



Grampian Health Board Endowment Fund operating as

NHS Grampian Endowment Fund

Annual Report & Accounts
Year Ended 31 March 2017

Scottish Charity No SCO17296

www.nhsgcharities.com

Scottish Charity No SCO17296



NHS Grampian
endowment fund
Making a difference...

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

Trustees' Report and Accounts

Year Ended 31 March 2017

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.

Trustees' Report for the Year Ended 31 March 2017

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 2017. The results of the Charity are consolidated into the accounts of Grampian Health Board on the basis that all Trustees are also members of the Grampian Health Board so the Charity effectively operates 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 of the Charity 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 the Charity during 2017 are listed below:

Chair of Trustees

Mr Raymond Bisset (to 31 March 2017. Non-executive member of the Grampian Health Board)*

Grampian Health Board Non-executive Members

Professor Steven Logan
Mrs Amy Anderson (from 1 August 2016)
Mr David Anderson (to 31 July 2016)
Mrs Rhona Atkinson
Dame Anne Begg (from 1 August 2016)
Councillor Linda Clark (from 4 October 2016)
Councillor Stewart Cree
Councillor Barney Crockett
Mrs Sharon Duncan
Professor Mike Greaves
Councillor Martin Kitts-Hayes (to 31 August 2016)
Mrs Christine Lester
Dr Lynda Lynch
Mr Terry Mackie (to 31 July 2016)
Dr Helen Moffat
Mr Jonathan Passmore
Mr Eric Sinclair

* Note: Mr Raymond Bisset retired from Grampian Health Board and resigned as chair of Trustees on 31 March 2017. Dame Anne Begg was elected Chair of Trustees with effect from 1 April 2017.

No key management personnel are directly employed by the Endowment Fund.

Trustees' Report for the year ended 31 March 2017 (continued)

Grampian Health Board Executive Members

Mr Malcolm Wright	Chief Executive
Dr Nick Fluck	Medical Director
Mr Alan Gray	Director of Finance
Professor Amanda Croft	Director of Nursing, Midwifery and Allied Health Professions

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 report and accounts;
- the appointment of the external auditor;
- the appointment of investment managers; 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 Grampian Health Board Scheme of Delegation; and
- monitoring of investment performance.

Trustees' Report for the year ended 31 March 2017 (continued)

Endowment Sub-Committee Membership

Mr Raymond Bisset, Chair (to 31 March 2017)
Dame Anne Begg Chair (from 1 April 2017)
Councillor Stewart Cree
Mrs Sharon Duncan
Mr Alan Gray
Mrs Laura Gray
Professor Mike Greaves

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

Mr Alan Gray, Director of Finance is the Executive Director of Grampian Health Board with 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 Chair 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 Operational Manager for Grampian Health Board Charities is responsible for ongoing administration of the Fund, 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 1,044 individual funds as at 31 March 2017 (31 March 2016: 1,051), 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:

Trustees' Report for the year ended 31 March 2017 (continued)

- 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 reviewing expenditure and commitments if the value of the fund falls below a level agreed by the Trustees;
- review of the investment portfolio and factors affecting the global economy to inform decisions to release capital growth of the Fund;
- 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 Grampian Health Board'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.

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 Grampian Health Board's physical infrastructure in line with the following criteria:

- the overall scheme is in line with Grampian Health Board's Clinical Strategy;
- 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.

Trustees' Report for the year ended 31 March 2017 (continued)

The Trustees consider the following when 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.

Review of the Finances and Achievements of the Fund

The Fund relies upon the generosity of patients, their relatives and friends, who have experienced the care of Grampian Health Board, and other donors who are generous in their support of the Fund.

The net assets of the Fund as at 31 March 2017 were £46.012 million (2016: £41.299 million). The increase in net assets relates to a net gain on revaluation of the investment portfolio of £3.823 million (2016 net loss £3.462 million) and a net gain from the disposal of fixed asset investments of £2.567 million (2016: £1.166 million), partly off-set by an in-year deficit from charitable activities of £1.677 million (2016: £1.114 million). The in-year deficit (before the net gain on investments) was the result of a deliberate intention by the Trustees to encourage the effective use of available funds in line with the Fund's objectives.

Total income for the year was £4.326 million (2016: £5.137 million), £2.702 million (2016: £3.467 million) relating to donations and legacies and £1.624 million relating to dividends and interest on investments (2016: £1.670 million).

