sessions are facilitated by input from NHS Scotland Central Legal Office and the Appointed Auditor.

Governance and Management Arrangements

To accomplish the business of the Endowment Fund, Board of Trustees met 10 times during the year. Board of Trustees, as steward of the Endowment Fund aims to ensure that the highest standards of integrity and control are applied in the conduct of its affairs. Board of Trustees is supported in its work by Endowment Advisory Group with a remit approved by Board of Trustees.

The remit of Endowment Advisory Group makes provision for eight Trustees, representatives from management and staff within Tayside NHS Board and a representative of the public to be members. Key objectives of Endowment Advisory Group are to undertake detailed examination of budgets, fundraising proposals and expenditure proposals and to submit recommendations thereon to Board of Trustees. Endowment Advisory Group met seven times during the year.

In exercising the power conferred upon them, Trustees shall secure, so far as is reasonably practicable, that the objects of an endowment and the observance of any conditions attaching thereto, including, in particular, conditions intended to preserve the memory of any person or class of persons, are not prejudiced by the exercise of the power.

Endowment Advisory Group and authorised fundholders have delegated authority to approve expenditure according to a Scheme of Delegation approved by Board of Trustees and specified within Code of Corporate Governance (Standing Financial Instructions).

Board of Trustees approval, upon advice of Endowment Advisory Group, is required for:-

- annual budget for Unrestricted Funds;
- items of expenditure outwith the annual budget for Unrestricted Funds;
- items of expenditure in excess of £100,000 to be charged against Restricted Funds, and
- disposal of properties held by the Endowment Fund.

REPORT OF THE TRUSTEES (cont)

The accounting records and day-to-day administration of the Fund is dealt with by the Finance function of Tayside NHS Board.

During the year, NHS Scotland Endowment Steering Group issued a Report and Recommendations on Governance and Best Practice. This included a generic charter and operating instructions. The Policy and Procedures of Tayside NHS Board Endowment Fund and its Terms of Reference were compared with these generic documents and whilst no significant differences were identified a review will be conducted during 2014/15.

Relationships with related parties/external bodies

Tayside NHS Board Endowment Fund works closely with, and the majority of its expenditure is provided in support of services provided by Tayside NHS Board and to individuals who work within these services. Staff within these organisations identify and advise Trustees on local priorities and assist Trustees in monitoring use of the charitable funds.

Risk review

The major risks to which the Endowment Fund is exposed have been identified and considered. They have been reviewed and systems established to mitigate those risks. Income and expenditure is monitored in total, and for Unrestricted Funds is compared with the budget approved by Trustees on a monthly basis to detect trends as part of the risk management process to avoid unforeseen calls on reserves.

OBJECTIVES AND PRINCIPAL ACTIVITIES

Tayside NHS Board Endowment Fund holds endowment property and funds for purposes relating to health services or research, funded by donations and legacies received from patients, their relatives, the general public and other organisations. The overall strategy of the Endowment Fund is to provide support to Tayside NHS Board in the discharge of its responsibilities to deliver a healthcare system for the benefit of the local population. It is the responsibility of Trustees to ensure that funds under their stewardship are administered in accordance with this strategy.

Such support may be provided in whatever way Trustees consider appropriate, subject to any specified directions prohibiting such expenditure which may have been issued by Scottish Ministers, and subject to respecting the expressed wishes of donors.

Trustees consider the Endowment Fund should focus on the following Objectives and Principal Activities:-

- **Patients' expenditure** Purchase of small items of equipment, provision of services and facilities.
- **Staff expenditure**
 - i. Motivation of staff, by improving staff facilities and by providing services that improve staff well-being.
 - ii. Education of staff by providing training and educational opportunities.
- **Capital Equipment** Purchase of equipment which is additional to that which would be provided in the course of normal service delivery and paid for out of core funding.
- **Research** To provide funds in support of research projects which are of benefit to the NHS.
- **Pioneering services** To introduce new styles of service provision or care, not currently funded by the NHS, on a pilot basis, to facilitate clinical evaluation.
- **Environmental** To enhance and improve the environment within which healthcare is delivered.

