

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

ACCOUNTS 2012-13

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 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.*

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NHS Grampian Endowment Funds

Name

The legally registered name of the charity is Grampian Health Board Endowment Funds (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 Summerfield House, 2 Eday Road, Aberdeen AB15 6RE.

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

- The enhancement of healthcare and patient welfare in Grampian, through:
 - a) improvement of the physical and mental health of the Grampian Health Board's population and our staff;
 - b) prevention, diagnosis and treatment of illness;
 - c) provision of services and facilities in connection to the above; and
 - d) 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.
- 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 Boards residents. Any benefit to the employee must be incidental to (and necessary for) that benefit to be realised.

Trustees' Report

Trustees' report for the Year Ended 31 March 2013

The Trustees present their report along with the financial statements of the NHS Grampian Endowment Funds (the Fund) for the year ended 31 March 2013. 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 (as updated).

Structure, Governance and Management

The Scottish Ministers appoint the Trustees by virtue of their appointment to Grampian Health Board. The Trustees of NHS Grampian Endowment Funds during 2012/13 are listed below:

Chair of Trustees

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

NHS Grampian Board Non-executive members

Councillor Bill Howatson (Chairman of the NHS Grampian Board)

Mr David Anderson

Councillor Lee Bell (to 30 April 2012)

Councillor Barney Crockett (from 1 June 2012)

Councillor Katharine Dean (to 30 April 2012)

Mrs Sharon Duncan

Professor Mike Greaves (from 1 October 2012)

Mrs Jennifer Greener

Professor Neva Haites (to 30 September 2012)

Mrs Linda Juroszek

Mrs Christine Lester

Councillor Anne MacKay (from 1 June 2012)

Mr Terry Mackie

Professor Valerie Maehle

Mr Charles Muir

Councillor Anne Robertson (from 1 June 2012)

Mr Michael Scott

NHS Grampian Board Executive members

Mr Richard Carey

Chief Executive

Dr Roelf Dijkhuizen

Medical Director

Mr Alan Gray

Director of Finance

Sir Lewis Ritchie

Director of Public Health

Mrs Elinor Smith

Director of Nursing and Quality

The Trustees, at the annual general meeting on 11 December 2012, agreed an amended charter and associated operating instructions which form a revised governance framework for the charity. Key aspects of the governance framework include a schedule of decisions now reserved for Trustees and revised operating procedures and associated administrative processes aimed at improving the internal control environment and to ensure a strategic approach to the utilisation of the Fund.

Trustees' Report

Decisions Reserved to Trustees

The following matters are reserved for approval of 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 external auditors;
- 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:

- approve the annual General Endowment Fund income and expenditure budgets;
- monitor financial performance and ensure 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 Board policy.
- authorise 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
Councillor Lee Bell (to 30 April 2012)
Mrs Sharon Duncan
Councillor Anne Mackay (from 1 June 2012)
Mr Michael Scott
Mr Alan Gray
Mrs Laura Gray

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

Trustees' Report

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. The Director of Finance approves all expenditure over £5,000 and up to £15,000. Thereafter the Director of Finance and the Endowment Committee Chairperson approve all expenditure requests up to £50,000. For sums above this level, approval from the Endowment Committee is required.

Mr 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 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 1,068 individual funds as at 31 March 2013 (31 March 2012: 1,046), 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 enhance healthcare and patient welfare in Grampian.

Risk Management

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

Strategic Objectives and Activities

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

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 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.

Trustees' Report

The Trustees observe the following principles whilst discharging their responsibilities:

- observance of any conditions attached to a donation or legacy prescribed by a donor, so far as is reasonably practicable, and consistent with the charitable purpose and the law;
- 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 Boards 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.

Review of the Finances and Achievements of the Fund

The net assets of the Fund as at 31 March 2013 were £39.901 million (2012: £34.9 million). The increase in net assets relates to an overall surplus from charitable activities of £1.125 million, a revaluation loss on the sale of investments of £0.095 million and an increase in unrealised gains on Fixed Asset Investments of £3.971 million.

Income for the year was £4.647 million (2012: £4.270 million), £3.154 million relating to donations and legacies (2012: £2.822 million) and £1.493 million relating to dividends and interest on investments (2012: £1.448 million).

The financial position is detailed in the Statement of Financial Activities on page 12.