The financial position is detailed in the Statement of Financial Activities and Balance Sheet on Pages 18 and 19 respectively.

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

Trustees' Report for the year ended 31 March 2017 (continued)

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 Grampian Health Board and that the funds are available to meet the request.

The majority of endowment-funded projects are undertaken within Grampian Health Board. However, in recognition of the voluntary work done by local community groups, NHS Grampian Endowment Fund operates a small grant scheme 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.

In 2017, the Fund made grant payments totalling £5.666 million (2016: £5.927 million) as detailed in Note 6 to the accounts. This includes payments totalling £4.392 million (2016: £2.648 million) made to Grampian Health Board to enable a range of research and other activities for the benefit of patients and staff. Grants made to other charities that directly support Grampian Health Board are detailed in Note 3 to the financial statements.

In 2016/17 the Fund approved commitments in the following areas:

Across Grampian:

- Relocation of Kessock Clinic in Fraserburgh
- Support for Staff Innovation Hub, which encourages staff to submit ideas for improvements to services then oversees evaluation and implementation.
- Values Based Reflective Practice – programme to support staff to deliver care
- Upgrade of the public areas at the Foresterhill Mortuary
- Support for a project to improve Colorectal/Prostate Cancer Aftercare
- Creation of a website to assist patients with long term conditions
- Aboyne Hospital: redesign of internal accommodation
- Fraserburgh Hospital: equipment and maintenance of hospital garden
- Kincardine Community Hospital: Reconfiguration of Assessment Kitchen and Administration Area
- Peterhead Community Hospital: Improvements to bathrooms and patient kitchen in Summers Ward
- Stephen Hospital: improved patient seating for Casualty Department
- Turriff Hospital: portable bed screen system

Aberdeen Maternity Hospital:

- Redesign of Rubislaw Ward to create an Antenatal Day Assessment Unit
- Replacement of neonatal cots
- Support for staff development to contribute to the design of the Baird Family Hospital and to embrace new ways of working at the new facility to improve patient care.

Aberdeen Royal Infirmary:

- Pilot project to introduce a Speech Recognition System in the Acute Medical Initial Assessment, Acute Pain Gastroenterology Departments to reduce delays in patient discharge and follow up
- Green Infrastructure Project to enhance outside spaces at Foresterhill - funding matched by the Green Infrastructure Fund.
- Adult simulation training mannequin for the Emergency Department.

Trustees' Report for the year ended 31 March 2017 (continued)

Aberdeen Royal Infirmary (continued):

- Additional hoist, shower trolley and chair for Acute Stroke patients
- Additional ECHO Scanner and defibrillator for the Cardiology Department
- Refurbishment and upgrade of equipment in the Radiology Multi-Disciplinary Team Room
- Improvements to patient accommodation during backlog maintenance programme
- Clinical Information System for ITU and HDU, second in Scotland
- Improved signage to direct patients to the appropriate zone
- Creation of path and improvements to the bus port at Foresterhill
- An improved ultrasound endoscopy for the Neurosurgery Theatre
- Rib Fixation System for Trauma patients
- Redesign of the Prosthetics Laboratory to provide improved access for patients
- Upgrade furniture in the Maxillofacial Patients' Day Room
- Additional and upgraded equipment for the upcoming relocation of the Eye Clinic
- Additional ventilator the Coronary Care Unit
- Contribution to upgrading the Cairngorm Cafe
- Provision of ultrasound system for neurosurgery

Dr Gray's Hospital:

- A full body exercise machine for patients at The Oaks
- Height adjustable shower chair for stroke patients
- Redesign of the reception and waiting areas at Pluscarden Clinic
- Additional wheelchairs for patients

Roxburghe House:

- Upgrading of external lighting
- Internal improvements
- Red Cross transport for patients

Royal Aberdeen Children's Hospital:

- Paediatric simulation training mannequin for the Emergency Department.
- Upgraded Endoscopy Management System
- Provision of an additional colonoscope
- Contribution to equipping changing room for older children
- Art Room sessions

Mental Health and Learning Disabilities:

- Polmuir Road Bathrooms
- Additional equipment and signage for the Recovery Resource Centre at Royal Cornhill Hospital
- Additional furniture for patients in Loriston Ward

Woodend Hospital:

- Prosthetics Apprentices
- Upgrade of a shower room at Staff Home
- Specialist shoulder table for the Orthopaedic Theatre
- Additional bladder scanner for Ward 15

