

# **FORTH VALLEY NHS BOARD**

**NHS FORTH VALLEY ENDOWMENT FUNDS**

**REPORT**

**AND**

**FINANCIAL STATEMENTS**

**31 MARCH 2008**

Carseview House  
Castle Business Park  
Stirling  
FK9 4SW

## NHS FORTH VALLEY ENDOWMENT FUNDS

Year ended 31 March 2008

<b>Contents</b>	<b>Pages</b>
Trustees' report	1-7
Statement of Trustees Responsibilities	8
Independent Auditors' report	9-10
Statement of financial activities	11
Balance sheet	12
Notes to financial statements	13 - 20

# NHS FORTH VALLEY ENDOWMENT FUNDS

Year ended 31<sup>st</sup> March 2008

## Trustees Report

### Foreword

Forth Valley NHS Board received by transfer on the 1st April 2004 all property (excluding heritable property), rights and liabilities from the Endowment Funds of Forth Valley Acute Hospitals NHS Trust and Forth Valley Primary Care NHS Trust. This transfer was carried out in accordance with the Transfer Orders dated 25<sup>th</sup> March 2004 issued under paragraph 26 of Schedule 7A to the National Health Service (Scotland) Act 1978 as amended by the National Health Services Reform (Scotland) Act 2004.

### Reference and administrative details of the Charity, its Trustees and Advisors

#### *The Charity-*

NHS Forth Valley Endowment Funds was registered with the Office of the Scottish Charities Regulator with effect from 1st April 2004, charity number SC 035953. The charity is constituted of 458 individual funds (2007: 476) as at 31st March 2008 and the notes to the financial statements distinguish the types of funds held.

Lead Executive Officer                      Jonathan Procter  
Director of Strategic Access & Capacity Planning

Principal address                              Forth Valley NHS Board  
Acute Services Headquarters  
Westburn Avenue  
Falkirk  
FK1 5SU

#### *Trustees:*

Under the revised Standing Orders approved by Forth Valley NHS Board on 11th May 2004, an Endowments Committee was established to manage and direct the conduct of the NHS Forth Valley Endowment Funds. These Standing Orders further defined the membership of the Committee as all members of Forth Valley NHS Board and appointed all members of the Board as *ex officio* Trustees for the purpose of holding any property which is to be held in trust on behalf of the Board.

The Board members appointed as Trustees of the NHS Forth Valley Endowment Funds in the year ended 31st March 2008 in accordance with the above Order were:

#### Executive members:

- Ms. Fiona Mackenzie (Chief Executive)
- Ms. Margaret Duffy (Chief Operating Officer)
- Mrs. Fiona Ramsay (Director of Finance)
- Dr. Gareth Davies (Medical Director)
- Dr Anne Maree Wallace (Director of Public Health) appointed 7<sup>th</sup> January 2008
- Ms. Angela Wallace (Nurse Director)
- Mrs. Helen Kelly (Director of Human Resources)

## NHS FORTH VALLEY ENDOWMENT FUNDS

Year ended 31<sup>st</sup> March 2008

### Trustees Report

#### Reference & administrative details of the Charity, its Trustees and Advisors (Continued)

##### Non-executive members:

Mr. Ian Mullen (Chair)

Mr. Graeme Simmers (Non- Executive Member –Vice Chair)

Mr Campbell Christie (Non-Executive Member)

Mrs. Marlene Anderson (Non-Executive Member)

Dr. Stuart Cumming (Non-Executive Member)

Dr. Allan Bridges (Non-Executive Member)

Dr. Karen Facey (Non-Executive Member)

Mr. Brendan Clark (Non-Executive Member)

Dr. Victoria Nash (Non-Executive Member), resigned 25 September 2007

Mr. Tom Hart (Employee Director)

Cllr. Rev'd Sam Ovens (Non-Executive Member) term of office ended 30 April 2007, re-appointed 16 July 2007

Cllr. John Hendry (Non-Executive Member) term of office ended 30 April 2007, re-appointed 16 July 2007

Ms Linda Gow (Non-Executive Member) appointed 09 July 2007

##### *Principal Professional Advisors:*

Investment advisers                      Speirs and Jeffrey Limited  
36 Renfield Street  
Glasgow, G2 1NA

Auditors:                                      Dickson Middleton  
Chartered Accountants and Registered Auditors  
20 Barnton Street  
Stirling, FK8 1NE

Bankers:                                        The Royal Bank of Scotland plc  
2 Newmarket Centre  
Falkirk, FK1 1JX

#### Structure, Governance and Management

In accordance with the Boards' Standing Orders, Forth Valley NHS Board approved the establishment of an Endowments Committee with effect from 1st April 2004 in order to manage and direct the conduct of the Endowment Fund. Whilst all members of the Board were appointed as ex officio Trustees of the Committee, for operational purposes these Orders required that the Chief Executive, Director of Finance and three Non-Executive Members should attend meetings and that Committee meetings would require a minimum of three Committee members to be quorate.

