

**GRAMPIAN HEALTH BOARD ENDOWMENT FUND**  
(commonly known as NHS Grampian Endowment Fund)

**ACCOUNTS 2010-2011**

**CHARITY NUMBER: SC017296**

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## **Grampian Health Board Endowment Fund**

### **Reference and Administrative Information**

#### **Endowment Committee Trustees**

##### **Grampian NHS Board Non-executive members on Endowment Committee**

Mr Raymond Bisset, Chairperson  
Councillor Lee Bell  
Mr Michael Scott  
Mr Gordon Stephen

##### **Grampian NHS 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)

Mrs Laura Gray, Grampian NHS Board Director of Corporate Communications and Board Secretary is also a member of the Committee (Commenced 1 April 2010).

#### **Other Trustees**

##### **Grampian NHS Board Non-executive members**

Dr David Cameron, Chairman  
Mr David Anderson  
Councillor Katharine Dean  
Mrs Jennifer Greener (from 8 November 2010)  
Mrs Christine Lister (from 3 November 2010)  
Professor Neva Haites  
Councillor Bill Howatson  
Mrs Elizabeth McDade  
Professor Valerie Maehle  
Mr Charles Muir  
Dr John Reid  
Mr Terry Mackie

##### **Grampian NHS 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  
Mr Mark Sinclair                 Director of Human Resources & Strategic Change (to 9 June 2010).

#### **Note**

NHS Grampian was notified during the year by the Scottish Government Health Directorate that a pilot arrangement for an alternative NHS Board membership was to be implemented on 10 June 2010. As part of this pilot arrangement the Executive Board membership is restricted to the Chief Executive, Medical Director, Nursing Director, Director of Public Health and Director of Finance

**Principal Office**

Summerfield House  
2 Eday Road  
Aberdeen  
AB15 6RE

**Charity Number:**

SC017296

**Auditors**

Henderson Loggie  
48 Queens Road  
Aberdeen  
AB15 4YE

**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

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### Report of the Trustees for the Year Ended 31 March 2011

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 2011. 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, commonly known 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 NHS Board Chief Executive and the Fund's Committee of Trustees.

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 Grampian NHS 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 and appointed a Committee consisting of executive members, non-executive members and the Board Secretary to act as individual Trustees.

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 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 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 NHS Board is fully informed on the activity, performance and any risks in relation to the Fund.

The Director of Finance for NHS Grampian is Mr Alan Gall 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 £2,000. The Director of Finance approves all expenditure over £2,000 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 1,077 individual funds as at 31 March 2011 (31 March 2010: 1,093), 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 risks that face the Fund are losses 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 pump priming 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.

Whilst respecting the wishes of the donors, the Trustees have the ultimate discretion for the application of unrestricted funds, in accordance with the NHS Act 1977, where service changes have taken place or it is impractical to maintain the separate designated fund.

## **Grant Making Policy**

Grant payments made by the Fund are payments made in furtherance of the Fund's objectives. In 2010/11, the Fund made grants of £3.80 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.

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

## **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 of the Fund's charitable activities are for the benefit of NHS Grampian 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 2010/11, 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 approved a further significant sum from a specific legacy for the second phase of a Cardiac Research Centre on the Foresterhill site in collaboration with the University of Aberdeen together with research equipment amounting to £500,000.

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](http://justgiving.com/grampianHBEF)). This arrangement commenced in February 2011 and donations from this source to 31 March 2011 amounted to £1,380.

### **Finances**

The net assets of the Fund as at 31 March 2011 were £33.37 million (2010: £32.20 million). Overall net assets increased by £1.17 million with a gain on the valuation of investments of £1.83 million as detailed in note 10 to the Accounts.

In 2010/11, the Fund received £2.07 million of donation and legacy income, and investment income of £1.33 million. The total incoming resources for the year were therefore £3.40 million, as detailed in the Statement of Financial Activities on page 10.