The Endowment Committee regularly reviews the utilisation of funds to ensure that funds are targeted appropriately to meet the specific requirements of donors and to enhance the facilities available to patients and staff across NHS Grampian.

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 objectives of the fund, that the grant request is supported by NHS Grampian and that the funds are available to meet the request.

In 2012/13, the Fund made grant payments totalling of £3.365million (2011/12 £3.102 million) as detailed in Note 6 to the Accounts. This includes payments totaling £1.315 million (2011/12 £1.568 million) made to NHS Grampian to enable a range of research and other activities for the benefit of patients and staff and a grant of £0.7million was made to Moray College as a contribution towards the development of the Moray Life Sciences Centre in Elgin.

The Fund received £0.303 million (2011/12 £0.24 million) from NHS Grampian, mainly from income for research activities.

Trustees' Report

In 2012/13 the Fund was used to support expenditure in the following areas:

Patient Expenditure: Purchase of items of equipment that improve patient amenity and the provision of services and facilities that would not normally be available within the normal NHS provision. For example Red Cross patient transport services at Roxburghe House, enhanced arts and environment at the Emergency Care Centre, weekly supply of flowers for the Mortuary and Accident & Emergency bereavement area at Aberdeen Royal Infirmary and other various items such as television and video equipment and a Christmas allowance for long stay patients.

Staff Expenditure: Enhancing patient care through

- motivation of staff by providing services that improve staff wellbeing for example a staff focused physiotherapy service, improved staff changing facilities at Woodend Hospital, access to complementary therapy treatments; and
- education of staff by providing training that would not normally be available within the normal NHS provision for example the purchase of a birthing simulator and robotic mannequin for simulated neonatal resuscitation, an advanced life support course at Dr Gray's Hospital, an on line chemotherapy support course for Anchor Unit staff, coaching and mentoring support and attendance at an international lung cancer conference.

Equipment: Purchase of operational equipment in addition to that normally provided by the NHS for example endoscopic skull base and pituitary surgical equipment for the Neurosurgery Unit, a bariatric cooling system for Roxburghe House, auroscopes and ophthalmoscopes for the Haematology service, a thoracoscope for the Respiratory Unit, an incubator for the Special Care Baby Unit, a CCT trolley for Dr Gray's Hospital, slit lamps at the Eye Clinic, video cystoscopes at Dr Gray's Hospital and other various items including pressure mattresses and special profiling beds at Community hospitals.

Clinical Research: To provide funds in support of research projects which will benefit the NHS for example Huntingtons Disease, GLOMS 2 (Renal Dialysis), smoking intervention, lens regeneration and other research activity within the Dermatology, Oncology, Ophthalmology, Rheumatology, Gastrointestinal, Urology, Neonatal and Breast Care specialties.

Infrastructure Improvements: Improvements to the NHS Grampian estate that would not normally be available within the normal NHS provision for example a Summer House within the grounds of the Oaks Palliative Care Centre, creation of a relatives room at ward 7 Dr Gray's Hospital, a therapeutic garden at Fraserburgh Hospital and various small scale refurbishment and garden maintenance projects to improve the amenity for patients and staff.

Grants made to NHS Grampian related parties are detailed in note 2 to the accounts.

The Fund relies upon the generosity of patients and their relatives, who have experienced the care of NHS Grampian, and other donors who are generous in their support of the Fund. All funds are invested to achieve a balance of capital growth and income.

There is a facility within the NHS Grampian website at nhsgrampian.org within charities and donations, providing more details of the Endowment Fund and how to proceed with making a donation.

Trustees' Report

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.

The portfolio was valued at £39.897 million as at 31 March 2013 (31 March 2012: £34.593 million), and generated an income of £1.493 million for the year (2011/12: £1.448 million). Within the portfolio there was an unrealised gain on the valuation of investments of £7.252 million (2011/12: £4.642 million), which was taken to the revaluation reserve and an unrealised loss of £0.400 million (2011/12: £0.950 million), which was charged to 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 2012/13 against the agreed benchmark was as follows:

	Total Return %
NHS Grampian Charitable Fund Investment Portfolio	9.05
Benchmark indices	7.62

The return from the portfolio was ahead of the benchmark return over the twelve months to 31 March 2013. This was largely due to increased emphasis on overseas equities, mainly European, and reduced holdings in UK equities driven by the fall in sterling relative to most other currencies. In addition the portfolio's strategic positioning in Asia and Emerging Markets is starting to deliver benefit driven by the increasing share of global GDP growth generated by these regions.

