



**DUMFRIES AND GALLOWAY HEALTH
BOARD ENDOWMENT FUND
CHARITY NO. SC001116**

**Annual Report and Accounts
For Year Ended 31 March 2017**

INTRODUCTION

This document contains the information that NHS Dumfries & Galloway is required to formally report each year on behalf of the Dumfries and Galloway Health Board Endowment Fund charity. This document details a financial overview for the period 1st April 2016 to 31st March 2017.

This document contains two parts:

- Reports and Certificates
- Annual Accounts

The annual accounts including the reports and certificates were adopted and approved by the full meeting of the Dumfries & Galloway Health Board Endowment Fund Trustees on 27th June 2017

This report is available to download from our website at <http://www.nhsdg.scot.nhs.uk>.

Alternatively a copy can be obtained by contacting NHS Dumfries and Galloway.

CONTENTS	PAGE
REPORTS	
• Trustees' Annual Report	3
• Independent Auditors' Report	16
ANNUAL ACCOUNTS	
• Statement of Financial Activities	19
• Balance Sheet	20
• Cash Flow Statement	21
• Notes to the Accounts	22

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH 2017

The Trustees present their annual report and the audited financial statements of the Charity for the year ended 31st March 2017. The financial statements have been prepared in accordance with the accounting policies set out in note one to the accounts and comply with the Charities and Trustees Investment (Scotland) Act 2005 and 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 (FRS 102) applicable in the UK and Republic of Ireland.

OBJECTIVES AND ACTIVITIES

The purposes of the Charity are:

- The advancement of health, through:
 - a) Improvement in the physical and mental health of the Board's population.
 - b) The prevention, diagnosis and treatment of illness.
 - c) The provision of services and facilities in connection to the above.
 - d) Education and development in connection to the above.
 - e) 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.
- To observe any conditions attached to a donation or legacy prescribed by a donor to the Charity, so far as is reasonably practicable, and consistent with the above purpose and the law.

For the purposes of complying with the Statement of Recommended Practice, the following are the activities undertaken by the Charity:

- Health Improvement provision and support
- Education and training
- Research and development

The Trustees have the power to make investments in order to maximise the return to the fund. This is currently based on the advice of Speirs & Jeffrey Ltd. The current investment objective is a balance of income and capital growth with a medium degree of risk.

In practice the Trustees select only those investments which they consider appropriate for a NHS endowment fund. There are no ethical or geographical restrictions with regard to investment other than the exclusion of companies primarily involved in the manufacture of alcohol, tobacco products, gambling, armaments or pay day loan companies.

There were no funds held by the endowment fund on behalf of another charity during the year.

GRANT MAKING POLICY

The Trustees have established a grant making policy to achieve the objectives of the Charity as detailed in the Charity Charter. The Trustees aim is to improve the healthcare and related activities offered within Dumfries and Galloway and this is achieved by undertaking the activities detailed above.

The beneficiaries of our grant making programme are NHS service users and other charities and organisations providing health and wellbeing support across the region.

In addition, funding is used within the local hospitals to further the services offered over and above that which the NHS funds. This may be by providing advanced staff training and development or supporting service initiatives in support of patient care.

The Charity does not support any applications where funding is considered core to the NHS service.

The Trustees have delegated fund managers and authorised signatories to support the day to day expenditure for individual funds. These individuals have designated expenditure limits.

The Charity provides two funding processes for non-NHS applications and each process is based on the value of the grant. Grant applications below £5,000 require a shortened application form. For applications in excess of £5,000 or where an NHS application is in excess of the authorised limit of the general manager a full application process is undertaken.

During 2016 the Charity established a Trustees sub-group which was introduced to support the Trustees Committee. This sub-group have delegated responsibilities for operational management activities including the review of grant applications.

All non-NHS applications for grants and those NHS applications exceeding authorised limits are reviewed by the sub-group. The sub-group will make recommendations with regards to each application before forwarding to the Trustees Committee for a final decision.

ACHIEVEMENTS

The benefits of the Charity's work are the support and contribution to the health and wellbeing of the Dumfries and Galloway community.

During 2016/17 the Charity has supported a number of grant applications from a variety of sources and these have included:

- Contribution to the running costs for Dumfries and Galloway LGBT plus.
- Learning and development needs of NHS staff across the region.
- Donation support to small charities in the region that provide an essential voluntary service to the community.
- Variety of equipment not provided by the NHS but shown to offer support to patients in the community.
- Support for respite holidays for patients, family members and carers in relation to mental health and learning disabilities.

