

Charity Registration No. SC016919 (Scotland)

**ORKNEY HEALTH BOARD ENDOWMENT FUNDS  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## LEGAL AND ADMINISTRATIVE INFORMATION

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|----------------------------|--|--|
| <b>Trustees</b>            | Ian Kinniburgh<br>David Campbell<br>David Drever<br>Caroline Evans<br>Issy Grieve<br>Steven Johnston<br>Fiona MacKellar<br>David McArthur<br>Megan McEwen<br>Gerry O'Brien<br>Marthinus Roos<br>James Stockan<br>Louise Wilson | (Appointed 4 June 2018)<br><br>(Appointed 1 September 2018)<br>(Appointed 1 July 2018)<br><br><br><br><br><br><br>(Appointed 1 September 2018) |
| <b>Charity number</b>      | SC016919   |  |
| <b>Principal address</b>   | Orkney Health Board<br>Garden House<br>New Scapa Road<br>Kirkwall<br>Orkney<br>KW15 1BQ  |  |
| <b>Auditor</b>             | A J B Scholes Ltd<br>8 Albert Street<br>Kirkwall<br>Orkney<br>KW15 1HP   |  |
| <b>Bankers</b>             | The Royal Bank of Scotland PLC<br>1 Victoria Street<br>Kirkwall<br>Orkney<br>KW15 1DP  |  |
| <b>Investment advisors</b> | Adam & Company Investment Management Limited<br>25 St Andrew Square<br>Edinburgh<br>EH2 1AF  |  |

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# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

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# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 MARCH 2019**

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The trustees present their report and financial statements for the year ended 31 March 2019.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice 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)"

### **Objectives and activities**

The charity's purpose is the advancement of health, through:

- improvement in the physical and mental health of the Board's population
- the prevention, diagnosis and treatment of illness
- the provision of services and facilities in connection to the above
- the research into any matters relating to the causation, prevention, diagnosis or treatment of illness, or into such other matters relating to the health service as the Trustees see fit
- the provision of education and development.

Donations and legacies bestowed upon the charity shall only be used for the purposes prescribed by the donor, so far as reasonably practicable, and so long as those purposes are consistent with the charity's purposes and the law. Donations, expenditure and activities must satisfy the public benefit test applicable for a charity.

### **Achievements and performance**

Expenditure in 2018/19 was £44,136. This included the usual patient comforts as well as purchase of equipment such as portable nebulisers, specialist standing aids to promote earlier discharge and confidence on discharge and equipment to enhance clinical rooms.

The charity continued to invest in staff training, by supporting staff to shadow other areas and share learning with colleagues and purchasing equipment to enable staff to complete high quality resuscitation training.

A group of staff are responsible for the action of improvements to the Health & Wellbeing Strategy along with encouraging staff to take part in health improving activities. As part of this the staff conference and awards ceremony is funded. Staff have the opportunity to share knowledge and celebrate success

The charity continued to fundraise during the year for the new healthcare facility. This raised £25,805, bringing the total now raised to £43,475. It is anticipated in addition to funds raised, other funds will be utilised to enhance the new healthcare facility in 2019/20.

### **Financial review**

The fund closed the year with the balance of £1,276,166 which is an increase on 2017/18 of £155,557.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level that will secure an annual income stream to ensure the stability of the fund. In addition, it is planned that the fund will be able to enhance the major new hospital and healthcare facilities currently being planned for Orkney. The charity's main funding is from investment income, and donations and legacies.

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2019**

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The trustees employ a firm of investment advisors and managers. The investment of capital generates a significant part of the annual income. The fund is invested with the objective of ensuring that the total return of capital growth and income is maximised, with low to medium levels of risk.

The volatility of the stock market remains one of the principle risks to the charity and its ability to continue to meet its objectives. The charter addresses this risk and sets out the following guidance in the investment strategy:

- Investments must not carry a high risk.
- Overseas equities should not exceed 50% of the total portfolio.
- No initial investment should exceed 10% of the total value of funds under management.
- The market value of managed funds shall not exceed 95% of the total fund's reserves.
- Both capital and income may be used at any time for the furtherance of the charity's aims.

In addition, the charity does not invest in companies whose principal business is, or who have an interest in, directly health damaging products, or whose principal business conflicts with the interests of the NHS business.

