



**ENDOWMENT FUND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019**
Scottish Charity Number: SC011988



**FIFE HEALTH BOARD
ENDOWMENT FUND**

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

<u>Contents</u>	<u>Page</u>
Report of the Trustees	1-8
Independent Auditors Report	9-11
Statement of Financial Activities	12
Balance Sheet	13
Statement of Cash Flows	14
Notes Forming Part of the Accounts	15-26

FIFE HEALTH BOARD ENDOWMENT FUND

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2019

The Trustees present their Report, together with the accounts for the year ended 31 March 2019. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Memorandum and Articles of Association, 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) published on 16 July 2014.

Objectives and Activities

The Fund exists for the benefit of the patients in Fife, the staff of Fife Health Board and the staff and students of the former Fife College of Nursing, now Dundee University School of Nursing and Midwifery. Some are for specific purposes and certain Funds are held for individual wards and departments. There are no specific restrictions on the General Funds held by the Board other than the principle of providing for the benefit of patients and staff.

All Executive and Non Executive Directors of the NHS Board are Trustees of the Endowment Fund, which is a charitable fund administered separately from Exchequer and Commercial income and used for improvements in patient care, research, and improvements in patient and staff welfare. There have been no changes in objectives since the last annual report.

Achievements and Performance

Business Review and Plans for the Future

The purpose of the Board's Endowment Fund is outlined in the Fife Health Board Endowment Funds Constitution; the most recent review and update being approved by Trustees in December 2018.

The Trustees adopt the NHS Fife Code of Corporate Governance including Standing Financial Instructions and Scheme of Delegation as the framework for financial governance of the charity. In addition the NHS Fife Financial Operating Procedures provide information on the overall management of the Endowment Funds and includes how they can be used.

In line with the Constitution, expenditure on large or novel projects will be considered by the Board of Trustees. Trustees actively encourage Fund Managers to utilise the Endowment Funds that they manage for the benefit of patients and staff appropriately. This has been enhanced with the introduction of a grants programme, which continues to be reviewed and developed for a further launch over the coming year.

The Board of Trustees is supported by an Endowment Sub Committee, with a range of delegated functions including the monitoring of income, expenditure and investment performance.

**FIFE HEALTH BOARD
ENDOWMENT FUND**

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

During 2018/19, the Board of Trustees reviewed the overall governance for charitable funds, including the approach to the management and oversight of endowments funds as well as the supporting business model. Over the coming year, Trustees will be supported by a new Charity Manager, who will develop long term fundraising and disbursement strategies, with an annual operational business plan, to support the improvement of people's health and the transformation of health and care in Fife. This work will also reflect any additional best practice or guidance emerging from the reviews undertaken by the Office of the Scottish Charity Regulator (OSCR) and Scottish Government Health & Social Care Directorates.

The Endowment Fund is now subject to consolidation with NHS Fife Exchequer.

FIFE HEALTH BOARD ENDOWMENT FUND

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2019

Financial Review

Income:

During the year the value of donations, gifts and legacies totalled £975,000. Income from donations was £345,000 and income from legacies was £630,000. Investment income was £478,000 to provide a total income figure of £1,453,000.

Expenditure

A great many initiatives have benefitted from contributions from the Fife Health Board Endowment Fund in the last year.

There was a substantial increase in allocations in 2018/19 with a total of £1,256,000 granted, up from £681,000 in 2017/18. This reflects the increase in projects undertaken and completed in the year, many of which were only made possible by funding from the Endowment Grant Programme launched in the previous financial year.

A wide variety of projects were funded in whole or in part by endowment allocations, benefiting staff, patients and visitors alike. A sample of some of the projects supported is provided below:-