In addition the Trustees introduced the role of Endowment Operational Manager to the Charity organisational structure. The main functions of the role are to support the Trustees in all operational and fundraising activities. The Endowment Operational Manager is tasked to ensure the Charity functions within legislation. The role also includes supporting potential applicants who wish to apply for a grant.

Grants and donations from the Holywood Trust and High Wood Health (Project Co) Ltd have enabled the Charity to contribute to an exciting art and therapeutic design project for the new Dumfries & Galloway Royal Infirmary, which is due to open in December 2017, which will enhance, distract and otherwise de-institutionalise the new hospital and connect the new hospital to community hospitals. The Charity has also made a commitment to provide a patient entertainment system for the new hospital.

MONITORING ACHIEVEMENT

The Trustees are committed to ensuring that any authorised grants are used for the purpose they were originally applied for. In addition the Trustees are keen to understand how the funding has actually helped to meet the objectives of the applicant in their project/activity. As such the Trustees require a formal grant update from receiving applicants within an agreed timescale depending on the scale of the project/activity (normal practice is within 6 months and a possible further update).

These grant updates are reviewed by the Endowment Operational Manager, presented to the Trustees sub-group and then to the Endowment Trustees Committee.

FINANCIAL REVIEW

As at the 31 March 2017; as per the table below the fund balance is circa £9.6m, an increase of £1.6m during the financial year.

	2017 £	2016 £
Fund Balance at Beginning of Period	8,097,442	9,111,478
Income in the Period	1,395,303	874,188
Expenditure in the Period	(1,007,849)	(1,057,376)
Gain/(Loss) on Investments	1,167,776	(830,848)
Fund Balance at End of Period	<u>9,652,672</u>	<u>8,097,442</u>

The table below summaries the expenditure of the endowment fund during the year:

	2017 £	2016 £
Analysis of expenditure to 31 March		
Patients Amenities, Staff Amenities and Christmas Grants	102,774	167,920
Furniture and Fittings	22,352	49,681
Property Expenses	520	6,692
Medical and General Equipment	102,892	377,015
Computer Equipment	7,045	3,855
Books, Subscriptions and Printing	25,007	29,671
Professional Education and Course Expenses	81,344	81,336
Telephone Equipment and Expenses	142	100
Funded Staff Posts	312,084	311,835
DGRI Art and Therapeutic Design	284,000	0
Investment Management Costs	10,259	7,103
Endowment Staff Costs	44,877	15,290
Administration	9,717	1,478
Audit Fee	4,836	5,400
Total Expenditure in the Period	<u>1,007,849</u>	<u>1,057,376</u>

During 2015/2016 the Charity supported a number of major medical equipment purchases within the Ophthalmology and Radiology departments. This is reflected in the medical and general equipment expenditure. During 2016/17 the requirement to support the purchase of equipment has been significantly less with the Health Board not embarking on any major equipment programmes. In addition the Charity utilises income from investments to support grant applications and other charity activities, given the significant loss on investments, last year, this has reduced the available resources for funding.

From July 2016 there has been an increase in charity operational costs with the introduction of an Endowment Operational Manager position within the structure.

INVESTMENT POLICY AND PERFORMANCE

Investments are registered in the name of Speirs and Jeffrey Client Nominees Limited on behalf of the Dumfries and Galloway Health Board Endowment Fund.

The investment policy is:

- At all times the annual assets of the Endowment Fund will be invested to provide a balance between long term growth, security, availability and maximisation of annual income.
- Decisions on investment policy and the types of investment to acquire and retain are complex and require the services of independent investment advisers.
- There are no ethical or geographical restrictions with regard to investment other than the exclusion of companies primarily involved in the manufacture of alcohol, tobacco products, gambling, armaments or pay day loan companies.
- The budget of the Charity Endowment Fund shall be set at such a level that the fund would be able to absorb both the annual expenditure commitment and any foreseeable level of fluctuation within the finance markets.
- A report from the Investment Adviser will be reviewed by the Endowment Trustees quarterly.
- The Endowment Trustees shall periodically consider whether a change to the investment arrangements would be in the interests of the charity.
- As part of the preparation for the annual accounts there will be a reconciliation of the balance in the year end valuation summaries produced by the investment adviser and the balances in the Endowment Fund financial statements.

Investments have performed well during 2016/17; a market value gain of £1,107k has been taken to gains/losses on investments. This has been a distinct improvement in investment performance as compared with the previous year where the charity investments provided a significant loss.