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

	Actual Holdings Year to 31 Mar 13 %	Benchmark %
FTA Government All Stocks Index	25.70	32.00
Index Linked	1.80	0.00
FTSE All Share Index	44.20	50.00
FTSE World excluding UK Index	25.70	15.00
Cash	2.50	3.00
Total	100.00	100.00

Reserves Policy

The Trustees have adopted a formal reserves policy in relation to unrestricted funds, and the Trustees have agreed that the reserve level at 31 March 2013 for these funds will be required in the future to provide long term sustainability and ensure that sufficient investment income is generated to fund the ongoing 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 Fund also had, at 31 March 2013, £31.139 million in restricted funds and £0.5 million in permanent endowment funds. The restricted funds balance includes unrealised gains of £7.652 million held within the revaluation reserve. These funds 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.

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

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

Plans for the Future

The Trustees will continue to ensure that any expenditure 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 2012/13 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.

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

Statement of responsibilities of the Trustees

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

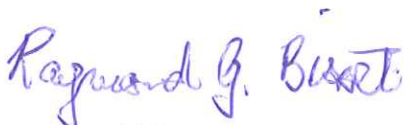
Auditor

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

Acknowledgement

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.

Approved by the Trustees on 24 September 2013 and signed on their behalf by:



Mr Raymond Bisset
Chair of Trustees
Grampian Health Board Endowment Fund

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF GRAMPIAN HEALTH BOARD ENDOWMENT FUND

We have audited the financial statements of Grampian Health Board Endowment Fund for the year ended 31 March 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2013 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

24 September 2013

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

**Grampian Health Board Endowment Fund
Statement of Financial Activities for the year ended 31 March 2013**

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 2013 £000	Total Funds 2012 £000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income:						
Donations		14	1,924	-	1,938	1,716
Legacies		1	1,215	-	1,216	1,106
Total voluntary income		15	3,139	-	3,154	2,822
Investment income	3	339	1,135	19	1,493	1,448
Incoming resources		354	4,274	19	4,647	4,270
Other Incoming Resources						
Realised gain on sale of property		-	-	-	-	943
Total Incoming resources		354	4,274	19	4,647	5,213
Resources expended						
<i>Costs of generating funds:</i>						
Investment management costs		31	85	2	118	110
<i>Charitable activities:</i>						
Patient & Staff Education and Welfare		836	715	-	1,551	884
Clinical Research		37	511	32	580	760
Purchase of New Equipment		9	1,090	2	1,101	1,224
Infrastructure Improvements		22	111	-	133	234
Direct charitable expenditure	5	904	2,427	34	3,365	3,102

**Grampian Health Board Endowment Fund
Statement of Financial Activities for the year ended 31 March 2013**

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 2013 £000	Total Funds 2012 £000
Governance costs	7	11	27	1	39	54
Total resources expended		946	2,539	37	3,522	3,266
Net incoming resources before other recognised gains and losses		(592)	1,735	(18)	1,125	1,947
Other recognised gains and losses: Realised and unrealised gains/ (losses) on investment assets	10	-	3,876	-	3,876	(417)
Net Movement in Funds		(592)	5,611	(18)	5,001	1,530
<i>Reconciliation of Funds</i> Total Funds brought forward	15	8,854	25,528	518	34,900	33,370
Total Funds carried forward		8,262	31,139	500	39,901	34,900

**Grampian Health Board Endowment Fund
Balance Sheet as at 31 March 2013**

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 31 Mar 13 £000	Total Funds 31 Mar 12 £000
Fixed Assets:						
Investments	10	8,261	31,136	500	39,897	34,593
Total Fixed Assets		8,261	31,136	500	39,897	34,593
Current Assets:						
Debtors	11	90	250	5	345	446
Cash at bank and in hand	12	362	1,033	22	1,417	1,121
Total Current Assets		452	1,283	27	1,762	1,567
Liabilities:						
Creditors falling due within one year	13	(107)	(302)	(6)	(415)	(248)
Net Current Assets		345	981	21	1,347	1,319
Total Assets less Current Liabilities		8,606	32,117	521	41,244	35,912
Provisions for liabilities	14	(344)	(978)	(21)	(1,343)	(1,012)
Net Assets		8,262	31,139	500	39,901	34,900