- **Hospice Gardens** - Two projects received a combined funding of more than £70k to improve the outdoor spaces in our hospices. A community project transformed an unused courtyard area at Queen Margaret Hospital into a dedicated garden, whilst at the Victoria Hospice in Kirkcaldy the gardens were enhanced to create a more therapeutic environment for the benefit of patients, relatives and staff.
- **Premature Baby Simulator** - Only 7 of the 3,200 babies born in Fife were delivered at less than 28 weeks, making it difficult to maintain and hone the skills necessary to provide the complex and intensive care such infants require. The neonatal team at the Victoria Hospital in Kirkcaldy became the first in the UK to take delivery of an advanced preterm baby simulator following a contribution of £45k from the Endowment Fund, enabling the clinical team to regularly sharpen their skills by carrying out realistic training exercises in real time.
- **Endobronchial ultrasound equipment** - Endobronchial ultrasound (EBUS) is a minimally invasive but highly effective procedure used to diagnose lung cancer, infections, and other diseases causing enlarged lymph nodes in the chest. The Endowment Fund provided around £150k to enable the creation of an Endobronchial ultrasound service in Fife, removing the need for patients to travel outwith the Kingdom to access such diagnostic services.
- **Accuvein Finder** - The Acute Medical Service at the Victoria Hospital admits more than 20,000 patients each year, with the vast majority of patients having to undergo often painful venepuncture or intravenous cannulation. The Endowment Fund enabled the purchase of 3 Accuvein finders which allows clinicians to use infrared light to identify the location of veins with relative ease.
- **Dementia Friendly Recovery Area** - A new recovery area recently opened at the Victoria Hospital aimed at minimising the anxiety of patients with dementia and cognitive impairment as they wake from surgery. Local artist Karen Masters was commissioned to create a piece of art within the surgical recovery area which provides a calming distraction and reduces anxiety and distress for such patients. The project cost around £1,100 to complete with the finance granted from Fife Health Board Endowment Fund.

- **Bereavement Bags** - NHS Fife's Bereavement Group supports the delivery of safe, effective and person-centred care before and after death. The group recently developed the concept of 'bereavement bags', which were to be used to return a deceased person's belongings to their loved ones friends after a death in hospital. Following a £4k contribution from the Endowment Fund, the Bereavement Group were able to turn the concept into reality.
- **Research and Development** – More than £100k was provided by the Fife Health Board Endowment Fund to support local research projects. One such initiative was the Electra Project, which received more than £40k to support its work in the prediction and prevention of fatal and non-fatal drug overdose episodes in opioid dependant individuals.

Investments

Investments are included in the financial statements at market value. The value of the portfolio has increased in the year. The fund had unrealised gains on the portfolio which amounted to £526,000 and realised gains on investments sold of £54,000.

The Trustees confirm that the assets are available and adequate to fulfil the objectives of the charity.

Principal Funding Sources

The principal funding sources continued to be a combination of charitable donations received and dividends and interest received from the investment portfolio.

Reserves Policy

The Trustees are conscious of the need to hold reserves in order to be able to generate sufficient investment income to meet grant commitments each year. The Trustees believe that the current level of reserves is sufficient for this purpose but not excessive.

Grant Programme

Additional funds have been made available to achieve the objective of the Fund through a grants programme which was initiated in the previous financial year.

Structure, Governance and Management

Governing Document

The Inland Revenue recognised the Endowment Fund as a "charity" for the purpose of Section 505, Income and Corporation Taxes Act 1988. The Endowment Funds are held on trust under Section 82 of the National Health Service (Scotland) Act 1978. In accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 the Fund is entitled to describe itself as a "Scottish Charity". The Scottish Charity number is SC011988.

FIFE HEALTH BOARD ENDOWMENT FUND

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2019

Recruitment and Appointment of Trustees

All appointed Board Members are automatically appointed as the Trustees for the Endowment Funds.

The Trustees exercise power over investment decisions and ensure the appropriate use of Endowment Funds through the Board of Trustees. The Board of Trustees is chaired by the Fife Health Board Chair and comprises all Fife Health Board Members.

The Trustees express their grateful acknowledgement for the donations made by many individuals and organisations who, by gift, bequest or fundraising have contributed to these Funds.

Trustee Induction and Training

Trustees are provided with regular updates and dedicated time is set aside for briefing as appropriate. The Trustees are also encouraged to attend conferences and courses to further enhance their understanding of their responsibilities.

Risk Management

The Trustees have conducted their own review of the major risks to which the charity is exposed and systems have been established to mitigate those risks. Significant external risks to funding have led to the appointment of professional advisers to oversee the management of the investments. Internal risks have been minimised by the introduction of financial controls on authorising of expenditure and strict budgetary control.

All Trustees signed a mandate which states that they can act in an official capacity. In addition the Trustees have signed a "fit and proper persons" declaration to ensure that charity funds and tax reliefs are used only for charitable purposes.

