



Charity Number: SC017296

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

Annual Report and Accounts
Year Ended **31 March 2016**

Grampian Health Board Endowment Fund
(Operating as NHS Grampian Endowment Funds)

Trustees' Report and Accounts

Year Ended 31 March 2016

Charity Number SC017296

Our Vision

The enhancement of healthcare and patient welfare in Grampian

Our Mission

Work in partnership to achieve the greatest impact and promote first class healthcare by delivering:

- **Improvement of the physical and mental health of the Grampian Health Board's population and our staff;**
- **Prevention, diagnosis and treatment of illness;**
- **Provision of services and facilities in connection with the above; and**
- **Research into any matters relating to the causation, prevention, diagnosis or treatment of illness, or any other matters relating to the health service as the Trustees see fit.**

NHS Grampian Endowment Funds

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NHS Grampian Endowment Funds

Name

The legally registered name of the charity is Grampian Health Board Endowment Fund (NHS Grampian). The charity operates under the common name of NHS Grampian Endowment Funds.

Charity Number SC017296

Headquarters

The current principal address of the charity is:

NHS Grampian Endowment Funds
Finance Department
Westholme
Woodend Hospital
Queens Road
Aberdeen
AB15 6LS

Purpose and Principles

All Health Board members are Trustees of the charity under the terms of the National Health Services (Scotland) Act 1978. All Trustees carry a legal duty to ensure that all donated funds are used in accordance with the charitable purpose and key principles below.

Purpose

- To adhere to the vision and mission approved by the Trustees.
- To observe any conditions attached to a donation or legacy prescribed by a donor to the charity, so far as is reasonably practicable, and consistent with the above purpose and the law.

Principles

- The grant of endowment funds should not substitute for a core provision, nor should endowment funds be used to cover a responsibility of Grampian Health Board that is a direct requirement of health and safety or employment law or a ministerial policy direction.
- An employee of Grampian Health Board may only benefit from the charity where the expenditure is aimed at improving health, welfare or the prevention, diagnosis or treatment of illness for Grampian Health Board's residents. Any benefit to the employee must be incidental to (and necessary for) that benefit to be realised.

NHS Grampian Endowment Funds

Trustees' Report for the Year Ended 31 March 2016

The Trustees present their report along with the audited financial statements of the NHS Grampian Endowment Funds (the Charity) for the year ended 31 March 2016. The results of the Charity are consolidated into the accounts of NHS Grampian on the basis that all Trustees are also board members so effectively operate under common control for accounting purposes.

Going Concern

After making enquiries, the Trustees have a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis are included in Note 1 of the financial statements.

Structure, Governance and Management

The Scottish Ministers appoint the Trustees by virtue of their appointment to Grampian Health Board. Appropriate training is given to new Trustees following appointment which enables them to carry out their duties as Trustees. The Charity's governance framework is outlined within an agreed Charter and includes a schedule of decisions reserved for Trustees, an Endowment Sub-Committee that deals with the operational business of the Charity and robust operating procedures for administrative processes in order that Trustees have assurance on the internal control environment.

The Trustees of NHS Grampian Endowment Funds during 2016 are listed below:

Chair of Trustees

Mr Raymond Bisset (Non-executive member of the NHS Grampian Board)

NHS Grampian Board Non-executive Members

Professor Steven Logan
Mr David Anderson
Mrs Rhona Atkinson
Councillor Stewart Cree
Councillor Barney Crockett
Mrs Sharon Duncan
Professor Mike Greaves
Councillor Martin Kitts-Hayes (from 8 June 2015)
Mrs Christine Lester
Dr Lynda Lynch
Mr Terry Mackie
Dr Helen Moffat
Mr Jonathan Passmore
Councillor Anne Robertson (to 8 June 2015)
Mr Eric Sinclair

NHS Grampian Board Executive Members

Mr Malcolm Wright	Chief Executive
Dr Nick Fluck	Medical Director
Mr Alan Gray	Director of Finance
Ms Amanda Croft	Director of Nursing, Midwifery, Allied Health Professions (from 1 September 2015)

NHS Grampian Endowment Funds

Trustees' Report for the year ended 31 March 2016 (continued)

Decisions reserved to Trustees

The following matters are reserved for approval by the Trustees:

- Any strategy or policy matters relevant to the Charity including any proposed changes to the Charter;
- the arrangements for governance and management administration of the charity's activities including terms of reference of any committee or sub-committee to be established by the Trustees;
- the investment strategy;
- the reserves policy;
- the annual accounts and report;
- the appointment of the external auditor;
- the appointment of investment advisors; and
- membership and constitution of Sub-Committees.

Decisions Delegated to the Endowment Sub-Committee

The charter provides for delegation of various operational functions to an Endowment Sub-Committee to carry out the day to day business of the charity. These delegated functions include:

- Approval of the annual General Endowment Fund income and expenditure budgets;
- monitoring financial performance and ensuring that adequate control arrangements exist to provide assurance to Trustees that:
 - Expenditure is consistent with the defined purpose of the Fund;
 - Expenditure is legally permitted and consistent with the charitable status of the Fund; and
 - The expenditure is consistent with Grampian Health Board policy.
- authorising Endowment Fund expenditure in accordance with the NHS Grampian Scheme of Delegation; and
- monitoring of investment performance.

Endowment Sub-Committee Membership

Mr Raymond Bisset, Chairman
Mrs Sharon Duncan
Councillor Stewart Cree
Mr Alan Gray
Mrs Laura Gray
Professor Mike Greaves

Note: Mrs Laura Gray, NHS Grampian Director of Corporate Communications and Board Secretary, is a member of the Endowment Sub-Committee but not a Trustee of the Fund.