Trustees' Report for the year ended 31 March 2017 (continued)

Staff:

- Continued funding for the Staff Physiotherapy Service to support staff in the workplace, reduce staff absence and support continuity of care for patients.
- Further funding for the Physician Associate Programme to provide additional resource for medical staff in the treatment of patients.
- Bicycle lockers at Woodend Hospital to aid staff to travel between hospitals and to promote healthy working lives.
- Support for staff in a wide range of specialties to attend training, conferences and meetings which enhance their skills and knowledge to provide patient care.
- Diabetes Scholarship Course
- Contribution to Staff Sports Committee to encourage staff to be active which in turn promotes their good health and reduces work absence.

Clinical Research:

The Endowment Fund has supported research in the following areas:

- PINE Study: Parkinsonism in North East Scotland
- Diabetes Collaboration Project
- Asthma
- Colorectal/Prostate Cancer
- Breast Cancer: Pathways to Breast Cancer
- Cardiology Research

In addition, small grants totalling £312,588 were made to a total of 30 research projects in collaboration with Grampian Health Board Research and Development Department which evaluates and recommends proposals for funding.

The Endowment Committee also agreed to support up to £500,000 on an Oncology Research Programme, in conjunction with the University of Aberdeen to promote clinical excellence in this field.

A new website was launched in May 2017, separate from Grampian Health Board's which enables the making of donations directly into the Fund on-line.

Investment Policy and Performance

All funds are invested to achieve a balance of capital growth and income. 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. A Short Life Working Group of Trustees has reviewed the investment policy and will present its proposed Responsible Investment Policy at the AGM in June 2017.

Trustees' Report for the year ended 31 March 2017 (continued)

The market value of the portfolio was £42.032 million as at 31 March 2017 (2016: £39.972 million). The net difference between the market value and the initial purchase value of investments at 31 March 2017 was £9.332 million (2016: £6.784 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 £1.624 million (2016: £1.670 million) and a net gain on the disposal and in year revaluation of investments of £6.390 million (2016: net loss of £2.296 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 (25%), the FTSE All Share Index (47%), the FTSE World excluding UK Index (25%), and Cash (3%). This benchmark commenced on 1 July 2016. The performance of the Fund for 2017 against the agreed benchmark was as follows:

	Total Return
	%
NHS Grampian Charitable Fund Investment Portfolio	16.0
Benchmark Indices	17.5

The return from the portfolio was slightly lower than the benchmark return during 2017, and higher than the 1.7% return in 2016. This reflects the strength of the equity markets which were enhanced by a fall in the value of Sterling following the EU Referendum. Companies such as BP and Astra Zeneca declare dividends in US Dollars therefore dividends were enhanced by a weak pound. Other factors which may impact on performance include the uncertainties arising from Brexit, the new political administration in the US and the stability of the Eurozone as well as geopolitical issues.

As the markets continue to show little direction, our investment manager's strategy is to invest in good companies at a fair price, 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 2017	Benchmark
	%	%
FTA Government All Stocks Index	18.7	25.0
FTSE All Share Index	43.3	47.0
FTSE World excluding UK Index	32.9	25.0
Cash	5.1	3.0
TOTAL	100.0	100.0

The lower than benchmark percentage of holdings in the FTA Government All Stocks Index and the higher than benchmark holdings in the FTSE World (excluding the UK) Index reflects the better performance from equities than from bonds during the year.

NHS Grampian Endowment Funds

Trustees' Report for the year ended 31 March 2017 (continued)

Reserves Policy

The total funds held by the charity at 31 March 2017 are £46.012 million (2016 £41.299 million) and comprise the following:

	31 March 2017	31 March 2016
	£million	£million
<i>Funds not available for the general purposes of the charity:</i>		
Restricted Income Funds	25.887	26.236
Permanent Endowment Funds	0.465	0.486
<i>Funds that can only be realised on sale of investments:</i>		
Revaluation Reserve	9.332	6.784
Unrestricted Funds	10.328	7.793
Total	46.012	41.299

There are £4.201 million of material commitments against restricted funds, not provided for as liabilities in the accounts. These commitments comprise:

Restricted Funds Commitments:

	£million
Stonehaven Renal Unit	1.022
Clinical Information System	0.688
Green Space	0.600
Eye Out-patient Department	0.575
Peterhead Hospital Maternity Unit	0.400
Mortuary	0.299
Peterhead Hospital Summers Ward Upgrades	0.270
Speech Recognition System	0.195
Caingorm Cafe	0.152
Total	4.201

The above commitments are the reason why the cash at bank balance is £6.2 million at 31 March 2017. After deducting these commitments, restricted funds at 31 March 2017 are £21.686 million and unrestricted funds are £10.328 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 2017 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.