Trustees are of the view that requests from other charitable bodies should be considered only if they are consistent with the strategic aims and legal responsibilities of Tayside NHS Board.

ACHIEVEMENTS AND PERFORMANCE

The strategy of Tayside NHS Board Endowment Fund is to support its related constituent bodies by providing funds to benefit patients. It does this by purchasing supplementary and complementary equipment and services. Staff benefit from funding to support learning, development and educational opportunities.

In addition Tayside NHS Board Endowment Fund supports the purchase of equipment which is additional to that which would be provided in the course of normal service delivery and paid for out of core funding, and provides funds for research projects which are of benefit to the NHS. It supports pioneering services to introduce new

REPORT OF THE TRUSTEES (cont)

styles of service provision or care, on a pilot basis, to facilitate clinical evaluation. Enhancement and improvement of the environment in which healthcare is delivered is also supported by the Endowment Fund.

The Endowment Fund relies upon active fundraising together with the generosity of patients and their relatives and other donors and organisations who are familiar with, or have experience of the care provided by their local NHS service, or who are sympathetic and generous in their support to their local NHS service.

During the year the Endowment Fund incurred expenditure for charitable activities amounting to £7,393k and these are detailed in Note 3 to the financial statements. The expenditure related to pioneering services, welfare and amenities of patients and staff, and to staff development and training. In addition to the total cost of charitable activities shown in the Statement of Financial Activities are the costs of administration of £84k, as detailed at Note 4.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Gross resources arising in the year of £2.5m (2013 - £2.8m) reflect a combination of donations and gifts, legacies, and investment income. Resources used in the year on direct charitable expenditure and administration totalled £7.6m (2013 - £4.4m).

In respect of Unrestricted Funds, Trustees approve an annual budget which sets out the anticipated attribution of investment income and recurring expenditure commitments. Any excess of income over expenditure is available to be committed at the discretion of Trustees.

At the start of 2013/14 the budget approved by Trustees reflected incoming resources of £843k, recurring expenditure of £254k, and prior commitments of £5,496k. In August 2011, the Reserves Policy of the Endowment Fund had been reviewed by Trustees and approval was given to disinvesting up to £7m from Unrestricted Funds during the five years to 31 March, 2016. During 2013/14 approval was given by Trustees to the disinvestment of a further £4m (£2m on 19 September, 2013, and a further £2m on 20 February, 2014) bringing the total for the five years to £11m. Together with a surplus of £242k in 2011/12 and a deficit of £1,186k in 2012/13, the resources available to be committed at discretion of Trustees amounted to £5,149k. Of the total sum committed in the year, Trustees agreed to fund £2.7m retrospectively on projects that Tayside Health Board had commenced.

This sum has been committed during the year as follows:-

	Committed £'000	Expenditure £'000	Balance £'000
Available to Trustees	5,149		
Organ Transplant Memorial Window, Ninewells Concourse	10	8	2
Kingsway1 Project	107	58	49
Maggie's Centre, Dundee	74	6	68
Hospital Outpatient Communication to General Practitioners	35	0	35
Scotland's Charity Air Ambulance (SCAA) – Helimed 76	150	0	150
SBH Mental Health Improvement - Moredun Ward	130	0	130
Minor Works	11	11	0
Children in the Community with Complex Disability	22	21	1
Maternity Services	556	432	124
Ward 2 PRI – Urgent Care	46	46	0
eHealth	2,313	2,312	1
Theatre Training and Education	94	94	0
Available to Trustees at 31 March, 2014	<u>1,601</u>	<u>2,988</u>	<u>560</u>

REPORT OF THE TRUSTEES (cont)

The status of projects approved in previous years and which are either ongoing or completed during the current year, is as follows:-