Grampian Health Board Endowment Fund
Balance Sheet as at 31 March 2013

	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 31 Mar 13 £000	Total Funds 31 Mar 12 £000
The Funds of the Charity:						
Permanent endowment funds	15	-	-	500	500	518
Restricted funds		-	23,487	-	23,487	25,528
Unrestricted funds		8,262	-	-	8,262	8,854
		8,262	23,487	500	32,249	34,900
Revaluation Reserve	16	-	7,652	-	7,652	-
Total Charity Funds		8,262	31,139	500	39,901	34,900

The notes on pages 17-26 form part of these accounts.
Approved by the Trustees on 24 September 2013 and signed on their behalf by:



Mr Raymond Bisset
Chair of Trustees
Grampian Health Board Endowment Fund

Grampian Health Board Endowment Fund

Cash Flow Statement for the Year Ended 31 March 2013

	2013	2012
	£000	£000
Net Cash inflow from operating activities	1,724	419
Financial Investment :		
Purchase of Investments		
Cash outflow for the purchase of investments	(13,242)	(8,611)
Proceeds from the sale of investments		
Cash inflow from the sale of investments	11,814	7,671
Sale of Property	-	1,318
Increase in cash in year	<u>296</u>	<u>797</u>

NOTES

1. Reconciliation of Net Cash inflow from operating activities

Net Incoming Resources before Transfers and Other Recognised Gains and Losses	1,125	1,947
Decrease/(Increase) in Debtors	101	(6)
Increase/(Decrease) in Creditors	167	(139)
Increase/(Decrease) in Provision for Liabilities	331	(440)
Realised gain on sale of property	-	(943)
	<u>1,724</u>	<u>419</u>

2. Analysis of Increase in Cash

Balance as at 1 April	1,121	324
Net Cash Inflow	296	797
Balance as at 31 March	<u>1,417</u>	<u>1,121</u>

3. Analysis of Cash at Bank and In Hand

	At	Cashflow	At
	01/04/12		31/03/13
	£000	£000	£000
Cash in Hand	1	-	1
Cash at Bank	1,120	296	1,416
	<u>1,121</u>	<u>296</u>	<u>1,417</u>

Grampian Health Board Endowment Fund Notes to the Accounts

1. Accounting Policies

(a) Basis of accounting

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

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

(b) Funds Structure

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

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

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

(c) Incoming Resources

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

(d) Incoming Resources from Legacies

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

Material legacies which have been notified, but not recognised as incoming resources in the Statement of Financial Activities (SOFA), are disclosed in a separate note to the accounts with an estimate of the amount receivable (note 18).

(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.

Grampian Health Board Endowment Fund Notes to the Accounts

(g) Irrecoverable VAT

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

(h) Allocation of Overhead and Support Costs

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

(i) Costs of Generating Funds

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

(j) Charitable Activities

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

(k) Governance Costs

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

(l) Fixed Asset Investments

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

Quoted stocks and shares are included in the balance sheet at their value at close of business on 31 March 2013.

From 1 April 2012 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.

(m) Realised Gains/ Losses and Unrealised Gains/ 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. All unrealised gains at the balance sheet date are now disclosed separately in the revaluation reserve.

Grampian Health Board Endowment Fund Notes to the Accounts

(n) Contingent Liabilities and Provisions

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

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

(o) Pensions

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

2. Related Party Transactions and Trustees' Remuneration

The Fund made donations totalling £39,000 in 2012/13 (2011/12: £39,000) to the following bodies:

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

The amounts provided were £32,000 to GHAT (£32,000 in 2011/12), £1,000 to GNRF (£1,000 in 2011/12) and £6,000 to the Rock Challenge event (£6,000 in 2011/12). 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 2 of the Trustees' Report. The Trustees received no emoluments from the Fund in 2012/13 (2011/12: £Nil). Expenses in the year totalled £Nil (2011/12: £ Nil).

The Fund does not have any employees. NHS Grampian employs the equivalent of 4.77 full time members of staff (2011/12: 4.0) 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.

During the year, payments totalling £1.315 million (2011/12 £1.568 million) were made to NHS Grampian to enable a range of research and other activities for the benefit of patients and £0.303 million was received from NHS Grampian mainly relating to income from research activities.