The charity maintains high levels of cash deposit due to the uncertainty of the financial market. Investments are slightly down in value over the previous year's market valuation in line with the overall performance of the stock market.

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

### **Structure, governance and management**

The charity was constituted by an act of parliament.

The trustees who served during the year and up to the date of signature of the financial statements were:

|                   |                              |
|-------------------|------------------------------|
| Ian Kinniburgh    |                              |
| Naomi Bremner     | (Resigned 30 November 2018)  |
| David Campbell    | (Appointed 4 June 2018)      |
| David Drever      |                              |
| Caroline Evans    | (Appointed 1 September 2018) |
| Issy Grieve       | (Appointed 1 July 2018)      |
| Rognvald Johnson  | (Resigned 30 June 2018)      |
| Steven Johnston   |                              |
| Fiona MacKellar   |                              |
| David McArthur    |                              |
| Megan McEwen      | (Appointed 1 September 2018) |
| Gerry O'Brien     |                              |
| Jeremy Richardson | (Resigned 31 August 2018)    |
| Hazel Robertson   | (Resigned 21 October 2018)   |
| Marthinus Roos    |                              |
| Gillian Skuse     | (Resigned 31 May 2018)       |
| James Stockan     |                              |
| Louise Wilson     |                              |

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2019**

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The members of the Board of NHS Orkney are the trustees of the charity. Three of the non executive trustees are nominated via their roles in Orkney Islands Council, the Area Clinical Forum and Area Partnership Forum, respectively, with other non executives being appointed through a public appointments process by the Scottish Ministers. Positions on the board are advertised nationally, to ensure the board contains a balance of expertise, vision and direction at a strategic level.

All new trustees are inducted into the charity's processes having access to relevant documents such as the constitutional arrangement and policies and the most recent financial statements. An explanation is also provided of the obligations of the trustees, and the charity's administrative procedures and future plans and objectives.

The trustees meet not less than twice a year and are responsible for the strategic direction and policy of the charity. The board of trustees has thirteen members from a variety of professional backgrounds relevant to the work of the charity. In addition, a sub-committee meets up to four times per year to consider any funding requests and monitor the endowment fund activities. The sub-committee has five trustee members and invites up to nine representatives from NHS Orkney and the wider public.

The trustees work in partnership with NHS Orkney to achieve the charity's objective.

### **Disclosure of information to auditor**

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustees' report was approved by the Board of Trustees.

.....  
**Ian Kinniburgh**

Trustee

Dated: .....

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

*FOR THE YEAR ENDED 31 MARCH 2019*

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The trustees are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 year.

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 estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material 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 sufficient accounting records that 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 Trustees Investment (Scotland) Act 2005, the Charity (Accounts and Reports) Regulations 2006 (as amended) and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF ORKNEY HEALTH BOARD ENDOWMENT FUNDS

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#### **Opinion**

We have audited the financial statements of Orkney Health Board Endowment Funds (the 'charity') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Accounting and Reporting by Charities: Statement of Recommended Practice 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019 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).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other matters**

Following a review of the classification of funds brought forward at the start of the financial year between restricted and unrestricted elements, it has been determined that certain income funds reported in prior years as unrestricted are considered to be held for a restricted purpose, as currently defined by OSCAR, the Scottish charity regulator.

The comparative amounts in these financial statements have been restated to reflect the revised position, as further explained in note 2.



# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF ORKNEY HEALTH BOARD ENDOWMENT FUNDS

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#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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 the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF ORKNEY HEALTH BOARD ENDOWMENT FUNDS

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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. 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 auditors' 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.

**A J B Scholes Ltd, Statutory Auditor**

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**Chartered Accountants  
Statutory Auditor**

