



Charity Registration No: SC016919

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**ORKNEY HEALTH BOARD ENDOWMENT FUNDS  
TRUSTEES' REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2013**

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# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	John Ross Scott Elizabeth Middleton Stephen Hagan Suzanne Lawrence Andy Trevett Naomi Bremner Rognvald Johnson Jeremy Richardson Gillian Skuse Cathie Cowan Gerry O'Brien Marthinus Roos Rhoda Walker Louise Wilson
<b>Charity number</b>	SC016919
<b>Principal address</b>	Orkney Health Board Garden House New Scapa Road Kirkwall Orkney KW15 1BQ
<b>Auditors</b>	A J B Scholes Limited 8 Albert Street Kirkwall Orkney KW15 1HP
<b>Bankers</b>	Royal Bank of Scotland plc 1 Victoria Street Kirkwall Orkney KW15 1DP
<b>Investment advisors</b>	Gerrard Investment Management Limited Royal Exchange House 100 Queen Street Glasgow G1 3DL

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

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## **ORKNEY HEALTH BOARD ENDOWMENT FUNDS**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2013**

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The trustees present their report and accounts for the year ended 31 March 2013.

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 and the Statement of Recommended Practice, "Accounting and reporting by Charities" issued in March 2005.

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

The charity was constituted by an act of parliament.

The trustees who served during the year were:

John Ross Scott	
Jim Robertson	Up to 31 August 2012
Elizabeth Middleton	
Suzanne Lawrence	
Stephen Hagan	Up to 30 April 2012, from 30 July 2012
Mairhi Trickett	Up to 30 June 2012
Andy Trevett	
Naomi Bremner	
Rognvald Johnson	From 1 June 2012
Gillian Skuse	From 1 July 2012
Jeremy Richardson	From 1 September 2012
Cathie Cowan	
Gerry O'Brien	
Marthinus Roos	
Rhoda Walker	
Louise Wilson	

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 fourteen 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 two board members and six representatives from NHS Orkney.

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

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.

## ORKNEY HEALTH BOARD ENDOWMENT FUNDS

### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2013

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The trustees of the charity who held office at the date of approval of this annual report confirm that:

- So far as they are aware, there is no relevant audit information needed by the charity's auditors in connection with preparing their report, of which the charity's auditors are unaware: and
- They have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

#### **Objectives, activities and performance**

2012/13 saw several developments with a comprehensive review of the charity's charter and an upturn in the balance of funds held. The year also saw the appointment of three new trustees replacing those who had previously left.

At the trustees meeting held on the 25<sup>th</sup> October 2012 a revised charter was approved which clearly states the charity's purposes as *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; and
- 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

The charter brings together into one document, constitution, roles purpose and governance and administration.

2012/13 has seen the pilot use of a web site to facilitate donations to the charity. The year saw an upturn in income levels at £106,412 with a significant contributions coming from a single legacy of £44,217, this more than doubled income achieved in each of the previous two years.

The trustees also started the process of commercially tendering for the appointment of investment advisors to ensure the best value service and growth rates are achieved, this process will be completed in 2013/14.

Expenditure in 2012/13 was £52,809, this saw the charity contribute to items such as specialist wheelchairs, specialist mattresses and sleep support systems, tailored support chairs and minor patient comforts. The trustees have moved to proactively encouraged bids (which fall within the charter) from across the community and in order to protect the fund has introduced a targeted an annual level of grant awards of £50,000 per year.

The fund closed the year with a robust balance of £1,004,476.

#### **Financial review**

The charity's results are on page 9.

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 significantly enhance the major new health facilities currently being planned for Orkney. The charity's main funding is from investment income, and donations and legacies.

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

On behalf of the board of trustees

**John Ross Scott**  
Trustee

Dated.....

## **ORKNEY HEALTH BOARD ENDOWMENT FUNDS**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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The trustees are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 charity's financial activities during the year and of its financial position at the end of the year.

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

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

The trustees are responsible for keeping accounting records that disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and which enable them to ensure that the accounts comply with the terms of the Charities Accounts (Scotland) Regulations 2006, the Statement of Recommended Practice 2005 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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We have audited the financial statements of Orkney Health Board Endowment Funds for the year ended 31 March 2013 set out on pages 9 to 15. The financial reporting framework that has applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 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 its 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 trustees' responsibilities, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors 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 (APB's) Ethical Standards for Auditors, including APB Ethical Standard - Provisions Available for Small Entities in the circumstances set out in note 17 to the accounts.

#### **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 chairman's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2013, and of its incoming resources and application of resources, including its income and expenditure, 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' 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; or
- we have not received all the information and explanations we require for our audit.