The operating financial performance recorded a deficit with a net decrease in funds of £0.66 million reflecting the level of incoming resources to that of charitable activities.

### **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 2010/11, the Fund realised a net gain of £0.28 million on the sale of investments. The portfolio was valued at £34.1 million as at 31 March 2011 (31 March 2010: £32.2 million), and generated an income of £1.33 million for the year (2010: £1.32 million).

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 2010/11 against the agreed benchmark was as follows:

	<b>Total Return</b> %
NHS Grampian Charitable Fund Investment Portfolio	9.99
Benchmark indices	7.79

The total return, as detailed above, represents the increase in the valuation of investments held during the year, as well as the dividend income generated from those investments. The increase was primarily down to the continued improving performance of the stock market, attributable to sector allocation and on stock selection.

### **Reserves Policy**

The Trustees have adopted a formal reserves policy in relation to unrestricted funds, and the Trustees have agreed that the current reserve level for these funds will be required in the future. This will ensure that sufficient investment income is generated to fund the ongoing patient and staff welfare activities that are funded through the reserves held on 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 "reserves". However, the Endowment Committee is very aware of the general legal duty to apply these funds within a reasonable time of receiving them. 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.

### **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 2010/11 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.



## Statement of responsibilities of the Trustees

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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, the Charities Accounts (Scotland) Regulations 2006 and the Trust Deed. 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.

### Auditors

So far as each trustee is aware, there is no relevant audit information of which the auditors are unaware. Each trustee has taken the appropriate steps as a trustee to make themselves aware of such information and to establish that the auditors are 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 NHS Grampian's Endowment Fund throughout the year.

Approved by the Trustees on 29 September 2011 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**

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We have audited the accounts of the Grampian Health Board Endowment Fund for the year ended 31 March 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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).

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 and the constitution of the charity. 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 its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 7, the Trustees are responsible for the preparation of accounts 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 accounts 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 accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 March 2011 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 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 Charities Accounts (Scotland) Regulations 2006 (as amended) 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 accounts; or
- proper accounting records have not been kept; or
- the accounts 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.

**Henderson Loggie**  
Statutory Auditor  
(eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006)  
Aberdeen

29 September 2011

**Grampian Health Board Endowment Fund**

**Statement of Financial Activities for the year ended 31 March 2011**

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 2011 £000	Total Funds 2010 £000
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Voluntary income:						
Donations		1	1,400	-	1,401	2,634
Legacies		48	621	-	669	1,117
<b>Total voluntary income</b>		49	2,021	-	2,070	3,751
Investment income	3	619	695	16	1,330	1,318
<b>Total incoming resources</b>		<b>668</b>	<b>2,716</b>	<b>16</b>	<b>3,400</b>	<b>5,069</b>
<b>Resources expended</b>						
<i>Costs of generating funds:</i>						
Investment management costs		26	81	2	109	97
<i>Charitable activities:</i>						
Patient & Staff Education and Welfare		273	591	4	868	1,120
Clinical Research		142	924	29	1,095	2,393
Purchase of New Equipment		19	1,294	-	1,313	1,123
Infrastructure Improvements		-	529	-	529	424
<b>Direct charitable expenditure</b>	5	<b>434</b>	<b>3,338</b>	<b>33</b>	<b>3,805</b>	<b>5,060</b>
Governance costs	7	36	111	3	150	122
<b>Total resources expended</b>		<b>496</b>	<b>3,530</b>	<b>38</b>	<b>4,064</b>	<b>5,279</b>
<b>Net incoming resources before other recognised gains and losses</b>		172	(814)	(22)	(664)	(210)
Other recognised gains and losses:						
Unrealised gain on property revaluation	10	-	-	-	-	125
Realised gains/losses and unrealised gains on investment assets	10	-	1,832	-	1,832	6,858
<b>Net Movement in Funds</b>		<b>172</b>	<b>1,018</b>	<b>(22)</b>	<b>1,168</b>	<b>6,773</b>
<i>Reconciliation of Funds</i>						
Total Funds brought forward	15	7,442	24,211	549	32,202	25,429
<b>Total Funds carried forward</b>		<b>7,614</b>	<b>25,229</b>	<b>527</b>	<b>33,370</b>	<b>32,202</b>

