



Charity Registration No: SC016919

**ORKNEY HEALTH BOARD ENDOWMENT FUNDS
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015**

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	John Ross Scott Naomi Bremner Stephen Hagan Suzanne Lawrence to 30 April 2014 Vicky Anderson from 1 May 2014 Andy Trevett Rognvald Johnson Jeremy Richardson Gillian Skuse David Drever Cathie Cowan Gerry O'Brien to 5 March 2015 Marthinus Roos Elaine Peace Louise Wilson
Charity number	SC016919
Principal address	Orkney Health Board Garden House New Scapa Road Kirkwall Orkney KW15 1BQ
Auditors	A J B Scholes Limited 8 Albert Street Kirkwall Orkney KW15 1HP
Bankers	Royal Bank of Scotland plc 1Victoria Street Kirkwall Orkney KW15 1DP
Investment advisors	Adam & Company Investment Management Limited 25 St Andrew Square Edinburgh EH2 1AF

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

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ORKNEY HEALTH BOARD ENDOWMENT FUNDS

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2015

The trustees present their report and accounts for the year ended 31 March 2015.

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	
Suzanne Lawrence	Up to 30 April 2014
Vicky Anderson	From 1 May 2014
Stephen Hagan	
Andy Trevett	
Naomi Bremner	
Rognvald Johnson	
Gillian Skuse	
Jeremy Richardson	
David Drever	
Cathie Cowan	
Gerry O'Brien	Up to 5 March 2015
Marthinus Roos	
Elaine Peace	
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 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.

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 2015

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

2014/15 has seen the first full year of the new investment advisors and the completion of the realignment of the investment portfolio. Investments held have increased, due to an increase of funds held and to an increase in valuation.

Expenditure in 2014/15 was £61,156. This included the usual patient comforts as well as purchase of equipment and specialist chairs for patient comfort. Equipment and protective clothing was also funded for a BASICS first responder scheme, where volunteers who are trained medical staff provide pre-hospital emergency care.

The fund closed the year with the balance of £1,007,090, an increase on 2013/14 of £41,246.

Financial review

The charity's results are on page 8.

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

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

We have audited the financial statements of Orkney Health Board Endowment Funds for the year ended 31 March 2015 set out on pages 8 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 18 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 2015, 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 2015

	Notes	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Incoming resources from generated funds					
Donations and legacies	2	12,187	159	12,346	21,674
Investment income	3	27,911	0	27,911	21,469
Total incoming resources		40,098	159	40,257	43,143
Resources expended					
Costs of generating funds					
Investment management costs		3,622	0	3,622	3,016
Total resources expended		3,622	0	3,622	3,016
Net incoming resources available		36,476	159	36,635	40,127
Charitable activities					
Patients welfare		11,484	0	11,484	21,489
Staff welfare		23,500	0	23,500	13,493
Equipment provided		9,330	8,407	17,737	36,474
Total charitable expenditure		44,314	8,407	52,721	71,456
Governance costs		4,813	0	4,813	6,661
Total resources expended		52,749	8,407	61,156	81,133
Net (outgoing)/incoming resources before transfers		(12,651)	(8,248)	(20,899)	(37,990)
Gross transfers between funds		0	0	0	0
Net (outgoing)/incoming resources		(12,651)	(8,248)	(20,899)	(37,990)
Other recognised gains and losses					
(Loss)/Gains on investment assets		62,145	0	62,145	(642)
Net movement in funds		49,494	(8,248)	41,246	(38,632)
Fund balances at 1 April 2014		949,214	16,630	965,844	1,004,476
Fund balances at 31 March 2015		998,708	8,382	1,007,090	965,844

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

All incoming resources and resources expended derive from continuing activities.

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**BALANCE SHEET
AS AT 31 MARCH 2015**

	<u>Notes</u>	<u>2015</u>		<u>2014</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Fixed assets					
Investments	8		937,281		817,367
Current assets					
Debtors	9	680		808	
Cash at bank and in hand		<u>70,569</u>		<u>149,151</u>	
		71,249		149,959	
Creditors: Amounts falling due within One Year	10	<u>1,440</u>		<u>1,482</u>	
Net current assets			<u>69,809</u>		<u>148,477</u>
Total assets less current liabilities			<u>1,007,090</u>		<u>965,844</u>
Income funds					
Restricted funds	11		8,382		16,630
Unrestricted funds			<u>998,708</u>		<u>949,214</u>
			<u>1,007,090</u>		<u>965,844</u>

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

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

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	<u>Note</u>		2015		2014
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Net cash inflow (outflow) from operating activ	13		(20,813)		(33,242)
Capital expenditure and financial investment					
Payment to acquire investments		(81,131)		(590,696)	
Receipts from sales of investments		<u>23,362</u>		<u>445,552</u>	
Net cash inflow/(outflow) from capital expenditure and financial investment			<u>(57,769)</u>		<u>(145,144)</u>
Increase / (decrease) in cash	14		<u>(78,582)</u>		<u>(178,386)</u>

