

GRAMPIAN HEALTH BOARD ENDOWMENT FUND
(Operating as NHS Grampian Endowment Fund)

ACCOUNTS 2011-2012

CHARITY NUMBER: SC017296

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Grampian Health Board Endowment Fund

Reference and Administrative Information

Endowment Committee Trustees

NHS Grampian Board Non-executive members on Endowment Committee

Mr Raymond Bisset, Chairperson
Councillor Lee Bell (until 4 April 2012)
Mr Michael Scott
Mr Gordon Stephen (until 5 March 2012)
Mrs Sharon Duncan (from 5 March 2012)

NHS Grampian Board Executive members on the Committee

Mr Alan Gall	Director of Finance and Deputy Chief Executive (Retired 31 August 2011)
Mr Alan Gray	Director of Finance (Commenced 23 August 2011)

Note :

Mrs Laura Gray, Grampian NHS Board Director of Corporate Communications and Board Secretary, although not a Trustee of the Fund is also a member of the Committee.

Other Trustees

NHS Grampian Board Non-executive members

Dr David Cameron, (Chairman until 30 November 2011)
Councillor Bill Howatson, (Chairman from 1 December 2011)
Mr David Anderson
Councillor Katharine Dean
Mrs Jennifer Greener
Mrs Linda Juroszek (from 1 May 2011)
Mrs Christine Lester
Professor Neva Haites
Mrs Elizabeth McDade
Professor Valerie Maehle
Mr Charles Muir
Dr John Reid (until 30 April 2011)
Mr Terry Mackie

NHS Grampian Board Executive members

Mr Richard Carey	Chief Executive
Dr Roelf Dijkhuizen	Medical Director
Mrs Elinor Smith	Director of Nursing and Quality
Dr Lesley Wilkie	Director of Public Health and Planning (until 18 December 2011)
Sir Lewis Ritchie	Director of Public Health (from 1 February 2012)

Principal Office

Summerfield House
2 Eday Road
Aberdeen
AB15 6RE

Charity Number:

SC017296

Auditor

Deloitte LLP
Union Plaza,
1 Union Wynd,
Aberdeen,
AB10 1SL

Bankers

Government Banking Service - Citibank
Southern House
Wellesley Grove
Croydon
CR9 IWW

Solicitors

Central Legal Office
NHS National Services Scotland
Anderson House
Breadalbane Street
Bonnington Road
Edinburgh
EH6 5JR

Investment Managers

Newton Investment Management Limited
2 Festival Square
Edinburgh
EH3 9SU

Trustees' Report

Report of the Trustees' for the Year Ended 31 March 2012

The Trustees present their report along with the financial statements of the Grampian Health Board Endowment Fund (the Fund) for the year ended 31 March 2012. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the Accounts and comply with the Charities Accounts (Scotland) Regulations 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities 2005.

Structure, Governance and Management

The Fund holds all monies donated to Grampian Health Board Endowment Fund, operating as the NHS Grampian Endowment Fund. It is held and administered under the terms of Sections 82, 83 and 84 of the National Health Services (Scotland) Act 1978 by the Grampian Health Board.

The Fund has held all donated funds of NHS Grampian since 1 April 2004. The Endowment Funds of Grampian Primary Care NHS Trust and Grampian University Hospitals NHS Trust were dissolved on 31 March 2004, and the assets and liabilities of these funds were transferred to the Fund on this date.

The Scottish Ministers appoint the Trustees by virtue of their appointment to Grampian Health Board. The Trustees for the year are as detailed on page 1.

The Grampian Health Board, as trustees of the Fund, agreed that a Committee be formed, with effect from 1 April 2004, to deal with matters relating to Endowment Funds consisting of executive members, non-executive members and the Board Secretary.

Since the formation of the Committee, the committee members have been formally briefed on the operation of the Fund, its objectives, scope and policies, and their responsibilities as Trustees. This information is also provided to all new members.

The Endowment Fund Committee is responsible for the overall management of the Fund on behalf of the Trustees. The Committee meets on a quarterly basis and is required to:

- Control, manage and monitor the use of the Fund's resources;
- Manage and monitor the receipt of all income;
- Ensure that best practice is followed in the conduct of all its affairs and that it fulfils all of its legal responsibilities;
- Ensure that the Fund's Investment Policy and investment performance is reviewed and adhered to on a regular basis, whilst taking into account ethical considerations; and
- Ensure that the Grampian Health Board is fully informed on the activity, performance and any risks in relation to the Fund.