Investment Policy

During 2018/19, the investments were managed by Investec Wealth & Investment Ltd, who took a controlling interest in Rensberg Sheppards Investment Management Ltd in June 2011. A report from Investec Wealth & Management Ltd was provided to members of the Sub Committee to provide professional advice and to inform Trustees of current and future trends in the market. In managing the investments, Investec reflected the Trustees' long-standing policy to exclude investment in companies directly involved in the tobacco industry and to consider the appropriateness of investment in industries whose products have the potential to be detrimental to health, and the broader principle of Ethical Investment.

Following a detailed procurement process, Standard Life Wealth was formally appointed by Trustees in June 2018, to manage the future investment of the Board's endowment funds. At 31 March 2019, the transfer of funds was in progress but had not concluded. As part of the transfer to Standard Life Wealth, the Board of Trustees formally approved an updated investment policy statement to guide the activities of the investment managers. The approved Investment Policy Statement was approved in October 2018 and confirms the financial objective of the fund is to at least maintain the real value of assets whilst generating a stable and sustainable income to fund the Charity's activities. Trustees require an investment approach which seeks to achieve an optimal total return of capital growth and income over a period of time, based on a medium-high risk profile of investment across equities, bonds and cash. In respect of economic, social and governance factors, Trustees require investments to be limited to those acceptable under the Charities and Trustee Investment (Scotland) Act 2005. The

**FIFE HEALTH BOARD
ENDOWMENT FUND**

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2019

Trustees accept the need for environmental, social and governance (ESG) issues to be taken seriously and reflected in where the Charity's assets may be invested.

The following investment restrictions have been agreed by Trustees, as they feel these would be in direct conflict with the Charity's objectives:

- **Tobacco:** No direct investment in tobacco production (i.e. exclude the tobacco sector)
- **Alcohol:** No direct investment in a company that manufactures alcoholic products
- **Armaments:** No direct investment in armaments (i.e. exclude the aerospace & defence sector)
- **Predatory Lending:** No direct investment in a company providing any pay day loan services.
- **Exploitative Practices:** No direct investment in companies that have severe or very severe controversies related to child labour within its own operations or within the supply chain. No direct investment in companies that have moderate, severe or very severe controversies related to the impact of a firm's operations on human rights.

It will therefore be reasonable for Trustees to exclude investments:

- that are obviously directly contrary to the Board's objectives;
- where failing to exclude would mean a financial loss, e.g. through a fall in the level of legacies and donations; and
- as long as the remaining portfolio is sufficiently diverse and robust to achieve satisfactory performance.

Trustees must at all times act in the best interests of the Fund, and not pursue their own ethical beliefs.

The Trustees agreed to the establishment of a sub-committee to give detailed consideration of investment policy and performance.

**FIFE HEALTH BOARD
ENDOWMENT FUND**

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2019

Reference and Administrative Information

The Trustees who served during the year were as follows: -

Chair	Mrs T Marwick
Trustees:	Mrs C Potter Mrs W Brown Mr P Hawkins Mr S Little Ms J Owens Dr L Bissett Ms R Laing Dr F Elliot Mr M Black Mrs C Cooper Dr M Hannah Ms H Wright Mr E Clarke Mrs M Wells Cllr D Graham Ms S Braiden Dr C McKenna Ms D Milne
	Until 24 October 2018
	Until 28 February 2019
	Until 2 September 2018
	From 1 August 2018 From 1 March 2019 From 3 September 2018
Auditors	Thomson Cooper 3 Castle Court Carnegie Campus Dunfermline Fife, KY11 8PB
Bankers	Bank of Scotland 9 Falkland Gate Glenrothes Fife, KY7 5LW
Investment Managers	Investec Wealth & Management Ltd Quartermile One 3rd Floor 15 Lauriston Place Edinburgh, EH3 9EN
Registered Office	Hayfield House Hayfield Road Kirkcaldy Fife, KY2 5AH
Charity Registration Number	SC011988
Tax Reference	CR41403

**FIFE HEALTH BOARD
ENDOWMENT FUND**

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2019

Statement of Trustees Responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements 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 financial statements 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 for that year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102)
- 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

Statement of Disclosure to the Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charity's auditors is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board of Trustees and signed on its behalf by:

Tricia Marwick
Chair
26 June 2019

Carol Potter
Director of Finance
26 June 2019

**FIFE HEALTH BOARD
ENDOWMENT FUND**

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES
OF FIFE HEALTH BOARD ENDOWMENT FUND**

Opinion

We have audited the financial statements of Fife Health Board Endowment Fund (the 'charity') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements of the UK, including the FRC's Ethical Standard, 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.