RESERVES POLICY

The Endowment Trustees have agreed to embark on a tender process for an Investment Management Team. This is expected to be undertaken in 2017/18. It was agreed that the current Reserves Policy will be reviewed and amended as part of this process (using the successfully appointed Investment Management Team to support the Trustees).

The current Reserves Policy states:

"Normally charitable funds must be applied within a reasonable time; however, the Trustees recognise that flexibility may be appropriate for some funds."

Reserves may only be held in support of specific projects. This might include the need to accumulate funds to purchase a particular piece of equipment by a given date. A precise reserve figures and a timetable for monitoring and reviewing the policy must be given. The policy takes into account likely future donations to the fund and expenditure plans.

If fund holders wish to keep reserves for more than three years this must be explained giving a clear timetable for their application beyond this period.

RISK MANAGEMENT

The Endowment Trustees have a risk management strategy which comprises:

- An annual review of the principal risks and uncertainties that the Charity face (these are recorded on a risk register).
- The establishment of policies, systems and procedures to mitigate those risks identified in the annual review and detailed on the risk register.
- The implementation of procedures designed to minimise or manage any potential impact on the Charity should those risks materialise.

This work has identified the following areas as the key risks to the organisation:

- Poor investment management and performance
- Reserves policy does not meet requirements of the Charity
- Changes to the public perception of the Charity
- Sustainable income is a major financial risk for the Charity and not being able to meet the charity objectives of grant-making. The Charity relies on income from investments and the continual receipt of legacies and donations.
- The effect of the United Kingdom leaving the European Union.

The Charity is actively working to mitigate the likelihood of the identified key risks from affecting the activities currently undertaken. This has included:

- The charity has embarked on a tender process in relation to the appointment of a suitable investment management team. This process has been outsourced to an external investment advisor who is supporting the Trustees.
- The Trustees have noted that the current reserves policy does not fully meet the requirements for the organisation. In particular the Trustees have noted that the policy is required to be more specific with regards to actual reserves to be held and how this has been established. A revised reserves policy will be established as part of the investment management tender.
- Public perception of the Charity is a major factor in its success. Any negative changes in perception would create a considerable risk to the organisation and its activities. As such the Charity is focussed on ensuring all charity grants and use of funds is managed appropriately. All donors are written to either by the Charity administration staff or individual fund manager to thank them for their support. In addition the Charity is reviewing how it can communicate successes to the community.
- A key element in the management of finance risk (and sustainable income) is a regular review of the investment portfolio and associated returns with quarterly reports from the Charity's Investment Management Team. In addition the Trustees ensure that delegated authority given to individuals as authorised signatories for the various fund accounts are reviewed periodically and training and advice is available via the Endowment Operational Manager. This ensures that any public perception of the Charity is positive and donations are continued to be made. Longer term plans are for

the charity to embark on fundraising initiatives rather than rely on the receipt of donations, legacies and investment returns.

- As with all charities the potential effects of the United Kingdom leaving the European Union (commonly termed BREXIT) are of concern to the Trustees. Assessing the potential risks involved is very difficult and as such remains a relatively higher risk on the charity risk register.

PLANS FOR FUTURE PERIODS

As with previous years the general principal is to keep expenditure within the level of anticipated donations and investment income to ensure a baseline capital value for income generation.

A review of the performance of our Investment Portfolio Management Team against industry standard was undertaken during September - October 2016. The review was undertaken by Mercer (Glasgow) who provided feedback to the Endowment Trustees at a workshop in November 2016. Following the presentation of findings the Trustees discussed the future requirements for acceptable investment management of the Charity's investment portfolio. The Trustees agreed to embark on a 'tender' process to review the current Investment Management market with an objective to appoint the most suitable service provider. The process would involve an initial contract for an Investment Advisor who would be selected to manage the 'tender' process for an Investment Management Team. This process is expected to be completed during 2017/18.

The Trustees intend to continue supporting appropriate grant applications from both NHS and Non-NHS sources and ensure that the overall charity objectives are met.

The Trustees intend to develop their impact assessment processes in relation to approved grants. As already stated the Trustees have introduced a grant feedback process which is required to be completed by successful applicants. This information will be used to identify impact on the Charity's own charitable activities.

The Trustees have embarked on a review of current individual fund accounts within the organisation with an objective to reduce the overall number of accounts. This work is anticipated to be completed in 2017/18 and any changes will be in line with the requirements of the Office of Scottish Charities Regulator (OSCR).

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a registered charity, number SC001116, and the constitutional form is an unincorporated association. The Charity was established in 1974 in order to manage the receipt of legacies and donations made to the Health Board at that time.