At a Board Members' Seminar in September 2011, it was agreed that there would be an amendment of the constitution of the Endowment Committee to provide for an annual general meeting of all NHS Grampian Endowment Fund Trustees in September of each year and the facility for extraordinary meetings if necessary. Key business at the annual general meeting would include approval of the annual report and accounts and investment strategy, review of investment performance and evaluation of the governance arrangements in line with OSCR requirements, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and other relevant best practice.

The Director of Finance for NHS Grampian is Mr Alan Gray who, in accordance with the Schedule of Reserved Decisions, has responsibility for the management of the Fund. The individual fund holders approve all expenditure up to £5,000. The Director of Finance approves all expenditure over £5,000 and up to £15,000. Thereafter the Director of Finance and the Endowment Committee Chairperson approve all expenditure requests up to £50,000. For sums above this level, approval from the Endowment Committee is required.

Mr Derek Angus, Treasury Accountant, acted as the principal officer overseeing the day to day financial management and accounting for the charitable funds during the year. The Endowments Team, part of the NHS Grampian Finance Department, deals with the accounting records and day to day administration of the fund.

The charity is made up of 1,046 individual funds as at 31 March 2012 (31 March 2011: 1,077), and the notes to the accounts distinguish the different types of funds held. The Trustees fulfil their legal duty by ensuring that funds are spent in accordance with the objects of each fund and in line with the wishes of the donors who give generously to NHS Grampian to benefit patient care and advance the well being of patients and staff.

Risk Management

Since the transfer of the assets and liabilities of the Grampian Primary Care NHS Trust and the Grampian University Hospitals NHS Trust Endowment Funds to the Grampian Health Board Endowment Fund, the Trustees have continuously assessed and addressed the major risks associated with the operations and finances of the Fund.

A formal Risk Management Policy is in place detailing the process already adopted, to identify and assess risks and evaluate the actions required. This information is consolidated into a Risk Register.

The most significant risk that faces the Fund is loss from a fall in the value of investments. The Trustees have considered carefully this risk and have procedures in place to review the Investment Policy on a regular basis, to ensure that both spend and firm financial commitments remain in line with the level of resource available to the Fund.

Strategic Objectives and Activities

The Fund's objectives are as follows:

The Trustees shall hold the trust fund upon trust to apply the income, and at their discretion, so far as may be permissible, the capital, for any charitable purpose or purposes relating to the Health Service.

The Fund receives donations and/or legacies from patients, their relatives, the general public and other organisations. The overall strategy of the Fund is to provide support to NHS Grampian by the following means:

Patient Expenditure:	Purchase of low value items of equipment and the provision of services and facilities that would not normally be available within the normal NHS provision.
Staff Expenditure:	a) Motivation of staff by providing services that improve staff wellbeing. b) Education of staff by providing training that would not normally be available within the normal NHS provision.
Equipment:	Purchase of equipment in addition to that normally provided by the NHS.
Clinical Research:	To provide funds in support of research projects, which are of benefit to the NHS.
Infrastructure Improvements:	Improvements to the NHS Grampian estate that would not normally be available within the normal NHS provision.

Where service changes have taken place or it is impractical to maintain a separate designated fund, the Trustees have the ultimate discretion for the application of the fund, in accordance with the NHS Act 1978, whilst respecting the wishes of the donors.

Grant Making Policy

Fund holders may incur expenditure, subject to the required authorisation process, provided the expenditure falls within the objects of their fund.

Grant payments made by the Fund are payments made in furtherance of the Fund's objectives. In 2011/12, the Fund made grants of £3.0 million (10/11 £3.8 million) to NHS Grampian, as detailed in Note 5 to the Accounts. This includes grants made to NHS Grampian related parties (see Note 2 to the Accounts). In making grants, the Trustees require that the activity falls within the objects of the fund, that the grant request is supported by NHS Grampian and that the funds are available to meet the request.

The Endowment Committee have also agreed, post year end, to make a substantial grant during 2012/13 of £0.7m towards the Moray Life Sciences development at Elgin.

During the year payments totaling £1.568 million (10/11 £2.21 million) were made to NHS Grampian by the Fund to enable a range of research and other activities for the benefit of patients and staff. The Fund received £0.240million (10/11 £0.37million) from NHS Grampian mainly from income for research activities.

Review of the Finances and Achievements of the Fund

The Fund's strategy is to support NHS Grampian by providing funds to benefit patients and staff. It does this by funding supplementary equipment or services, which NHS Grampian is unable to provide through its normal funding streams. The Fund relies upon the generosity of patients and their relatives, who have experienced the care of NHS Grampian, and other donors who are generous in their support of the Fund. All funds are invested to achieve a balance of capital growth and income. The investment policy and performance is explained in further detail below.