**Ivan Houston FCCA (Senior Statutory Auditor)  
for and on behalf of A. J. B. Scholes Limited**

*A. J. B. Scholes Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.*

**Chartered Accountant  
Statutory Auditor**

8 Albert Street

Kirkwall

Orkney

KW15 1HP

Dated: .....

## ORKNEY HEALTH BOARD ENDOWMENT FUNDS

### STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2013

	Notes	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
<b><u>Incoming resources from generated funds</u></b>					
Donations and legacies	2	55,489	22,664	78,153	20,668
Investment income	3	28,259	0	28,259	28,831
<b>Total incoming resources</b>		<b>83,748</b>	<b>22,664</b>	<b>106,412</b>	<b>49,499</b>
<b><u>Resources expended</u></b>					
<b>Costs of generating funds</b>					
Investment management costs		3,404	0	3,404	3,259
Total resources expended		3,404	0	3,404	3,259
<b>Net incoming resources available</b>		<b>80,344</b>	<b>22,664</b>	<b>103,008</b>	<b>46,240</b>
<b>Charitable activities</b>					
Patients welfare		9,691	0	9,691	21,820
Staff welfare		22,263	0	22,263	39,712
Equipment provided		2,661	8,617	11,278	63,412
<b>Total charitable expenditure</b>		<b>34,615</b>	<b>8,617</b>	<b>43,232</b>	<b>124,944</b>
Governance costs		6,173	0	6,173	6,005
<b>Total resources expended</b>		<b>44,192</b>	<b>8,617</b>	<b>52,809</b>	<b>134,208</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>39,556</b>	<b>14,047</b>	<b>53,603</b>	<b>(84,709)</b>
Gross transfers between funds		(4,125)	4,125	0	0
<b>Net (outgoing)/incoming resources</b>		<b>35,431</b>	<b>18,172</b>	<b>53,603</b>	<b>(84,709)</b>
<b>Other recognised gains and losses</b>					
(Loss)/Gains on investment assets		51,924	0	51,924	4,814
<b>Net movement in funds</b>		<b>87,355</b>	<b>18,172</b>	<b>105,527</b>	<b>(79,895)</b>
Fund balances at 1 April 2012		884,639	14,310	898,949	978,844
<b>Fund balances at 31 March 2013</b>		<b>971,994</b>	<b>32,482</b>	<b>1,004,476</b>	<b>898,949</b>

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

All incoming resources and resources expended derive from continuing activities.

**ORKNEY HEALTH BOARD ENDOWMENT FUNDS**

**BALANCE SHEET  
AS AT 31 MARCH 2013**

	<u>Notes</u>	<u>2013</u>		<u>2012</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<b>Fixed assets</b>					
Investments	8		672,865		687,213
<b>Current assets</b>					
Debtors	9	5,162		5,298	
Cash at bank and in hand		<u>327,537</u>		<u>210,650</u>	
		332,699		215,948	
<b>Creditors: Amounts falling due within One Year</b>	10	<u>1,088</u>		<u>4,212</u>	
<b>Net current assets</b>			<u>331,611</u>		<u>211,736</u>
<b>Total assets less current liabilities</b>			<u>1,004,476</u>		<u>898,949</u>
<b>Income funds</b>					
Restricted funds	11		32,482		14,310
Unrestricted funds			<u>971,994</u>		<u>884,639</u>
			<u>1,004,476</u>		<u>898,949</u>

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

..... Chair  
..... Trustee

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2013**

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	<u>Note</u>	<u>£</u>	2013 <u>£</u>	<u>£</u>	2012 <u>£</u>
Net cash inflow (outflow) from operating activ	13		50,615		(86,935)
<b>Capital expenditure and financial investment</b>					
Payment to acquire investments		(202,088)		(115,617)	
Receipts from sales of investments		<u>268,360</u>		<u>74,739</u>	
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>			<u>66,272</u>		<u>(40,878)</u>
<b>Increase / (decrease) in cash</b>	14		<u>116,887</u>		<u>(127,813)</u>

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

### 1 Accounting policies

#### 1.1 Basis of preparation

The accounts have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

The accounts have been prepared in accordance with applicable accounting standards, the Charities Accounts (Scotland) Regulations 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

#### 1.2 Incoming resources

Donations, legacies and other forms of voluntary income are recognised as incoming resources when receivable, except insofar as they are incapable of financial measurement.

#### 1.3 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.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity.

#### 1.4 Investments

Fixed asset investments are stated at market value and the gain or loss is taken to the Statement of Financial Activities.

#### 1.5 Accumulated funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Unrestricted funds include a revaluation reserve representing the restatement of investment assets at market value.

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.