# NHS FORTH VALLEY ENDOWMENT FUNDS

Year ended 31<sup>st</sup> March 2008

## Trustees Report

### Structure, Governance and Management (Continued)

During 2007/2008 the Endowment Fund Committee met on four occasions in order to fulfil its remit. The Committee was chaired by Mr. Graeme Simmers and was composed of the following members:

Non-executive members	Mr. Graeme Simmers (Chairman) Mr Tom Hart Dr. Victoria Nash (resigned 25 September 2007) Councillor John Hendry (term of office ended 30 April 2007, re-appointed 16 July 2007) Councillor Rev'd Sam Ovens (appointed 25 September 2007)
Chief Executive	Ms. Fiona Mackenzie
Director of Finance	Mrs. Fiona Ramsay

A representative from the Endowment Funds Investment Advisors, Speirs & Jeffrey attended one of the Committee meetings during the year. The activities of the Endowment Fund Committee are reported back to all Trustees at Forth Valley NHS Board meetings and all Trustees receive a copy of the minutes of the Endowment Fund Committee meetings.

The National Health Service (Scotland) Act 1978 provides the legal framework within which the Trustees require to operate the Endowment Fund. Cognisance is also taken of the law governing Trusts and charities and appropriate NHS legislation applicable to NHS Boards. Expenditure may be incurred for any purposes related to health services that would not ordinarily be provided from exchequer funding. In administering the fund, Trustees must observe, insofar as practicable, the wishes of donors.

Income received for the benefit of particular wards or specific purposes is treated as restricted and applied for the use of that ward or project in accordance with the terms of the donor. In respect of other income received, Trustees are responsible for ensuring that these monies are used for the benefit of patients and staff and for appropriate research purposes. This unrestricted income is allocated to hospitals and community health services with financial controls in place to ensure that the monies are spent within budget.

The Endowment Committee employs a robust system of budgetary control and financial reporting to ensure that all financial transactions are carried out in accordance with the objectives and priorities agreed by the Committee; that the criteria for spending charitable monies are fully met; that full accounting records are maintained; and that devolved decision making or delegated arrangements are in accordance with the policies and procedures set out by the Committee.

The Endowment Committee has agreed a discretionary investment management agreement with its external investment advisors that allows them to carry out a mutually agreed level of investment transactions without prior approval of the Endowment Committee. A copy of all transaction dealings is notified immediately to the Lead Executive Officer and the Committee receives a full report quarterly from the investment advisors that includes the transactions, valuation and performance of the portfolio. The Committee reviews the performance of the external investment advisors and ensures that the investment of funds is in accordance with its policy on social and ethical investment.

## NHS FORTH VALLEY ENDOWMENT FUNDS

Year ended 31<sup>st</sup> March 2008

### Trustees Report

The Committee is required to:

- a) Control, manage and monitor the use of the fund's resources
- b) Provide support, guidance and encouragement for all its income raising activities whilst managing and monitoring the receipt of all income.
- c) Ensure that the approved policies are adhered to and that performance is continually reviewed.
- d) Keep the Board fully informed on the activity, performance and risks of the charity.

#### Trustee Induction and Training

Executive and Non Executive Directors of NHS Forth Valley Endowment Funds are introduced to their responsibilities as Committee members by reference to the Endowment Committee's Terms of Reference and Objectives and the current Endowment Fund policies on Expenditure, Bidding for funds and Investments. Previous minutes and financial reports are also provided for information on current issues.

#### Objectives and Strategy

In accordance with the Standing Orders of Forth Valley NHS Board, the Endowment Committee is required to review its own performance and effectiveness on an annual basis. In order to allow the Trustees to undertake this process a Strategic Policy describing the Endowment Fund Committee Objectives and the monitoring arrangements against these objectives was updated during the year. This Strategic Policy was formally approved by the Committee at its meeting on 14th March 2008.