All of the Fund's charitable activities are for the benefit of NHS Grampian patients and staff and these are detailed in note 5 to the Accounts. The grants relate to patients' and staff welfare and amenities, staff development, training and research for the benefit of the NHS.

Achievements

During 2011/12, the Fund made a significant number of grants to NHS Grampian to benefit patients and staff. Examples of such grants are as follows:

- The Fund contributed to the funding of posts to stimulate and promote research within NHS Grampian for research into areas such as Psychiatry, Oncology, Gynaecology, Rheumatology, Cardiac, Ophthalmology and Burns and Plastic Surgery.
- The Fund purchased numerous pieces of equipment in locations throughout the Grampian area. Examples of items purchased are a respiratory humidifier, overhead hoist system, cardiac stress system, digital spectrometer and ultrasound scanner.

Finances

The net assets of the Fund as at 31 March 2012 were £34.9 million (2011: £33.37 million). Overall net assets increased in total by £1.53 million, £0.587 million due to an increase in donations and legacies received and £0.943 million from a realised gain on disposal of property. In 2011/12, the Fund received £2.82 million of donation and legacy income, investment income of £1.45 million and the gain on the realisation of the sale of 403 King Street of £0.943 million. The total incoming resources for the year were therefore £5.213 million, as detailed in the Statement of Financial Activities on page 10.

The operating financial performance recorded a surplus with a net increase in funds of £1.95 million reflecting the increased level of donations and legacies compared to resources expended on charitable activities. The Endowment Committee regularly reviews the utilisation of funds to ensure that funds are targeted appropriately to meet the specific requirements of donors and to enhance the facilities available to patients and staff across NHS Grampian.

An arrangement was established that donors who undertake to receive sponsorship of certain events eg. a marathon, may now contribute to Endowments electronically through the website 'Just Giving' (justgiving.com/grampianHBEF). Donations from this source for the year to 31 March 2012 amounted to £34,163. There is also a facility within the NHS Grampian website at nhsgrampian.org within charities and donations, providing more details of the Endowment Fund and how to proceed with making a donation.

Investment Policy and Performance

Newton Investment Management Limited (Newtons) manages the investment of the charitable funds on behalf of the Trustees. For the Fund to achieve its stated investment objective, as detailed in the following paragraph, the Trustees have authorised Newtons to adopt a medium risk approach. This corresponds to a diversified portfolio invested in a broad spread of equities, invested both directly and indirectly through pooled funds. The portfolio also includes a proportion of fixed interest securities and cash.

The Fund has a formal Investment Policy, which the Trustees review on a regular basis. The investment objective is to achieve a balance between capital growth and the generation of income. The Fund will not invest in the securities of organisations that are involved in activities incompatible with the objectives and ethos of the National Health Service. Specific examples include the producers of tobacco or tobacco products, companies whose main business is the manufacture and/or distribution of alcoholic products and companies with direct involvement in military arms. In 2011/12, the Fund realised a net gain of £0.226 million on the sale of investments (2011: £0.275 million). The portfolio was valued at £34.59 million as at 31 March 2012 (31 March 2011: £34.1 million), and generated an income of £1.45 million for the year (2011: £1.33 million). An unrealised loss on the valuation of investments occurred within the portfolio of £0.644 million at 31 March 2012 (2011: £1.556 million gain).

The performance of the investments is reviewed on a regular basis in comparison with an agreed benchmark, which comprises the following elements: the FTA Government All Stocks Index (32%); the FTSE All Share Index (50%) the FTSE World excluding UK Index (15%) and Cash (3%). This benchmark commenced on 1 July 2009.

The performance of the Fund for 2011/12 against the agreed benchmark was as follows:

	Total Return %
NHS Grampian Charitable Fund Investment Portfolio	2.9
Benchmark indices	5.9

The portfolio lagged its benchmark over the twelve months to 31 March 2012. The prime reason was the higher than expected return of +14.5% for the UK Government gilt market (FTA Govt All Stocks Index), which was only a small proportion of the portfolio because gilts had been offering a negative return in real terms. The portfolio had been focused on higher yielding corporate bonds in order to achieve the income target. As at 31 March 2012, the portfolio held 17% in UK government gilts against a benchmark position of 32%. In addition the portfolio's relative overweight position in Asia and Emerging Markets was detrimental to performance in this period. The portfolio's positioning in this area is supported by the longer term view that a growing share of global GDP growth will be generated by these regions. Whilst portfolio performance is below benchmark we do set an income target which was exceeded.

