



Charity Registration No: SC016919

**ORKNEY HEALTH BOARD ENDOWMENT FUNDS
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Vicky Anderson to 25 March 2016 Cathie Cowan Naomi Bremner David Drever Stephen Hagan to 13 May 2015 Steven Heddle from 14 May 2015 Rognvald Johnson Ian Kinniburgh from 1 December 2015 Elaine Peace Jeremy Richardson Hazel Robertson from 31 August 2015 Marthinus Roos John Ross Scott to 30 November 2015 Gillian Skuse Andy Trevett 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 1 Victoria 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 2016

The trustees present their report and accounts for the year ended 31 March 2016.

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 and the 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 (effective 1 January 2015).

Structure, governance and management

The charity was constituted by an act of parliament.

The trustees who served during the year were:

Vicky Anderson to 25 March 2016
Cathie Cowan
Naomi Bremner
David Drever
Stephen Hagan to 13 May 2015
Steven Heddle from 14 May 2015
Rognvald Johnson
Ian Kinniburgh from 1 December 2015
Elaine Peace
Jeremy Richardson
Hazel Robertson from 31 August 2015
Marthinus Roos
John Ross Scott to 30 November 2015
Gillian Skuse
Andy Trevett
Louise Wilson

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 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.

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

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.

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

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.

Expenditure in 2015/16 was £52,904. This included the usual patient comforts as well as purchase of equipment such as a specialist chair for patient comfort, a bilirubinometer and breast pumps for use in maternity.

The charity continued to advance the welfare of hospital staff, purchasing new workstations with positive health benefits as well as investing in staff succession planning, training and development.

The charity carried out a number of fundraising events during the year, the majority of which were aimed at raising funds for the new healthcare facility. This fundraising raised £5,385, with an additional bake sale raising a further £1,565 for diabetes care.

The fund closed the year with the balance of £1,004,843 which is a decrease on 2014/15 of £2,247.

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

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 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.

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, including pharmaceutical production and distribution.

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.

On behalf of the board of trustees

Ian Kinniburgh
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;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation; and
- Observe the methods and principles in the applicable Charities SORP.

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 2015 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 2016 set out on pages 9 to 18. 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 19 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 2016, 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).

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ORKNEY HEALTH BOARD ENDOWMENT FUNDS

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 Accountants
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 2016

	Notes	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 as restated £
<u>Income and endowments from:</u>					
Donations and legacies	2	50,216	50	50,266	12,346
Other trading activities	3	-	12,733	12,733	-
Investments	4	28,657	-	28,657	27,911
Total income		78,873	12,783	91,656	40,257
<u>Expenditure on:</u>					
Raising funds:					
Fundraising trading: cost of goods sold and other costs		-	334	334	-
Investment management costs		4,475	-	4,475	3,622
		4,475	334	4,809	3,622
Charitable activities:					
Patients welfare		12,394	-	12,394	12,532
Staff welfare		26,270	-	26,270	25,646
Equipment provided		3,932	5,499	9,431	19,356
		42,596	5,499	48,095	57,534
Total expenditure		47,071	5,833	52,904	61,156
Net income/(expenditure)		31,802	6,950	38,752	(20,899)
Transfers between funds		-	-	-	-
Net gains/(losses) on investments		(40,999)	-	(40,999)	62,145
Net movement in funds		(9,197)	6,950	(2,247)	41,246
Reconciliation of funds:					
Fund balances at 1 April 2015		998,708	8,382	1,007,090	965,844
Fund balances at 31 March 2016		989,511	15,332	1,004,843	1,007,090

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 2016**

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Investments	9		893,097		937,281
Current assets					
Debtors	10	36,743		680	
Cash		<u>76,743</u>		<u>70,569</u>	
		113,486		71,249	
Creditors: Amounts falling due within one year	11	<u>1,740</u>		<u>1,440</u>	
Net current assets			<u>111,746</u>		<u>69,809</u>
Total assets less current liabilities			<u><u>1,004,843</u></u>		<u><u>1,007,090</u></u>
Income funds					
Restricted funds	12		15,332		8,382
Unrestricted funds	13		<u>989,511</u>		<u>998,708</u>
			<u><u>1,004,843</u></u>		<u><u>1,007,090</u></u>

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

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

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016	2015
		£	as restated £
Net cash provided by/(used in) operating activities	14	(25,668)	(48,724)
Cash flows from investing activities			
Dividends, interest and rents from investments		28,657	27,911
Purchases of investments		(97,346)	(81,131)
Proceeds from sales of investments		<u>100,531</u>	<u>23,362</u>
Net cash provided by/(used in) investing activities		<u>31,842</u>	<u>(29,858)</u>
Change in cash and cash equivalents in the reporting period	15	<u>6,174</u>	<u>(78,582)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>70,569</u>	<u>149,151</u>
Cash and cash equivalents at the end of the reporting period		<u>76,743</u>	<u>70,569</u>

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

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 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 and the 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 (effective 1 January 2015).

An explanation of how the transition to SORP (FRS102) has affected the reported financial position and financial performance is given in note 20 to the accounts.