HMRC recognises the Dumfries and Galloway Health Board Endowment Fund as a “charity” for the purposes of Section 471-517 of the Corporation Tax Act 2010.

The Charity is administered under the terms of sections 82, 83 and 84A of the National Service (Scotland) Act 1978. Accordingly the Board holds the funds and property attributable to the Charity on trust as a corporate Trustee. The members of the Board are appointed by the Scottish Ministers (or elected in accordance with relevant legislation). As such the members of the NHS Board are the Trustees of the Charity (unless the individual meets the criteria for disqualification under section 69 of the Charities and Trustee Investment (Scotland) Act 2005).

The Endowment Trustees are responsible for:

- The approval of standing orders for the conduct of Trustee meetings and business.
- Management and administration arrangements of the Charity.
- The approval of all policies and procedures to be applied to the administration of the Charity activities.
- The adoption of the Health Board's Standing Financial Instructions, including procurement and tendering processes, for the Charity's activities.
- The direct approval of all matters relating to the Charity, unless they have expressly delegated the matter to another person.
- The approval of the terms of reference of the sub-group.

The Endowment Trustees sub-group meet quarterly to review proposals and make recommendations to the Endowment Trustees Committee with respect to expenditure requests, policies and procedures, annual budgeting for the general fund, review and accept bequests and legacies valued between £5,000 and £50,000 on behalf of the full committee and manage the charity risk register.

Minutes and actions from the Endowment sub-group are reported to the full Endowment Trustees Committee.

The full Endowment Trustees Committee meet quarterly (normally one month following a sub-group meeting) to discuss all matters arising with regards to the management of the Charity. Matters arising generally cover the following areas, expenditure, income, investment review, risk and policies and procedures. This Committee is responsible for the final decision making that will affect the function and activities of the Charity.

Financial record keeping is performed by the Financial Services Department of Dumfries and Galloway Health Board under the direction of the Director of Finance.

The Endowment Funds are reflected as a consolidation within the main Board accounts.

Currently the Charity does not engage in direct fundraising and actively seeks to continue charitable work through the careful stewardship of existing resources.

KEY MANAGEMENT PERSONNEL REMUNERATION

The Endowment Trustees consider the Board of Trustees and Chairman as comprising the key management personnel of the charity in charge of directing and controlling the Charity and running and operating the Charity on a day to day basis. All trustees give their time freely and no Trustee remuneration was paid in the year. There are no expenses paid to the Trustees.

Trustees are required to disclose all relevant interests and register with the Chairman and in accordance with the Charity operating procedures, withdraw from decisions where a conflict of interest arises.

REFERENCE AND ADMINISTRATIVE INFORMATION

The table below sets out the key reference and administrative details:

Name of the Charity	Dumfries and Galloway Health Board Endowment Fund
Address	c/o Dumfries and Galloway Health Board Crichton Hall Dumfries, DG1 4TG
Scottish Charity Number	SC001116
Tax Reference	CR41402
Trustees	Mr P N Jones (Chairperson) Mrs P Halliday Mr R Allan Dr L Douglas Ms G Stanyard Mrs G Cardozo Ms L Bryce Mrs M Cossar (to December 2016) Mr J Beattie Mr R Nicholson Mr J Ace Mr E Docherty Dr A Cameron Mrs K Lewis
Investment Managers	Speirs & Jeffrey Ltd 36 Renfield Street Glasgow, G2 1NA
Auditors	Carson & Trotter Chartered Accountants 123 Irish Street Dumfries, DG1 2PE
Bankers	Clydesdale Bank 84-86 High Street, Dumfries, DG1 2BJ Royal Bank of Scotland 151 High Street, Dumfries, DG1 2RA Bank of Scotland 6 th Floor, 110 St Vincent Street Glasgow, G2 5ER

TRUSTEES RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Charity Trustees are responsible for preparing a Trustees Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards.

The law applicable to charities in Scotland requires the Charity Trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the Charity and of incoming resources and application of resources, of the Charity for that period. In preparing the financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles of the applicable Charities SORP (FRS 102).
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records and disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Charities and Trustees Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 (as amended) and the charity's constitution. 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.

The Trustees are responsible for the maintenance and integrity of the Charity and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

APPROVAL OF ACCOUNTS

The Trustees wish to express their gratitude to the many individuals and organisations who generously donated monies to further patient and staff amenities and research.

The Accounting Officer authorised these financial statements on behalf of the Trustees for issue on 27th June 2017.