Reserves Policy

The Trustees have adopted a formal reserves policy in relation to unrestricted funds, and the Trustees have agreed that the reserve level at 31 March 2012 for these funds will be required in the future to provide long term sustainability and ensure that sufficient investment income is generated to fund the ongoing patient and staff welfare activities that are typically funded through unrestricted funds. Unrestricted funds may be used for any purpose relating to the Health Service, either generally throughout NHS Grampian's hospitals or at a particular hospital. The Fund also has in excess of 1,050 restricted funds. These funds are excluded from the reserves policy as they do not come within the definition of "free reserves". The Committee actively encourages fund-holders to spend funds on charitable purposes within the funds' charitable objectives and in a manner that as far as possible meets donors' wishes.

In addition to the restricted and unrestricted funds held in reserves, the Trustees have the power, if they so wish, to spend the income generated from permanent endowments, as stipulated within the terms of donations received. It is not permissible for the Trustees to spend the amount of the original donation, based on the terms of the donations.

All funds are invested in line with the Fund's Investment policy and are held, with the exception of permanent endowments which are held in perpetuity, until required to meet future expenditure commitments which materialise in line with the objectives of the Fund and the specific wishes of donors.

Plans for the Future

The Trustees will continue to ensure that any expenditure funded through endowments is aligned to the strategy and aims of NHS Grampian, whilst at the same time complying with the donors' wishes. The review of the charity's performance for 2011/12 should be seen in the context of its aim to support NHS Grampian in the provision of quality services to its patients, whilst creating a comfortable environment for the patients, visitors and staff.

A grant of £0.7m from Endowments to Moray College has been agreed post year end as a contribution towards the new Moray Life Sciences building in Elgin which has commenced construction in early 2012 and is expected to be completed in late 2013.

The Office of the Scottish Charity regulator (OSCR) which covers Endowments has conducted a review of the arrangements within NHS Lothian and NHS Lanarkshire regarding their Endowment Funds. Mr Paul James, Director of Finance at NHS Greater Glasgow and Clyde is the Chair of a short life working group established to consider the outcome of these reviews to provide advice and guidance to NHS Board trustees. The trustees await the outcome of the short life working group.

In addition a recent decision by HM Treasury to adopt International Accounting Standard (IAS) 27 Consolidated and Separate Financial Statements requires all NHS Boards to consolidate Endowments within the main NHS Board accounts with effect from 1st April 2013.

Statement of responsibilities of the Trustees

Law applicable to charities in Scotland requires the Trustees to prepare an annual report and accounts for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable Law and United Kingdom Generally Accepted Accounting Practice (UK GAAP).

In preparing accounts, giving a true and fair view, the Trustees should follow best practice and:

- 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 and statements of recommended practice have been followed, subject to any departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ensure that the accounts comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

So far as each trustee is aware, there is no relevant audit information of which the auditor is unaware. Each trustee has taken the appropriate steps as a trustee to make themselves aware of such information and to establish that the auditor is aware of it.

Acknowledgement

NHS Grampian would like to thank the many individuals, clubs and societies, work groups and other organisations who have donated generously to the Grampian Health Board Endowment Fund throughout the year.

Approved by the Trustees on 17 September 2012 and signed on their behalf by:



Mr Raymond Bisset
Endowment Committee Chairperson
Grampian Health Board Endowment Fund

Independent Auditor's report to the trustees of Grampian Health Board Endowment Fund

We have audited the financial statements of Grampian Health Board Endowment Fund for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 18. 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 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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 Trustees' Responsibilities Statement, the trustees are responsible for the preparation of the 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 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 annual report 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 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 2012 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 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 Trustees' Annual Report 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.


Deloitte LLP

Chartered Accountants and Statutory Auditor

Aberdeen

17 September 2012

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity.