Trustees' Report for the year ended 31 March 2016 (continued)

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 stewards approve all expenditure up to £5,000. Thereafter, the Director of Finance and the Endowment Sub-Committee Chairman approve all expenditure requests up to £50,000. For sums above this level, approval from the Endowment Sub-Committee is required.

Mr Garry Kidd, Assistant Director of Finance, acted as the principal officer overseeing the day to day financial management and accounting for the charitable funds during the year. The Endowment Team, part of the NHS Grampian Finance Department, deals with the accounting records and day to day administration of the Fund. The Operational Manager for NHS Grampian Charities is responsible for advising and training fund stewards and management teams in the use of endowment funds, and for making recommendations to the Trustees for the strategic use of the Fund.

The charity is made up of 1,051 individual funds as at 31 March 2016 (31 March 2015: 1,071), 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 objectives of each fund and in line with the wishes of the donors who give generously to enhance healthcare and patient welfare in Grampian.

Principal Risks and Uncertainties

The Trustees continuously assess and address 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 principal risks and uncertainties are:

- The fluctuations in the stock markets which affect the performance of the Fund's investments;
- ensuring that the Fund is used appropriately through effective financial controls and reporting processes that mitigate error, mistake and fraud; and
- ensuring positive publicity and public perception of the Fund is maintained.

The Trustees have carefully considered these risks and have procedures in place as follows:

- Review of the Investment Policy and the performance of the Investment Fund Managers on a regular basis, to ensure that both expenditure and firm financial commitments remain in line with the level of resource available to the Fund. In addition, during times of stock market uncertainty, the fund is monitored daily by the Endowment Fund management team with a view to limiting expenditure if the value of the fund falls below a level agreed by the Trustees;
- the operational scheme of delegation for the Endowment Funds minimises the risk of inappropriate use of the Fund with regular review of spending and liaison with Internal Audit and External Audit; and
- the Fund liaises with NHS Grampian's Corporate Communications team to ensure positive messages on the Fund's activities are publicised.

Strategic Objectives and Activities

The Fund receives donations and/or legacies from patients, their relatives, the general public and other organisations.

NHS Grampian Endowment Funds

Trustees' Report for the year ended 31 March 2016 (continued)

The Trustees hold all donated funds upon trust and apply the income and, at their discretion, so far as may be permissible, the capital, for any charitable purpose or purposes that enhance healthcare and patient welfare in Grampian, through:

- Improvement of the physical and mental health of the Grampian Health Board's population and our staff;
- prevention, diagnosis and treatment of illness;
- provision of services and facilities in connection to the above; and
- research into any matters relating to the causation, prevention, diagnosis or treatment of illness, or any other matters relating to the health service as the Trustees see fit.

The Trustees have agreed to actively encourage proposals for strategic investment from all areas of the clinical service and across all parts of NHS Grampian's physical infrastructure in line with the following criteria:

- The overall scheme is in line with NHS Grampian's 2020 vision;
- the Endowment funded elements are in addition to the core NHS provision;
- the scheme will enable benefits to patients through improvements in the overall quality of care, physical environment and/or amenity; and
- the scheme has the agreement of all stakeholders including service users and staff.

The Trustees consider the following discharging their responsibilities in line with the purpose and principles of the Fund:

- Observance of any conditions attached to a donation or legacy prescribed by a donor, so far as reasonably practicable and consistent with the charitable purpose and the law;
- the grant of endowment funds should not substitute a core provision nor should endowment funds be used to cover a responsibility of Grampian Health Board that is a direct requirement of health and safety or employment law or a ministerial policy direction;
- an employee of Grampian Health Board may only benefit from the charity where the expenditure is aimed at improving health, welfare or the prevention, diagnosis or treatment of illness for Grampian Health Board residents. Any benefit to the employee must be incidental to (and necessary for) that benefit to be realised; and
- 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 (Scotland) Act 1978, whilst respecting the wishes of the donors.

Trustees' Report for the year ended 31 March 2016 (continued)

Review of the Finances and Achievements of the Fund

The net assets of the Fund as at 31 March 2016 were £41.299 million (2015: £44.709 million). The decrease in net assets relates to a net loss on revaluation of our fixed asset investment portfolio of £3.462 million (2015 net gain £2.099 million) and an in-year deficit from charitable activities of £1.114 million (2015: £0.470 million), offset by a net gain from the disposal of fixed asset investments of £1.166 million (2015: £0.486 million)

Total income for the year was £5.137 million (2015: £3.716 million), £3.467 million (2015: £2.157 million) relating to donations and legacies and £1.670 million relating to dividends and interest on investments (2015: £1.559 million).

The financial position is detailed in the Statement of Financial Activities and Balance Sheet on Pages 17 and 18 respectively.

The Endowment Sub-Committee reviews the financial position of the Fund and flow of income and expenditure at each of its meetings.

Grant-Making Policy

Grant payments by the Fund are made in line with the charitable purpose of the Fund i.e. the enhancement of healthcare and patient welfare in Grampian.

Trustees delegate responsibility for the management of individual funds to named fund stewards who may incur expenditure, subject to the required authorisation process, provided the expenditure 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.

In 2016, the Fund made grant payments totalling £5.927 million (2015: £3.927 million) as detailed in Note 6 to the accounts. This includes payments totalling £2.648 million (2015: £2.314 million) made to NHS Grampian to enable a range of research and other activities for the benefit of patients and staff.

The Fund received £0.283 million (2015: £0.252 million) from NHS Grampian, mainly from income for research activities.

