

Charity Registration No. SC016919 (Scotland)

**ORKNEY HEALTH BOARD ENDOWMENT FUNDS
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Ian Kinniburgh Naomi Bremner David Drever Rognvald Johnson Steven Johnston David McArthur Fiona MacKellar Gerry O'Brien Jeremy Richardson Hazel Robertson Marthinus Roos James Stockan Louise Wilson	(Appointed 4 September 2017) (Appointed 1 January 2018) (Appointed 18 May 2017)
Charity number	SC016919	
Principal address	Orkney Health Board Garden House New Scapa Road Kirkwall Orkney KW15 1BQ	
Auditor	A J B Scholes Ltd 8 Albert Street Kirkwall Orkney KW15 1HP	
Bankers	The 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 2018

The trustees present their report and financial statements for the year ended 31 March 2018.

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 2017/18 was £77,123. This included the usual patient comforts as well as purchase of equipment such as specialist paediatric chair for use on airplanes, fold out beds, equipment to enhance clinical rooms, models to assist teaching patients and additional chairs.

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.

The charity continued to fundraise during the year for the new healthcare facility. This raised £4,489, bringing the total now raised to £17,787.

Financial review

The fund closed the year with the balance of £1,120,609 which is a decrease on 2016/17 of £29,639.

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.
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ORKNEY HEALTH BOARD ENDOWMENT FUNDS

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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.

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 were:

Ian Kinniburgh	
Naomi Bremner	
Cathie Cowan	(Resigned 31 December 2017)
David Drever	
Steven Heddle	(Resigned 30 April 2017)
Rognvald Johnson	
Steven Johnston	
David McArthur	(Appointed 4 September 2017)
Fiona MacKellar	
Gerry O'Brien	(Appointed 1 January 2018)
Elaine Peace	(Resigned 31 May 2017)
Jeremy Richardson	
Hazel Robertson	
Marthinus Roos	
Gillian Skuse	(Resigned 31 May 2018)
James Stockan	(Appointed 18 May 2017)
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.

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

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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 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.

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Ian Kinniburgh

Trustee

Dated:

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2018

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

Opinion

We have audited the financial statements of Orkney Health Board Endowment Funds (the 'charity') for the year ended 31 March 2018 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 2018 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 the provisions available for small entities, in the circumstances set out in note 22 to the accounts, 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 information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 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 auditors 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.

Our audit procedures included appropriate consideration of matters raised in a letter from the Director-General Health & Social Care and Chief Executive NHS Scotland to all NHS Board Chairs dated 5 April 2018 concerning the retrospective application of NHS Endowment Funds.

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.

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.

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF ORKNEY HEALTH BOARD ENDOWMENT FUNDS

Ivan Houston (Senior Statutory Auditor)
for and on behalf of A J B Scholes Ltd

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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 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Income from:					
Donations and legacies	2	25,956	780	26,736	51,004
Other trading activities: fundraising	3	-	7,031	7,031	9,962
Investments	4	30,605	-	30,605	30,607
Total income		56,561	7,811	64,372	91,573
Expenditure on:					
<u>Raising funds</u>					
Fundraising and publicity	5	-	2,542	2,542	2,049
Investment management	5	5,308	-	5,308	4,687
		5,308	2,542	7,850	6,736
Charitable activities	6	66,461	2,812	69,273	78,295
Total resources expended		71,769	5,354	77,123	85,031
Net gains/(losses) on investments	10	(16,888)	-	(16,888)	138,863
Net movement in funds		(32,096)	2,457	(29,639)	145,405
Fund balances at 1 April 2017		1,090,734	59,514	1,150,248	1,004,843
Fund balances at 31 March 2018		1,058,638	61,971	1,120,609	1,150,248