Grampian Health Board Endowment Fund

Statement of Financial Activities for the year ended 31 March 2012

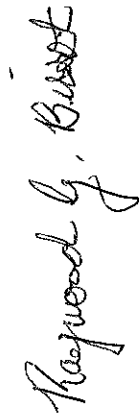
	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 2012 £000	Total Funds 2011 £000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income:						
Donations		2	1,714	-	1,716	1,401
Legacies		26	1,080	-	1,106	669
Total voluntary income		28	2,794	-	2,822	2,070
Investment income	3	660	770	18	1,448	1,330
Incoming resources		688	3,564	18	4,270	3,400
Other Incoming Resources						
Realised gain on sale of property		943	-	-	943	-
Total Incoming resources		1,631	3,564	18	5,213	3,400
Resources expended						
<i>Costs of generating funds:</i>						
Investment management costs		28	80	2	110	109
<i>Charitable activities:</i>						
Patient & Staff Education and Welfare		226	656	2	884	890
Clinical Research		96	642	23	760	1123
Purchase of New Equipment		7	1217	-	1224	1346
Infrastructure Improvements		6	228	-	234	542
Direct charitable expenditure	5	335	2742	25	3102	3902
Governance costs	7	28	26	1	54	53
Total resources expended		391	2,848	27	3,266	4,064
Net incoming resources before other recognised gains and losses		1,240	716	(9)	1,947	(664)
Other recognised gains and losses:						
Realised (losses)/gains and unrealised (losses)/gains on investment assets	10	-	(417)	-	(417)	1,832
Net Movement in Funds		1,240	299	(9)	1,530	1,168
<i>Reconciliation of Funds</i>						
Total Funds brought forward	15	7,614	25,229	527	33,370	32,202
Total Funds carried forward		8,854	25,528	518	34,900	33,370

Grampian Health Board Endowment Fund

Balance Sheet as at 31 March 2012

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds £000	Prior Year £000
Fixed Assets:						
Investments	10	8,869	25,209	515	34,593	34,070
Investment property	10	-	-	-	-	375
Total Fixed Assets		8,869	25,209	515	34,593	34,445
Current Assets:						
Debtors	11	60	383	3	446	440
Cash at bank and in hand	12	-	1,121	-	1,121	324
Total Current Assets		60	1,504	3	1,567	764
Liabilities:						
Creditors falling due within one year	13	(75)	(173)	-	(248)	(387)
Net Current Assets/(Liabilities)		(15)	1,331	3	1,319	377
Total Assets less Current Liabilities		8,854	26,540	518	35,912	34,822
Provisions for liabilities	14	-	(1,012)	-	(1,012)	(1,452)
Net Assets		8,854	25,528	518	34,900	33,370
The Funds of the Charity:						
Permanent endowment funds	15	-	-	518	518	527
Restricted funds		-	25,528	-	25,528	25,229
Unrestricted funds		8,854	-	-	8,854	7,614
Total Charity Funds		8,854	25,528	518	34,900	33,370

The notes on pages 13 to 20 form part of these accounts.
Approved by the Trustees on 17 September 2012 and signed on their behalf by:



Mr Raymond Bisset
Endowment Committee Chairperson
Grampian Health Board Endowment Fund

Grampian Health Board Endowment Fund

Cash Flow Statement for the Year Ended 31 March 2012

	2012 £000	2011 £000
Net Cash inflow/ (outflow) from operating activities	419	(1,252)
Financial Investment		
Purchase of Investments		
Cash outflow for the purchase of investments	(8,611)	(6,137)
Proceeds from the sale of investments		
Cash inflow from the sale of investments	7,671	6,118
Sale of Property	1,318	-
Increase/(Decrease) in cash in year	<u>797</u>	<u>(1,271)</u>

NOTES

1. Reconciliation of Net Cash inflow/ (outflow) from operating activities

Net Incoming Resources before Transfers and Other	1,947	(664)
Recognised Gains and Losses		
(Increase) in Debtors	(6)	(69)
(Decrease) in Creditors	(139)	(172)
(Decrease) in Provision for Liabilities	(440)	(347)
Realised gain on sale of property	(943)	-
	<u>419</u>	<u>(1,252)</u>

2. Analysis of Increase/(Decrease) in Cash

Balance as at 1 April	324	1,595
Net Cash Inflow/(Outflow)	797	(1,271)
Balance as at 31 March	<u>1,121</u>	<u>324</u>

3. Analysis of Cash at Bank and In Hand

	At 01/04/11 £000	Cashflow £000	At 31/03/12 £000
Cash in Hand	1	-	1
Cash at Bank	323	797	1,120
	<u>324</u>	<u>797</u>	<u>1,121</u>

Grampian Health Board Endowment Fund

Notes to the Accounts

1. Accounting Policies

(a) Basis of accounting

The accounts are prepared under the historical cost convention, modified to include fixed asset investments at market value, and include the results of the charity's operations as indicated in the financial report, all of which are continuing.

The accounts have been prepared in accordance with applicable UK accounting standards, the Statement of Recommended Practice - "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005 and comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

(b) Funds Structure

Unrestricted Funds are held without restriction, other than the general intention to use them for purposes relating to the Health Service, either generally throughout NHS Grampian or at a particular hospital.