In 2016 the Fund approved commitments in the following areas:

Across Grampian:

- Upgrading ultrasound system for the Maternity Service at Peterhead Community Hospital
- Contribution to enhancement and redesign of the Community Maternity Unit at Peterhead Community Hospital
- Modernising staff/patient dining areas at Aberdeen Royal Infirmary, Dr Gray's Hospital, Royal Cornhill Hospital and Woodend Hospital
- Provision of purpose-built facilities for Grampian Hospital Radio
- Refurbishment of public areas at the Stephen Hospital in Dufftown to include dementia-friendly floor coverings and decoration
- Design fees for the proposed Stonehaven Dialysis Unit
- Reconfiguration of Physiotherapy suite at Kincardine Community Hospital
- Furnishings and activities for Ward 304
- Extension to the Foresterhill Mosque

NHS Grampian Endowment Funds

Trustees' Report for the year ended 31 March 2016 (continued)

Aberdeen Maternity Hospital:

- Improvements to Rubislaw Ward

Aberdeen Royal Infirmary:

- Purchase of a Robotic Surgery System, the first in Scotland
- Fixed site Lithotripter for Urology, the first in Scotland
- Provision of relatives' accommodation visiting critically ill patients
- Refurbishment of Immunology Outpatient Clinic
- Redesign and enhancement of public areas at the Mortuary
- Funding for additional work to the new Stroke Ward
- Contribution to redesign of Plastic Surgery and Burns Ward
- Major Trauma Improvement and Education Programme
- Replacement of an Intra-Operative Monitoring System for Neurosurgery (previously funded by the Endowment Fund)
- Purchase of specialist respiratory equipment for Intensive Therapy Unit
- Patient taxi for Foresterhill site with disabled/wheelchair access
- Improvement of patient accommodation in Phase II of Aberdeen Royal Infirmary
- Continuation of PINE study (Parkinson's Disease)

Dr Gray's Hospital:

- Redesign of the Assessment Unit
- Improved seating and televisions for the Outpatient Department

Roxburghe House:

- Replacement of soft furnishings
- Continuation of the refurbishment of Roxburghe House with partner agencies, Macmillan and Friends of Roxburghe House

Royal Aberdeen Children's Hospital:

- HD Theatre Camera System and Screens
- Funding of Paediatric Oncology Research Nurse

Mental Health and Learning Disabilities:

- Refurbishment of the Blair Unit
- Dementia-friendly floor coverings and lighting at the Lochhead Day Unit
- Specialist seating for patients with dementia and other disabilities

Woodend Hospital:

- Art Room Projects
- Additional shower trolley
- Full body exercise machine for Parkinsons patients

Staff:

- Professional Development of ARI Surgical Team
- Provision of replacement staff lockers at ARI and refurbishment of locker room
- Pilot project using "tablets" to encourage staff appraisal
- Talent Management Programme
- Support for Physician Associate training
- Support for staff in a wide range of specialties to attend training, conferences and meetings

NHS Grampian Endowment Funds

Trustees' Report for the year ended 31 March 2016 (continued)

Clinical Research:

- Grants totalling £286,363 were made to 25 research projects. This annual support for research projects is undertaken in collaboration with NHS Grampian Research and Development which evaluates and recommends proposals for funding.

Grants made to other charities that directly support NHS Grampian are detailed in Note 3 to the financial statements.

The Fund relies upon the generosity of patients, their relatives and friends, 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.

There is a facility within the NHS Grampian website at nhsgrampian.org (Charities and Donations), which provides more details of the Endowment Fund and how to proceed with making a donation.

Investment Policy and Performance

The Fund's Investment Manager is Standard Life Wealth Limited (SLW). For the fund to achieve its stated investment objective, as detailed in the following paragraph, the Trustees have authorised its Investment Managers 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 directly invest in the securities of organisations that are involved in activities incompatible with the objective 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.

The market value of the portfolio was £39.972 million as at 31 March 2016 (2015: £42.960 million). The net difference between the market value and the initial purchase value of investments at 31 March 2016 was £6.784 million (2015: £9.496 million). This difference is held as a separate revaluation reserve on the Balance Sheet. During the year, the investment portfolio generated an income from interest and dividends of £1.670 million (2015: £1.559 million) and a net loss on the disposal and in year revaluation of investments of £2.296 million (2015: net gain of £2.585 million).

Note 15 provides a reconciliation between the movement on the revaluation reserve and the Statement of Financial Activities.

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 2016 against the agreed benchmark was as follows:

NHS Grampian Endowment Funds

Trustees' Report for the year ended 31 March 2016 (continued)

	Total Return %
NHS Grampian Charitable Fund Investment Portfolio	1.7
Benchmark Indices	1.6

The return from the portfolio was slightly higher than the benchmark return during 2016, but lower than the 7.5% return in 2015. This reflects the volatility in the markets, especially during the first quarter of 2016. Uncertainties remain in China, Japan and the Eurozone although the US is showing encouraging if unspectacular growth. Economic growth in the UK remains reasonable, but with both low price and wage inflation.

As the markets continue to show little direction, our investment manager's strategy is to invest in good companies at a fair price rather than a fair company that is cheaply valued, aiming to provide a solid return over the long term. The Trustees will continue to monitor the portfolio's performance regularly.

The portfolio holdings for the year compared to the benchmark are summarised as follows:

	Actual Holdings Year to 31 Mar 2016 %	Benchmark %
FTA Government All Stocks Index	21.5	32.0
FTSE All Share Index	43.5	50.0
FTSE World excluding UK Index	29.8	15.0
Cash	5.2	3.0
TOTAL	100.0	100.0

Investment Policies

NHS Grampian Endowment Funds has no direct investment in tobacco production, armaments, alcohol producers, futures, options or derivatives.

The majority of endowment-funded projects are undertaken within NHS Grampian. However, in recognition of the voluntary work done by local community groups, NHS Grampian Endowment Funds operates a small grant fund which invites applications for up to £5,000 to help to initiate, maintain or expand projects with a direct benefit to our patients in Grampian.

