



Edinburgh & Lothians Health Foundation

Trustees' Annual Report and Financial Statements

Year ended: 31st March 2011

Scottish charity number: SC007342

Edinburgh & Lothians Health Foundation

Trustees' Annual Report and
Financial Statements for the Year Ended
31st March 2011

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Naming Convention:

Edinburgh & Lothians Health Foundation is the new common name for Lothian Health Board Endowment Fund.

Trustees:

Lothian Health Board holds the endowment funds on trust for the general charitable purpose of the advancement of health. The Scottish Ministers appoint the members of the Board, who are, by virtue of being a Board member, also Trustees of the endowment fund.

The following served as Trustees during the financial year ending 31 March 2011:

Non-Executive members of Lothian Health Board:

Dr C J Winstanley, Chairman of Trustees
Councillor J Aitchison
Councillor P Edie
Councillor R Knox (until 8th July 2010)
Councillor Jacquie Bell (from 1st September 2010)
Mr R Anderson
Mrs T Douglas
Ms L Jamie (until 11th October 2010)
Mr S Renwick
Dr R Williams
Professor P Murray
Professor M A Prowse
Mr R Burley MBE (Chair of the Foundation Advisory Committee)
Professor Sir John Savill (until 30th September 2010)
Professor John Iredale (from 1st October 2010)
Dr A Tierney CBE
Mr G Walker
Mr I Whyte
Councillor J Cochrane
Mr E Egan,
Mr P Johnston
Mrs J McDowell
Mr W Peacock (from 10th June 2010)
Mrs S Allan (from 3rd November 2010)

Executive Directors of Lothian Health Board:

Professor J J Barbour OBE, Chief Executive
Dr A McCallum, Director of Public Health
Dr C Swainson, Medical Director (until 31st December 2010)
Dr D Farquharson Medical Director (from 1st January 2011)
Mrs S Goldsmith, Director of Finance
Ms M Hornett, Director of Nursing

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Reference and administrative details

Scottish Charity Registration Number: SC007342
Registered name of the charity: Lothian Health Board Endowment Fund

Registered address of the charity

Floor 1,
Pentland House
47 Robb's Loan
Edinburgh
EH14 1TY

Bankers

The Royal Bank of Scotland plc
Branch Banking
West End Office
142/144 Princes Street
Edinburgh
EH2 4EQ

Commercial Banking

1st Floor, Gemini Building
24-25 St Andrew Square
Edinburgh
EH2 1AF

Global Treasury Funds

Treasury Reserve Centre
PO Box 352
Brampton Road
Newcastle-under-Lyme
ST5 0QX

External Auditors

Scott Moncrieff
Chartered Accountants
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Investment Managers

Newton Investment Management Limited
Capital House
2 Festival Square
Edinburgh
EH3 9SU

Solicitors

Scottish Health Service Central Legal Office
Anderson House
Breadalbane Street
Bonnington Road
Edinburgh
EH6 5JR

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Structure, Governance and Management of the Charitable Funds

Section 82 of the National Health Service (Scotland) Act 1978 sets out the legal basis for Lothian Health Board (the Board) to administer endowment funds and property on trust, for purposes relating to any service for which it is the Board's function to make arrangements, administer or provide, or to their functions with respect to research, as the Board may think fit.

Individual Board members, in their capacity of trustees of the endowment fund, are required to meet the requirements of the Charities and Trustee Investment (Scotland) Act 2005.

The Board's principal role is to protect and improve the health of the people of Lothian and plan health services for the local population. The charity is registered with the Office of the Scottish Charities Regulator under the number SC007342. The charity's general purpose is the advancement of health, as defined through relevant NHS legislation.

The Trustees all served throughout the year to 31 March 2011, except where otherwise disclosed and are listed on page four. The Trustees delegated the day to day control of the charity's business to the Director of Endowments, Ms Hamilton until 7th September 2010. Following Ms. Hamilton's resignation a recruitment process was undertaken to identify and appoint a new Charity Director to assume a number of operational responsibilities on behalf of the Trustees. On 18th April 2011, following a period of interim management, Mrs. Jane Ferguson was appointed as Charity Director.

The Trustees of the charity are also members of the Board. All Directors of the Board are appointed by the Scottish Ministers.

Lothian Health Board has entered into Directors and Officers insurance cover arrangements which also cover its members, when acting as Trustees, for the costs of defence against legal actions against them individually or as a group. The costs of such cover were fully borne by the Board.

Foundation Advisory Committee (previously Endowments Advisory Committee)

The Trustees agreed in 2004 to form an Endowments Advisory Committee, now known as the Foundation Advisory Committee. The Committee consists of seven Trustees. A Chairman is elected from the Committee.

A Common Investment scheme is operated with Lanarkshire Health Board and for matters relating to investment only, the membership of the Foundation Advisory Committee is supplemented by a Trustee from Lanarkshire Health Board. It is envisaged that the centralised administration and Common Investment Scheme for Edinburgh & Lothians Health Foundation will continue for the foreseeable future, as the Trustees of Lanarkshire Health Board have not indicated that they wish to withdraw their share of the Endowment Funds

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The Terms of Reference of the Foundation Advisory Committee, which meets every two months, are to:

- Control, manage and monitor the use of the Fund's resources
- Recommend endowment expenditure policy
- Formulate policies on investment strategies, ethical investment policies, risk strategy and level of reserves
- Recommend for approval annual budgeted expenditure applications on General (Unrestricted) Funds
- Instruct the Lothian NHS Endowments Office
- Produce recommendations for the Trustees to consider any matter in connection with Endowment Funds in NHS Lothian in order to assist them in carrying out their duties as charity Trustees

The minutes of the Foundation Advisory Committee meetings containing their recommendations are placed before a meeting of the Foundation Trustees for their approval.