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.

Trustees' Report for the year ended 31 March 2017 (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 Endowment Fund launched a website separate to that of Grampian Health Board in May 2017, which included a facility for on-line donations. Work continues to raise the profile of the Endowment Fund with the public, patients and staff. A campaign to fundraise for the ANCHOR Centre and the Baird Family Hospital will launch in late summer.

Following a review of the status of each of the funds, advice is being sought from the Office of the Scottish Charity Regulator, the Central Legal Office and a specialist charity lawyer, on the status of individual funds. Following this review, it may be possible to reduce the number of funds by merging those with a similar purpose.

Bequests and Legacies

The Endowment Fund receives donations from eight Trusts or Legacies annually in excess of £1,600. Five of these are for specific sums, the others are variable. The Endowment Fund has received notification of six bequests or legacies which amount to £100,387.

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.

Trustees' Report for the year ended 31 March 2017 (continued)

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 27 June 2017 and signed on their behalf by:



Dame Anne Begg
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 2017 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 2017 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
Statutory Auditor
Edinburgh, United Kingdom**

27 June 2017

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 2017

	Note	2017			2016 As restated (See note 22)				
		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		22	1,090	0	1,112	85	1,977	0	2,062
Legacies		865	725	0	1,590	0	1,405	0	1,405
Total Income from Donations and Legacies		887	1,815	0	2,702	85	3,382	0	3,467
Investment Income	4	1,127	489	8	1,624	480	1,168	22	1,670
Total Income and Endowments		2,014	2,304	8	4,326	565	4,550	22	5,137
Expenditure on:									
Raising Funds:									
Investment Management Costs		54	135	2	191	49	117	2	168
Charitable Activities	6	3,267	2,518	27	5,812	2,987	3,055	41	6,083
Total Expenditure		3,321	2,653	29	6,003	3,036	3,172	43	6,251
Net Gains / (Losses) on Investments	15	3,842	2,548	0	6,390	416	(2,712)	0	(2,296)
Net Income / (Expenditure) for the year		2,535	2,199	(21)	4,713	(2,055)	(1,334)	(21)	(3,410)
Net Movement in Funds		2,535	2,199	(21)	4,713	(2,055)	(1,334)	(21)	(3,410)
Reconciliation of Funds									
Total Funds Brought Forward as originally stated		6,137	34,673	489	41,299	7,244	36,955	510	44,709
Prior Period Adjustment	22	1,656	(1,653)	(3)	0	2,604	(2,601)	(3)	0
Total Funds Brought Forward as Restated	14	7,793	33,020	486	41,299	9,848	34,354	507	44,709
Total Funds Carried Forward		10,328	35,219	465	46,012	7,793	33,020	486	41,299

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 2017

	Note	Unrestricted Funds £000	Restricted Endowment Funds £000	Total £000	2016 as Restated (see Note 22) £000
Fixed Assets					
Investments	9	9,208	32,410	42,032	39,972
Total Fixed Assets		9,208	32,410	42,032	39,972
Current Assets					
Debtors	10	16	40	57	94
Cash at Bank and in Hand	11	1,751	4,390	6,220	5,328
Total Current Assets		1,767	4,430	6,277	5,422
Liabilities					
Creditors: Amounts falling due within one year	12	(120)	(300)	(425)	(2,951)
Provisions for liabilities	13	(527)	(1,321)	(1,872)	(1,144)
Total Net Assets		10,328	35,219	46,012	41,299
The Funds of the Charity	14				
Endowment Funds		0	0	465	486
Restricted Income Funds		0	25,887	25,887	26,236
Unrestricted Funds		10,328	0	10,328	7,793
		10,328	25,887	36,680	34,515
Revaluation Reserve	15	0	9,332	9,332	6,784
Total Charity Funds		10,328	35,219	46,012	41,299

These financial statements of NHS Grampian Endowments Funds, registered Number SC017296, were approved by the Trustees and authorised for issue on 27 June 2017. They were signed on its behalf by *Anne Begg*