Restricted Funds are received by way of donations and legacies where their use is restricted by conditions attached to the gift by the donor.

For Permanent Endowment Funds, the capital sum cannot be expended and only the income attributable to the fund can be utilised for expenditure purposes.

(c) Incoming Resources

All incoming resources are recognised once the Fund has received its entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

(d) Incoming Resources from Legacies

Legacies are accounted for as incoming resources upon receipt of the legacy.

Material legacies which have been notified, but not recognised as incoming resources in the Statement of Financial Activities (SOFA), are disclosed in a separate note to the accounts with an estimate of the amount receivable (note 17).

(e) Incoming Resources from Endowment Funds

The incoming resources receivable from the investment of endowment funds are either restricted or unrestricted and are earmarked in accordance with the donor's stated wishes.

(f) 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 Fund to the expenditure.

Grants are only made to NHS Grampian, or bodies related to it, in furtherance of the charitable objects of the Fund. A liability for grants relating to the funding of salaries is recognised when the Trustees have granted approval. For all other grants, a liability is recognised once the expenditure has been incurred.

(g) Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

(h) Allocation of Overhead and Support Costs

The Charity incurs staffing and other costs associated with the administration and management of the fund. All staff are employed by NHS Grampian and the costs are recharged to the fund. The administration costs are allocated as appropriate across the categories of charitable expenditure and the costs of planning and strategic management are allocated to governance costs. The basis of allocation is explained in note 4 to the accounts.

(i) Costs of Generating Funds

The costs of generating funds are those costs attributable to generating incoming resources for the Fund and represent investment management fees.

(j) Charitable Activities

Costs of charitable activities comprise all costs incurred in the pursuit of the Fund's objectives.

(k) Governance Costs

Governance costs comprise all costs attributable to ensuring the public accountability of the Fund and its compliance with regulation and good practice. These costs include costs related to statutory audit together with the appropriate share of the costs of planning and overall strategic management of the Fund.

(l) Fixed Asset Investments

Investments are stated at market value as at the Balance Sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Quoted stocks and shares are included in the balance sheet at their value at close of business on 31 March 2012.

(m) Realised Gains and Losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and the book value on purchase. Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later). Realised and unrealised gains are not separated in the Statement of Financial Activities.

(n) Contingent Liabilities and Provisions

In accordance with the SORP, a contingent liability is disclosed for those grants, which do not represent liabilities, where the possible obligation, which arises from past events, will only be confirmed by a contractual obligation.

Provisions are recognised for those grants where there is uncertainty as to the timing or amount of the liability. They are only recognised when there is a legal or constructive obligation at the balance sheet date as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

(o) Pensions

As the Fund does not have any employees (see note 2 to the Accounts), NHS Grampian, as employer, is the accountable body in relation to the pension provision for those members of staff whose salary costs are charged to the Fund. NHS Grampian participates in the National Health Service Superannuation Scheme, and information on this scheme is included in NHS Grampian's annual accounts.

2. Related Party Transactions and Trustees' Remuneration

The Fund made donations totalling £39,000 in 2011/12 (2010/11: £58,500) to the following bodies:

<i>Body</i>	<i>Objective</i>
Grampian Hospitals Arts Trust (GHAT)	Provision of art works and related services to hospitals within NHS Grampian.
Grampian NHS Retirement Fellowship (GNRF)	To provide a meeting place and outings to retired staff of NHS Grampian.
Rock Challenge 2012	Contribution to a Grampian arts initiative being an event on the early intervention to raise awareness of social issues affecting young people including smoking, drugs, alcohol and anti social behaviour and encouraging physical activity to maintain a healthy lifestyle.

The amounts provided were £32,000 to GHAT (£50,000 in 2010/11), £1,000 to GNRF (£300 in 2010/11) and £6,000 to the Rock Challenge event (£7,500 in 2010/11). Although the above bodies are independent legal entities, their purpose is the provision of charitable support to NHS Grampian.

During the year, none of the members of the NHS Board or senior NHS Board staff or parties related to them were beneficiaries of the Fund.

The Trustees of the Fund are also members of the Grampian NHS Board. Information on the Trustees of the Fund is included on page 1 of the Trustees' Report. The Trustees received no emoluments from the Fund in 2011/12 (2010/2011: £Nil). Expenses in the year totalled £Nil (2010/2011: £ Nil).

The Fund does not have any employees. NHS Grampian employs the equivalent of four full time members of staff (2010/2011: four) whose time is spent on the provision of support for the governance of the Fund. The salary costs for these staff members are recharged to the Fund on a monthly basis. In addition, the Fund receives charges from NHS Grampian for those salaries that are funded from endowments.