The Trustees in developing these Objectives identified two key policy areas that resulted in the production and adoption of the following Endowment Fund Policies:

##### 1. Bidding for Funds & Expenditure Policy

To monitor the utilisation of funds to meet appropriate expenditure requests and the balancing of annual income with retention of capital. This Policy also contains the Scheme of Delegation for approval of funding bids.

##### 2. Investment Policy

To define the investment policy and instruct the investment advisers on how control will be executed.

These Policy documents clearly set out the policy being adopted by the Trustees in each of these key areas.

## NHS FORTH VALLEY ENDOWMENT FUNDS

Year ended 31<sup>st</sup> March 2008

### Trustees Report

#### Review of the Finances, Activities, Achievements and Performance of the Endowment Funds

During the year, the funds continued to support a wide range of charitable and health related activities benefiting both patients and staff. In general they are used to purchase a variety of supplementary and complimentary equipment or services for which the related NHS organisations are unable to provide funding through exchequer sources.

The Endowment Fund does not currently actively fundraise and relies upon the generosity of patients and their relatives and other donors who are familiar with, or have experienced the care provided within NHS Forth Valley, or who are sympathetic and generous in their support to their local NHS service.

During the year the Endowment Funds paid grants of £780,830 (2007 - £800,282), and these are detailed in note 6 of the financial statements. The grants relate to Medical Research, patients' welfare and amenities, staff welfare and amenities and staff development and training.

Included within the total cost of charitable activities of £780,830 (2007 - £800,282), shown in the Statement of Financial Activities are the costs of administering grant making of £32,436 (2007 - £33,475).

#### *Medical research*

The Endowment Committee made available £21,669 (2007 - £18,086), of funds to sponsor non-commercial research in areas where the Board has considerable expertise with a view to developing new therapies for treating and caring for patients.

#### *Staff welfare and amenities*

During the year £117,466 (2007 - £119,877), was awarded to help finance staff related functions and activities. This included the cost of staff long service awards, staff bursary scheme, stress awareness training, smoking cessation therapy, chair massages and the cost of providing the staff benefits unit.

#### *Staff education, training and development*

Staff education, training and development spending of £145,417 (2007 - £144,602), assisted with the funding of staff training and training courses to further update them on the new ideas and modern techniques in their specialties. The ward charitable funds receive many donations specifically given to thank the nursing staff and these are used for charitable activities that will benefit staff.

#### *Patient welfare and amenities*

Patients' welfare grants totalled £496,278 (2007 - £517,717), during the year that included £8,646 (2007 - £11,908), for the provision of patients' outings and holidays. This gives the patients an opportunity to experience a break from the hospital environment and enjoy the more relaxing atmosphere typical of a holiday that is recognised as an essential therapeutic component of each patient's programme of care. A further £75,700 (2007 - £73,500), was provided to support "Artlink" who provide art projects of a high standard to vulnerable and marginalised groups in the community and institutional care.

## NHS FORTH VALLEY ENDOWMENT FUNDS

Year ended 31<sup>st</sup> March 2008

### Trustees Report

#### Review of the Finances, Activities, Achievements and Performance of the Endowment Funds (Continued)

##### *Finances*

The Trustees are pleased to record the level of income received in the year from donors, legacies and the yield from investments. The Trustees are grateful to staff and the residents of Forth Valley who support the fund by making donations and taking part in fund-raising events. Donations received from the local community and staff in the year amounted to £380,310 (2007 - £262,232). Income from legacies amounted to £1,200 (2007 - £11,832), and the yield from investments was £133,155 (2007 - £139,597).

In accordance with the Trustees policy of being prepared to spend accumulated funds, £44,316 of accumulated reserves were utilised in the year which together with income received of £795,880 enabled the Committee to fund £780,830 of charitable activities and a further £12,803 on Governance and investment Management fees.

##### **Events since the year end and future plans**

The Trustees do not expect any significant changes in the objectives of the charity in the forthcoming year and intends to continue to reduce reserves where suitable projects or programmes can be identified. The Trustees are encouraged by the continuing contribution made by the Endowment Fund in providing support to hospital and community health services. Facilities have been supplemented and enhanced in particular by the provision of medical and general equipment and furniture and furnishings. Support has been given to the education and training of staff and to non-commercially sponsored research and development projects.