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

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 2015

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

Note		Unrestricted funds	Restricted funds	Total 2015	Total 2014
		£	£	£	£
2	Incoming resources from generated funds				
	Donations and legacies	12,187	159	12,346	21,674
3	Investment income			2015	2014
				£	£
	Income from listed investments			26,606	13,924
	Income from treasury stock			1,258	6,722
	Interest receivable			47	823
				<u>27,911</u>	<u>21,469</u>
4	Total resources expended	Unrestricted funds	Restricted funds	Total 2015	Total 2014
		£	£	£	£
	Costs of generating funds				
	Investment management costs	3,622	0	3,622	3,016
		<u>3,622</u>	<u>0</u>	<u>3,622</u>	<u>3,016</u>
	Charitable activities				
	<u>Patients welfare</u>				
	Activities undertaken directly	11,484	0	11,484	6,539
	Grants to institutions	0	0	0	14,950
	<u>Staff welfare</u>				
	Activities undertaken directly	23,500	0	23,500	13,493
	<u>Equipment provided</u>				
	Activities undertaken directly	9,330	8,407	17,737	36,474
		<u>44,314</u>	<u>8,407</u>	<u>52,721</u>	<u>71,456</u>
	Governance costs	4,813	0	4,813	6,661
		<u>52,749</u>	<u>8,407</u>	<u>61,156</u>	<u>81,133</u>

Governance costs includes payments to auditors of £1,560 (2014: £1,440) for audit fees.

Expenditure Committed for 2015/16

A budget of £50,000 is available each year for requests which must be approved by the Trustees or subcommittee. In 2014/15 bids in excess of £50,000 were approved and there is a remaining obligation of £51,590 to be met in 2015/16. The budget available for 2015/16 has been reduced accordingly to £19,082.

5 Trustees

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

6 Employees

There were no employees during the year.

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

7 Taxation

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

8 Fixed asset investments	Treasury stock £	Equity shares £	Total £
Market value at 1 April 2014	59,053	758,314	817,367
Disposals at book value	0	(25,825)	(25,825)
Additions in year	0	81,131	81,131
Change in value in the year	4,315	60,293	64,608
Market value at 31 March 2015	63,368	873,913	937,281
Historical cost			
At 31 March 2015	59,573	771,732	831,305
At 31 March 2014	59,573	713,757	773,330
Analysis of Investment Assets			
Inside UK			542,721
Outside UK			394,560
			937,281

9 Debtors	2015 £	2014 £
Other debtors	680	808

10 Creditors: amounts falling due within one year	2015 £	2014 £
Trade creditors	0	162
Accruals	1,440	1,320
	1,440	1,482

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 2015
	Balance at 1 April 2014	Incoming resources	Resources expended	Transfers	
Cardiac	5,859	159	2,615	0	3,403
Day Hospital Outreach Service	1,000	0	0	0	1,000
Theatre equipment	8,366	0	5,224	0	3,142
CT Scanner	805	0	0	0	805
Dounby Comm Nurses computer	600	0	568	0	32
	16,630	159	8,407	0	8,382

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

12 Analysis of net assets between funds	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 March 2015 are represented by:			
Investments	937,281	0	937,281
Current assets	62,867	8,382	71,249
Creditors: amounts falling due within one year	(1,440)	0	(1,440)
	<u>998,708</u>	<u>8,382</u>	<u>1,007,090</u>
Unrealised gains/(losses) included above:			
On investments - equities	102,180	0	102,180
On investments - Treasury stock	3,796	0	3,796
	<u>105,976</u>	<u>0</u>	<u>105,976</u>
Reconciliation of movements in unrealised gains			
Unrealised gains at 1 April 2014	44,038	0	44,038
Net gain on revaluations in year	64,608	0	64,608
In respect of disposals	(2,670)	0	(2,670)
Unrealised gains / (loss) at 31 March 2015	<u>105,976</u>	<u>0</u>	<u>105,976</u>
13 Net cashflow from operating activities		2015	2014
		£	£
Changes in resources before revaluations		(20,899)	(37,990)
(Increase)/Decrease in debtors		128	4,354
Increase/(Decrease) in creditors		(42)	394
Net cash inflow (outflow) from operating activity		<u>(20,813)</u>	<u>(33,242)</u>
14 Reconciliation of net cash flow to movement in net funds		2015	2014
		£	£
Increase/(Decrease) in cash		(78,582)	(178,386)
Net funds at 1 April 2014		149,151	327,537
Net funds at 31 March 2015		<u>70,569</u>	<u>149,151</u>
15 Analysis of net cash balances			
	At 1 April		Non-cash
	2014	Cash flow	changes
	£	£	At 31 March
Cash at bank and in hand	149,151	(78,582)	0
	<u>149,151</u>	<u>(78,582)</u>	<u>0</u>
			2015
			£
			70,569

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

16 Related parties

During the year, NHS Orkney charged the charity an administration fee of £10,098 (2014: £12,381). NHS Orkney also incurred expenditure on behalf of the charity totalling £11,277 (2014: £5,323), which was recharged at cost. The charity paid NHS Orkney £21,375 (2014: £17,704) during the year, and at the balance sheet date there were no outstanding liabilities (2014: £nil). All transactions between the charity and NHS Orkney are at an arms length basis.

17 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.

18 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.