**Grampian Health Board Endowment Fund
Notes to the Accounts**

3. Investment Income

	2013 £000	2012 £000
Dividends and Interest from UK equities and fixed interest securities	1,490	1,443
Interest on cash deposits	3	5
	<u>1,493</u>	<u>1,448</u>

4. Allocation of Support Costs and Overheads

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

	2013 £000	2012 £000
Staff costs	118	128
Administration running costs	12	13
	<u>130</u>	<u>141</u>

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

	2013 £000	2012 £000
Direct Charitable Activities		
Patient and Staff Education & Welfare	36	27
Clinical Research	36	23
Purchase of New Equipment	23	37
Infrastructure Improvements	3	7
	<u>98</u>	<u>94</u>
Governance Costs	32	47
	<u>130</u>	<u>141</u>

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:

	2013 £000	2012 £000
Patient and Staff Education & Welfare	1,551	884
Clinical Research	580	760
Purchase of New Equipment	1,101	1,224
Infrastructure Improvements	133	234
Total	<u>3,365</u>	<u>3,102</u>

Grampian Health Board Endowment Fund Notes to the Accounts

6. Analysis of Grants

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 2012/13, the Fund made grant payments totalling of £3.365 million (2011/12 £3.102 million) as detailed in note 5 above. This includes payments totaling £1.315 million (2011/12 £1.568 million) made to NHS Grampian to enable a range of research and other activities for the benefit of patients and staff and a grant of £0.7 million was made to Moray College as a contribution towards the development of the Moray Life Sciences Centre in Elgin.

The Fund received £0.303 million (2011/12 £0.24 million) from NHS Grampian mainly from income for research activities.

The Fund does not make grants to individuals.

Grants made to NHS Grampian related parties are detailed in note 2 above.

7. Analysis of Governance Costs

	2013 £000	2012 £000
Planning and Strategic management (see note 4 above)	32	47
Auditor's remuneration	7	7
	<u>39</u>	<u>54</u>

8. Analysis of Staff Costs

	2013 £000	2012 £000
Salaries and wages	98	106
Social security costs	7	7
Pension costs	13	15
	<u>118</u>	<u>128</u>

The staff costs relate to recharges from NHS Grampian for 4.77 whole time equivalent members of staff (2011/12: 4), whose time relates to the provision of administration, planning and strategic management support to the Fund – see notes 4 and 7 above.

9. Auditor's Remuneration

The auditor's remuneration of £6,840 (2011/12: £6,600) related solely to the audit with no other additional work undertaken.

**Grampian Health Board Endowment Fund
Notes to the Accounts**

10. Fixed Asset Investments

Movement in fixed asset investments:	2013 £000	2012 £000
Market value of Investments at 1 April	34,593	34,070
Additions to investments at cost	13,242	8,611
Disposal of investments	(11,909)	(7,671)
Net gain/(loss) on revaluation	3,971	(417)
Market Value as at 31 March	<u>39,897</u>	<u>34,593</u>
Investments at market value comprised:		
Equities	28,637	23,550
Fixed interest securities	11,260	11,043
Total	<u>39,897</u>	<u>34,593</u>

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.

11. Debtors

	2013 £000	2012 £000
Other debtors	118	205
Prepayments and accrued income	227	241
Total	<u>345</u>	<u>446</u>

£0.013 million was due from NHS Grampian at 31 March 2013 (31 March 2012: £0.098 million).

12. Analysis of Cash at Bank and In Hand

	2013 £000	2012 £000
Cash investments and deposits	782	460
Other cash at bank and in hand	635	661
	<u>1,417</u>	<u>1,121</u>

**Grampian Health Board Endowment Fund
Notes to the Accounts**

13. Analysis of Creditors Falling Due Within One Year

	2013	2012
	£000	£000
Trade creditors	89	-
Accruals	304	248
Other Creditors	22	-
Total	415	248

£0.282 million was due to NHS Grampian at 31 March 2013 (31 March 2012: £0.151 million).