The total value of the assets and liabilities of the Endowment Fund at 31st March 2008 is £3,347,756 and this reflects the market value of investments at that date. It is confirmed that the Endowment Fund's assets are available and adequate to fulfil obligations of the Endowment Fund and the aims and objectives of the Endowment Fund Strategic Policy.

##### **Investment Policy and Performance**

Investments held by the Endowment Fund are managed by Speirs and Jeffrey Ltd, Stockbrokers of Glasgow and are administered in accordance with the Investment Policy contained in the Endowment Fund Strategic Policy. The investment objective is to safeguard against inflation and to yield a reasonable level of income. The Fund will not invest in companies whose main activity is the sale of tobacco, alcohol, armaments or gambling. Those income funds not required in the coming year are invested in the portfolio that currently adopts an overall low level of risk. The investments produced a substantial net loss of £302,285 on a portfolio valued at £2,925,264 as at 31st March 2008 with an income yield of £133,155. The performance of the investments is reviewed on a regular basis in comparison with suitable benchmarks. The investment return for the year was comparable to other investment management companies managing similar funds.

The Trustees of the endowment fund are required to comply with the provisions of the Charities and Trustees Investment (Scotland) Act 2005 with regard to the Fund's investments. Any investments held by the Endowment Fund have been acquired in accordance with the powers available to the Trustees.



# NHS FORTH VALLEY ENDOWMENT FUNDS

Year ended 31<sup>st</sup> March 2008

## Trustees Report

### Review of the Finances, Activities, Achievements and Performance of the Endowment Funds (Continued)

#### Connected bodies

In terms of the Charities Accounts (Scotland) Regulations 2006, the NHS Forth Valley Endowment Fund and Forth Valley NHS Board are connected bodies.

The Endowment Fund purchased the following services from Forth Valley NHS Board during the year:

	2008	2007
	£	£
Catering Services	13,948	6,763
Administrative support	38,019	39,265
Research staff	8,898	9,939
Sports Injury Clinic	5,424	5,164
Staff benefits unit	14,000	15,000
Other	<u>288</u>	<u>6,000</u>
	<u>£ 80,577</u>	<u>£82,131</u>

The balances due to Forth Valley NHS Board at 31<sup>st</sup> March 2008:

	£	£
	<u>10,280</u>	<u>42,936</u>

The balances due from Forth Valley NHS Board as at 31<sup>st</sup> March 2008

	£	£
	<u>50,417</u>	<u>nil</u>

#### Risk Management

The Trustees have assessed the major risks to which the Endowment Fund is exposed and are satisfied that systems are in place to mitigate those risks.



Mr. Graeme Simmers

Trustee and Chairman of Endowment Committee

Date: 06 June 2008

## NHS FORTH VALLEY ENDOWMENT FUNDS

Year ended 31<sup>st</sup> March 2008

### Statement of Trustees' Responsibilities

The Trustees are required to prepare financial statements for each financial year which give a true and fair view of endowment fund's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements the trustees should follow best practice and: -

- select suitable accounting policies and then apply them consistently,
- make judgements 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 financial statements; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the endowment fund will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the endowment fund and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, and appropriate NHS legislation. They are also responsible for safeguarding the assets of the endowment fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## NHS FORTH VALLEY ENDOWMENT FUNDS

Year ended 31<sup>st</sup> March 2008

### Independent Auditors' Report to the Trustees of NHS Forth Valley Endowment Funds

This report is issued in respect of an audit carried out under Section 44(1)(C) of the Charities and Trustee Investment (Scotland) Act 2005.

We have audited the financial statements of NHS Forth Valley Endowment Funds for the year ended 31<sup>st</sup> March 2008 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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, Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and appropriate NHS legislation. 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 auditor's 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 auditors**

The trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if, in our opinion, the Trustees' Annual Report is consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

NHS FORTH VALLEY ENDOWMENT FUNDS

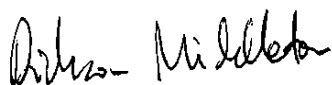
Year ended 31<sup>st</sup> March 2008

Independent Auditors' Report to the Trustees of  
NHS Forth Valley Endowment Funds  
(continued)

**Opinion**

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 31<sup>st</sup> March 2008 and of its incoming resources and application of resources for the year then ended;
- the financial statements have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, Regulation 8 of the Charities Accounts (Scotland) Regulations 2006, United Kingdom Generally Accepted Accounting Practice and appropriate NHS legislation; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.