8 Albert Street  
Kirkwall  
Orkney  
KW15 1HP

A J B Scholes Ltd is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

|   | Notes | Unrestricted<br>funds<br>2019<br>£ | Restricted<br>funds<br>2019<br>£ | Total<br>2019<br>£ | Total<br>2018<br>£ |
|---|-------|------------------------------------|----------------------------------|--------------------|--------------------|
| <b>Income from:</b>                                       |       |                                    |                                  |                    |                    |
| Donations and legacies                                    | 3     | 106,027                            | 15,636                           | 121,663            | 26,736             |
| Other trading activities: fundraising                     | 4     | -                                  | 25,805                           | 25,805             | 7,031              |
| Investments   | 5     | 32,855                             | -                                | 32,855             | 30,605             |
| <b>Total income</b>                                       |       | <b>138,882</b>                     | <b>41,441</b>                    | <b>180,323</b>     | <b>64,372</b>      |
| <b>Expenditure on:</b>                                    |       |                                    |                                  |                    |                    |
| <u>Raising funds</u>                                      |       |                                    |                                  |                    |                    |
| Fundraising and publicity                                 | 6     | -                                  | 118                              | 118                | 2,542              |
| Investment management                                     | 6     | 5,027                              | -                                | 5,027              | 5,308              |
|   |       | 5,027                              | 118                              | 5,145              | 7,850              |
| Charitable activities                                     | 7     | 28,126                             | 10,865                           | 38,991             | 69,273             |
| <b>Total resources expended</b>                           |       | <b>33,153</b>                      | <b>10,983</b>                    | <b>44,136</b>      | <b>77,123</b>      |
| Net gains/(losses) on investments                         | 11    | 19,370                             | -                                | 19,370             | (16,888)           |
| <b>Net incoming/(outgoing) resources before transfers</b> |       | <b>125,099</b>                     | <b>30,458</b>                    | <b>155,557</b>     | <b>(29,639)</b>    |
| Gross transfers between funds                             |       | (6,439)                            | 6,439                            | -                  | -                  |
| <b>Net movement in funds</b>                              |       | <b>118,660</b>                     | <b>36,897</b>                    | <b>155,557</b>     | <b>(29,639)</b>    |
| Fund balances at 1 April 2018                             |       | 970,850                            | 149,759                          | 1,120,609          | 1,150,248          |
| <b>Fund balances at 31 March 2019</b>                     |       | <b>1,089,510</b>                   | <b>186,656</b>                   | <b>1,276,166</b>   | <b>1,120,609</b>   |

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## BALANCE SHEET

AS AT 31 MARCH 2019

|   |       | 2019           |                  | 2018<br>as restated |                  |
|---|-------|----------------|------------------|---------------------|------------------|
|   | Notes | £              | £                | £                   | £                |
| <b>Fixed assets</b>                                   |       |                |                  |                     |                  |
| Investments   | 13    |                | 998,012          |                     | 1,006,701        |
| <b>Current assets</b>                                 |       |                |                  |                     |                  |
| Debtors   | 15    | 106,931        |                  | 8,671               |                  |
| Cash at bank and in hand                              |       | 173,383        |                  | 110,579             |                  |
|   |       | <u>280,314</u> |                  | <u>119,250</u>      |                  |
| <b>Creditors: amounts falling due within one year</b> | 16    | <u>(2,160)</u> |                  | <u>(5,342)</u>      |                  |
| Net current assets                                    |       |                | 278,154          |                     | 113,908          |
| <b>Total assets less current liabilities</b>          |       |                | <u>1,276,166</u> |                     | <u>1,120,609</u> |
| <b>Income funds</b>                                   |       |                |                  |                     |                  |
| Restricted funds                                      | 17    |                | 186,656          |                     | 149,759          |
| Unrestricted funds                                    |       |                | 1,089,510        |                     | 970,850          |
|   |       |                | <u>1,276,166</u> |                     | <u>1,120,609</u> |

The accounts were approved by the Trustees on .....

.....  
Ian Kinniburgh  
Chair

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

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|   | Notes | 2019<br>£         | £                 | 2018<br>£         | £                 |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| <b>Cash flows from operating activities</b>                 |       |                   |                   |                   |                   |
| Cash generated from/(absorbed by) operations                | 21    |                   | 1,890             |                   | (47,834)          |
| <b>Investing activities</b>                                 |       |                   |                   |                   |                   |
| Purchase of investments                                     |       | (118,426)         |                   | (121,765)         |                   |
| Proceeds on disposal of investments                         |       | 146,485           |                   | 109,805           |                   |
| Interest received   |       | 32,855            |                   | 30,605            |                   |
|   |       | <u>          </u> |                   | <u>          </u> |                   |
| <b>Net cash generated from investing activities</b>         |       |                   | 60,914            |                   | 18,645            |
| <b>Net cash used in financing activities</b>                |       |                   | -                 |                   | -                 |
|   |       |                   | <u>          </u> |                   | <u>          </u> |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       |                   | 62,804            |                   | (29,189)          |
| Cash and cash equivalents at beginning of year              |       |                   | 110,579           |                   | 139,768           |
|   |       |                   | <u>          </u> |                   | <u>          </u> |
| <b>Cash and cash equivalents at end of year</b>             |       |                   | <u>173,383</u>    |                   | <u>110,579</u>    |

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# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2019**

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### **1 Accounting policies**

#### **Charity information**

Orkney Health Board Endowment Funds is a charity constituted by an act of parliament.