Signed:

Date: 27-6-2017

Mr Philip Jones
Chairman
Dumfries & Galloway Health Board Endowment
Fund Board

Signed:

Date: 27-6-17

Mr Jeff Ace
Chief Executive
Dumfries & Galloway Health Board Endowment
Fund Board

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF DUMFRIES AND GALLOWAY HEALTH BOARD ENDOWMENT FUND

DUMFRIES AND GALLOWAY HEALTH BOARD ENDOWMENT FUND ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2017

We have audited the financial statements of Dumfries and Galloway Health Board Endowment Fund for the year ended 31st March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their presentation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the 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 (as amended). Our audit work has been undertaken so that we might state to the Board's members 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 Board and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

As explained more fully in the Trustees' Responsibilities Statement, set out on page 14, the Trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor 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.

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 Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st March 2017 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).

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' Annual 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 and returns; or
- we have not received all the information and explanations we require for our audit.



Carson & Trotter CA
Statutory Auditors
123 Irish Street
Dumfries
DG1 2PE

30/6/17

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

ANNUAL ACCOUNTS

Dumfries and Galloway Health Board Endowment Funds

Annual Accounts for the year ended 31 March 2017

Statement of Financial Activities

	Note	2017 Unrestricted funds £	2017 Restricted And Endowment funds £	2017 Total Funds £	2016 Total Funds £
Income and endowments from:					
Donations and Legacies	2	1,034	1,106,479	1,107,513	506,962
Investments	3	34	252,868	252,902	281,009
Other Income	4		34,888	34,888	86,217
Total income and endowments		1,068	1,394,235	1,395,303	874,188
Expenditure on:					
Raising Funds: Investment management costs		1	10,258	10,259	7,103
Charitable Activities	5	8	997,582	997,590	1,050,273
Total expenditure		9	1,007,840	1,007,849	1,057,376
Total income/(expenditure) before gains and losses		1,059	386,395	387,454	(183,188)
Net Gains/(Losses) on Investments		156	1,167,620	1,167,776	(830,848)
Net income/(expenditure)		1,215	1,554,015	1,555,230	(1,014,036)
Net Movement in Funds		1,215	1,554,015	1,555,230	(1,014,036)
Reconciliation of Funds:					
Total funds brought forward		0	8,097,442	8,097,442	9,111,478
Total Funds Carried Forward		1,215	9,651,457	9,652,672	8,097,442

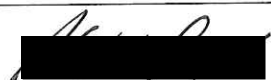
Dumfries and Galloway Health Board Endowment Funds


Annual Accounts for the year ended 31 March 2017

Balance Sheet as at 31st March 2017

	Note	As at 31.03.17 £	As at 31.03.16 £
Fixed Assets:			
Investments	7	7,914,207	6,810,612
Tangible Assets	8	43,420	43,420
		<u>7,957,627</u>	<u>6,854,032</u>
Current Assets:			
Debtors	9	378,446	261,388
Cash at bank and in hand		1,715,709	1,081,982
		<u>2,094,155</u>	<u>1,343,370</u>
Liabilities:			
Creditors: Amounts Falling Due Within one year	10	(399,110)	(99,960)
Net Current Assets		<u>1,695,045</u>	<u>1,243,410</u>
Total Net Assets or Liabilities			
		<u>9,652,672</u>	<u>8,097,442</u>
The Funds of the Charity:			
Endowment Funds		200	200
Restricted Income Funds		9,651,257	8,097,242
Unrestricted Funds		1,215	0
Total Charity Funds	12	<u>9,652,672</u>	<u>8,097,442</u>

These accounts were approved and authorised for issue by the Trustees on 27th June 2017 and were signed on their behalf by:

Signed: 
 Date: 27.6.2017
 Mr Philip Jones
 Chairman
 Dumfries & Galloway Health Board Endowment Fund
 Endowment Fund Trustee and Chairperson

Signed: 
 Date: 27/6/2017
 Mrs Katy Lewis
 Director of Finance
 Dumfries & Galloway Health Board Endowment Fund
 Endowment Fund Trustee

Dumfries and Galloway Health Board Endowment Funds

Annual Accounts for the year ended 31 March 2017

Cash Flow Statement

	Note	2017 £	2016 £
Cash Flows from operating activities:			
Net Cash provided by (used by) from operating activities	13	316,644	(648,070)
Cash Flows from investing activities:			
Dividends and Interest from investments		252,902	281,009
Proceeds from sale of investments		752,902	724,188
Purchase of investments		(688,721)	(771,224)
Net Cash provided by investing activities		317,083	233,973
Change in cash and cash equivalents in the reporting period		633,727	(414,097)
Cash and cash equivalents at the beginning of the reporting period		1,081,982	1,496,079
Cash and cash equivalents at the end of the reporting period	A	1,715,709	1,081,982
A. Analysis of cash and cash equivalents			
Cash in hand		648,906	327,956
Balances held by investment		66,803	4,026
Short term deposit		1,000,000	750,000
Total cash and cash equivalents		1,715,709	1,081,982

Dumfries and Galloway Health Board Endowment Funds

Annual Accounts for the year ended 31 March 2017

Notes to the Accounts

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Endowment Fund accounts.