Dickson Middleton  
Registered Auditors & Chartered Accountants  
20 Barnton Street  
Stirling  
FK8 1NE

Date: 06 June 2008

## NHS FORTH VALLEY ENDOWMENT FUNDS

### Statement of Financial Activities

for the year ended 31st March 2008

	Note	Perm. £	Res. £	Unres. £	2008 Total £	2007 Total £
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
- Voluntary Income						
Donations	4	-	380,310	-	380,310	262,232
Legacies	4	-	1,200	-	1,200	11,832
Sub total voluntary income		-	381,510	-	381,510	274,064
- Activities for generating funds		-	66,527	-	66,527	33,540
- Investment Income	10	-	133,155	-	133,155	139,597
<i>Incoming resources from charitable activities</i>						
		-	194,339	-	194,339	57,662
<i>Other incoming resources</i>		-	20,349	-	20,349	37,904
<b>Total Incoming resources</b>		-	<b>795,880</b>	-	<b>795,880</b>	<b>542,767</b>
<b>Resources expended</b>						
<i>Costs of generating funds</i>		-	(46,563)	-	(46,563)	(39,471)
<i>Charitable activities</i>	6	(600)	(780,230)	-	(780,830)	(800,282)
<i>Governance costs</i>	5	-	(12,803)	-	(12,803)	(12,890)
<i>Funds transferred to other bodies</i>		-	-	-	-	(1,223)
<b>Total resources expended</b>		<b>(600)</b>	<b>(839,596)</b>	-	<b>(840,196)</b>	<b>(853,866)</b>
Net outgoing resources before transfers and other recognised gains & losses		(600)	(43,716)	-	(44,316)	(311,099)
Gross transfers between funds		-	-	-	-	-
<b>Net outgoing resources before other recognised gains and losses</b>		<b>(600)</b>	<b>(43,716)</b>	-	<b>(44,316)</b>	<b>(311,099)</b>
Gains & losses on the revaluation of functional fixed assets						
- Property revaluation		-	14,500	-	14,500	-
Gains & losses on the disposal and revaluation of investment assets						
- Realised gains on disposal		-	21,430	-	21,430	47,061
- Unrealised Gain/ Loss on Revaluation		-	(323,715)	-	(323,715)	87,727
<b>Net Movement in funds</b>		<b>(600)</b>	<b>(331,501)</b>	-	<b>(332,101)</b>	<b>(176,311)</b>
<i>Reconciliation of Funds:</i>						
Total Funds brought forward		13,834	3,666,023	-	3,679,857	3,856,168
<b>Total Funds carried forward</b>		<b>13,234</b>	<b>3,334,522</b>	-	<b>3,347,756</b>	<b>3,679,857</b>

The notes on pages 13 to 20 form part of these financial statements

**NHS FORTH VALLEY ENDOWMENT FUNDS**

**Balance Sheet as at 31 March 2008**

	Note	2008 £	2007 £
<b>Tangible Fixed Assets</b>			
Land & Property		199,981	185,481
<b>Investments</b>	9	2,925,264	3,470,813
<b>Current assets</b>			
Debtors	11	60,709	19,290
Cash at bank	12	195,246	123,157
		255,955	142,447
<b>Liabilities:</b>			
Amounts falling due within one year	13	(33,444)	(118,884)
<b>Net current assets</b>		222,511	23,563
<b>Total assets less current liabilities</b>		3,347,756	3,679,857
<b>Charitable Funds</b>	15		
Permanent Endowment funds		13,234	13,834
Restricted funds		1,620,178	1,492,818
Accumulated funds		1,714,344	2,173,205
		3,347,756	3,679,857

Approved by the Board of Trustees on 06 June 2008 and  
signed on its behalf by: -



**Mr Graeme Simmers**  
Trustee & Member of Endowment  
Committee

The notes on pages 13 to 20 form part of these  
financial statements.

## NHS FORTH VALLEY ENDOWMENT FUNDS

### Notes to the Financial Statements - 31 March 2008

#### 1. Accounting policies

##### (a) *Basis of preparation*

The financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of investments and heritable property.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005) and applicable UK Accounting Standards.