**Grampian Health Board Endowment Fund**

**Balance Sheet as at 31 March 2011**

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds £000	Prior Year £000
<b>Fixed Assets:</b>						
Investments	10	7,207	26,339	524	34,070	32,219
Investment property	10	375	-	-	375	375
<b>Total Fixed Assets</b>		<b>7,582</b>	<b>26,339</b>	<b>524</b>	<b>34,445</b>	<b>32,594</b>
<b>Current Assets:</b>						
Debtors	11	101	336	3	440	371
Cash at bank and in hand	12	-	324	324	324	1,595
<b>Total Current Assets</b>		<b>101</b>	<b>660</b>	<b>3</b>	<b>764</b>	<b>1,966</b>
<b>Liabilities:</b>						
Creditors falling due within one year	13	(69)	(318)	-	(387)	(559)
<b>Net Current Assets</b>		<b>32</b>	<b>342</b>	<b>3</b>	<b>377</b>	<b>1,407</b>
<b>Total Assets less Current Liabilities</b>		<b>7,614</b>	<b>26,681</b>	<b>527</b>	<b>34,822</b>	<b>34,001</b>
Provisions for liabilities and charges	14	-	(1,452)	-	(1,452)	(1,799)
<b>Net Assets</b>		<b>7,614</b>	<b>25,229</b>	<b>527</b>	<b>33,370</b>	<b>32,202</b>
<b>The Funds of the Charity:</b>						
Permanent endowment funds	15	-	-	527	527	549
Restricted funds		-	25,229	-	25,229	24,211
Unrestricted funds		7,614	-	-	7,614	7,442
<b>Total Charity Funds</b>		<b>7,614</b>	<b>25,229</b>	<b>527</b>	<b>33,370</b>	<b>32,202</b>

The notes on pages 13 to 20 form part of these accounts.  
Approved by the Trustees on 29 September 2011 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 2011

	Note	2011 £000	2010 £000
<b>Net Cash inflow</b>	1	(1,252)	879
<b>Financial Investment</b>			
<b>Purchase of Investments</b>			
Cash outflow for the purchase of investments		(6,137)	(7,006)
<b>Proceeds from the sale of investments</b>			
Cash inflow from the sale of investments		6,118	5,071
<b>Increase/(Decrease) in cash in year</b>		<u>(1,271)</u>	<u>(1,056)</u>

#### NOTES

##### 1. Reconciliation of Net Cash Inflow

Net Incoming Resources before Transfers and Other Recognised Gains and Losses		(664)	(210)
(Increase)/Decrease in Debtors		(69)	290
(Decrease)/Increase in Creditors		(172)	214
Increase/(Decrease) in Provision for Liabilities and Charges		(347)	585
		<u>(1,252)</u>	<u>879</u>

##### 2. Analysis of Increase/(Decrease) in Cash

Balance as at 1 April	3	1,595	2,651
Net Cash Inflow/(Outflow)		(1,271)	(1,056)
Balance as at 31 March		<u>324</u>	<u>1,595</u>

##### 3. Analysis of Cash at Bank and In Hand

	At 01/04/10 £000	Cashflow £000	At 31/03/11 £000
Cash in Hand	2	(1)	1
Cash at Bank	1,593	(1,270)	323
	<u>1,595</u>	<u>(1,271)</u>	<u>324</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 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 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 obligation 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 has no overhead or support costs. All staff costs are charged to governance costs, which are disclosed in Note 7 to the accounts.