1.1 Basis of Preparation

The accounts have been prepared:

- In compliance with the Charities Accounts (Scotland) Regulations 2006 (as amended).
- In compliance with the Statement of Recommended Practice for Accounting and Reporting by Charities.
- In accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).
- Under the historic cost accounting rules, modified in relation to tangible fixed assets.

The charity constitutes a public benefit entity as defined by FRS102.

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

1.2 Tangible Fixed Assets

No depreciation is charged on antiques because they are maintained in a state of repair such that the estimated residual value at the date of the balance sheet is not less than their net book value. Having regard to this, it is considered that the depreciation required by FRS 102 would not be material.

Purchase of equipment over £5k is not shown as a fixed asset within the Endowment Accounts; it is shown as a donated asset within the main Board accounts.

1.3 Income Recognition

All income is recognised when the charity has entitlement to the income, any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably.

Donations are recognised when the charity has been notified of the amounts and the settlement date in writing. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are recognised when they are received or on the charity being notified of an impending distribution. On occasion legacies will be notified to the charity when it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

1.4 Expenditure Recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to the expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Dumfries and Galloway Health Board Endowment Funds

Annual Accounts for the year ended 31 March 2017

Notes to the Accounts

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants payable to third parties are within the charitable objectives.

1.5 Allocation of support and governance costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities. Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit.

1.6 Investments

In line with the Statement of Recommended Practice (FRS 102) 2015, investments are stated at fair value (market value) at the year end date. Any realised and unrealised gains and losses on revaluation or disposals are combined in the Statement of Financial Activities

1.7 Funds Structure

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or which have been raised by the Charity for a particular purpose. Details of the restricted funds are shown in the notes to the accounts.

Endowment funds represent those assets which must be held permanently by the Charity. There is a single endowment fund, Miss Mina McKie £200 permanent endowment.

1.8 Debtors and Creditors

Debtors are measured at their recoverable amounts, no debtors are expected to be recoverable in more than a year therefore no debtors have been discounted

Creditors are measured at their settlement amount.

1.9 VAT and Tax

The Charity is not separately registered for VAT. Any irrecoverable VAT is charged against the expenditure heading for which it was incurred.

NHS Dumfries and Galloway Board is entitled to recover VAT under the NHS Contracted Out Services Regulations and this entitlement extends to the Charity.

The Charity is exempt from tax on its charitable activities and therefore no provision for corporation tax is made.

Dumfries and Galloway Health Board Endowment Funds

Annual Accounts for the year ended 31 March 2017

Notes to the Accounts

2. Legacies and Donations

	2017	2016
	£	£
Legacies	505,014	123,530
Donations	602,499	383,432
	<u>1,107,513</u>	<u>506,962</u>

Of the income from legacies and donations in 2017, £1,034 was unrestricted and £1,106,479 was restricted (2016 - £506,962 restricted).

3. Investment Income

	2017	2016
	£	£
Bank Interest	9,791	5,735
Dividends	184,097	196,538
Interest from Securities	59,014	78,736
	<u>252,902</u>	<u>281,009</u>

Of the income from investments in 2017, £34 was unrestricted and £252,868 was restricted (2016 - £281,009 restricted).

4. Other Income

	2017	2016
Course Fees	26,642	34,626
Medical Report Fees	7,102	10,942
Other	1,144	40,649
	<u>34,888</u>	<u>86,217</u>

Of other income in 2017, £nil was unrestricted and £34,888 was restricted (2016 £86,217 restricted).

Dumfries and Galloway Health Board Endowment Funds

Annual Accounts for the year ended 31 March 2017

Notes to the Accounts

5. Analysis of expenditure on charitable activities

In 2015/16, the Trustees agreed that there was only one charitable activity, and therefore no analysis was provided.

This year, the Trustees have decided to split the charitable activities as recommended by the Statement of Recommended Practice (FRS 102).