FIFE HEALTH BOARD ENDOWMENT FUND

Independent Auditors' Report to the Trustees of Fife Health Board Endowment Fund

Other information

The other information comprises the information included in the trustees' 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, except to the extent otherwise explicitly stated in our report, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Board's Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Board's Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 8, 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 trustees 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 liquidate the charity or to cease operations, or have no realistic alternative but to do so.

FIFE HEALTH BOARD ENDOWMENT FUND

Independent Auditors' Report to the Trustees of Fife Health Board Endowment Fund

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act and report in accordance with those Acts and relevant regulations made or having effect there under. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our 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 (as amended). 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Alan Mitchell (Senior Statutory Auditor)
for and on behalf of Thomson Cooper, Statutory Auditor
Accountants
Dunfermline

26 June 2019

Thomson Cooper is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**FIFE HEALTH BOARD
ENDOWMENT FUND**

**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME & EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	2019 Total Funds £'000	2018 Total Funds £'000
Income and endowments from:					
Donations and legacies	4	139	836	975	513
Investment income	5	66	412	478	463
Total income		<u>205</u>	<u>1,248</u>	<u>1,453</u>	<u>976</u>
Expenditure on:					
Raising funds	7	5	32	37	38
Charitable activities	8	498	721	1,219	643
Total expenditure		<u>503</u>	<u>753</u>	<u>1,256</u>	<u>681</u>
Net income/(expenditure) and net movement in funds before gains and losses on investments					
		<u>(298)</u>	<u>495</u>	<u>197</u>	<u>295</u>
Net gains/(losses) on investments	12	80	500	580	(245)
Net income		<u>(218)</u>	<u>995</u>	<u>777</u>	<u>50</u>
Other recognised gains/(losses):					
Gains/(losses) on revaluation of fixed assets	11	-	2	2	3
Net movement of funds		<u>(218)</u>	<u>997</u>	<u>779</u>	<u>53</u>
Reconciliation of Funds					
Total funds brought forward		3,989	8,508	12,497	12,444
Total funds carried forward		<u>3,771</u>	<u>9,505</u>	<u>13,276</u>	<u>12,497</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing operations.

The notes on pages 15 to 26 form part of these financial statements

**FIFE HEALTH BOARD
ENDOWMENT FUND**

BALANCE SHEET AS AT 31 MARCH 2019

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	2019 Total Funds £'000	2018 Total Funds £'000
Fixed Assets:					
Tangible fixed assets	11	33	84	117	115
Investments	12	3,510	8,913	12,423	12,087
<i>Total fixed assets</i>		<u>3,543</u>	<u>8,997</u>	<u>12,540</u>	<u>12,202</u>
Current Assets:					
Debtors	13	178	382	560	15
Cash at bank and in hand		75	188	263	335
<i>Total current assets</i>		<u>253</u>	<u>570</u>	<u>823</u>	<u>350</u>
Liabilities:					
Creditors falling due within one year	14	<u>(25)</u>	<u>(62)</u>	<u>(87)</u>	<u>(55)</u>
Net Current Assets		228	508	736	295
Total Net Assets		<u>3,771</u>	<u>9,505</u>	<u>13,276</u>	<u>12,497</u>
The Funds of the Charity:					
Unrestricted Funds	15	3,771	-	3,771	3,989
Restricted Funds	16	-	9,505	9,505	8,508
Total Charity Funds		<u>3,771</u>	<u>9,505</u>	<u>13,276</u>	<u>12,497</u>

The financial statements were approved by the Trustees on 26 June 2019 and signed on their behalf by:

Tricia Marwick
Chair

Carol Potter
Director of Finance

The notes on pages 15 to 26 form part of these accounts

**FIFE HEALTH BOARD
ENDOWMENT FUND**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Net cash used in operating activities	21	<u>(794)</u>	<u>(207)</u>
Cash flows from investing activities:			
Dividends and interest from investments		478	463
Proceeds from sale of investments		500	962
Purchase of investments		<u>(256)</u>	<u>(1,141)</u>
Cash provided by (used in) investing activities		<u>722</u>	<u>284</u>
Increase/(decrease) in cash and cash equivalents in the year		<u>(72)</u>	<u>77</u>
Cash and cash equivalents at the beginning of the year		335	258
Total cash and cash equivalents at the end of the year		<u>263</u>	<u>335</u>

**FIFE HEALTH BOARD
ENDOWMENT FUND**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(a) Basis of Preparation

The financial statements have been prepared in accordance with 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) - (Charities SORP (FRS 102), and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

(b) 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 donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

(c) Income Recognition

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

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

**FIFE HEALTH BOARD
ENDOWMENT FUND**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (cont'd)

(d) Income Recognition (cont'd)

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Board's Annual Report.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however 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.

Investment income is earned through holding assets for investment purposes such as shares, and includes dividends and interest. Investment management costs incurred are shown separately as they can be measured reliably. Interest income is recognised using the effective interest method and dividend income is recognised as the charity's right to receive payment is established.

(d) Expenditure Recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Cost of raising funds comprises the investment management costs.
- Expenditure on charitable activities comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries, including the improvement of staff and patient welfare, and their associated support costs.
- Other expenditure (where relevant) comprises costs not falling into any other heading.

Where possible, expenses are attributed directly to the Fund to which they relate. Where this is not possible, they are apportioned on the basis of Fund size.

(e) Allocation of Support and Governance Costs

Support and governance costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include office costs, payroll and audit fees and are incurred directly in support of expenditure on the objects of the charity. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support and governance costs have been allocated are on a direct basis or as a proportion of time spent.

**FIFE HEALTH BOARD
ENDOWMENT FUND**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (cont'd)

(f) VAT

Government departments including the NHS can recover VAT on contracted-out services provided the conditions on the refund schemes are met.

(g) Operating Leases

The total cost of assets held under operating leases is charged to the profit and loss account as they fall due.

(h) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life.

The NHS Fife Endowment Art Collection is valued as per the details contained within the Board's Art Catalogue. Purchased or donated items in the art collection are not depreciated.

(i) Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments' in the Statement of Financial Activities if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments, where applicable, are measured at cost less impairment.

Investments are apportioned to Funds based on the value of the Fund at the year end.

(j) 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 their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

(k) Debtors

Trade and other debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any discounts due

(l) Cash at Bank and in Hand

Cash at bank and cash in hand includes cash and all amounts held within bank current and deposit accounts.

**FIFE HEALTH BOARD
ENDOWMENT FUND**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (cont'd)

(m) Creditors and Provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

(n) Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Investments in shares which can be publicly traded and be measured at fair value (market value).

**FIFE HEALTH BOARD
ENDOWMENT FUND**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

2. Taxation

As Fife Health Board Endowment Fund is recognised by HMRC as a charity, there is no liability to taxation.

3. Auditor's remuneration

	2019 £'000	2018 £'000
Audit fees	9	9

4. Income from donations and legacies

	2019 £'000	2018 £'000
Donations and gifts	373	367
Legacies	602	146
	975	513

Income from donations and legacies was £975,000 (2018: £513,000) of which £836,000 (2018: £446,000) was attributable to restricted and £139,000 (2018: £67,000) was attributable to unrestricted funds.

5. Investment income

	2019 £'000	2018 £'000
Dividends received	427	422
Interest received	51	41
	478	463

Income from investments was £478,000 (2018: £463,000) of which £412,000 (2018: £315,000) was attributable to restricted and £66,000 (2018: £148,000) was attributable to unrestricted funds.

**FIFE HEALTH BOARD
ENDOWMENT FUND**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

6. Donated goods, facilities or services

The charity benefits greatly from the involvement and support of its volunteers, details of which are given in the annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

7. Analysis of expenditure on raising funds

	Patient Welfare £'000	Staff Welfare £'000	College of Nursing £'000	Total 2019 £'000	Total 2018 £'000
Investment management costs	35	-	2	37	38
	<u>35</u>	<u>-</u>	<u>2</u>	<u>37</u>	<u>38</u>

Expenditure on raising funds was £37,000 (2018: £38,000) of which £32,000 (2018: £26,000) was attributable to restricted and £5,000 (2018: £12,000) was attributable to unrestricted funds.