Dame Anne Begg, 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 2017

	Note	2017 £000	2016 £000
Net Cash flows from operating activities	19	<u>(5,062)</u>	<u>(841)</u>
Cash flows from investing activities			
Dividends and interest from investments		1,624	1,670
Proceeds from sale of investments		12,251	10,792
Purchase of investments		(7,921)	(10,100)
Net Cash Flows from investing activities		<u>5,954</u>	<u>2,362</u>
Net Increase / (Decrease) in Cash and Cash Equivalents		892	1,521
Cash and Cash Equivalents at 1 April		5,328	3,807
Cash and Cash Equivalents at 31 March (Cash at Bank and In Hand)	20	<u>6,220</u>	<u>5,328</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 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 in support of the Fund's charitable purpose either throughout the Grampian Health Board catchment area or at a particular health location.

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 legal 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 when probable to be received.

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 as discussed in paragraphs (h) to (k) below, 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, it is probable that settlement will be required and the amount can be measured reliably.

(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 Grampian Health Board 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 2017.

(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. Unrealised losses are provided for in the Statement of Financial Activities as part of net gains and losses on investments.

(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.

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

1. Accounting Policies (Continued)

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), Grampian Health Board, 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. Grampian Health Board participates in the National Health Service Superannuation Scheme, and information on this scheme is included in Grampian Health Board'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 £4.392 million (2016: £2.648 million) were made to Grampian Health Board to enable a range of research and other activities for the benefit of patients and £0.495 million (2016: £0.283 million) was received from Grampian Health Board mainly relating to income from research activities.

No members or senior staff of Grampian Health Board or parties related to them, were beneficiaries of the Fund. The Trustees of the Fund are also members of the Grampian Health Board and information on the Trustees is included in the Trustees' Report on page 4. The Trustees received no emoluments from the Fund in 2017 or 2016. Expenses in the year reimbursed to Trustees and paid on their behalf totalled £Nil.

The Fund does not have any employees. Grampian Health Board employs the equivalent of 3.15 full time members of staff (2016: 3.59) 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 £77,010 (2016: £76,193) to the following bodies whose purpose is the provision of charitable support to Grampian Health Board.

Body	2017 £	2016 £	Objective
Asthma and Allergy Foundation	5,000	0	Asthma education sessions in care home and sheltered housing for asthma sufferers and carers.
Step Ahead Aberdeen	5,000	0	Specialist exercise classes for people who have had a stroke.
Donside Defibrillators Group	2,076	0	Contribution to provision of public accessed defibrillators in Donside.
Men's Sheds	10,000	0	Support positive mental health in men and reduce social isolation in Aboyne, Ellon and Portlethen
Middlefield Community Project	4,208	0	Development of Healthy Living Initiative working with women to improve health of families
Exercise After Stroke (Inverurie)	2,126	0	Specialist exercise classes for people who have had a stroke.
Grampian Hospital Arts Trust	48,600	32,000	Provision of art works and related services to within Grampian Health Board.
Rock Challenge	0	5,000	Contribution to an event raising awareness of social issues relating to young people including smoking, drugs, alcohol and anti-social behaviour, encouraging physical activity for a healthy lifestyle.
Banff and Macduff Community Council	0	4,046	Contribution towards provision of public accessed defibrillators in Banff and Macduff.
Conversation Cafe, Maud	0	2,847	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.
Sub-total	77,010	43,893	

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

3. Related Parties and Trustees' Remuneration (Continued)

Body	2017 £	2016 £	Objective
Sub-total from previous page	77,010	43,893	
Foos Yer Doos Sing Song Club	0	3,000	Singing group for those with neurological conditions in the Inverurie area.
Friends Group	0	3,000	Support for people in recovery from mental health issues, running groups to combat social isolation in the Aberdeen area.
Mid-Deeside Limited	0	5,000	Contribution towards provision of public accessed defibrillators in Mid-Deeside, Aberdeenshire.
Pathways	0	4,090	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	0	1,000	Contribution towards provision of defibrillator at Portsoy Sports Centre.
Tarves Community Council	0	5,000	Contribution towards provision of public accessed defibrillators in villages within the Tarves Community Council area
The Forget-me-not Club	0	2,000	Provision of services to elderly people with dementia from Deeside and their careers.
Tullynessle Conversation Cafe	0	1,500	Cafe and lunch club for elderly people.
Cornfields	0	5,000	Emotional and practical support for people affected by sudden and significant life changing events
Insch Community Association	0	2,710	Contribution towards provision of public accessed defibrillators.
Total	77,010	76,193	

4. Investment Income

	2017 £000	2016 £000
Dividends and interest from UK equities and fixed interest securities	1,618	1,664
Interest on cash deposits	6	6
	1,624	1,670

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

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:

	2017	2016
	£000	£000
Staff Costs	124	130
Administration running costs	12	13
	<u>136</u>	<u>143</u>

All staff are employed by Grampian health Board 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.