##### (b) *Funds structure*

In accordance with recommended practice, the funds held are identified as restricted or unrestricted dependent on the wishes of the donors. The trustees may set aside designated sums forming part of the accumulated funds to be used for particular purposes in the future; these are classified designated funds. The purpose of designation is to detail those parts of the accumulated funds that have been non-contractually committed. Permanent endowment funds are particular restricted funds where the capital content must be held permanently although its constituent assets may change from time to time. Where a balance remains in a fund whose purpose can no longer be fulfilled (e.g. due to hospital or ward closure) the Committee should contact the original donor to determine an alternate use for the fund. If the original donor cannot be contacted then the Committee may transfer the funds to an alternate project that is in keeping with the intent of the original donation.

##### (c) *Incoming Resources*

All incoming resources are recognised once the charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Donations from the public are recorded on a receipts basis. Investment income is recognised on an accruals basis. Income received for specific purposes not applied at the year-end is carried forward within restricted fund balances and expended later as instructed by the donor.

##### (d) *Incoming resources from legacies*

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is virtually certain; this will be once confirmation has been received from the representatives of the estate(s) that payment of the legacy will be made or property transferred and once all conditions attached to the legacy have been fulfilled and it is virtually certain that the amount of incoming resources is known.

##### (e) *Incoming resources from endowment funds*

The Trustees treat the incoming resources receivable from the investment of endowment funds as accruing to the accumulated funds. These funds are then utilised as a central resource for allocating funds against bids for expenditure made to the Endowment Committee.

## NHS FORTH VALLEY ENDOWMENT FUNDS

### Notes to the Financial Statements - 31 March 2008

(Continued)

*(f) Resources expended*

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. All expenditure is recognised once there is a legal or constructive obligation committing the charity to the expenditure.

*(g) Irrecoverable VAT*

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

*(h) Allocation of overhead and support costs*

Overhead and support costs have been allocated between Charitable Activities and Governance Costs. Costs, which are not wholly attributable to an expenditure category, have been apportioned. The analysis of overhead and support costs and the bases of apportionment applied are shown in note 5.

*(i) Costs of generating funds*

The costs of generating funds are those costs attributable to generating incoming resources for the charity, other than those costs incurred in undertaking charitable activities or the costs incurred in undertaking trading activities in furtherance of the charity's objects, and represent investment management fees and staff lottery costs.

*(j) Charitable activities*

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the charity. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to the direct costs. The total costs of each category of charitable expenditure therefore include support costs and an apportionment of overheads, as shown in note 6.

*(k) Governance costs*

Governance costs comprise all costs attributable to ensuring the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit together with an apportionment of overhead and support costs.

*(l) Capital expenditure*

Capital expenditure is defined as expenditure on acquisitions of new tangible fixed assets and additions, extensions, improvements or replacements to such existing assets. There is no record of capital assets in the balance sheet, apart from those fixed assets disclosed, for any such assets purchased are immediately donated to Forth Valley NHS Board.

*(m) Fixed Asset Investments*

Investments are stated at market value as at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Quoted stocks and shares are included in the balance sheet at mid-market price, excluding dividends.



## NHS FORTH VALLEY ENDOWMENT FUNDS

### Notes to the Financial Statements - 31 March 2008

(Continued)

(n) *Realised gains and losses*

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the carrying value at the year-end and opening market value (or purchase date if later).

(o) *Tangible fixed assets*

The National Valuation Office carried out a valuation of the land element of the property at Randolph Road Stirling in the year to 31st March 2008 at which time the land was re-valued at £90,000, an increase of £14,500 on the previous carrying value. This brings the total value of the property at Randolph Road Stirling to £199,981.

The trustees are of the opinion that for Endowment Fund purposes, the carrying value of the remaining farmland at Braehead Farm, St. Ninians is not overstated.

These assets are held by separate restricted funds.

(p) *Cash flow statements*

No cash flow statement has been prepared as the endowment fund is entitled to the small entities exemption.

(q) *Continuation of funds*

In accordance with the reconfiguration of NHS Health Boards and Trusts in Scotland, FVAH NHS Trust and FVPC NHS Trust ceased to exist on 31st March 2004 and their endowment funds were transferred on 1st April 2004 to the successor organisation, Forth Valley NHS Board. In view of the terms of these transfers, NHS Forth Valley Endowment Funds has been treated for accounting purposes as a continuation of the predecessor FVAH and FVPC endowment funds.

(r) *Pensions*

The charity is a grant making charity and has no employees and any pension contribution liabilities that may arise are solely the responsibility of the grant recipient.