1.2 Incoming resources

Donations, legacies and other forms of voluntary income are recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income can be measured reliably.

Income and donations from other trading activities are recognised when they become receivable.

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, such as governance costs. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity.

1.4 Investments

Investments comprise of financial assets initially recognised at cost, and subsequently stated at fair value with any gains or losses arising on remeasurement recognised in the statement of financial activities.

Fair value of listed investments is their open market value less costs to sell. Fair value of other investments represents their cash value plus accrued rights attached to the investment.

1.5 Cash and cash equivalents

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

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

1.6 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.

1.7 Financial instruments

Debtors include amounts owed to the charity in respect of incoming resources and resources expended which the charity has paid in advance for goods and services it will receive. The charity recognises debtors at their recoverable amount.

Creditors include amounts due by the charity to third parties and any provision made as a result of an obligation to transfer economic benefits. A provision is only recognised when it is probable that a transfer of economic benefit will be required in settlement, and the amount of that settlement can be estimated reliably.

Contingent liabilities are not recognised by the charity either because the transfer of economic benefit is not probable or the amount of the obligation cannot be estimated reliably.

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

2	Total income and endowments from	Unrestricted funds	Restricted funds	Total 2016	Total 2015
		£	£	£	£
	Donations and legacies	50,216	50	50,266	12,346
3	Income from other trading activities	Unrestricted funds	Restricted funds	Total 2016	Total 2015
		£	£	£	£
	Fundraising - bilirubinometer	-	5,499	5,499	-
	Fundraising - New Healthcare Facility	-	5,669	5,669	-
	Diabetes Care	-	1,565	1,565	-
		-	12,733	12,733	-
4	Investment income			2016	2015
				£	£
	Income from listed investments			28,013	26,606
	Income from treasury stock			633	1,258
	Interest receivable			11	47
				28,657	27,911
5	Total expenditure on	Unrestricted funds	Restricted funds	Total 2016	Total 2015
		£	£	£	£
	Raising funds				
	Fundraising trading: cost of goods sold and other costs	-	334	334	-
	Investment management costs	4,475	-	4,475	3,622
		4,475	334	4,809	3,622
	Charitable activities				
	<u>Patients welfare</u>				
	Activities undertaken directly	9,894	-	9,894	12,532
	Grants to institutions	2,500	-	2,500	-
	<u>Staff welfare</u>				
	Activities undertaken directly	26,270	-	26,270	25,646
	<u>Equipment provided</u>				
	Activities undertaken directly	3,932	5,499	9,431	19,356
		42,596	5,499	48,095	57,534

Charitable activities include governance costs of £5,338 (2015: £4,813). Governance costs include payments to auditors of £2,040 (2015: £1,560) for audit fees.

The grant of £2,500 was made to The Pickaquooy Centre Trust as a contribution towards the purchase of a pool pod, a submersible platform lift to assist swimmers access the swimming pool

Expenditure Committed for 2016/17

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 £5,549, contingent on the satisfaction of certain conditions being met by the funding applicants. It is expected that these conditions will be satisfied in 2016/17, after which time the expenditure will be incurred.

6 Trustees

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

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

7 Employees

There were no employees during the year.

8 Taxation

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

9 Fixed asset investments	Treasury		Total £
	stock £	Equity shares £	
Market value at 1 April 2015	63,368	873,913	937,281
Disposals at book value	-	(112,122)	(112,122)
Additions in year	-	97,346	97,346
Change in value in the year	76	(29,484)	(29,408)
Market value at 31 March 2016	63,444	829,653	893,097
Historical cost			
At 31 March 2016	59,573	763,828	823,401
At 31 March 2015	59,573	771,732	831,305
Analysis of Investment Assets			
Inside UK			610,357
Outside UK			282,740
			893,097

10 Debtors	2016 £	2015 £
Prepayments	12,920	-
Other debtors	23,823	680
	36,743	680

11 Creditors: amounts falling due within one year	2016 £	2015 £
Accruals	1,740	1,440
	1,740	1,440

12 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 2016
	Balance at 1 April 2015	Incoming resources	Resources expended	Transfers	
Cardiac	3,403	-	-	-	3,403
Day Hospital Outreach Service	1,000	-	-	-	1,000
Theatre equipment	3,142	-	-	-	3,142
CT Scanner	805	-	-	-	805
Dounby Comm Nurses computer	32	-	-	-	32
Bilirubinometer for Maternity	-	5,499	5,499	-	-
New Healthcare Facility	-	5,719	334	-	5,385
Diabetes Care	-	1,565	-	-	1,565
	8,382	12,783	5,833	-	15,332

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

13 Analysis of net assets between funds	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 March 2016 are represented by:			
Investments	893,097	-	893,097
Current assets	98,154	15,332	113,486
Creditors: amounts falling due within one year	(1,740)	-	(1,740)
	<u>989,511</u>	<u>15,332</u>	<u>1,004,843</u>
Unrealised gains/(losses) included above:			
On investments - equities	65,824	-	65,824
On investments - Treasury stock	3,872	-	3,872
	<u>69,696</u>	<u>-</u>	<u>69,696</u>
Reconciliation of movements in unrealised gains			
Unrealised gains at 1 April 2015	105,976	-	105,976
Net gain on revaluations in year	(29,408)	-	(29,408)
In respect of disposals	(6,872)	-	(6,872)
Unrealised gains / (loss) at 31 March 2016	<u>69,696</u>	<u>-</u>	<u>69,696</u>