	Committed £'000	Expenditure £'000	Balance £'000
Cogworks	(11)	10	1
Lecture Theatre Refurbishment	(1,000)	-	1,000
Innovation Fund (Cash4Communities)	(2,000)	587	1,413
Education and Training Fund	(250)	110	140
Next Generation Sequencing - Research	(100)	91	9
Ward Prototype - Proof of Concept	(350)	326	24
Ward Prototype - Patient Experience	(1,000)	404	596
Forensic Psychiatry - Tricky Hat Project	(80)	55	25
Armistead Sensory Garden and Playpark	(137)	134	3
PRI Endoscopy - Scopeguide 3	(11)	6	5
Bereavement Support Officer	(39)	33	6
Tayside Substance Misuse Centre - Refurbishment	(18)	17	1
Regional Secure Care Clinic	(15)	-	15
CAN Cook Toolkits	(4)	4	-
Established Type 2 Diabetes Education	(20)	22	-
Patient Wheelchair Cleaning Pod	(27)	9	18
Early Phase Drug and Device Evaluation Unit	(12)	-	12
A Vision for Health Equity & a Strong Community Approach in Dundee – Transitional Business Plan	(204)	149	55
Dundee Dental School	(150)	-	150
Electronic Patient Record (EPR) Devices	(200)	33	167
Tayside Centre for Organisational Effectiveness (TCOE)	(1,000)	981	19

The financial planning process in respect of Unrestricted Funds does not anticipate other recognised gains and losses which arise during the year. These comprise a gain of £1,198k made on the sale of investments (2013 - £707k), and an unrealised gain of £207k on the investment portfolio held at the year end (2013 – £1,890k). The unrealised gain reflects an upward trend in global financial markets.

No plan is prepared in respect of expenditure from Restricted Funds owing to the largely unpredictable nature of such spend. A summary of the main categories of expenditure from Restricted Funds is as follows:-

	2013/14 £'000	2012/13 £'000
Research Projects	304	270
Pioneering Services	544	120
Arbroath Infirmary Car Park	-	60
Crieff Garden Project	39	18
Medical Equipment	353	368
Wheelchairs & Therapy Equipment	129	100
Other Equipment	131	105
Furniture and Furnishings	136	154
Training	262	251
Books & Publications	35	28
Environmental Enhancements	7	3
Christmas Festivities	10	11
Bed Linen Enhancement Programme	-	205
Roxburghe House Education Facility Building Works	16	18
TREATS Committee Projects	125	107
Retiral and Long Service Awards	146	138
Fundraising Office	54	45
Multi Professional Skills Training	-	8
Administration	22	25
Shop Expenses & Applications	11	10
Other	<u>312</u>	<u>297</u>
	<u>2,636</u>	<u>2,341</u>

REPORT OF THE TRUSTEES (cont)

Tayside NHS Board has a fundraising office which raised £177k (2013 - £134k), and this amount is included within Voluntary Income. Fundraising activity is promoted and publicised in the in-house magazine, Spectra, and on the intranet accessible by staff. An online giving facility is accessible via the NHS Tayside website.

Investment policy and performance

The Endowment Fund's investment powers are broad but subject to the proviso that Trustees obtain and consider expert advice in the exercise of those powers.

The Endowment Fund has a formal investment policy that is reviewed on a regular basis. The investment objective is to balance capital growth and income. The Endowment Fund does not invest in producers of tobacco, tobacco products or alcohol.

The investment policy requires that all funds, other than working capital, be invested in securities to maximise the overall return consistent with an acceptable level of risk.

Performance of investments is continuously monitored and reported on a quarterly basis. On a half-yearly basis the Fund's Investment Managers are required to report on the performance of the portfolio in relation to predetermined industry benchmarks, and to provide assurance that the asset distribution of the Fund is being managed in accordance with parameters set by Trustees. Investment Managers are required to meet with Trustees to brief them accordingly. In the final quarter of 2013/14, the asset distribution moved outwith the defined parameters, however this was a temporary aberration and will be resolved within the first quarter of 2014/15. Details of the portfolio are contained in Note 6 to the financial statements.

Income from listed investments of £1,034k compares favourably with the £967k anticipated by Trustees on the advice of the Fund's Investment Managers. In percentage terms, the investment income return equates to 3.4% which, together with a capital return of 5.5%, yields a combined return of 8.9%. This exceeds the WM Charities benchmark index which is estimated at 7.2%.