NHS Grampian Endowment Funds

Trustees' Report for the year ended 31 March 2016 (continued)

Reserves Policy

The total funds held by the charity at 31 March 2016 are £41.299 million (2015 £44.709 million) and comprise the following:

	31 March 2016 £million	31 March 2015 £million
<i>Funds not available for the general purposes of the charity:</i>		
Restricted Income Funds	27.889	27.459
Permanent Endowment Funds	0.489	0.510
<i>Funds that can only be realised on sale of investments:</i>		
Revaluation Reserve	6.784	9.496
Unrestricted Funds	6.137	7.244
Total	41.299	44.709

There are £3.039 million of material commitments against restricted funds, not provided for as liabilities in the accounts. These commitments comprise:

Restricted Funds Commitments:

	£million
ARI – Phase 2 In Patient Accommodation	1.594
Peterhead CMU	0.400
Adult Weight Management / Immunology	0.255
Computers on Wheels	0.186
RCH – Corgaff Ward Refurbishment	0.161
Staff Dining Room Refurbishments	0.155
RCH Blair Unit	0.150
Remote Video Access	0.138
Total	3.039

After deducting these commitments, restricted funds at 31 March 2016 are £24.850 million and unrestricted funds are £6.137 million.

The Trustees have adopted a formal reserves policy in relation to unrestricted funds driven by the investment objectives to achieve a balance between capital growth and the generation of income. The Trustees have agreed that the reserve level at 31 March 2016 is appropriate to provide long term sustainability and ensure that sufficient investment income is generated to fund the ongoing healthcare and patient welfare activities that are typically funded through unrestricted funds. Unrestricted funds may be applied to any use within the purpose of the Fund, either generally throughout NHS Grampian's hospitals, or at a particular hospital.

The Restricted Funds, Permanent Endowment Funds and Revaluation Reserve are excluded from the reserves policy as they do not come within the definition of "free reserves". The Trustees actively encourage the application of funds in line with the charitable purposes and in a manner that as far as possible meets donors' wishes.

NHS Grampian Endowment Funds

Trustees' Report for the year ended 31 March 2016 (continued)

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 the 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. With the exception of permanent endowments which are held in perpetuity, all funds are held until required to meet future expenditure commitments which materialise in line with the objectives of the Fund and the specific wishes of the donors.

Plans for the Future

The Trustees agreed, in June 2015, to diversify its investment by purchasing key worker housing; the purchase of 15 one and two-bedded units is expected to be concluded by spring 2017. The expectation is for this investment in property to match the yield of stock market investments.

NHS Grampian Endowment Funds is to launch its logo and website in the next financial year and to enable donors to donate online as well as via Just Giving. This will coincide with the launch of fundraising campaigns, in partnership with independent charities, for the new Baird Family Hospital and the Anchor Centre. The use of the Endowment Fund logo will identify projects funded by the Fund and also raise awareness amongst staff, patients and visitors to all NHS Grampian premises.

A review of funds is planned during the next financial year to identify funds which are not defined by legal documentation. This will allow funds, often of low value and dormant, to be merged with others with similar terms, to enable funds to be used effectively to enhance patient care.

Bequests and Legacies

Bequests and legacies which have been confirmed (with amounts where known) are as follows:

James Beattie Trust	£2.00/annum
James Boyle Trust	£285.00/ annum approximately
John Burnett's Mortification	£1,180/annum approximately
William Cameron's Trust	annual
Minnie Cecil Executory	annual
Lands of Elsick	annual
Robb's Trust	£35.00/annum
Dunvar V Boldero New Church Legacy	£4,996 invested 2.5% consolidated Paid January, April, July, October
Jean Fyfe Whiteoak	£2,000
Elizabeth Cowie	£50,000
Elizabeth Gordon	£666,716
Margaret Jane Wilson	£113,907

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.

Trustees' Report for the year ended 31 March 2016 (continued)

Acknowledgement

The Trustees 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.

Statement of Responsibilities of the Trustees

The trustees are responsible for preparing the Trustees' Annual Report and accounts in accordance with applicable law, regulations and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The law applicable to charities in Scotland requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities and Trustee Investment (Scotland) Act 2005, The Charities Accounts (Scotland) Regulations 2006 and the provisions of the charity's constitution. 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.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by the Trustees on 28 June 2016 and signed on their behalf by:



Mr Raymond Bisset
Chair of Trustees
Grampian Health Board Endowment Fund (Operating as NHS Grampian Endowment Funds)

Independent Auditor's Report to the Trustees of Grampian Health Board Endowment Fund (Operating as NHS Grampian Endowment Funds)

We have audited the financial statements of Grampian Health Board Endowment Fund for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 22. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Statement of Responsibilities of the Trustees, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

NHS Grampian Endowment Funds

**Independent Auditor's Report to the Trustees of Grampian Health Board
Endowment Fund (Operating as NHS Grampian Endowment Funds)
(continued)**

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 2016 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

**Deloitte LLP
Chartered Accountants and Statutory Auditor
Edinburgh, United Kingdom**

28 June 2016

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.