## 2. Funds structure

The nature and purpose of each fund is as follows: -

### Restricted

(a) *Permanent endowment funds*

*Shennan Bequest*

The income of this fund is to be applied in providing an annual holiday prize draw for nursing staff of RSNH.

*Bellsdyke Nurses Scholarship*

The income of this fund is to be applied for the professional development of nursing staff at Bellsdyke Hospital.

## NHS FORTH VALLEY ENDOWMENT FUNDS

### Notes to the Financial Statements - 31 March 2008 (Continued)

- (b) *Ward Funds*  
They comprise donations received by specific wards and spent in accordance with the wishes of donors and management subject to the discretion of trustees.
- (c) *Specific funds*  
These funds have been received and applied for specific projects and activities.

#### Accumulated

- (d) *Accumulated funds*  
These funds are representative largely of:
- i) accumulated gains and losses on realisation and revaluation of investments made over the years by the predecessor endowment funds. These funds also include realised gains and losses arising from the sale of investments from 1st April 2004.
  - ii) investment income, bank interest, feu duties and property rents offset by authorised expenditure.

This part of the funds must be used for the purposes specified in the National Health Services (Scotland) Act 1978, which is for any purpose for which Forth Valley NHS Board was established.

The trustees allocate annually the unrestricted income for the use of the hospitals and the community.

- (e) *D G Cochrane Fund*  
This fund is solely for the use of Falkirk Royal Infirmary and comprises a single legacy, associated investment income, gains on revaluation and gains on realisation of investments.

- (f) *Unrealised gains on investments fund*  
When FVAH NHS Trust Endowment Fund and FVPC NHS Trust Endowment Fund were dissolved and replaced by NHS Forth Valley Endowment Funds, the investments held were re-based to reflect the valuation at 1st April 2004 as historical cost.

These funds comprise the unrealised gains and losses, other than those relating to specific funds, arising from revaluations of investment assets since 1st April 1993 for SRI, 1st April 1994 for FDRI and 1st October 1994 for FVPC. The unrealised gains/(losses) are transferred to accumulated funds when they have actually been realised.

Unrealised gains/losses on investments relating to Permanent Funds are allocated to those funds at the time of revaluation.

Unrealised gains/losses on investments relating to the DG Cochrane fund are credited to the DG Cochrane fund.

## NHS FORTH VALLEY ENDOWMENT FUNDS

### Notes to the Financial Statements - 31 March 2008

#### 3. Taxation

The endowment fund has charitable status and is exempt from taxation. Covenanted donations, gift aid and legacies attract taxation relief for the donor. The endowment fund is not registered for value added tax and accordingly any such irrecoverable tax is included in the expenditure incurred.

#### 4. Analysis of Voluntary income

	2008 £	2007 £
Donations	380,310	262,232
Legacies	1,200	11,832
<b>Total</b>	<b>381,510</b>	<b>274,064</b>

#### 5. Allocation of support costs and overheads

	Allocated to Governance £	Charitable Activities £	2008 £	2007 £
External Audit	7,100	0	7,100	7,000
Financial Management salaries	5,703	32,316	38,019	39,265
Legal Search Fees	0	120	120	100
	12,803	32,436	45,239	46,365

The financial administration costs have been allocated between governance and charitable activity based on time spent. External audit was wholly allocated to governance. The subsequent apportionment across activity areas is disclosed in note 6.

#### 6. Analysis of charitable expenditure

The charity pursued its charitable activities by making grants and direct charitable activities. Support costs have been apportioned across the categories of charitable expenditure on the basis of the number of individual transactions and the associated transaction cost incurred by the charity.

	Grant funded Activity £	Support Costs £	2008 £	2007 £
Medical Research	20,769	900	21,669	18,086
Staff Welfare & Amenities	112,586	4,880	117,466	119,877
Staff Education, Training & Development	139,376	6,041	145,417	144,602
Patient Welfare & Amenities	475,663	20,615	496,278	517,717
	748,394	32,436	780,830	800,282

## NHS FORTH VALLEY ENDOWMENT FUNDS

### Notes to the Financial Statements - 31 March 2008

#### 7. Analysis of grants

The charity does not make grants to individuals and the total cost of making grants is disclosed on the face of the Statement of Financial Activities and the actual disbursement for each category of charitable activity is disclosed in note 6. Where earmarked funds are operated under a scheme of delegation approved by the trustees, individual grants are not made by the corporate trustee, instead the fund holder incurs expenses based on the approved purposes of that fund and therefore individual grants are not recorded.