Achievement of Trustees' financial objectives are largely within their control, however the volatility of equity markets remain an unpredictable factor which can have a significant impact on the level of investment income. During the year, the FTSE 100 index has risen by 2.9%. Whilst there is no direct correlation between movement in this index and the value of the portfolio, such an increase should nevertheless be reflected in an upturn in value.

Reserves policy

At a meeting on 18 August, 2011, Trustees agreed that they were content to approve disinvesting up to £7m of Unrestricted Funds over the five years to 31 March, 2016. This followed a review and financial modelling, which concluded that this level of expenditure could be achieved without threatening the Fund's ability to meet its recurring commitments. This strategy was reviewed during 2013/14 and Trustees resolved to disinvest a further £4m - £2m on 19 September, 2013 and £2m on 20 February, 2014. This resulted in the total approved disinvestment from Unrestricted Funds in the five years to 31 March, 2016, being raised to £11m.

Risk management policy

Trustees operate within the overall risk management policy of Tayside NHS Board which has adopted a rigorous approach to risk management using a computer based system as a tool of management and assurance. The policy details the process to be used in identifying risks and controls, assessing risks and evaluating the actions required. This information is consolidated on to a Risk Register and is reviewed on an annual basis. The mapping of strategic and operational risks within this system allows these risks to be effectively monitored. The work of Internal Audit is informed by an analysis of risk assessment techniques used by NHS Tayside, and Audit Plans approved by the Audit Committee are based on that risk assessment.

Trustees are conscious of the risk assessment processes and action required to minimise the risk of fraud.

PLANS FOR FUTURE PERIODS

Trustees do not expect any significant changes in the objectives of the Endowment Fund in the forthcoming year.

REPORT OF THE TRUSTEES (cont)

Trustees are keen to ensure a proactive approach is taken to fundraising and to deployment of funds available to the Endowment Fund. In 2014/15 Trustees are set to approve a rebranding of the Fund which will involve a new logo and corporate identity. It is anticipated that this will be launched during the latter half of the year.

During 2014/15 committed expenditure will continue to be deployed in the areas approved by Trustees. Applications to the Innovation Fund (Cash4Communities) and the Training and Education Fund will be considered and assessed on their merits. Other expenditure bids will continue to be considered by Board of Trustees, supported by Endowment Advisory Group.

.....

Mr Alexander B Watson OBE, DL
Chairman of Trustees

.....

Mr Ian S McDonald
Trustee

Date:

TRUSTEES' RESPONSIBILITIES FOR THE PREPARATION OF FINANCIAL STATEMENTS

Trustees are responsible for preparing the Report of Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under Charity Law Trustees are required to obtain audited financial statements for each financial year which show a true and fair view of the state of affairs of the Endowment Fund and of the net movement in funds during the year. Trustees have assumed the responsibility for the preparation of the financial statements for audit.

In preparing those financial statements, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Endowment Fund will continue its activities.

Trustees are required to act in accordance with the Trust deed of the Endowment Fund and within the framework of charity law. They are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Endowment Fund and to enable them to ensure that the accounts comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the Endowment Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as Trustees are aware, there is no relevant audit information of which the Endowment Fund's auditors are unaware, and each Trustee has taken all the steps that he or she ought to have taken as a Trustee in order to make himself or herself aware of any relevant audit information and to establish that the Endowment Fund's auditors are aware of that information.

Signed on behalf of the Trustees

.....

Mr Alexander B Watson OBE, DL
Chairman of Trustees

.....

Mr Ian S McDonald
Trustee

Date:

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF TAYSIDE NHS BOARD ENDOWMENT FUND

We have audited the financial statements of Tayside NHS Board Endowment Fund for the year ended 31 March, 2014, which comprise Statement of Financial Activities, Balance Sheet, Cash Flow Statement, Reconciliation of Fund Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under 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 (APB'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 Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2014 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you, if in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; 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.