NHS Grampian Endowment Funds
Statement of Financial Activities for the year ended 31 March 2016

	Note	2016			2015				
		Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total £000	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total £000
Income and Endowments From:									
Donations and Legacies									
Donations		85	1,977	0	2,062	79	1,497	0	1,576
Legacies		0	1,405	0	1,405	2	579	0	581
Total Income from Donations and Legacies		85	3,382	0	3,467	81	2,076	0	2,157
Investment Income	4	326	1,322	22	1,670	356	1,181	22	1,559
Total Income and Endowments		411	4,704	22	5,137	437	3,257	22	3,716
Expenditure on:									
Raising Funds:									
Investment Management Costs		30	136	2	168	31	107	2	140
Charitable Activities	6	1,488	4,554	41	6,083	1,652	2,369	25	4,046
Total Expenditure		1,518	4,690	43	6,251	1,683	2,476	27	4,186
Net (Losses) / Gains on Investments	15	0	(2,296)	0	(2,296)	0	2,585	0	2,585
Net (Expenditure) / Income for the year		(1,107)	(2,282)	(21)	(3,410)	(1,246)	3,366	(5)	2,115
Net Movement in Funds		(1,107)	(2,282)	(21)	(3,410)	(1,246)	3,366	(5)	2,115
Reconciliation of Funds									
Total Funds Brought Forward	14	7,244	36,955	510	44,709	8,490	33,589	515	42,594
Total Funds Carried Forward		6,137	34,673	489	41,299	7,244	36,955	510	44,709

All income and expenditure derive from continuing operations. There were no other recognised gains or losses other than listed above and the net income for the year.

NHS Grampian Endowment Funds
Balance Sheet as at 31 March 2016

	Note	Unrestricted Funds £000	Restricted Endowment Funds £000	Total £000	2015 £000
Fixed Assets					
Investments	9	5,901	33,600	39,972	42,960
Total Fixed Assets		5,901	33,600	39,972	42,960
Current Assets					
Debtors	10	17	76	94	91
Cash at Bank and in Hand	11	947	4,306	5,328	3,807
Total Current Assets		964	4,382	5,422	3,898
Liabilities					
Creditors: Amounts falling due within one year	12	(525)	(2,384)	(2,951)	(1,075)
Provisions for liabilities	13	(203)	(925)	(1,144)	(1,074)
Total Net Assets		6,137	34,673	41,299	44,709
The Funds of the Charity	14				
Endowment Funds		0	0	489	510
Restricted Income Funds		0	27,889	27,889	27,459
Unrestricted Funds		6,137	0	6,137	7,244
		6,137	27,889	34,515	35,213
Revaluation Reserve	15	0	6,784	6,784	9,496
Total Charity Funds		6,137	34,673	41,299	44,709

These financial statements of NHS Grampian Endowments Funds, registered Number SC017296, were approved by the Trustees and authorised for issue on 28 June 2016. They were signed on its behalf by

Raymond G. Bisset

Mr Raymond Bisset, Chair of Trustees, Grampian Health Board Endowment Fund (Operating as NHS Grampian Endowment Funds)

NHS Grampian Endowment Funds
Cash Flow Statement for the year ended 31 March 2016

	Note	2016 £000	2015 £000
Net Cash flows from operating activities	19	<u>(841)</u>	<u>(1,244)</u>
Cash flows from investing activities			
Dividends and interest from investments		1,670	1,559
Proceeds from sale of investments		10,792	4,507
Purchase of investments		(10,100)	(4,846)
Net Cash Flows from investing activities		<u>2,362</u>	<u>1,220</u>
Net Increase / (Decrease) in Cash and Cash Equivalents		1,521	(24)
Cash and Cash Equivalents at 1 April		3,807	3,831
Cash and Cash Equivalents at 31 March	20	<u>5,328</u>	<u>3,807</u>

NHS Grampian Endowment Funds

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 the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2015.

The prior year accounts were restated for balances affected by the transition to FRS102 in the current year. The transition date was 1 April 2014. For more information see note 21.

The principal accounting policies are set out below.

(b) Going Concern

The Trustees have assessed the balance sheet and likely future cash flows of the fund at the date of approving the financial statements. The key uncertainty over the next 12 months is the fluctuation in the stock market impacting on the performance of the Funds' investments, which is discussed in the Trustees Report. The Trustees believe that the fund is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Trustees have a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing financial statements.

(c) Funds Structure

Unrestricted Funds are held without restriction, other than that they must be used for purposes relating to the Health Service, either 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 used for expenditure purposes.

(d) Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the items of income have been met, and it is probable that the income will be received and the amount can be measured reliably.

(e) Income from Legacies

Legacies are accounted for as income upon receipt of the legacy.

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

(f) Income from Endowment Funds

The income receivable from the investment of endowment funds are either restricted or unrestricted and are ring-fenced in accordance with the donor's stated wishes.

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

1. Accounting Policies (Continued)

(g) Expenditure

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.

(h) Irrecoverable VAT

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

(i) 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. The basis of allocation is explained in Note 5 to the accounts.

(j) Costs of Raising Funds

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

(k) Charitable Activities

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

(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 disposals throughout the year.

Quoted stocks and shares are included in the Balance Sheet at their value at close of business on 31 March 2016.

(m) Realised Gains/Losses and Unrealised Gains/Losses

Unrealised gains at the Balance Sheet date are now disclosed separately in a revaluation reserve. This provides a clearer statement of the resources immediately available to fund stewards

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. All unrealised gains at the Balance Sheet date are now disclosed separately in the revaluation reserve.

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

1. Accounting Policies (Continued)

(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, and it is probable that a transfer of economic benefit 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 3 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.

(p) Taxation

On the basis that our activities fall within the charitable purposes and our funds are applied only for these purposes, no provision for corporation tax is made. This is in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and Taxes Act 1988.

(q) Financial Instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2. Critical Accounting Judgements and Key Sources of Estimation

In the application of the charity's accounting policies described above, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

3. Related Parties and Trustees' Remuneration

During the year, payments totalling £2.648 million (2015: £2.314 million) were made to NHS Grampian to enable a range of research and other activities for the benefit of patients and £0.283 million (2015: £0.252 million) was received from NHS Grampian mainly relating to income from research activities.