Charitable Activities

	2017	2016
	£000	£000
Patient and staff education and welfare	19	30
Clinical research	47	22
Purchase of equipment	32	22
Infrastructure improvements	38	69
	<u>136</u>	<u>143</u>

6. Analysis of Charitable Expenditure

	2017	2016
	£000	£000
Patient and staff education and welfare	740	1,600
Clinical research	1,467	865
Purchase of equipment	958	902
Infrastructure improvements	2,647	2,716
	<u>5,812</u>	<u>6,083</u>

Included in the above figures are grant payments of £5.676 million in 2017 (2016: £5.940 million) made to institutions. This includes payments totalling £4.392 million (2016: £2.648 million) made to Grampian Health Board to enable a range of research and other activities for the benefit of patients and staff, and £0.474 million (2016: £0.529 million) to Aberdeen University for education and research. No grants are paid to individuals.

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 Grampian Health Board and that the funds are available to meet the request.

The Fund received £0.495 million (2016: £0.283 million) from Grampian Health Board mainly from income for research activities. The Fund does not make grants to individuals. Grants made to other charities directly supporting Grampian Health Board are detailed in Note 3 above.

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

7. Analysis of Staff Costs

Analysis of Staff Costs

	2017	2016
	£000	£000
Salaries and wages	100	108
Social Security Costs	9	7
Pension Costs	15	15
	<u>124</u>	<u>130</u>

The staff costs relate to recharges from Grampian Health Board for 3.15 whole time equivalent members of staff (2016: 3.59), whose time relates to the provision of administration, planning and strategic management of the Fund, see Note 5 above.

8. Auditor's Remuneration

The Auditor's remuneration was £8,400 inclusive of VAT. This consisted of £8,400 (2016: £7,800) for the audit of the charity's annual accounts and £nil (2016: £6,000) 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

	2017	2016
	£000	£000
Market value of investments at 1 April	39,972	42,960
Additions to investments at cost	7,204	10,100
Donated investments	717	0
Disposal of investments	(12,251)	(10,792)
Realised Net gain / (loss) on disposals	2,567	1,166
Unrealised Net (loss) / gain on revaluation	3,823	(3,462)
	<u>42,032</u>	<u>39,972</u>
Cost of investments at 31 March	<u>32,874</u>	<u>34,636</u>

The Donated Investments consist of a number of equity shares received as part of a legacy. 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

	2017	2016
	£000	£000
Prepayments	0	0
Accrued Income	36	77
Other debtors	21	17
	<u>57</u>	<u>94</u>

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

11. Cash at Bank and in Hand

	2017	2016
	£000	£000
Cash Investments and deposits	2,216	2,166
Other cash at bank and in hand	4,004	3,162
	<u>6,220</u>	<u>5,328</u>

12. Creditors Falling Due Within One Year

	2017	2016
	£000	£000
Accruals	74	221
Public Sector	351	2,729
Other Creditors	0	1
	<u>425</u>	<u>2,951</u>

£0.351 million was due to Grampian Health Board at the balance sheet date (2016: £2.725 million)

13. Provisions for Liabilities

	2017	2016
	£000	£000
Obligations outstanding at 1 April	1,144	1,074
New obligations arising in the year	1,627	482
Obligations paid during the year	(355)	(365)
Obligations reversed unutilised	(544)	(47)
Obligations outstanding at 31 March	<u>1,872</u>	<u>1,144</u>

The provisions for liabilities related to the funding of posts within Grampian Health Board 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

	2017	2016
	£000	£000
Obligations payable in under 1 year	568	639
Obligations payable in over 1 year	1,304	505
Obligations outstanding at 31 March	<u>1,872</u>	<u>1,144</u>