Paul Crichton, CA

(Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006)

Senior Statutory Auditor, for and on behalf of

MMG Archbold CA

Registered Auditors

Chapelshade House

78 – 84 Bell Street

Dundee

DD1 1RQ

Dated:

**INCOME AND EXPENDITURE ACCOUNT
AND STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH, 2014**

	Note	2014 Unrestricted Funds £'000	2014 Restricted Funds £'000	2014 Total £'000	2013 Total £'000
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income:					
Donations		2	804	806	688
Special gifts		-	276	276	725
Legacies		-	341	341	358
Activities for generating funds:					
Shop income		-	37	37	29
Other income		-	-	-	1
Investment income:					
Income from listed investments	2	885	149	1,034	972
Bank interest		-	-	-	12
Rents received		30	-	30	29
Total incoming resources		<u>917</u>	<u>1,607</u>	<u>2,524</u>	<u>2,814</u>
Resources expended					
Costs of generating funds:					
Fundraising costs		-	54	54	45
Shop expenses		-	11	11	10
Investment management fees		75	13	88	82
Property maintenance		2	-	2	2
Charitable activities:	3	4,844	2,549	7,393	4,152
Governance costs:	4	<u>75</u>	<u>9</u>	<u>84</u>	<u>114</u>
Total resources expended		<u>4,996</u>	<u>2,636</u>	<u>7,632</u>	<u>4,405</u>
Net outgoing resources before other recognised gains & losses		(4,079)	(1,029)	(5,108)	(1,591)
Other recognised gains/losses					
	6				
Gain/(Loss) on revaluation of fixed assets		5	-	5	(2)
Realised gain on sale of investments		1,198	202	1,400	848
Unrealised gain on investment assets		<u>207</u>	<u>-</u>	<u>207</u>	<u>1,890</u>
Net movement in funds		<u>(2,669)</u>	<u>(827)</u>	<u>(3,496)</u>	<u>1,145</u>
Reconciliation of funds					
Total funds brought forward		20,305	10,955	31,260	30,115
Total funds carried forward		<u>17,636</u>	<u>10,128</u>	<u>27,764</u>	<u>31,260</u>

**BALANCE SHEET
AS AT 31 MARCH, 2014**

	Note	2014 £'000	2013 £'000
Fixed Assets			
Investments	6	<u>28,132</u>	<u>31,101</u>
Current Assets			
Stock		9	5
Debtors	7	348	549
Cash at bank		<u>160</u>	<u>113</u>
		<u>517</u>	<u>667</u>
Current Liabilities			
Creditors: Amounts falling due within one year	8	<u>(885)</u>	<u>(508)</u>
Net Current (Liabilities)/Assets		<u>(368)</u>	<u>159</u>
Total Assets Less Liabilities		<u>27,764</u>	<u>31,260</u>
Funds			
Unrestricted Funds - General		13,327	14,809
- Designated	9	4,309	5,496
Restricted Funds		<u>10,128</u>	<u>10,955</u>
		<u>27,764</u>	<u>31,260</u>

These accounts were approved by Board of Trustees of Tayside NHS Board Endowment Fund on 24 June, 2014, and signed on their behalf by:

..... Mr Alexander B Watson OBE, DL
Chairman of Trustees

..... Mr Ian S McDonald
Trustee

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH, 2014**

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Net cash outflow from operating activities	A		(4,534)		(1,706)
Investing activities					
Purchase of investments		(2,174)		(1,213)	
Sale of investments		<u>7,138</u>		<u>2,160</u>	
Net cash inflow from investing activities			<u>4,964</u>		<u>947</u>
Increase/(Decrease) in Cash and Cash Equivalents	B		430		(759)
Cash and Cash Equivalents as at 1 April, 2013			<u>638</u>		<u>1,397</u>
Cash and Cash Equivalents as at 31 March, 2014			<u>1,068</u>		<u>638</u>