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 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Investments	12		1,006,701		1,011,629
Current assets					
Debtors	14	8,671		651	
Cash at bank and in hand		110,579		139,768	
		<u>119,250</u>		<u>140,419</u>	
Creditors: amounts falling due within one year	15	<u>(5,342)</u>		<u>(1,800)</u>	
Net current assets			113,908		138,619
Total assets less current liabilities			<u>1,120,609</u>		<u>1,150,248</u>
Income funds					
Restricted funds	16		61,971		59,514
<u>Unrestricted funds</u>					
Designated funds	17	9,861		9,861	
General unrestricted funds		<u>1,048,777</u>		<u>1,080,873</u>	
			1,058,638		1,090,734
			<u>1,120,609</u>		<u>1,150,248</u>

The accounts were approved by the Trustees on

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Ian Kinniburgh
Chair

.....
Rognvald Johnson
Trustee

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	21		(47,834)		12,087
Investing activities					
Purchase of investments		(121,765)		(23,610)	
Proceeds on disposal of investments		109,805		43,941	
Interest received		30,605		30,607	
		<u> </u>		<u> </u>	
Net cash generated from investing activities			18,645		50,938
Net cash used in financing activities			-		-
			<u> </u>		<u> </u>
Net (decrease)/increase in cash and cash equivalents			(29,189)		63,025
Cash and cash equivalents at beginning of year			139,768		76,743
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u>110,579</u>		<u>139,768</u>

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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.

1.5 Resources expended

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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 2018

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 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
Donations and gifts	25,956	780	26,736	13,821
Legacies receivable	-	-	-	37,183
	<u>25,956</u>	<u>780</u>	<u>26,736</u>	<u>51,004</u>
For the year ended 31 March 2017	<u>5,007</u>	<u>45,997</u>		<u>51,004</u>

3 Other trading activities: fundraising

	2018	2017
	£	£
New healthcare facility	6,251	9,962
Cardiac facility	780	-
	<u>7,031</u>	<u>9,962</u>
Other trading activities: fundraising	<u>7,031</u>	<u>9,962</u>

4 Investments

	2018	2017
	£	£
Income from listed investments	29,954	29,939
Income from treasury stock	651	668
	<u>30,605</u>	<u>30,607</u>

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

5 Raising funds

	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
<u>Fundraising and publicity</u>				
Other fundraising costs	-	2,542	2,542	2,049
<u>Investment management</u>	5,308	-	5,308	4,687
	5,308	2,542	7,850	6,736
For the year ended 31 March 2017				
Fundraising and publicity	-	2,049		2,049
Investment management	4,687	-		4,687
	4,687	2,049		6,736

6 Charitable activities

	2018	2017
	£	£
Patient welfare	5,473	5,059
Staff welfare	23,838	30,043
Equipment provided	36,962	38,701
	66,273	73,803
Grant funding of activities (see note 7)	3,000	4,492
	69,273	78,295

Charitable activities includes governance costs of £6,685 (2017: £5,316), which includes payments to the auditors of £3,000 (2017- £1,860) for audit fees.

7 Grants payable

	2018	2017
	£	£
Grants to institutions:		
Parkrun	3,000	-
Arthritis Care	-	2,492
Sea Cadets	-	2,000
	3,000	4,492

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

7 Grants payable

(Continued)

A grant of £3k was made to Parkrun to set up this facility in 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 £43,780, contingent on the satisfaction of certain conditions being met by the funding applicants. It is expected that these conditions will be satisfied in 2018/19 with the exception of £20,000, after which time the expenditure will be incurred. £20,000 has been approved in principle for the new heathcare facility which will be after 2018/19.

8 Trustees

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

9 Employees

There were no employees during the year.