14 Reconciliation of net income/(expenditure) to net cash flow from operating activities	2016	2015
	£	as restated £
Net income/(expenditure) for the reporting period	(2,247)	41,246
(Gains)/losses on investments	40,999	(62,145)
Dividends, interest and rents from investments	(28,657)	(27,911)
(Increase)/decrease in debtors	(36,063)	128
Increase/(decrease) in creditors	300	(42)
Net cash provided by/(used in) operating activities	<u>(25,668)</u>	<u>(48,724)</u>

15 Reconciliation of net cash flow to movement in net funds	2016	2015
	£	£
Increase/(Decrease) in cash	6,174	(78,582)
Net funds at 1 April 2015	70,569	149,151
Net funds at 31 March 2016	<u>76,743</u>	<u>70,569</u>

16 Analysis of cash and cash equivalents	At 1 April 2015	Cash flow	Non-cash changes	At 31 March 2016
	£	£	£	£
Cash at bank and in hand	70,569	6,174	-	76,743
	<u>70,569</u>	<u>6,174</u>	<u>-</u>	<u>76,743</u>

17 Related parties

During the year, NHS Orkney charged the charity an administration fee of £10,502 (2014/15: £10,098). NHS Orkney also incurred expenditure on behalf of the charity totalling £7,266 (2014/15: £11,277), which was recharged at cost. The charity paid NHS Orkney £17,768 (2014/15: £21,375) during the year, and at the balance sheet date there were no outstanding liabilities (2014/15: £nil). All transactions between the charity and NHS Orkney are at an arms length basis.

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

18 Control

The charity is a subsidiary of NHS Orkney, registered office at at Garden House, New Scapa Road, Kirkwall, Orkney. NHS Orkney provide healthcare services from Balfour Hospital, Kirkwall, Orkney. The charity's accounts are included in the parent's consolidated accounts, which may be obtained from the parent's registered office.

The ultimate controlling party is the board of trustees of NHS Orkney. 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.

19 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.

20 Reconciliation on adoption of SORP 2015 (FRS102)

Reconciliations and descriptions of the effect of the transition to SORP (FRS102) on the; (i) statement of cash flows; (ii) reconciliation of net income/(expenditure) to net cash flow from operating activities, and; (iii) expenditure on charitable activities, for the comparative period reported under previous UK GAAP are given below.

(i) Statement of cash flows

	Previous UK GAAP 31 March 2015 £	Effect of transition £	SORP (FRS102) 31 March 2015 £
Net cash provided by/(used in) operating activities	(20,813)	(27,911)	(48,724)
Cash flows from investing activities			
Dividends, interest and rents from investments	-	27,911	27,911
Purchases of investments	(81,131)		(81,131)
Proceeds from sales of investments	23,362	-	23,362
Net cash provided by/(used in) investing activities	<u>(57,769)</u>	27,911	<u>(29,858)</u>
Change in cash and cash equivalents in the reporting period	<u>(78,582)</u>	-	<u>(78,582)</u>
Cash and cash equivalents at the beginning of the reporting period	-	149,151	149,151
Cash and cash equivalents at the end of the reporting period	<u>-</u>	<u>70,569</u>	<u>70,569</u>

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

20 (continued) Reconciliation on adoption of SORP 2015 (FRS102)

(ii) Reconciliation of net income/(expenditure) to net cash flow from operating activities	Previous UK GAAP 31 March 2015 £	Effect of transition £	SORP (FRS102) 31 March 2015 £
Net income/(expenditure) for the reporting period	(20,899)	62,145	41,246
(Gains)/losses on investments	-	(62,145)	(62,145)
Dividends, interest and rents from investments	-	(27,911)	(27,911)
(Increase)/decrease in debtors	128	-	128
Increase/(decrease) in creditors	(42)	-	(42)
Net cash provided by/(used in) operating activities	<u>(20,813)</u>	<u>(27,911)</u>	<u>(48,724)</u>

Cash flows from investments, including net gains and losses, have been separated from cash flows from operating activities.

(iii) Expenditure on charitable activities

	Previous UK GAAP 31 March 2015	Effect of transition	SORP (FRS102) 31 March 2015
<u>Patients welfare</u>			
Activities undertaken directly	11,484	1,048	12,532
Grants to institutions	-	-	-
<u>Staff welfare</u>			
Activities undertaken directly	23,500	2,146	25,646
<u>Equipment provided</u>			
Activities undertaken directly	17,737	1,619	19,356
Governance costs	4,813	(4,813)	-
	<u>57,534</u>	<u>-</u>	<u>57,534</u>

Under SORP 2015 (FRS102), governance costs must be recognised as part of the activities to which they relate. The charity has restated the comparative period expenditure on charitable activities to include the relevant apportionment of governance costs.