NOTES TO THE CASH FLOW STATEMENT

	2014 £'000	2013 £'000	
A. Reconciliation of Changes in Resources to Net Cash Inflow From Operating Activities			
Change in resources before revaluations	(5,108)	(1,591)	
Increase in creditors	377	28	
Decrease/(Increase) in debtors	201	(146)	
(Increase)/Decrease in stock	<u>(4)</u>	<u>3</u>	
	<u>(4,534)</u>	<u>(1,706)</u>	
B. Analysis of Changes in Cash and Cash Equivalents During the Year			
	2014 £'000	2013 £'000	Change In Year £'000
Short Term Deposits	908	525	383
Cash at Bank	<u>160</u>	<u>113</u>	<u>47</u>
	<u>1,068</u>	<u>638</u>	<u>430</u>

**RECONCILIATION OF FUNDS
FOR THE YEAR ENDED 31 MARCH, 2014**

	Note	2014 Unrestricted Funds £'000	2014 Restricted Funds £'000	2014 Total £'000	2013 Total £'000
Balance brought forward as at 1 April, 2013		20,305	10,955	31,260	30,115
Movements In Year					
Net outgoing resources and realised gain		(2,881)	(827)	(3,708)	(743)
Net Unrealised Gain on Investments	6	207	-	207	1,890
Revaluation of Investments	6	5	-	5	(2)
		<u>(2,669)</u>	<u>(827)</u>	<u>(3,496)</u>	<u>1,145</u>
Balance carried forward as at 31 March, 2014	10	<u>17,636</u>	<u>10,128</u>	<u>27,764</u>	<u>31,260</u>

Represented By

Investments	18,119	10,013	28,132	31,101
Current Assets	307	210	517	667
Current Liabilities	<u>(790)</u>	<u>(95)</u>	<u>(885)</u>	<u>(508)</u>
	<u>17,636</u>	<u>10,128</u>	<u>27,764</u>	<u>31,260</u>

The balance carried forward as at 31 March, 2014, includes an Unrealised Gain on Investments of £9,748k (2013 – £9,541k).

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared:-

- in compliance with the Charities Accounts (Scotland) Regulations 2006 (as amended);
- in accordance with United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Principles) and the current Statement of Recommended Practice "Accounting and Reporting by Charities" (the Charities SORP) issued in March 2005; and
- under the historical cost accounting convention, modified in relation to the revaluation of fixed assets.

Funds structure

Restricted Funds are funds which are to be used in accordance with specific restrictions imposed by the donor within the objects of the charity or where funds are raised for a specific purpose.

Unrestricted General Funds are funds which can be used in accordance with the charitable objects of the endowment at the discretion of the Trustees.

Designated Funds are funds set aside by the Trustees out of Unrestricted General Funds for specific future purposes or projects.

Incoming resources

Voluntary income from donations, gifts and legacies is included in the Statement of Financial Activities when the Endowment Fund is entitled to regard such income as receivable.

Investment income is stated gross of taxation recoverable and is also accounted for on an accruals basis.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. All expenditure is recognised once there is a legal or constructive obligation committing the Endowment Fund to the expenditure.

Overhead and support costs have been allocated as a direct cost or apportioned on an appropriate basis (refer to Notes 3 and 4) between Charitable Activities and Governance Costs. Once this allocation and/or apportionment of overhead and support costs has been made, the cost attributable to Charitable Activities is apportioned across those activities in proportion to total spend.

Governance costs comprise all costs attributable to ensuring the public accountability of the Endowment Fund and its compliance with regulation and good practice. This includes costs related to statutory audit together with an apportionment of overhead and support costs.

Investment properties

Properties are valued at cost or open market valuation at the time of receipt if acquired without consideration, less the sale proceeds of any part-disposals plus the cost of subsequent expenditure of a capital nature. Properties are revalued on an annual basis with any resulting surplus or deficit being credited or charged to the Statement of Financial Activities.

1. ACCOUNTING POLICIES (cont)

Listed investments

Investments are stated at market value as at the balance sheet date. Surpluses or deficits on valuation and sales of investments are credited or charged in the Statement of Financial Activities.

Stock

Stocks are valued at the lower of cost and net realisable value.

Taxation

No provision is made for Corporation Tax as the Endowment Fund is able to claim full statutory exemption subject to the proper application of its charitable resources.