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 NHS Grampian Board. Information on the Trustees of the Fund is included in the Trustees' Report on page 4. The Trustees received no emoluments from the Fund in 2016 or 2015. Expenses in the year reimbursed to Trustees and paid on their behalf totalled £Nil.

The Fund does not have any employees. NHS Grampian employs the equivalent of 3.59 full time members of staff (2015: 2.87) whose time is spent on the provision of support for the administration and governance of the Fund. The salary costs for these staff members are recharged to the Fund on a monthly basis.

There were no other transactions with related parties during the year, although the Fund made donations totalling £76,193 (2015: £578,144) to the following bodies whose purpose is the provision of charitable support to NHS Grampian.

Body	2016 £	2015 £	Objective
Grampian Hospital Arts Trust	32,000	32,000	Provision of art works and related services to hospitals within NHS Grampian.
Rock Challenge	5,000	5,000	Contribution to an event raising awareness of social issues affecting young people including smoking, drugs, alcohol and anti-social behaviour, encouraging physical activity for a healthy lifestyle.
Banff and Macduff Community Council	4,046	0	Contribution towards provision of public accessed defibrillators in Banff and Macduff.
Conversation Cafe, Maud	2,847	0	For people in recovery from mental health issues and people suffering from loneliness and isolation, particularly those with mobility issues and long term health conditions.
Foos Yer Doos Sing Song Club	3,000	0	Singing group for those with neurological conditions in the Inverurie area.
Friends Group	3,000	0	Support for people in recovery from mental health issues running groups to combat social isolation in the Aberdeen area
Mid-Deeside Limited	5,000	0	Contribution towards provision of public accessed defibrillators in Mid-Deeside, Aberdeenshire.
Pathways	4,090	0	To provide for older people living in Torry / Tullos, Aberdeen. A programme of sessions to develop wellbeing and resilience and links to the local community.
Portsoy District Community Association	1,000	0	Contribution towards provision of defibrillator at Portsoy Sports Centre.
Tarves Community Council	5,000	0	Contribution towards provision of public accessed defibrillators in villages within the Tarves Community Council area.
Sub Total	64,983	37,000	

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

3. Related Parties and Trustees' Remuneration (Continued)

Body	2016 £	2015 £	Objective
The Forget-me-not Club	2,000	0	Provision of services to elderly people with dementia from Deeside and their carers.
Tullynessie Conversation Cafe	1,500	0	Cafe and lunch club for elderly people.
Cornfields	5,000	0	Emotional and practical support for people affected by sudden and significant life changing events.
Insch Community Association	2,710	0	Contribution towards provision of public accessed defibrillators.
Banchory Stroke Club	0	1,000	Physical recovery and fitness for people who have had a stroke, also social opportunities.
Home Start, Garioch	0	840	Purchase of dolls to be used in resuscitation training for volunteers and families supported by Home-Start.
Men's Shed	0	7,500	Support positive mental health in men and reduce social isolation in Inverurie, Ellon and Portlethen.
Aberdeenshire Voluntary Action	0	1,300	Monthly lunch club, clients identified by local healthcare professionals. Aim is to reduce social isolation and provide information on local services.
Cairngorm Outdoor Access Trust	0	5,000	Walking to health for approximately 400 participants each week.
Asthma and Allergy Foundation	0	5,000	Asthma education sessions for asthma sufferers and their carers in 36 sheltered housing units in Aberdeen.
Pillar Kincardineshire	0	5,000	One to one support for individuals suffering from mental ill health to help them to adapt to ordinary life in the community.
Sensation All	0	5,000	'Stay and play' project for children and young adults with neuro developmental conditions and their families.
Old Torry Community Centre	0	2,250	Chair based exercise classes for people recovering from falls, strokes etc.
Middlefield Community Project	0	2,254	Discussion, research and activity group, keep fit group and residential conference to support and promote healthy lifestyle among disadvantaged families.
Sub Total	76,193	72,144	

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

3. Related Parties and Trustees' Remuneration (Continued)

Body	2016 £	2015 £	Objective
Sandpiper Trust	0	150,000	Contribution to Wildcat project to establish defibrillators and trained volunteers in 50 locations throughout Grampian in conjunction with Acute Hospital and Emergency Service partners.
Grampian Hospital Radio	0	351,000	Refurbishment of NHS Grampian owned premises to provide upgraded accommodation and facilities to allow expansion of volunteer run hospital radio service to promote healthy living in conjunction with Public Health Partners.
Grampian Strikers	0	5,000	Football club established by young men with mental health issues supported by NHS Grampian mental health staff members.
Grand Total	<u>76,193</u>	<u>578,144</u>	

4. Investment Income

	2016 £000	2015 £000
Dividends and interest from UK equities and fixed interest securities	1,664	1,554
Interest on cash deposits	6	5
	<u>1,670</u>	<u>1,559</u>

5. Allocation of Support Costs and Overheads

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

	2016 £000	2015 £000
Staff Costs	130	100
Administration running costs	13	10
	<u>143</u>	<u>110</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 and governance costs are allocated across the categories of charitable activities. The basis of apportionment is pro-rata to the total direct expenditure incurred on each activity.

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

5. Allocation of Support Costs and Overheads (Continued)

Charitable Activities

	2016	2015
	£000	£000
Patient and staff education and welfare	30	20
Clinical research	22	24
Purchase of equipment	22	34
Infrastructure improvements	69	32
	<u>143</u>	<u>110</u>

6. Analysis of Charitable Expenditure

	2016	2015
	£000	£000
Patient and staff education and welfare	1,600	985
Clinical research	865	826
Purchase of equipment	902	1,147
Infrastructure improvements	2,716	1,088
	<u>6,083</u>	<u>4,046</u>

Included in the above figures are grant payments of £5.927 million in 2016 (2015: £3.927 million). This includes payments totalling £2.648 million (2015: £2.314 million) made to NHS Grampian to enable a range of research and other activities for the benefit of patients and staff.