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

Note		Unrestricted funds	Restricted funds	Total 2013	Total 2012
		£	£	£	£
<b>2</b>	<b>Incoming resources from generated funds</b>				
	Donations and legacies	55,489	22,664	78,153	20,668
<b>3</b>	<b>Investment income</b>			<b>2013</b>	<b>2012</b>
				£	£
	Income from listed investments			25,408	25,320
	Income from treasury stock			1,169	1,344
	Interest receivable			1,682	2,167
				<u>28,259</u>	<u>28,831</u>
<b>4</b>	<b>Total resources expended</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total 2013</b>	<b>Total 2012</b>
		£	£	£	£
	<b>Costs of generating funds</b>				
	Investment management costs	3,404	0	3,404	3,259
		<u>3,404</u>	<u>0</u>	<u>3,404</u>	<u>3,259</u>
	<b>Charitable activities</b>				
	<u>Patients welfare</u>				
	Activities undertaken directly	9,425	0	9,425	21,820
	Grants to institutions	266	0	266	0
	<u>Staff welfare</u>				
	Activities undertaken directly	22,263	0	22,263	39,712
	<u>Equipment provided</u>				
	Activities undertaken directly	2,661	8,617	11,278	63,412
		<u>34,615</u>	<u>8,617</u>	<u>43,232</u>	<u>124,944</u>
	Governance costs	6,173	0	6,173	6,005
		<u>44,192</u>	<u>8,617</u>	<u>52,809</u>	<u>134,208</u>

Governance costs includes payments to auditors of £1,068 (2012: £1,020.00) for audit fees.

### 5 Trustees

None of the trustees (or any persons connected with them) received any remuneration

### 6 Employees

There were no employees during the year

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

### 7 Taxation

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

8 Fixed asset investments	Treasury	Equity	Total
	stock	shares	
	£	£	£
Market value at 1 April 2012	65,753	621,460	687,213
Disposals at book value	(65,754)	(203,390)	(269,144)
Additions in year	64,181	137,907	202,088
Change in value in the year	4,788	47,920	52,708
<b>Market value at 31 March 2013</b>	<b>68,968</b>	<b>603,897</b>	<b>672,865</b>
<b>Historical cost</b>			
At 31 March 2013	64,181	575,684	639,865
At 31 March 2012	53,106	665,572	718,678

9 Debtors	2013	2012
	£	£
Other debtors	5,162	5,298

10 Creditors: amounts falling due within one year	2013	2012
	£	£
Trade creditors	20	2,648
Accruals	1,068	1,564
	1,088	4,212

### 11 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 31 March 2013
	Balance at 1 April 2012	Incoming resources	Resources expended	Transfers	
Cardiac	5,819	205	365		5,659
Day Hospital Outreach Service	1,000	0	0		1,000
Theatre equipment	7,491	0	0		7,491
Walk the Walk Scalp Cooler	0	17,977	0		17,977
Physio chairs	0	4,127	8,252	4,125	0
CT Scanner	0	355	0		355
	14,310	22,664	8,617	4,125	32,482

# ORKNEY HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

12 Analysis of net assets between funds	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2013 are represented by:			
Investments	672,865		672,865
Current assets	300,217	32,482	332,699
Creditors: amounts falling due within one year	(1,088)		(1,088)
	<u>971,994</u>	<u>32,482</u>	<u>1,004,476</u>
Unrealised gains included above:			
On investments	33,001	0	33,001
	<u>33,001</u>	<u>0</u>	<u>33,001</u>
Reconciliation of movements in unrealised gains			
Unrealised gains at 1 April 2012	(31,464)		(31,464)
Net gain on revaluations in year	52,708		52,708
In respect of disposals	11,757		11,757
Unrealised gains / (loss) at 31 March 2013	<u>33,001</u>	<u>0</u>	<u>33,001</u>

13 Net cashflow from operating activities	2013 £	2012 £
Changes in resources before revaluations	53,603	(84,709)
(Increase)/Decrease in debtors	136	(961)
Increase/(Decrease) in creditors	(3,124)	(1,265)
Net cash inflow (outflow) from operating activity	<u>50,615</u>	<u>(86,935)</u>

14 Reconciliation of net cash flow to movement in net funds	2013 £	2012 £
Increase/(Decrease) in cash	116,887	(127,812)
Net funds at 1 April 2012	210,650	338,462
Net funds at 31 March 2013	<u>327,537</u>	<u>210,650</u>

15 Analysis of net cash balances	At 1 April 2012 £	Cash flow £	Non-cash changes	At 31 March 2013 £
Cash at bank and in hand	210,650	116,887	0	327,537
	<u>210,650</u>	<u>116,887</u>	<u>0</u>	<u>327,537</u>

### 16 Related parties

NHS Orkney has charged an administration fee of £12,242 for the year (2012:£15,509)

### 17 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.