#### 8. Auditor's remuneration

The auditor's remuneration of £ 7,100, (2007 £7,000), is related solely to the audit with no other additional work undertaken (2007 £nil).

#### 9. Fixed Asset Investments

<b>Movement in fixed asset investments</b>	2008	2007
	£	£
Market value of investments as at 01.04.07	3,470,813	3,744,985
Acquisitions at cost	230,165	575,435
Disposals at opening book value	(451,999)	(937,334)
Net gain on revaluation in year to 31.03.08	<u>(323,715)</u>	<u>87,727</u>
Market value as at 31st March 2008	<u>2,925,264</u>	<u>3,470,813</u>
Historical cost at 31.03.07	<u>2,665,761</u>	<u>2,746,977</u>
<b>Analysis of fixed asset investments</b>	Market Value	Market Value
	2008	2007
	£	£
Listed equity investments and unit trusts	2,432,537	2,937,075
Fixed interest bonds	<u>492,727</u>	<u>533,738</u>
	<u>2,925,264</u>	<u>3,470,813</u>

All investments were listed on a UK stock exchange or in companies incorporated in the UK and therefore are investment assets in the UK.

#### 10. Gross income from investments

	2008	2007
	£	£
<b>Gross income earned from all types of investment</b>		
Listed equity investments	96,299	93,967
Fixed interest bonds	30,980	35,221
Interest on cash held on deposit	<u>5,876</u>	<u>10,409</u>
	<u>133,155</u>	<u>139,597</u>

## NHS FORTH VALLEY ENDOWMENT FUNDS

Notes to the Financial Statements - 31 March 2008

### 11. Debtors

	2008	2007
	£	£
Prepayments & accrues income	10,292	19,290
Sums due by Forth Valley NHS Board	50,417	0
Prepayments & accrued income	60,709	19,290

### 12. Cash & Bank

	2008	2007
	£	£
Cash at Bank	176,102	81,305
Cash held by Investment Managers	18,709	41,417
Petty Cash	435	435
	195,246	123,157

### 13. Current liabilities

	2008	2007
	£	£
Accruals	23,164	75,948
Sums due to Forth Valley NHS Board	10,280	42,936
	33,444	118,884

### 14. Provisions for liabilities and charges

There were no provisions made in the current or previous year and all the grants payable have been paid or accrued.

### 15. Analysis of charitable funds

	Ledger Balances 31.03.07	Incoming Resources	Expenditure	Fund Transfers	Gain on sale of investments	Unrealised revaluation gain	Ledger Balances 31.03.08
	£	£	£	£	£	£	£
Accumulated funds							
Accumulated funds	1,216,623	192,721	(343,953)	135,414	20,406	0	1,221,211
Designated funds							
D.G.Cochrane	228,143	0	0	0	1,024	(15,474)	213,693
Non-contractual commitments	12,000	0	0	4,725	0	0	16,725
	1,456,766	192,721	(343,953)	140,139	21,430	(15,474)	1,451,629
Unrealised revaluation gains/losses	716,439	0	0(145,483)		0	(308,241)	262,715
	2,173,205	192,721	(343,953)	(5,344)	21,430	(323,715)	1,714,344
Permanent Endowment Funds	13,834	0	(600)	0	0	0	13,234
Restricted Funds	1,492,818	603,159	(495,643)	5,344	0	14,500	1,620,178
	3,679,857	795,880	(840,196)	0	21,430	(309,215)	3,347,756

**NHS FORTH VALLEY ENDOWMENT FUNDS**

**Notes to the Financial Statements - 31 March 2008**

**16. Analysis of fund balances over the net assets**

	Permanent	Specific	Accumulated	Unrealised Gains (losses)	2008
	£	£	£	£	£
Heritable assets & feu duties	0	199,981	0	0	199,981
Investments	0	1,404,321	1,258,228	262,715	2,925,264
Cash at bank	13,234	(25,412)	207,424	0	195,246
Debtors	0	58,967	1,742	0	60,709
Liabilities	0	(17,679)	(15,765)	0	(33,444)
	<u>13,234</u>	<u>1,620,178</u>	<u>1,451,629</u>	<u>262,715</u>	<u>3,347,756</u>

**17. Trustees remuneration and reimbursement of expenses**

No trustee or person connected to a trustee has received any remuneration or reimbursement of expenses directly or indirectly from the endowment fund for the year.