During the year, the related transactions with Grampian Health Board amounted to payments made of £1.56 million and receipts received of £0.24 million.

3. Investment Income

	2012	2011
	£000	£000
Dividends and Interest from UK equities and fixed interest securities	1,443	1,326
Interest on cash deposits	5	4
	<hr/> 1,448	<hr/> 1,330

4. Allocation of Support Costs and Overheads

The Charity incurs staffing and other costs associated with the administration and management of the fund as follows :-

	2012 £000	2011 £000
Staff costs	128	132
Administration running costs	13	13
	<u>141</u>	<u>145</u>

All staff are employed by NHS Grampian and the costs are recharged to the fund. The cost of administration and management of the fund are allocated as appropriate across the categories of charitable expenditure and governance costs as follows :-

Direct Charitable Activities	2012 £000	2011 £000
Patient and Staff Education & Welfare	27	22
Clinical Research	23	28
Purchase of New Equipment	37	33
Infrastructure Improvements	7	13
Governance Costs	47	48

Costs of £96,000 have been reclassified from governance costs to direct charitable activities in the prior year in order to more appropriately allocate these costs, consistent with the treatment in the current year.

5. Analysis of Direct Charitable Expenditure

The Fund undertook direct charitable activities in support of NHS Grampian, and its related parties, by making grants under the following activity headings:

	2012 £000	2011 £000
Patient and Staff Education & Welfare	884	890
Clinical Research	760	1,123
Purchase of New Equipment	1,224	1,346
Infrastructure Improvements	234	542
Total	<u>3,102</u>	<u>3,902</u>

6. Analysis of Grants

All grants are made to NHS Grampian and its related parties. NHS Grampian operates a Scheme of Delegation, through which all grant funded activity is managed by fund holders responsible for the day to day disbursements on their projects, subject to the required authorisation processes. The Fund does not make grants to individuals. The total cost of making grants is disclosed on the face of the Statement of Financial Activities. The grants received by the beneficiaries for each category of charitable activity are disclosed in Note 5 to the Accounts.

7. Analysis of Governance Costs

	2012 £000	2011 £000
Planning and Strategic management (see note 4 above)	47	48
Auditors' remuneration	7	5
	<u>54</u>	<u>53</u>

8. Analysis of Staff Costs

	2012 £000	2011 £000
Salaries and wages	106	109
Social security costs	7	8
Pension costs	15	15
	<hr/>	<hr/>
	128	132

The staff costs relate to recharges from NHS Grampian for four whole time equivalent members of staff, whose time relates to the provision of administration, planning and strategic management support to the Fund – see notes 4 and 7 above.

9. Auditor's Remuneration

The auditor's remuneration of £6,480 (2011: £5,400) related solely to the audit with no other additional work undertaken (2011: nil).

10. Fixed Asset Investments

Movement in fixed asset investments:	2012 £000	2011 £000
Market value of Investments at 1 April 2011	34,070	32,219
Add: additions to investments at cost	8,611	6,137
Disposal proceeds	(7,671)	(6,118)
Net gain/(loss) on revaluation	(417)	1,832
	<hr/>	<hr/>
	34,593	34,070
Property Investment	-	375
Market Value as at 31 March 2012	<hr/>	<hr/>
	34,593	34,445
Investments at market value comprised:		
Equities	23,550	24,950
Fixed interest securities	11,043	9,120
	<hr/>	<hr/>
Total	34,593	34,070

All investment assets were held in the UK. The Trustees consider individual investment holdings in excess of 5% of the portfolio value to be material. There were no material individual investment holdings in the year.

The investment property related to premises at 403 King Street, Aberdeen, which was used as a social club facility for NHS Grampian staff, both current and retired, until it closed in July 2009. The property was sold on 2 December 2011.

11. Debtors

	2012 £000	2011 £000
Other debtors	205	204
Prepayments and accrued income	241	236
	<hr/>	<hr/>
Total	446	440

£98,000 was due from NHS Grampian at 31 March 2012 (31 March 2011: £118,000).

12. Analysis of Cash at Bank and In Hand

	2012 £000	2011 £000
Cash investments and deposits	460	100
Cash at bank and in hand	661	224
	<u>1,121</u>	<u>324</u>

13. Analysis of Creditors Falling Due Within One Year

	2012 £000	2011 £000
Accruals	<u>248</u>	<u>387</u>

£151,000 was due to NHS Grampian at 31 March 2012 (31 March 2011: £267,000).