14. Provisions for Liabilities

Charitable Commitments Accrued	2013	2012
	£000	£000
Commitments outstanding at 1 April	1,012	1,452
New commitments raised in year	763	512
Commitments paid during the year	(288)	(952)
Commitments reversed unutilised	(144)	-
Commitments outstanding as at 31 March	1,343	1,012

Timing of commitments

Commitments payable in under 1 year	875	544
Commitments payable in over 1 year	468	468
Commitments outstanding as at 31 March	1,343	1,012

The Trustees only approve chargeable commitments where funds are already in place to meet the cost. The provisions for liabilities relate to the funding of posts within NHS Grampian and expenditure committed from the Endowment Committee fund. The posts are involved primarily in the provision of research in conjunction with the University of Aberdeen.

Grampian Health Board Endowment Fund
Notes to the Accounts

15. Analysis of Charitable Funds

Analysis of Fund Movements

	Balance at 31 Mar 12	Incoming Resources	Resources Expended	Investment Gain and Losses	Balance at 31 Mar 13
	£000	£000	£000	£000	£000
Permanent endowment	518	19	(37)	-	500
Restricted funds	20,886	4,274	(2,539)	886	23,487
Unrestricted funds	8,854	354	(946)	-	8,262
Total	30,258	4,647	(3,522)	886	32,249

16. Revaluation Reserve

2013
£000

Balance at 1 April 2012	-
Revaluation of Fixed Asset Investments	8,593
Realised Gains and Losses	(941)
Balance at 31 March 2013	7,652

17. Restricted Funds

The following analysis highlights all restricted funds with a balance greater than £0.250 million as at 31 March 2013. These funds form part of the total Restricted Funds of £23.487 million as at 31 March 2013.

	Terms	31 Mar 13	31 Mar 12
		£000	£000
Breast Research Fund	Research for Breast Cancer	323	291
Cancer Research Fund	Cancer Research	440	268
Cardiac Surgical Fund	Research and Development and benefit of cardiac department	287	265
Colorectal Study Fund	For purposes of Colorectal Study	350	338
Coronary Care Research Fund	Research for Coronary Care	341	328

**Grampian Health Board Endowment Fund
Notes to the Accounts**

continued	Terms	31 Mar 13	31 Mar 12
		£000	£000
Coronary Care Unit Fund	For the benefit of the Coronary Care Unit	604	546
Diabetes Centre General Fund	For the benefit of the Diabetes Centre.	480	469
Doreen Cameron's Executry	Cancer Research	576	555
Doreen Cameron's Executry	Heart Research	793	363
Foetal & Perinatal Fund	Benefit of Foetal and Perinatal at Aberdeen Maternity Hospital	562	551
Leukaemia Research for Children Fund	Leukaemia Research for Children	341	334
Miss Alexina Shand Fund	For purposes at Stephen Hospital, Dufftown	402	369
Mrs K M Munro's Fund	Purchase of equipment and welfare of children at Royal Aberdeen Children's Hospital	383	366
Oaks Palliative Day Care Centre Fund	For the benefit of the Oaks Day Care Centre	376	339
Oncology Discretionary Fund	Benefit of Dept. of Oncology, ARI	420	378
Peter Gibb Bequest	Benefit of Dept. of Cardiology, ARI	388	383
Peterhead Community Hospital General Purposes Fund	General Purposes at Peterhead Community Hospital	858	828
Renal Dialysis Machines Fund	For the purchase of Renal Dialysis Machines	263	255
Roxburghe House General Purposes Fund	General Purposes at Roxburghe House	452	412
Therapeutic Garden Fund		256	-
Ward 16 Haematology Fund	For the benefit of Ward 16 Aberdeen Royal Infirmary	331	341
Sub total		9,226	7,979
Other Restricted Funds		14,261	12,907
Total Restricted Funds		23,487	20,886

**Grampian Health Board Endowment Fund
Notes to the Accounts**

18. Material Legacies

Legacy income is only included in incoming resources when monies are received. As at 31 March 2013 the Fund had been notified of twelve bequests with an estimated value of £0.3 million which has not been accrued. The bequests are for:

	£000
Aberdeen Royal Infirmary	14
Aboyne Hospital	11
Cancer Research	5
Chalmers Hospital	5
Diabetes, ARI	38
Dr Gray's Hospital	5
Eye Clinic, ARI	75
ITU, ARI	68
Renal, ARI	38
Research within NHSG	9
Roxburghe House	21
Woodend Hospital	11
	<hr/> 300 <hr/>

19. Contingent Liabilities

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

Nature	2013	2012
	£000	£000
Potential for future spend to be funded through Endowments	<u>1,428</u>	<u>2,024</u>

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

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