10 Net gains/(losses) on investments

	2018	2017
	£	£
Revaluation of investments	(17,887)	137,734
Gain/(loss) on sale of investments	999	1,129
	<u>(16,888)</u>	<u>138,863</u>

11 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 2018

12 Fixed asset investments

	Listed investments £	Treasury stock £	Total £
Cost or valuation			
At 31 March 2017	944,882	66,747	1,011,629
Additions	121,765	-	121,765
Valuation changes	(15,823)	(2,064)	(17,887)
Disposals	(108,806)	-	(108,806)
	<u>942,018</u>	<u>64,683</u>	<u>1,006,701</u>
Carrying amount			
At 31 March 2018	<u>942,018</u>	<u>64,683</u>	<u>1,006,701</u>
At 31 March 2017	<u>944,882</u>	<u>66,747</u>	<u>1,011,629</u>

13 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	8,671	651
Equity instruments measured at fair value	1,006,701	1,011,629
	<u>1,015,372</u>	<u>1,012,280</u>
Carrying amount of financial liabilities		
Measured at amortised cost	5,342	1,800
	<u>5,342</u>	<u>1,800</u>

14 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Other debtors	8,671	651
	<u>8,671</u>	<u>651</u>

15 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	3,374	-
Accruals and deferred income	1,968	1,800
	<u>5,342</u>	<u>1,800</u>

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

16 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:

	Balance at 1 April 2017	Movement in funds		Balance at 31 March 2018
	£	Incoming resources £	Resources expended £	£
Cardiac	431	780	-	1,211
New healthcare facility	13,298	7,031	(2,542)	17,787
Diabetes care	1,223	-	-	1,223
MacMillan garden	2,000	-	-	2,000
MacMillan	38,407	-	(462)	37,945
Intermediate Care Team	1,000	-	-	1,000
Acute Ward	2,350	-	(2,350)	-
Radiology department	805	-	-	805
	<u>59,514</u>	<u>7,811</u>	<u>(5,354)</u>	<u>61,971</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 the Cardiac and MacMillan departments.

Radiology department - money was received towards the purchase of a new CT scanner. This was subsequently acquired directly by the charity's parent. The donor subsequently granted permission for their donation to be reallocated to be used within the radiology department.

MacMillan garden - a donation was received for the specific purpose of making improvements to the garden used by patients of the MacMillan unit.

Diabetes Care - funds generated by the charity via a fundraising event held, and will be used to raise awareness of diabetes.

New Healthcare Facility - 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.

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

17 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2017 £	Movement in funds		Balance at 31 March 2018 £
		Incoming resources £	Resources expended £	
Balfour Hospital	9,861	-	-	9,861
	<u>9,861</u>	<u>-</u>	<u>-</u>	<u>9,861</u>

Funds previously designated for use in the Medical Ward and Female Ward are no longer able to be used for the purposes of the original designation. Accordingly, the board re-designated these funds for more general application within Balfour Hospital.

18 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2018 are represented by:			
Investments	1,006,701	-	1,006,701
Current assets/(liabilities)	51,937	61,971	113,908
	<u>1,058,638</u>	<u>61,971</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.

ORKNEY HEALTH BOARD ENDOWMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

20 Related party transactions

Transactions with related parties

During the year, NHS Orkney did not charge the charity an administration fee (2017: £11,120 charged), instead donating the services. The estimated value of £11,500 has been recognised as a donation. NHS Orkney also incurred expenditure on behalf of the charity totalling £14,152 (2017: £4,392), which was recharged at cost. The charity paid NHS Orkney £10,778 (2017: £15,512) during the year. Creditors falling due within one year include £3,374 (2017: £nil) payable to NHS Orkney in respect of the foregoing transactions.

21 Cash generated from operations	2018	2017
	£	£
(Deficit)/surplus for the year	(29,639)	145,405
Adjustments for:		
Investment income recognised in statement of financial activities	(30,605)	(30,607)
Gain on disposal of investments	(999)	(1,129)
Fair value gains and losses on investments	17,887	(137,734)
Movements in working capital:		
(Increase)/decrease in debtors	(8,020)	36,092
Increase in creditors	3,542	60
Cash (absorbed by)/generated from operations	<u>(47,834)</u>	<u>12,087</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.