	Activities Undertaken directly £	Grant funding of activities £	Support Costs £	Total £
Health improvement provision and support	879,623	36,826	55,837	972,286
Education and training	10,661	8,806	263	19,730
Research and development	2,244	0	3,330	5,574
	<u>892,528</u>	<u>45,632</u>	<u>59,430</u>	<u>997,590</u>

Expenditure on charitable activities has been allocated on the basis of the purpose of the fund to which the expense has been charged.

6. Analysis of support costs

	Health Improvement £	Education & Training £	Research & Development £	Total £
Salaries, wages and related costs	42,163	199	2515	44,877
Governance costs	4,544	21	271	4,836
Administration	9,130	43	544	9,717
	<u>55,837</u>	<u>263</u>	<u>3,330</u>	<u>59,430</u>

Support costs have been apportioned to the funds in proportion to the fund balances at 31st March 2017.

Support costs have been allocated to charitable activities on the basis of the purpose of the fund to which the cost has been charged.

Dumfries and Galloway Health Board Endowment Funds

Annual Accounts for the year ended 31 March 2017

Notes to the Accounts

7. Investments

	2017 £	2016 £
Market value at 1 April 2016	6,810,612	7,594,424
Additions During the Year	688,721	771,224
Disposals During the Year	(752,902)	(724,188)
Net Investment Gains/(Losses)	1,167,776	(830,848)
Market value at 31 March 2017	7,914,207	6,810,612
Book value at 31 March 2017	6,230,547	6,234,030

Investments at Market Value Comprised:	2017 £	2016 £
Gilt Edged	1,110,965	1,020,988
Other Fixed Interest	1,019,294	1,054,492
Equities	5,783,948	4,735,132
Totals	7,914,207	6,810,612

In line with the Statement of Recommended Practice (FRS 102), the investments are stated at market value.

All investments are classified as listed investments.

Dumfries and Galloway Health Board Endowment Funds

Annual Accounts for the year ended 31 March 2017

Notes to the Accounts

8. Tangible Fixed Assets

	Antiques 2017 £	Antiques 2016 £
Valuation at 1 April	<u>43,420</u>	<u>43,420</u>
Valuation at 31 March	<u>43,420</u>	<u>43,420</u>

Tangible Fixed Assets comprise of a range of antiques held. These were valued in 2014/15 between £41,260 and £60,580 by Thomson Roddick, Scottish Auctions. The antiques remain held in the ledger at their 2013/14 value.

9. Debtors

	2017 £	2016 £
Debtors due within one year:		
Investment income receivable	715	16,325
Due from related undertakings	78,140	139,698
Prepayments and Accrued Income	<u>299,591</u>	<u>105,365</u>
Total	<u>378,446</u>	<u>261,388</u>

10. Creditors

	2017 £	2016 £
Creditors due within one year:		
Due to related undertakings	95,706	87,232
Accruals and Deferred Income	303,404	6,932
Other Creditors	<u>0</u>	<u>5,796</u>
Total	<u>399,110</u>	<u>99,960</u>

11. Analysis of net assets between funds

	Restricted and endowment £	Unrestricted £	Total £
Investments	7,913,208	999	7,914,207
Tangible assets	43,420	0	43,420
Debtors	378,446	0	378,446
Cash at bank and in hand	1,715,493	216	1,715,709
Creditors	<u>(399,110)</u>	<u>0</u>	<u>(399,110)</u>
	<u>9,651,457</u>	<u>1,215</u>	<u>9,652,672</u>