2. INCOME FROM LISTED INVESTMENTS

	2014 Unrestricted Funds £'000	2014 Restricted Funds £'000	2014 Total £'000	2013 Total £'000
UK Bonds	146	25	171	174
UK Equities	691	116	807	721
Overseas Bonds	31	5	36	59
Overseas Equities	<u>17</u>	<u>3</u>	<u>20</u>	<u>18</u>
	<u>885</u>	<u>149</u>	<u>1,034</u>	<u>972</u>

3. ANALYSIS OF CHARITABLE EXPENDITURE

	2014 Unrestricted Funds £'000	2014 Restricted Funds £'000	2014 Total £'000	2013 Total £'000
Direct Charitable Expenditure				
General Medicine	-	224	224	156
Critical Medicine	-	54	54	52
Neurosciences	-	37	37	32
General Surgery	-	25	25	7
Specialist Services	-	77	77	85
Orthopaedics	-	11	11	22
Paediatrics	-	80	80	55
Obstetrics & Gynaecology	-	44	44	24
Ophthalmology	-	1	1	19
Oncology & Radiotherapy	-	134	134	146
Clinical Radiology	-	5	5	16
Haematology	-	42	42	67
Anaesthetics	-	21	21	14
Hospital General	305	657	962	1,220
Perth Wards Departments	-	96	96	168
Angus Wards Departments	-	119	119	37
Angus CHP	-	123	123	183
Dundee CHP	-	455	455	363
Perth & Kinross CHP	-	195	195	165
Other Funds	<u>4,539</u>	<u>149</u>	<u>4,688</u>	<u>1,321</u>
	<u>4,844</u>	<u>2,549</u>	<u>7,393</u>	<u>4,152</u>

4. ANALYSIS OF GOVERNANCE COSTS

	2014 Unrestricted Funds £'000	2014 Restricted Funds £'000	2014 Total £'000	2013 Total £'000
Administration costs	60	7	67	97
Audit fee	<u>15</u>	<u>2</u>	<u>17</u>	<u>17</u>
	<u>75</u>	<u>9</u>	<u>84</u>	<u>114</u>

Audit fees include £11k (2013 - £11k) in respect of Internal Audit fees.

5. TRUSTEES' REMUNERATION AND EXPENSES

During the year Trustees did not receive any remuneration or reimbursement of expenses.

6. ANALYSIS OF INVESTMENTS

	Investment Properties £'000	Listed Investments £'000	Short Term Deposits £'000	Total £'000
Market Value at 1 April, 2013	463	30,113	525	31,101
Additions during the year at cost	-	2,174	(2,155)	19
Disposals during the year	-	(7,138)	7,138	-
Capital Withdrawal	-	-	(4,600)	(4,600)
Realised net investment gain	-	1,400	-	1,400
Unrealised net increase in Market Value	<u>5</u>	<u>207</u>	<u>-</u>	<u>212</u>
Market Value at 31 March, 2014	<u>468</u>	<u>26,756</u>	<u>908</u>	<u>28,132</u>

Investment properties

Investment properties were revalued on an open market basis as at 31 March, 2014, by a consortium of professional valuers led by GVA James Barr Ltd.

Short term deposits

This comprises cash held on deposit by Deutsche Asset & Wealth Management for the purpose of managing the portfolio.

Analysis of listed investments

Investments were managed by Deutsche Asset & Wealth Management, and were registered in the name of Pershing Keen Nominees, the investment custodian.

6. ANALYSIS OF INVESTMENTS (cont)

	2014 Total Market Value £'000	2013 Total Market Value £'000
UK Bonds	2,056	4,803
UK Equities	<u>20,426</u>	<u>21,300</u>
	<u>22,482</u>	<u>26,103</u>
Overseas Equities	369	449
Overseas Bonds	1,299	936
North American Unit Trusts	1,315	1,209
European Unit Trusts	475	379
Other Far East Unit Trusts	<u>816</u>	<u>1,037</u>
	<u>4,274</u>	<u>4,010</u>
	<u>26,756</u>	<u>30,113</u>

7. DEBTORS – Amounts falling due within one year

	2014 £'000	2013 £'000
Accrued income	265	337
Other debtors & prepayments	<u>83</u>	<u>212</u>
	<u>348</u>	<u>549</u>

Other debtors and prepayments includes legacies received after the year end, but which had been agreed by the personal representatives of the relevant estates prior to that date.