Grant payments by the Fund are made in line with the charitable purpose of the Fund i.e. the enhancement of healthcare and patient welfare in Grampian. Trustees delegate responsibility for the management of individual funds to named fund stewards who may incur expenditure, subject to the required authorisation process, provided the expenditure 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 Fund received £0.283 million (2015: £0.252 million) from NHS Grampian mainly from income for research activities.

The Fund does not make grants to individuals. Grants made to other charities directly supporting NHS Grampian are detailed in Note 3 above.

7. Analysis of Staff Costs

	2016	2015
	£000	£000
Salaries and wages	108	83
Social Security Costs	7	6
Pension Costs	15	11
	<u>130</u>	<u>100</u>

The staff costs relate to recharges from NHS Grampian for 3.59 whole time equivalent members of staff (2015: 2.87), whose time relates to the provision of administration, planning and strategic management of the Fund, see Note 5 above.

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

8. Auditor's Remuneration

The Auditor's remuneration was £13,800 inclusive of VAT. This consisted of £7,800 (2015: £7,200) for the audit of the charity's annual accounts and £6,000 (2015: £nil) for specialist advice to the Trustees on the risks associated with the proposal to diversify the investment portfolio to include key worker housing.

9. Fixed Asset Investments

	2016	2015
	£000	£000
Market value of investments at 1 April	42,960	40,037
Additions to investments at cost	10,100	4,845
Disposal of investments	(10,792)	(4,507)
Realised Net gain / (loss) on disposals	1,166	486
Unrealised Net (loss) / gain on revaluation	(3,462)	2,099
	<u>39,972</u>	<u>42,960</u>
Cost of investments at 31 March	<u>34,636</u>	<u>34,160</u>
Investments at market value comprised:		
Equities	30,815	31,498
Fixed interest securities	9,157	11,462
	<u>39,972</u>	<u>42,960</u>

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

10. Debtors

	2016	2015
	£000	£000
Prepayments	0	5
Accrued Income	77	57
Other debtors	17	29
	<u>94</u>	<u>91</u>

11. Cash at Bank and in Hand

	2016	2015
	£000	£000
Cash Investments and deposits	2,166	1,492
Other cash at bank and in hand	3,162	2,315
	<u>5,328</u>	<u>3,807</u>

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

12. Creditors Falling Due Within One Year

	2016	2015
	£000	£000
Accruals	221	62
Public Sector	2,729	1,013
Other Creditors	1	0
	<u>2,951</u>	<u>1,075</u>

£2.725 million was due to NHS Grampian at the balance sheet date (2015: £1.013 million)

13. Provisions for Liabilities

	2016	2015
	£000	£000
Obligations outstanding at 1 April	1,074	787
New obligations arising in the year	482	552
Obligations paid during the year	(365)	(265)
Obligations reversed unutilised	(47)	0
Obligations outstanding at 31 March	<u>1,144</u>	<u>1,074</u>

The provisions for liabilities related to the funding of posts within NHS Grampian and expenditure committed from the Endowment Committee Fund resulting in a legal or constructive obligation. The costs are involved primarily in the provision of research in conjunction with the University of Aberdeen.

Timing of obligations

	2016	2015
	£000	£000
Obligations payable in under 1 year	639	479
Obligations payable in over 1 year	505	595
Obligations outstanding at 31 March	<u>1,144</u>	<u>1,074</u>

14. Analysis of Charitable Funds

	Balance as at 1 April 2015	Income	Expenditure	Investment Gains & Losses	Balance as at 31 March 2016
	£000	£000	£000	£000	£000
Analysis of Fund Movements:					
Unrestricted Funds	7,244	411	(1,518)	0	6,137
Restricted Funds	27,459	4,704	(4,690)	416	27,889
Permanent Endowments	510	22	(43)	0	489
	<u>35,213</u>	<u>5,137</u>	<u>(6,251)</u>	<u>416</u>	<u>34,515</u>
Revaluation Reserve	9,496	0	0	(2,712)	6,784
Total	<u>44,709</u>	<u>5,137</u>	<u>(6,251)</u>	<u>(2,296)</u>	<u>41,299</u>

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

15. Revaluation Reserve

The balance on the revaluation reserve reflects the difference between the market value and the initial purchase value of investments in equities and bonds held at the Balance Sheet date. The net movement in the revaluation reserve is summarised as follows:

	2016	2015
	£000	£000
Balance at 1 April	9,496	7,296
Net gain on revaluation of investments in equities and bonds	(1,213)	2,651
Reversal of prior year revaluation adjustment relating to disposal of investments in year	(1,499)	(451)
Balance at 31 March	<u>6,784</u>	<u>9,496</u>

Reconciliation of net movement on revaluation reserve to realised and unrealised (losses) / gains on investment assets reported in the Statement of Financial Activities:

	2016	2015
	£000	£000
Net (loss) / gain on revaluation of investments in equities and bonds during the year	(1,213)	2,651
Reversal of prior year revaluation adjustment relating to disposal of investments in year	(1,499)	(452)
Unrealised losses on revaluation of Investments in year	(750)	(101)
Realised gains on disposal of Investments during the year	1,166	486
Realised and unrealised (losses) / gains on Investment assets	<u>(2,296)</u>	<u>2,584</u>

16. Contingent Liabilities

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

	2016	2015
	£000	£000
Nature		
Potential for future spend to be funded through Endowments	<u>3,256</u>	<u>5,538</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 steward. It is likely that these requests will be expended during the 2016/17 financial year.