#### **1.1 Accounting convention**

These accounts have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the accounts.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

#### **1.4 Incoming resources**

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless there are performance conditions present which require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid is recognised at the time of the donation. Donated services are recognised once the services have been performed at the estimated value to the charity.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

(Continued)

#### 1.5 Resources expended

Expenditure is included in resources expended on an accruals basis, inclusive of any VAT which cannot be recovered.

Costs of generating funds comprise the costs associated with the generation of investment income.

Charitable expenditure comprises those costs incurred in the delivery of the charity's activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them, such as governance costs. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity

#### 1.6 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

#### 1.7 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 1 Accounting policies (Continued)

**Basic financial liabilities**

Basic financial liabilities, including creditors are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

### 2 Classification of funds

Following a review of the classification of funds brought forward at the start of the year between restricted and unrestricted elements, it has been determined that certain income funds reported in prior years as unrestricted are currently considered to be held for a restricted purpose. Restrictions typically arise where donors specify that income must be spent in a specific ward or to acquire specific equipment.

Certain comparative amounts in these financial statements have been restated on this basis, as further detailed in notes 3 and 17 to these accounts.

The effect of the restatement is to increase the balance of restricted funds brought forward at the start of the year by £87,788, with a corresponding reduction in the balance of unrestricted funds. There is no effect on aggregate income, expenditure or net assets reported in prior periods.

### 3 Donations and legacies

|   | Unrestricted<br>funds<br>as restated<br>2019<br>£ | Restricted<br>funds<br>as restated<br>2019<br>£ | Total<br>2019<br>£ | Total<br>2018<br>£ |
|---|---|---|--------------------|--------------------|
| Donations and gifts                     | 106,027   | 15,636  | 121,663            | 26,736             |
| <b>For the year ended 31 March 2018</b> | <u>15,640</u>                                     | <u>11,096</u>                                   |                    | <u>26,736</u>      |

### 4 Other trading activities: fundraising

|                                       | 2019<br>£     | 2018<br>£    |
|---------------------------------------|---------------|--------------|
| New healthcare facility               | 25,805        | 6,251        |
| Cardiac facility                      | -             | 780          |
| Other trading activities: fundraising | <u>25,805</u> | <u>7,031</u> |



# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 5 Investments

|                                | 2019          | 2018          |
|--------------------------------|---------------|---------------|
|                                | £             | £             |
| Income from listed investments | 31,535        | 29,954        |
| Income from treasury stock     | 1,320         | 651           |
|                                | <u>32,855</u> | <u>30,605</u> |

### 6 Raising funds

|   | Unrestricted<br>funds | Restricted<br>funds | Total<br>2019 | Total<br>2018 |
|---|-----------------------|---------------------|---------------|---------------|
|   | £                     | £                   | £             | £             |
| <u>Fundraising and publicity</u>        |                       |                     |               |               |
| Other fundraising costs                 | -                     | 118                 | 118           | 2,542         |
|   | <u>-</u>              | <u>118</u>          | <u>118</u>    | <u>2,542</u>  |
| <u>Investment management</u>            | 5,027                 | -                   | 5,027         | 5,308         |
|   | <u>5,027</u>          | <u>118</u>          | <u>5,145</u>  | <u>7,850</u>  |
|   | <u>5,027</u>          | <u>118</u>          | <u>5,145</u>  | <u>7,850</u>  |
| <b>For the year ended 31 March 2018</b> |                       |                     |               |               |
| Fundraising and publicity               | -                     | 2,542               |               | 2,542         |
| Investment management                   | 5,308                 | -                   |               | 5,308         |
|   | <u>5,308</u>          | <u>2,542</u>        |               | <u>7,850</u>  |

### 7 Charitable activities

|  | 2019          | 2018          |
|--|---------------|---------------|
|  | £             | £             |
| Patient welfare                          | 6,567         | 5,473         |
| Staff welfare                            | 19,561        | 23,838        |
| Equipment provided                       | 6,363         | 36,962        |
|  | <u>32,491</u> | <u>66,273</u> |
| Grant funding of activities (see note 8) | 6,500         | 3,000         |
|  | <u>38,991</u> | <u>69,273</u> |

Charitable activities includes governance costs of £3,904 (2018: £6,685), which includes payments to auditors of £2,160 (2018: £3,000) for audit fees.