8. Analysis of expenditure on charitable activities

	Patient Welfare £'000	Staff Welfare £'000	College of Nursing £'000	Total 2019 £'000	Total 2018 £'000
Salaries & Professional Fees	283	-	-	283	37
Administration Charges & Supplies	17	-	-	17	33
Property Development & Maintenance	110	-	-	110	43
Christmas Expenditure	23	16	-	39	36
Equipment	540	-	-	540	195
Functions & Conferences	86	-	-	86	149
Patient Activity	75	-	-	75	87
Governance costs (Note 9)	57	-	3	60	54
Support costs (Note 9)	9	-	-	9	9
	<u>1,200</u>	<u>16</u>	<u>3</u>	<u>1,219</u>	<u>643</u>

Expenditure on charitable activities was £1,219,000 (2018: £643,000) of which £721,000 (2018: £481,000) was attributable to restricted and £498,000 (2018: £162,000) was attributable to unrestricted funds.

**FIFE HEALTH BOARD
ENDOWMENT FUND**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

9. Analysis of governance and support costs

The charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between its key charitable activities undertaken (see Note 8) in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

	Basis of Apportionment	Support Costs £'000	Governance Costs £'000	Total 2019 £'000	Total 2018 £'000
Recharge Of Relevant Salaries	Time spent	-	60	60	54
Audit Services	Direct cost	9	-	9	9
		<u>9</u>	<u>60</u>	<u>69</u>	<u>63</u>

10. Analysis of staff costs and trustee and key management remuneration and expenses

The Endowment Fund has no employees, therefore no employee received emoluments in excess of £60,000 during the year (2018 – nil).

The salaries and professional fees (Note 8) represent fees paid for professional services from companies and individuals external to NHS Fife.

The recharge of relevant salaries included within Governance costs (Note 9) relate to the cost of NHS staff time spent administering the Endowment Fund. The cost relates to staff time recharged to the Endowment Fund, as the Endowment Fund itself has no employees.

The charity considers its key management personnel comprise the Trustees. None of the Trustees have been paid any remuneration or received any other benefits from employment with the charity.

No Trustee expenses have been incurred in the current and previous year,

**FIFE HEALTH BOARD
ENDOWMENT FUND**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

11. Tangible fixed assets

	Art Collection £'000
<i>Cost or valuation</i>	
At 1st April 2018	115
Additions	2
Disposals	-
At 31st March 2019	117
 <i>Depreciation</i>	
At 1st April 2018 and 31st March 2019	-
 <i>Net Book Value</i>	
At 31st March 2019	117
At 31st March 2018	115

12. Investments

	2019 £'000	2018 £'000
Market value brought forward at 1st April 2018	12,087	12,153
Additions to investments at cost	256	1,141
Disposals at carrying value	(500)	(962)
Realised gains/(losses)	54	33
Unrealised gains/(losses)	526	(278)
Market value at 31st March 2019	12,423	12,087
 Investments at fair value comprised:		
Equities	11,429	11,098
Fixed interest securities	994	989
Total	12,423	12,087

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value). Cash held within the investment portfolio is shown within "Cash at bank and in hand" and is therefore not included within the value of investments.

The significance of financial instruments to the ongoing financial sustainability of the charity is considered in the financial review and investment policy and performance sections of the Trustees Annual Report.

**FIFE HEALTH BOARD
ENDOWMENT FUND**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

13. Debtors and prepayments

	2019 £'000	2018 £'000
Tax Recoverable	1	1
Legacy Receivable	541	-
Fife Health Board	-	-
Other Debtors	18	14
	560	15

14. Creditors falling due within one year

	2019 £'000	2018 £'000
Trade Creditors	20	8
Audit Fee	9	9
Portfolio Management Fee	9	10
IR35	10	6
Fife Health Board	39	22
	87	55

15. Unrestricted Funds

	Balance at 01/04/18 £'000	Incoming Resources £'000	Outgoing Resources £'000	Gains and Losses £'000	Balance at 31/03/19 £'000
General Fund	3,989	205	(503)	80	3,771

16. Restricted Funds

The charity has 371 individual restricted funds, which for the purposes of the accounts are grouped together into five main categories, and further subcategorised by either location or type of care.