14. Provisions for Liabilities

	Charitable Commitments Accrued £000
Commitments outstanding at 1 April 2011	1,452
New commitments raised in year	512
Commitments paid during the year	(952)
Commitments outstanding as at 31 March 2012	<u>1,012</u>

	Charitable Commitments Accrued
Timing of commitments	
Commitments payable in under 1 year	544
Commitments payable in over 1 year	468
Commitments outstanding as at 31 March 2012	<u>1,012</u>

The Trustees only approve chargeable commitments where funds are already in place to meet the cost.

The provisions for liabilities relate to the funding of posts within NHS Grampian and expenditure committed from the Endowment Committee fund. The posts are involved primarily in the provision of research in conjunction with the University of Aberdeen and on projects provided for the Grampian Area Partnership Forum.

15. Analysis of Charitable Funds

Analysis of Fund Movements	Balance at 31 March 2011	Incoming Resources	Resources Expended	Investment Gain and Losses	Balance at 31 March 2012
	£000	£000	£000	£000	£000
Permanent endowment	527	18	(27)	-	518
Restricted funds	25,229	3,564	(2,848)	(417)	25,528
Unrestricted funds	7,614	1,631	(391)	-	8,854
Total	33,370	5,213	(3,266)	(417)	34,900

16. Restricted Funds

The following analysis highlights all restricted funds with a balance greater than £250,000 as at 31 March 2012. These funds form part of the total Restricted Funds of £25,528,000 as at 31 March 2012.

Fund	Terms	Balance at 31 March 2012	Balance at 31 March 2011
		£000	£000
Doreen Cameron's Executry	Cancer Research	555	525
Doreen Cameron's Executry	Heart Research	363	339
Mrs K M Munro's Fund	Purchase of equipment and welfare of children at Royal Aberdeen Children's Hospital	366	393
Cancer Research Fund	Cancer Research	268	303
Fetal & Perinatal Fund	Benefit of Fetal and Perinatal at Aberdeen Maternity Hospital	551	546
Oncology Discretionary Fund	Benefit of Dept. of Oncology, ARI	378	436
Breast Research Fund	Research for Breast Cancer	291	285
Peter Gibb Bequest	Benefit of Dept. of Cardiology, ARI	383	489
Leukaemia Research for Children Fund	Leukaemia Research for Children	334	318
Coronary Care Research Fund	Research for Coronary Care	328	318
Roxburghe House General Purposes Fund	General Purposes at Roxburghe House	412	369
Peterhead Community Hospital General Purposes Fund	General Purposes at Peterhead Community Hospital	828	810
Cardiac Surgical Fund	Research and Development and benefit of cardiac department	265	327
Oaks Palliative Day Care Centre Fund	For the benefit of the Oaks Day Care Centre	339	259
Colorectal Study Fund	For purposes of Colorectal Study	338	283
Ward 16 Haematology Fund	For the benefit of Ward 16 Aberdeen Royal Infirmary	341	287
Miss Alexina Shand Fund	For purposes at Stephen Hospital, Dufftown	369	357
NHS Grampian Endowment Committee Fund	For the benefit of NHS Grampian	683	450
Renal Dialysis Machines Fund	For the purchase of Renal Dialysis Machines	255	-
Diabetes Centre General Fund	For the benefit of the Diabetes Centre.	469	-
Coronary Care Unit Fund	For the benefit of the Coronary Care Unit	546	-
Sub total		8,662	7,094
Other Restricted Funds		16,866	18,135
Total Restricted Funds		25,528	25,229

17. Material Legacies

Legacy income is only included in incoming resources when monies are received. As at 31 March 2012 the Fund had been notified of ten bequests with an estimated value of £1,735,000 which has not been accrued. The bequests are for:

	£000
Anchor Unit ARI	61
Coronary Care Unit/Eye Clinic ARI	74
Dr Gray's Hospital, Elgin	45
Stroke Research/Woodend Hospital	25
Neurology Department ARI	600
Cancer Research/Parkinsons Disease	
Research/Heart Research	500
Aberdeen Royal Infirmary	100
Woodend Hospital	100
Aboyne Hospital	100
Research within NHS Grampian	130
	<u>1,735</u>

18. Contingent Liabilities

The following contingent liabilities have not been provided for in the Accounts:

Nature	2012	2011
	£000	£000
Potential for future spend to be funded through Endowments	<u>2,024</u>	<u>1,725</u>

As part of the Fund's standard approval process, a number of requests for funding for various purposes have been authorised. The responsibility for entering into a future contractual obligation in relation to these requests rests with the fund holder.