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 8 Grants payable

|                         | 2019<br>£    | 2018<br>£    |
|-------------------------|--------------|--------------|
| Grants to institutions: |              |              |
| Parkrun                 | -            | 3,000        |
| Orkney Charitable Trust | 6,500        | -            |
|                         | <u>6,500</u> | <u>3,000</u> |

A grant of £6,500 was made to Orkney Charitable Trust to support families with children attending hospital out of Orkney.

#### Commitments

A budget of £50,000 is available each year for requests which must be approved by the Trustees or subcommittee. At the balance sheet date, the charity has approved expenditure totalling £30,110, contingent on the satisfaction of certain conditions being met by the funding applicants. It is expected that £10,110 of this amount will be spent in the next accounting year and £20,000, relating to the new healthcare facility, will be spent in later periods.

### 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

### 10 Employees

There were no employees during the year.

### 11 Net gains/(losses) on investments

|                                    | 2019<br>£     | 2018<br>£       |
|------------------------------------|---------------|-----------------|
| Revaluation of investments         | 11,322        | (17,887)        |
| Gain/(loss) on sale of investments | 8,048         | 999             |
|                                    | <u>19,370</u> | <u>(16,888)</u> |

### 12 Taxation

The charity is exempt from tax as its income and gains are applied to its charitable objects.

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 13 Fixed asset investments

|                          | Listed<br>investments<br>£ | Treasury<br>stock<br>£ | Total<br>£       |
|--------------------------|----------------------------|------------------------|------------------|
| <b>Cost or valuation</b> |                            |                        |                  |
| At 31 March 2018         | 942,018                    | 64,683                 | 1,006,701        |
| Additions                | 67,252                     | 51,174                 | 118,426          |
| Valuation changes        | 10,783                     | 539                    | 11,322           |
| Disposals                | (102,449)                  | (35,988)               | (138,437)        |
|                          | <u>917,604</u>             | <u>80,408</u>          | <u>998,012</u>   |
| <b>Carrying amount</b>   |                            |                        |                  |
| At 31 March 2019         | <u>917,604</u>             | <u>80,408</u>          | <u>998,012</u>   |
| At 31 March 2018         | <u>942,018</u>             | <u>64,683</u>          | <u>1,006,701</u> |

### 14 Financial instruments

|   | 2019<br>£        | 2018<br>£        |
|---|------------------|------------------|
| <b>Carrying amount of financial assets</b>      |                  |                  |
| Debt instruments measured at amortised cost     | 106,931          | 8,671            |
| Equity instruments measured at fair value       | 998,012          | 1,006,701        |
|   | <u>1,104,943</u> | <u>1,015,372</u> |
| <b>Carrying amount of financial liabilities</b> |                  |                  |
| Measured at amortised cost                      | 2,160            | 5,342            |
|   | <u>2,160</u>     | <u>5,342</u>     |

### 15 Debtors

|   | 2019<br>£      | 2018<br>£    |
|---|----------------|--------------|
| <b>Amounts falling due within one year:</b> |                |              |
| Other debtors                               | 106,931        | 8,671        |
|   | <u>106,931</u> | <u>8,671</u> |

### 16 Creditors: amounts falling due within one year

|                              | 2019<br>£    | 2018<br>£    |
|------------------------------|--------------|--------------|
| Trade creditors              | -            | 3,374        |
| Accruals and deferred income | 2,160        | 1,968        |
|                              | <u>2,160</u> | <u>5,342</u> |