Dumfries and Galloway Health Board Endowment Funds

Annual Accounts for the year ended 31 March 2017

Notes to the Accounts

12. Analysis of Charity Funds held

Fund Name	Fund Balances Brought Forward £	Income £	Expenditure £	Transfers £	Gains/ (Losses) £	Fund Balances Carried Forward £
Restricted and Endowment Funds						
Alexandra Unit	562,009	244,708	257,585	0	4,197	553,329
Annan Hospital	16,447	1,883	1,895	0	126	16,561
Castle Douglas Hospital	131,493	6,112	14,292	0	942	124,255
Child Development	23,561	3,903	3,246	0	185	24,403
Community Nursing & Health Centres	95,185	6,471	3,826	0	748	98,578
Community Services	210,022	295,681	303,510	0	2,137	204,330
Crichton Royal Antiques	93,327	3,046	1,607	0	724	95,490
DGRI Wards & Departments	1,188,760	88,822	113,532	0	8,900	1,172,950
Frances Steel Mitchell	30,316	914	2,807	0	217	28,640
Galloway Community Hospital	529,066	50,131	15,997	0	4,304	567,504
Heartstart	30,654	13,528	16,877	0	209	27,514
Kirkcudbright Hospital	262,469	9,466	5,447	0	2,037	268,525
Leukaemia	80,925	2,664	723	0	633	83,499
Lochmaben Hospital	8,235	3,729	3,760	0	63	8,267
Margaret Barty	197,199	6,491	1,762	0	1,543	203,471
Maternity Units	83,397	15,376	4,504	0	720	94,989
Mental Health	95,087	10,934	4,735	0	774	102,060
Moffat Hospital	144,964	5,277	1,300	0	1,138	150,079
Newton Stewart Hospital	110,335	9,171	14,970	0	799	105,335
Oncology Department	668,091	101,519	87,441	0	5,213	687,382
Ophthalmology	179,017	6,490	5,029	0	1,379	181,857
Other Funds	94,517	2,914	11,876	5,116	693	91,364
Renal Care	193,206	15,360	3,561	0	1,567	206,572
Research Funds	435,122	18,860	6,152	0	3,423	451,253
Solway Holiday Home	188,462	5,764	14,901	0	1,370	180,695
Specific Funds	522,272	418,153	73,202	0	6,628	873,851
Stranraer Healthcare Facility	332,757	10,952	2,974	0	2,604	343,339
Telfer Trust	126,439	4,162	1,130	0	989	130,460
Thomas Hope Hospital	51,615	3,203	5,200	0	379	49,997
Thornhill Hospital	10,896	3,405	4,694	0	73	9,680
Scottish Hospital Trust	781,592	25,146	19,305	(5,116)	5,979	788,296
CRH Antiques Unrealised Gain	43,420	0	0	0	0	43,420
Unrealised Investment Gains	576,585	0	0	0	1,106,927	1,683,512
	8,097,442	1,394,235	1,007,840	0	1,167,620	9,651,457
Unrestricted Funds						
D + G General Fund (Unrestricted)	0	1,068	9	0	8	1,067
Unrealised Investment Gains	0	0	0	0	148	148
	0	1,068	9	0	156	1,215
Total	8,097,442	1,395,303	1,007,849	0	1,167,776	9,652,672

Dumfries and Galloway Health Board Endowment Funds

Annual Accounts for the year ended 31 March 2017

Notes to the Accounts

13. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2017 £	2016 £
<i>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</i>	1,555,230	(1,014,036)
Adjustments for:		
(Gains)/Losses on investments	(1,167,776)	830,848
Dividends and Interest from Investments	(252,902)	(281,009)
Increase/(decrease) in creditors	299,150	(19,061)
(Increase)/decrease in debtors	(117,058)	(164,812)
Net cash provided by (used in) operating activities	316,644	(648,070)

14. Trustees and staff remuneration

The Trustees received no remuneration from the endowment fund and incurred no expenses charged to the endowment fund.

	2017 £	2016 £
Staff Costs		
Wages and salaries	35,811	12,580
Social security costs	3,730	836
Employers pension contributions to defined contribution scheme	5,336	1,874
	44,877	15,290
Average head count	2	1
Whole time equivalent	1.5	0.5

The above staff are employed by NHS Dumfries & Galloway and their costs recharged to the endowment fund. NHS Dumfries & Galloway retains the liability for pension benefits payable in the future. The endowment fund therefore does not present a pensions liability on its' balance sheet.

The endowment fund also funds a number of nursing/medical posts within NHS Dumfries & Galloway. These posts are filled by NHS Dumfries & Galloway staff but may not necessarily be held by a named individual. NHS Dumfries & Galloway recharges the endowment fund for the time and expenses incurred. These costs are not included in the staff costs above.

There are no employees who received employee benefits (excluding employer pension costs) of more than £60,000.

Dumfries and Galloway Health Board Endowment Funds

Annual Accounts for the year ended 31 March 2017

Notes to the Accounts

15. Related Party transactions

A register of interests, which includes details of company directorships or other significant interests held by Board members that may conflict with their management responsibilities, is available by contacting the Board Administrator.

http://www.nhsdg.scot.nhs.uk/About_Us/Corporate_Governance/Corporate_Governance

There are no related party transactions in the period which require to be disclosed.

16. Auditor's Remuneration

A fee of £4,836 inclusive of VAT was incurred for the statutory audit of the endowment funds by Carson and Trotter (2016: £5,400).

17. Contingent Liabilities

The Trustees have approved a proposal to fund the installation of a patient entertainment system in the new Dumfries & Galloway Royal Infirmary. Trustees have agreed to provide funding up to a limit of £334,000 from the DGRI General Fund (restricted) and the project should be completed by December 2017.