### **(i) Costs of Generating Funds**

The costs of generating funds are those costs attributable to generating income 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 salaries for the administration of the Fund. The administration officers are employees of NHS Grampian, whose salary costs are charged to 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 2011.

### **(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 of £58,500 in 2010/11 (2009/10: £84,300) 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 2011	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 £50,000 to GHAT (£84,000 in 2009/10), £1,000 to GNRF (£300 in 2009/10) and £7,500 to the Rock Challenge event (Nil in 2009/10). 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 2010/11 (2009/2010: £Nil). Expenses in the year totalled £Nil (2009/2010: £ Nil).

The Fund does not have any employees. NHS Grampian employs the equivalent of four full time members of staff (2009/2010: 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 £2.21 million and receipts received of £0.375 million.

### 3. Investment Income

	2011 £000	2010 £000
Dividends and Interest from UK equities and fixed interest securities	1,326	1,312
Interest on cash deposits	4	6
	1,330	1,318

### 4. Allocation of Support Costs and Overheads

All staff costs have been charged to Governance Costs and are disclosed in Note 7 to the accounts. The staff costs have been apportioned across all funds on a pro rata basis, taking into account the daily balance on each fund in accordance with the policy agreed by the Trustees.

### 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:

	2011 £000	2010 £000
Patient and Staff Education & Welfare	868	1,120
Clinical Research	1,095	2,393
Purchase of New Equipment	1,313	1,123
Infrastructure Improvements	529	424
<b>Total</b>	<b>3,805</b>	<b>5,060</b>

### 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

	2011 £000	2010 £000
Staff costs	132	117
Administration running costs	13	-
Auditors remuneration	5	5
	150	122

The staff costs relate to recharges from NHS Grampian for four whole time equivalent members of staff, whose time relates to the provision of support to the governance of the Fund. The increased costs reflect the additional administration costs not previously met by Endowments.

#### 8. Analysis of Staff Costs

	2011 £000	2010 £000
Salaries and wages	109	97
Social security costs	8	7
Pension costs	15	13
	132	117

#### 9. Auditor's Remuneration

The auditor's remuneration of £5,400 (2010: £5,176) related solely to the audit with no other additional work undertaken (2010: nil).

#### 10. Fixed Asset Investments

<b>Movement in fixed asset investments:</b>	2011 £000	2010 £000
Market value at 1 April 2010	32,219	23,427
Add: additions to investments at cost	6,137	7,006
Disposal proceeds	(6,118)	(5,072)
Net gain/(loss) on revaluation	1,832	6,858
Market Value as at 31 March 2011	34,070	32,219
<b>Investments at market value comprised:</b>		
Equities	24,950	24,223
Fixed interest securities	9,120	7,996
<b>Total</b>	34,070	32,219

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 relates 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 is in the process of being sold and is held at valuation as at 31 March 2010. Due to conditions on planning permission attached to the highest offer received, it is unlikely that the property will be sold until mid 2011. The asset had been previously included within restricted funds but after further consideration it has been transferred to unrestricted funds and the necessary adjustments has been made to the carry forward balances.

#### 11. Debtors

	2011 £000	2010 £000
Other debtors	204	229
Prepayments and accrued income	236	142
<b>Total</b>	440	371

£118,000 was due from NHS Grampian at 31 March 2011.

## 12. Analysis of Cash at Bank and In Hand

	2011 £000	2010 £000
Short term investments and deposits	100	1,224
Cash at bank and in hand	224	371
	<u>324</u>	<u>1,595</u>

## 13. Analysis of Creditors Falling Due Within One Year

	2011 £000	2010 £000
Accruals	387	559

£267,000 was due to NHS Grampian at 31 March 2011.