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 17 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

|                            | Movement in funds                              |                            |                            |                | Balance at<br>31 March 2019<br>£ |
|----------------------------|--|----------------------------|----------------------------|----------------|----------------------------------|
|                            | Balance at<br>1 April 2018<br>as restated<br>£ | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Transfers<br>£ |                                  |
| Macmillan Services         | 69,944   | -                          | (1,021)                    | -              | 68,923                           |
| Balfour Hospital           | 23,653   | 1,067                      | -                          | -              | 24,720                           |
| New Hospital               | 17,788   | 25,805                     | (118)                      | -              | 43,475                           |
| Assessment and Rehab       | 7,548  | 1,899                      | (1,686)                    | -              | 7,761                            |
| Acute Ward                 | 6,060  | -                          | -                          | -              | 6,060                            |
| Renal Services             | 3,278  | -                          | (314)                      | -              | 2,964                            |
| Heilendi Family Practice   | 2,645  | -                          | -                          | -              | 2,645                            |
| Balfour Hospital equipment | 2,000  | -                          | -                          | -              | 2,000                            |
| Cardiac Equipment          | 1,898  | -                          | (765)                      | -              | 1,133                            |
| Hoy Surgery                | 1,896  | -                          | -                          | -              | 1,896                            |
| Other                      | 13,049   | 12,670                     | (7,079)                    | 6,439          | 25,079                           |
|                            | <u>149,759</u>                                 | <u>41,441</u>              | <u>(10,983)</u>            | <u>6,439</u>   | <u>186,656</u>                   |

**Departmental funding** - represents donations and funding received over a number of years to be spent as the charity wishes within the department chosen by the donor. This includes MacMillan, Assessment and Rehab, Acute Ward, Renal Services, Heilendi Family Practice and Hoy Surgery.

**Balfour Hospital** - represents donations and bequests for general use in the Balfour Hospital.

**New Hospital** - also raised via fundraising events held by the charity, and will be used to provide an enhanced service to patients within the new hospital, over and above that which the charity's parent is able to provide within its budget.

**Balfour Hospital equipment** - represents a bequest to be used to purchase equipment for the Balfour Hospital.

**Cardiac Equipment** - represents donations received over a period of years to be spent on cardiac equipment.

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 18 Analysis of net assets between funds

|  | Unrestricted<br>funds<br>2019<br>£ | Restricted<br>funds<br>2019<br>£ | Total<br>2019<br>£ | Total<br>2018<br>£ |
|--|------------------------------------|----------------------------------|--------------------|--------------------|
| Fund balances at 31 March 2019 are represented by: |                                    |                                  |                    |                    |
| Investments  | 998,012                            | -                                | 998,012            | 1,006,701          |
| Current assets/(liabilities)                       | 91,498                             | 186,656                          | 278,154            | 113,908            |
|  | <u>1,089,510</u>                   | <u>186,656</u>                   | <u>1,276,166</u>   | <u>1,120,609</u>   |

### 19 Control

The ultimate controlling party is the board of trustees of Orkney Health Board. It is solely for the Trustees to determine how the charity is to be administered, and what expenditure is permitted, providing that all decisions are consistent with the Endowment Fund Charter. The Trustees shall discharge their responsibilities free from any external direction.

### 20 Related party transactions

#### Transactions with related parties

During the year, NHS Orkney did not charge the charity an administration fee, instead donating the services. The estimated value of £12,093 (2018: £11,500) has been recognised as a donation. NHS Orkney also incurred expenditure on behalf of the charity totalling £8,028 (2018: £14,152), which was recharged at cost. At the balance sheet date the amount outstanding was £1,231. The charity paid NHS Orkney £10,171 (2018: £10,778) during the year. Creditors falling due within one year include £1,231 (2018: £3,374) payable to NHS Orkney in respect of the foregoing transactions.

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2019**

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| <b>21 Cash generated from operations</b>                          | <b>2019</b>  | <b>2018</b>     |
|---|--------------|-----------------|
|   | <b>£</b>     | <b>£</b>        |
| Surplus/(deficit) for the year                                    | 155,557      | (29,639)        |
| Adjustments for:  |              |                 |
| Investment income recognised in statement of financial activities | (32,855)     | (30,605)        |
| Gain on disposal of investments                                   | (8,048)      | (999)           |
| Fair value gains and losses on investments                        | (11,322)     | 17,887          |
| Movements in working capital:                                     |              |                 |
| (Increase) in debtors   | (98,260)     | (8,020)         |
| (Decrease)/increase in creditors                                  | (3,182)      | 3,542           |
| <b>Cash generated from/(absorbed by) operations</b>               | <u>1,890</u> | <u>(47,834)</u> |

**22 Auditors' ethical standards**

The relevant circumstances requiring disclosure in accordance with the requirements of APB Ethical Standard - Provisions Available for Small Entities are that, in common with many charities of our size and nature we use our auditor to assist with the preparation of the accounts.