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

14. Analysis of Charitable Funds

	Balance as at 1 April 2016 (Restated see Note 22) £000	Income £000	Expenditure £000	Investment Gains & Losses £000	Balance as at 31 March 2017 £000
Analysis of Fund Movements:					
Unrestricted Funds	7,793	2,014	(3,321)	3,842	10,328
Restricted Funds	26,236	2,304	(2,653)	0	25,887
Permanent Endowments	486	8	(29)	0	465
	<u>34,515</u>	<u>4,326</u>	<u>(6,003)</u>	<u>3,842</u>	<u>36,680</u>
Revaluation Reserve	6,784	0	0	2,548	9,332
Total	<u>41,299</u>	<u>4,326</u>	<u>(6,003)</u>	<u>6,390</u>	<u>46,012</u>

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:

	2017 £000	2016 £000
Balance at 1 April	6,784	9,496
Net gain on revaluation of investments in equities and bonds	6,235	(1,213)
Reversal of prior year revaluation adjustment relating to disposal of investments in year	(3,687)	(1,499)
Balance at 31 March	<u>9,332</u>	<u>6,784</u>

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

	2017 £000	2016 £000
Net gain / (loss) on revaluation of investments in equities and bonds during the year	6,235	(1,213)
Reversal of prior year revaluation adjustment relating to disposal of investments in year	(3,687)	(1,499)
Decrease / (Increase) in unrealised losses on revaluation of Investments in year	1,275	(750)
Realised gains on disposal of Investments during the year	2,567	1,166
Realised and unrealised gains / (losses) on Investment assets	<u>6,390</u>	<u>(2,296)</u>

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

16. Contingent Liabilities

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

	2017 £000	2016 £000
Nature		
Potential for future spend to be funded through Endowments	<u>6,311</u>	<u>3,256</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 2017/18 financial year.

17. Material Legacies

Legacy income is only included in income when monies are received. As at 31 March 2017, the Fund had been notified of 14 potential bequests but at the date of approval of the accounts had not been advised on the future potential benefit to the fund.

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 £25.887 million as at 31 March 2017.

Name of Fund	Purpose of Fund	Balance as at 1 April 2016			Net Gains on Investments		Balance as at 31 March 2017
		£000	Income £000	Expenditure £000	£000	£000	
Stonehaven Dialysis Unit Fund	Establish a Dialysis Centre in Stonehaven	981	62	(43)		1,000	
Peterhead Community Hospital General Purposes Fund	General purposes at Peterhead Community Hospital	905	19	(7)		917	
Doreen Cameron Executry	Research into heart disease	772	14	(67)		719	
Doreen Cameron Executry	Cancer research	603	14	93		710	
Diabetes Centre General Fund	For the benefit of the Diabetes Centre	636	15	(10)		641	
Oaks Centre Day Care Fund	For the benefit of the Oaks Day Care Centre	504	117	(17)		604	
Oncology Discretionary Fund	Benefit of the Department of Oncology, Aberdeen Royal Infirmary	669	39	(187)		521	
Sub Total		5,070	280	(238)	0	5,112	

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

18. Restricted Funds (Continued)

Name of Fund	Purpose of Fund	Balance	Net Gains on			Balance
		as at 1 April 2016	Income	Expenditure	Investments	as at 31 March 2017
		£000	£000	£000	£000	£000
Sub Total from Previous Page		5,070	280	(238)	0	5,112
Foetal & Perinatal Fund	Benefit of Foetal and Perinatal at Aberdeen Maternity Hospital	528	10	(17)		521
Roxburghe House General Purposes Fund	General purposes at Roxburghe House	302	238	(48)		492
Cancer Research Fund	Cancer research	658	80	(275)		463
Coronary Care Unit Fund	For the benefit of the Coronary Care Unit	668	12	(259)		421
Ward 309 Haematology Patients' Fund	For the benefit of Ward 309, Aberdeen Royal Infirmary	394	12	(4)		402
Cancer Research for Children Fund	Cancer research for children	182	220	(8)		394
Breast Research Fund	Research for Breast Cancer	379	9	(2)		386
Miss Alexina E Shand Fund	For purposes at Stephen Hospital,	435	8	(77)		366
Leukaemia Research for Children	Leukaemia research for children	344	11	(5)		350
Colorectal Study Fund	For the purposes of colorectal study	404	50	(113)		341
Mrs K M Munro's Fund	Maintenance, Health & Welfare of Children	402	6	(72)		336
Aberdeen Lung Cancer Group	Benefit of lung cancer department	336	7	(32)		311
Cardiac Discretionary Fund	For the benefit of Cardiac patients	295	10	(3)		302
ARI Ward 310 Patients' Fund	For the benefit of Ward 310, Aberdeen Royal Infirmary	259	5	(3)		261
		10,656	958	(1,156)	0	10,458
Other Restricted Funds		15,580	1,346	(1,497)	0	15,429
Revaluation Reserve		6,784	0	0	2,548	9,332
		33,020	2,304	(2,653)	2,548	35,219