## 14. Provisions for Liabilities and Charges

	Charitable Commitments Accrued £000
Commitments outstanding at 1 April 2010	1,798
New commitments raised in year	930
Commitments paid during the year	(1,276)
Commitments outstanding as at 31 March 2011	<u>1,452</u>

	Charitable Commitments Accrued
<b>Timing of commitments</b>	
Commitments payable in under 1 year	856
Commitments payable over 1 year	596
Commitments outstanding as at 31 March 2011	<u>1,452</u>

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

The provision for liabilities and charges relates 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 2010	Transfers	Revised Balance at 1 April 2010	Incoming Resources	Resources Expended	Gain and Losses	Balance at 31 March 2011
	£000	£000	£000	£000	£000	£000	£000
Permanent endowment	614	(65)	549	16	38	-	527
Restricted funds	21,943	2,268	24,211	2,716	3,530	1,832	25,229
Unrestricted funds	9,645	(2,203)	7,442	668	496	-	7,614
<b>Total</b>	<b>32,202</b>	<b>-</b>	<b>32,202</b>	<b>3,400</b>	<b>4,064</b>	<b>1,832</b>	<b>33,370</b>

As the gains on the sale of investments are credited to a restricted fund, the unrealised gains have also require to be allocated to restricted funds rather than over all funds. The transfer above indicates this amendment.

## 16. Restricted Funds

The following analysis highlights all restricted funds with a balance greater than £250,000 as at 31 March 2011. These funds form part of the total Restricted Funds of **£25,229,000** as at 31 March 2011.

Fund	Terms	Balance at 31 March 2011	Balance at 31 March 2010
		£000	£000
Doreen Cameron's Executry	Cancer Research	525	501
Doreen Cameron's Executry	Heart Research	339	823
Catherine K Williamson's Executry	Benefit of Dr Gray's Hospital, Elgin	248	490
Mrs K M Munro's Fund	Purchase of equipment and welfare of children at Royal Aberdeen Children's Hospital	393	433
Cancer Research Fund	Cancer Research	303	342
Fetal & Perinatal Fund	Benefit of Fetal and Perinatal at Aberdeen Maternity Hospital	546	551
Oncology Discretionary Fund	Benefit of Dept. of Oncology, ARI	436	443
Breast Research Fund	Research for Breast Cancer	285	293
Peter Gibb Bequest	Benefit of Dept. of Cardiology, ARI	489	479
Leukaemia Research for Children Fund	Leukaemia Research for Children	318	307
Coronary Care Research Fund	Research for Coronary Care	318	314
Roxburghe House General Purposes Fund	General Purposes at Roxburghe House	369	370
Peterhead Community Hospital General Purposes Fund	General Purposes at Peterhead Community Hospital	810	802
Cardiac Surgical Fund	Research and Development and benefit of cardiac department	327	338
Oaks Palliative Day Care Centre Fund	For the benefit of the Oaks Day Care Centre	259	-
Colorectal Study Fund	For purposes of Colorectal Study	283	-
Ward 16 Haematology Fund	For the benefit of Ward 16 Aberdeen Royal Infirmary	287	-
Miss Alexina Shand Fund	For purposes at Stephen Hospital, Dufftown	357	-
NHS Grampian Endowment Committee Fund	For the benefit of NHS Grampian	450	-
Sub total		7,342	6,486
Other Restricted Funds		17,887	15,457
<b>Total Restricted Funds</b>		<b>25,229</b>	<b>21,943</b>

## 17. Material Legacies

Legacy income is only included in incoming resources when monies are received. As at 31 March 2011 the Fund had been notified of ten bequests with an estimated value of £498,000 which has not been accrued. The bequests are for:

	<b>£000</b>
Anchor Unit ARI	56
Roxburghe House	46
Woolmanhill Diabetic Unit	250
Cardiac Unit ARI	46
Haematology/Blood Transfusion	20
Dr Grays Hospital, Elgin	10
Ward 16 ARI	30
Renal Unit ARI	40
	<hr/> 498 <hr/>

## 18. Contingent Liabilities

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

<b>Nature</b>	<b>Value £000</b>
<b>Potential for future spend to be funded through Endowments</b>	<b>1,725</b>

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.