**FIFE HEALTH BOARD
ENDOWMENT FUND**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

16. Restricted Funds (continued)

	Balance at 31/03/18 £'000	Incoming Resources £'000	Outgoing Resources £'000	Gains and Losses £'000	Balance at 31/03/19 £'000
<u>Acute Services Division</u>					
Victoria Hospital	2,496	302	(221)	121	2,698
Queen Margaret Hospital	1,224	161	(108)	65	1,342
Diabetic	560	69	(50)	28	607
Cardiology	610	81	(54)	33	670
Glaucoma	41	3	(4)	1	41
Other	68	7	(6)	3	72
	<u>4,999</u>	<u>623</u>	<u>(443)</u>	<u>251</u>	<u>5,430</u>
<u>Community Services Division – Fife Wide</u>					
Stratheden Hospital	96	4	(8)	1	93
Whyteman's Brae Hospital	15	1	(1)	-	15
Queen Margaret Hospital	53	9	(5)	4	61
Lynebank Hospital	22	4	(2)	1	25
Fife Rheumatic Disease Unit	63	1	(6)	1	59
Nutrition & Dietetic	74	10	(7)	4	81
Other	92	12	(8)	4	100
	<u>415</u>	<u>41</u>	<u>(37)</u>	<u>15</u>	<u>434</u>
<u>Community Services Division – East Fife</u>					
Adamson Hospital	196	25	(17)	7	211
Cameron Hospital	173	24	(15)	10	192
Glenrothes Hospital	68	1	(6)	1	64
Randolph Wemyss Hospital	5	5	-	2	12
St Andrews Community Hospital	135	9	(12)	4	136
Other	24	15	(2)	6	43
	<u>601</u>	<u>79</u>	<u>(52)</u>	<u>30</u>	<u>658</u>
<u>Community Services Division – West Fife</u>					
Fife Specialist Palliative Care	168	7	(15)	3	163
Queen Margaret Hospice	435	26	(38)	10	433
Victoria Hospice	1,165	377	(103)	152	1,591
Other	130	17	(12)	8	143
	<u>1,898</u>	<u>427</u>	<u>(168)</u>	<u>173</u>	<u>2,330</u>
<u>Corporate Division</u>					
College Of Nursing	495	64	(44)	26	541
Other	100	14	(9)	7	112
	<u>595</u>	<u>78</u>	<u>(53)</u>	<u>33</u>	<u>653</u>
Total restricted funds	<u>8,508</u>	<u>1,248</u>	<u>(753)</u>	<u>502</u>	<u>9,505</u>

**FIFE HEALTH BOARD
ENDOWMENT FUND**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

17. Analysis of assets between funds

	Unrestricted General Funds £'000	Restricted Funds £'000	Total Funds £'000
Tangible fixed assets	33	84	117
Investments	3,510	8,913	12,423
Debtors	178	382	560
Bank and cash	75	188	263
Creditors	(25)	(62)	(87)
	3,771	9,505	13,276

18. Operating leases

The Endowment Fund has no annual commitments under non-cancellable operating leases expiring.

19. Potential Legacies

Watt Executry

An interim payment of £45,000 has been proposed which has been accounted for as a debtor.

James Duncan Adamson Executry

An interim payment of £5,000 has been proposed which has been accounted for as a debtor.

Peter MacNaughton Executry

An interim payment of £375,000 has been proposed which has been accounted for as a debtor

Dr Christina Agnes Grover

A debtor of £88,000 has been provided for. This represents 2/18 (after disbursements and legal costs) of the total legacy amount of £1,006,070.28. 2/18 being the proportion of the legacy that is payable to Victoria Hospice.

Jean Dunsire Wilson Executry

A cheque for £27,573.64 has been received on 19/6/19 and accounted for as a debtor. The said sum represents one quarter of the remainder of the Estate being £110,294.54.

20. Related party transactions

There are no related party transactions during the current or prior accounting period.

**FIFE HEALTH BOARD
ENDOWMENT FUND**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2019 £'000	2018 £'000
Net movement in funds	777	50
Adjustments for:		
(Gains)/losses on investments	(580)	245
Dividends and interest from investments	(478)	(463)
(Increase)/Decrease in debtors	(545)	(11)
Increase/(Decrease) in creditors	32	(28)
	<u>(794)</u>	<u>(207)</u>