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

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

	2017	2016
	£000	£000
Net (expenditure) / income for year as per statement of financial activities	4,713	(3,410)
Adjustments for:		
(Gains) / losses on investments	(6,390)	2,296
Dividends, interest and rents from investments	(1,624)	(1,670)
Decrease / (increase) in debtors	37	(3)
(Decrease) / increase in creditors	(2,526)	1,876
Increase in Provisions for Liabilities	728	70
Net cash used in operating activities	(5,062)	(841)

20. Analysis of Cash and Cash Equivalents

	2017	2016
	£000	£000
Cash in hand	1	1
Cash at Bank	6,219	5,327
Total cash and cash equivalents	6,220	5,328

21. Consolidation

The results of NHS Grampian Endowment Funds have been consolidated into the accounts of Grampian Health Board on the basis that all Trustees are also members of Grampian Health Board and therefore effectively operate under common control for accounting purposes. The consolidated accounts are publicly available after they have been laid before parliament, in the autumn of each year and can be accessed on the Grampian Health Board website at www.nhsgrampian.org and click on 'About us' followed by 'Annual Accounts – Managing our Finances'.

22. Restatement of 2015/16 Results Following Reclassification of Funds

During 2016/17 as part of the review of the legal documentation for funds referred to in the Trustees Report, the Endowment Committee Fund has been identified as having no restrictions on its use and therefore needs to be reclassified as an unrestricted instead of restricted fund. The Donald and Chrissy Duff Fund had been classified as a Permanent Fund but is a Restricted Fund. The 2015/16 figures have been restated to reflect these reclassifications. The adjustments to the 2015/16 figures are set out below:

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

22. Restatement of 2015/16 Results Following Reclassification of Funds (Continued)

Statement of Financial Activities

	2016 as Restated				2016 as Originally Stated			
	Un - restricted Funds £000	Restricted Funds £000	Endow - ment Funds £000	Total £000	Un - restricted Funds £000	Restricted Funds £000	Endow - ment Funds £000	Total £000
Income and Endowments								
Donations and Legacies								
Donations	85	1,977	0	2,062	85	1,977	0	2,062
Legacies	0	1,405	0	1,405	0	1,405	0	1,405
Total Income from Donations and Legacies	85	3,382	0	3,467	85	3,382	0	3,467
Investment Income	480	1,168	22	1,670	326	1,322	22	1,670
Total Income and Endowments	565	4,550	22	5,137	411	4,704	22	5,137
Expenditure on:								
Raising Funds:								
Investment Management Costs	49	117	2	168	30	136	2	168
Charitable Activities	2,987	3,055	41	6,083	1,488	4,554	41	6,083
Total Expenditure	3,036	3,172	43	6,251	1,518	4,690	43	6,251
Net (Losses) / Gains on Investments	416	(2,712)	0	(2,296)	0	(2,296)	0	(2,296)
Net (Expenditure) / Income for the year	(2,055)	(1,334)	(21)	(3,410)	(1,107)	(2,282)	(21)	(3,410)
Net Movement in Funds	(2,055)	(1,334)	(21)	(3,410)	(1,107)	(2,282)	(21)	(3,410)
Reconciliation of Funds								
Total Funds Brought Forward	9,848	34,354	507	44,709	7,244	36,955	510	44,709
Total Funds Carried Forward	7,793	33,020	486	41,299	6,137	34,673	489	41,299

NHS Grampian Endowment Funds

Notes to the Accounts (Continued)

22. Restatement of 2015/16 Results Following Reclassification of Funds (Continued)

Analysis of Charitable Funds Balance at 1 April 2016 (Note 14)

	Balance as at 1 April 2016 as Originally Stated £000	Balance as at 1 April 2016 as Restated £000
Unrestricted Funds	6,137	7,793
Restricted Funds	27,889	26,236
Permanent Endowments	489	486
	<hr/>	<hr/>
	34,515	34,515
Revaluation Reserve	6,784	6,784
Total	<hr/> 41,299	<hr/> 41,299

NHS Grampian Endowment Funds

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