17. Material Legacies

Legacy income is only included in income when monies are received. As at 31 March 2016, the Fund had been notified of 13 potential bequests but at the date of approval of the accounts had not been advised on the future potential benefit to the fund.

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

18. Restricted Funds

The following analysis highlights all restricted funds with a balance greater than £0.250 million at the balance sheet date. These funds form part of the total restricted funds of £27.889 million as at 31 March 2016.

Name of Fund	Purpose of Fund	Balance	Income	Expenditure	Investment Gains & (Losses)	Balance
		as at 1 April 2015				as at 31 March 2016
		£000	£000	£000	£000	£000
Stonehaven Dialysis Unit Fund	Establish a Dialysis Centre in Stonehaven	581	408	(8)	0	981
Peterhead Community Hospital General Purposes Fund	General purposes at Peterhead Community Hospital	928	44	(67)	0	905
Doreen Cameron Executry	Research into heart disease	783	36	(47)	0	772
Oncology Discretionary Fund	Benefit of the Department of Oncology, Aberdeen Royal Infirmary	404	304	(39)	0	669
Coronary Care Unit Fund	For the benefit of the Coronary Care Unit	638	36	(6)	0	668
Cancer Research Fund	Cancer research	658	31	(31)	0	658
Diabetes Centre General Fund	For the benefit of the Diabetes Centre	570	86	(20)	0	636
Doreen Cameron Executry	Cancer research	621	27	(45)	0	603
Foetal & Perinatal Fund	Benefit of Foetal and Perinatal at Aberdeen Maternity Hospital	529	24	(25)	0	528
Oaks Centre Day Care Fund	For the benefit of the Oaks Day Care	441	71	(8)	0	504
Miss Alexina E Shand Fund	For purposes at Stephen Hospital, Dufftown	426	19	(10)	0	435
Colorectal Study Fund	For the purposes of colorectal study	374	45	(15)	0	404
Mrs K M Munro's Fund	Maintenance, Health & Welfare of Children	387	18	(3)	0	402
Ward 309 Haematology Patients' Fund	For the benefit of Ward 309, Aberdeen Royal Infirmary	371	24	(1)	0	394
Breast Research Fund	Research for Breast Cancer	383	18	(22)	0	379
Leukaemia Research for Children	Leukaemia research for children	393	25	(74)	0	344
Sub Total		8,487	1,216	(421)	0	9,282

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

18. Restricted Funds (Continued)

Name of Fund	Purpose of Fund	Balance	Income	Expenditure	Investment Gains & (Losses)	Balance
		as at 1 April 2015				as at 31 March 2016
		£000	£000	£000	£000	£000
Aberdeen Lung Cancer Group	Benefit of lung cancer department	250	100	(14)	0	336
Roxburghe House General Purposes Fund	General purposes at Roxburghe House	543	30	(271)	0	302
Cardiac Discretionary Fund	For the benefit of Cardiac patients	7	289	(1)	0	295
Cardiac Surgical Fund	Research and development, and benefit of the Cardiac Department	267	14	(8)	0	273
ARI Ward 310 Patients' Fund	For the benefit of Ward 310, Aberdeen Royal Infirmary	245	17	(3)	0	259
ARI General Purposes Fund	General purposes of Aberdeen Royal Infirmary	183	83	(11)	0	255
		9,982	1,749	(729)	0	11,002
Other Restricted Funds		17,477	2,955	(3,961)	416	16,887
		27,459	4,704	(4,690)	416	27,889

19. Reconciliation of Net Income / Expenditure to Net Cash Flow from Operating Activities

	2016	2015
	£000	£000
Net (expenditure) / income for year as per statement of financial activities	(3,410)	2,115
Adjustments for:		
Losses / (gains) on investments	2,296	(2,584)
Dividends, interest and rents from investments	(1,670)	(1,559)
(Increase) / decrease in debtors	(3)	3
Increase in creditors	1,876	494
Increase in Provisions for Liabilities	70	287
Net cash used in operating activities	(841)	(1,244)

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

20. Analysis of Cash and Cash Equivalents

	2016 £000	2015 £000
Cash in hand	1	1
Cash at Bank	5,327	3,806
Total cash and cash equivalents	5,328	3,807

21. Explanation of Transition to FRS102

This is the first year that the charity has presented its financial statements under Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council. The following disclosure is required in the year of transition. The last accounts under the previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS102 was therefore 1 April 2014. As a consequence of adopting FRS102, the following accounting policy has changed to comply with that standard.

Governance costs – these have been reclassified within support costs (see note 5). The impact is that the 2015 figures in Notes 5 and 6 have been changed as follows:

	2015 as Originally Stated £000	2015 Restated to include Governance Costs £000
Support Costs Allocation to Charitable Activities (Note 5)		
Patient and staff education and welfare	21	20
Clinical Research	17	24
Purchase of Equipment	24	34
Infrastructure Improvements	23	32
Governance Costs	25	0
	110	110

	2015 as Originally Stated	2015 Restated to include Governance Costs
Analysis of Charitable Expenditure (Note 6)		
Patient and staff education and welfare	979	985
Clinical Research	819	826
Purchase of Equipment	1,137	1,147
Infrastructure Improvements	1,079	1,088
	4,014	4,046

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

22. Consolidation

The results of NHS Grampian Endowment Funds have been consolidated into the accounts of NHS Grampian on the basis that all Trustees are also board members of NHS Grampian and therefore effectively operate under common control for accounting purposes. The consolidated accounts are publicly available and can be accessed on the NHS Grampian website at the following [link](#), after they have been laid before parliament, in the autumn of each year.

NHS Grampian Endowment Funds

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