8. CREDITORS – Amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	70	312
Due to related party	582	151
Accruals and deferred income	<u>233</u>	<u>45</u>
	<u>885</u>	<u>508</u>

The balance owed to related party represents sums owed at the year end for expenditure met by Tayside NHS Board on behalf of the Endowment Fund.

9. UNRESTRICTED FUNDS - DESIGNATED

	2014 £'000	2013 £'000
Balance at 1 April, 2013	5,496	5,703
Resources expended	(4,774)	(1,863)
Transfers from Unrestricted Funds	<u>3,587</u>	<u>1,656</u>
Balance at 31 March, 2014	<u>4,309</u>	<u>5,496</u>

10. RESTRICTED FUNDS

The following analysis highlights all Restricted Funds with a balance greater than £100k as at 31 March, 2014. These Funds form part of the total Restricted Funds of £10,128k as at 31 March, 2014.

	2014 £'000	2013 £'000
Trust Foundation Shop	123	97
Cavitron Fund	101	101
Roxburghe House Education Facility	482	508
Malawi Emergency Medicine Project	128	120
Cornhill Macmillan Centre	295	230
Ninewells Cardiac Research Fund	430	445
Ninewells Leukaemia and Haematology Fund	108	118
Ninewells Diabetes Service	178	179
Ninewells Ward 20 Intensive Therapy Unit	352	350
Royal Victoria – Specialist Palliative Care	103	119
Royal Victoria – Roxburghe House Training/Miscellaneous Fund	313	412
Ninewells Intensive Care Unit	139	140
Ninewells Ward 32 Oncology	450	398
Tayside Orthopaedic Rehabilitation Treatment Centre Norwood	180	270
Perth Royal Infirmary Gillingham Project	242	257
Ninewells Ward 34 Haematology	308	288
Ninewells MNM Executry	201	201
Cancer & Palliative Care – Angus	185	174
Ninewells Diabetes Unit Research and Development	137	137
Ninewells Ward 40 – Special Care Baby Unit	116	108
Ninewells Ward 21 – Critical Care Unit	133	103
NHS Tayside TREATS (Tayside Recreational Events Activities Team Surprises)	114	103
	4,818	4,858
Other Restricted Funds	5,310	6,097
	10,128	10,955

11. REORGANISATION OF RESTRICTED FUNDS

During the year ended 31 March, 2014, an application was submitted to the Office of the Scottish Charity Regulator (OSCR) under Section 43A of the Charities and Trustee Investment (Scotland) Act, 2005. This application related to the proposed reorganisation of the Little Cairnie Bus Fund, the purpose of which was for the purchase and maintenance of a patient bus. The patient bus was sold in August 2009, as it was no longer required, and the proceeds of sale were credited to the fund.

OSCR approved the application on 27 March, 2014, and the balance of the Little Cairnie Bus Fund (£15,689) was transferred to Little Cairnie Non Specific Fund, where it will be used for the general benefit of Little Cairnie Hospital.

12. COMMITMENTS

There were no significant commitments outstanding as a charge against Endowment Funds as at 31 March, 2014.

13. RELATED PARTY DISCLOSURE

The Charity is related to Tayside NHS Board by virtue of common Trustees/Board Members.

During the year Tayside NHS Board was faced with a funding deficit and Trustees were asked to retrospectively fund projects already approved by the Board and for which expenditure had been incurred. In order to facilitate this, a temporary variation to Policy and Procedures was approved, suspending the ban on retrospective approval of expenditure for one month. Various projects were identified where the Trustees could have provided funding and these were subsequently put forward for approval by Trustees. This resulted in Trustees reimbursing £2.71m to Tayside NHS Board in the year. This expenditure is included within Charitable Activities.