The Trustees who served on the Foundation Advisory Committee during the year were:

Mr R Burley (Committee Chairman)

Mr E Egan

Ms S Goldsmith

Mr R Anderson

Mr G Walker

Dr C Swainson (until 31st December 2010)

Dr D Farquharson (from 1st January 2011)

Mrs J McDowell

Mrs Shulah Allan

The Trustee from Lanarkshire Health Board Endowment Fund was Mr W Sutherland until 1st April 2010, when he was replaced by Mr Terry Currie.

Fund Structure

The fund consists of General (Unrestricted) endowment funds and over eight hundred Specific and Ward (Restricted) endowment funds, which must be used in accordance with the donors' wishes.

Restricted Funds (Specific Funds)

The Statement of Recommended Practice defines Restricted Funds as "funds subject to specific trusts, which may be declared by the donor(s), or with the authority (e.g. in a public appeal) or created by legal process but still within the objects of the charity". Specific Funds therefore represent donations received by the charity where conditions on their use have been imposed by the donor (restricted income).

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The Funds are also subject to the National Health Service (Scotland) Act 1978. That Act removes restrictions on previously restricted funds in certain circumstances. Restricted funds transferred from funds previously held by the former Lothian NHS Trusts to The Board under paragraph 26, Schedule 7A of the Act are free of trust, but are subject to the caveat set out in Section 82(2B) of the Act. Similar principles apply to funds held by the Board under the 1972 NHS Act (Section 82(1) of the 1978 Act). However, the intent of the original donation is followed as far as possible and as such these Funds are treated as Specific in nature. Transfers are made between Specific Funds and/or from Specific to General Endowment Funds when Funds close, or services transfer both within and outwith the fund.

Individuals, who in many cases are clinicians, are appointed by the Trustees to act as stewards (formerly fund holders) to manage each Specific fund on the Trustees' behalf. Where Funds are under the day-to-day management of a fund holder, the fund holder may incur any expenditure, unless individual expenditure proposals exceed £5,000, provided the expenditure falls within the purposes of the fund, is a reasonable charge to charitable funds, and is in furtherance of the objects of the charity. Expenditure incurred by fund holders under the scheme of delegation is not reported formally as a grant of funds but is accounted for as an ongoing activity in furtherance of the objects of the charity. The availability of funds and appropriateness of the expenditure is checked by Endowments Office staff.

Unrestricted Funds (General Funds)

Unrestricted Funds (General Funds) represent income where no conditions have been imposed on their use within a certain hospital or group of hospitals. The Statement of Recommended Practice defines Unrestricted Funds as "expendable at the discretion of the Trustees in furtherance of the charity's objects". The Trustees may designate a portion of the General Fund for specific charitable purposes (creating a designated fund). Trustees may also approve allocations to supplement a project primarily financed from an individual Specific Fund, or to avoid a deficit arising on a Specific Fund where, as a result of investment losses or other circumstances, commitments exceed the balance on the Fund.

As part of a formal annual budgeting process, Trustees receive requests for expenditure from unrestricted Funds, i.e. General Endowment Funds, and formally minute approved allocations. All requests must comply with the charitable purpose of the endowment fund, and any procedures that the Trustees have put in place.

Investment income and gains are allocated to the appropriate fund.

Lothian NHS Endowments Office

Under a service level agreement, Lothian NHS Endowments Office acts on the instructions of the Foundation Trustees to administer the Foundation and maintain control of all donations made to the Foundation. By careful inspection of relevant information, the Lothian NHS Endowments Office ensures, on behalf of the Trustees, that all receipts or payment requests are consistent with the charitable purpose of the Foundation. Any unresolved issues on unusual expenditure requests are referred to the Trustees.

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Trustee Induction and Training

As part of their induction programme, new members of the Foundation are given a detailed induction pack on the Endowment funds.

The induction pack includes a copy of the text of a presentation on Trustee responsibilities made by the charity's solicitors to the Foundation Trustees, together with a copy of the most recent Trustee Annual Report and Accounts. New Trustees are also provided with a copy of the charity's guiding principles, detailed expenditure guidelines and other relevant literature. External speakers are periodically invited to attend Trustee Meetings to brief Trustees on current issues. Those Trustees who are also members of the Foundation Advisory Committee, attend an induction course on investment presented by the Investment Managers, and are also invited to attend an annual conference on charitable Funds also organised by the Investment Managers.

Risk Management

The Trustees have approved a Risk Management policy. The policy details the process to be used in identifying risks and controls, weighting the risks for impact, likelihood and concern, producing a risk map and risk register for the major risks, with actions to mitigate the risks. A risk assessment is carried out annually:

A review was carried out at the end of the financial year to update the major risks to which the charity is exposed. The three highest ranked risks in order of priority together with mitigating actions were:

1. The risk of a stock market crash: - At the balance sheet date, stock markets across the world had recovered the ground lost in the two years up to 31st March 2009. The effect on the Foundation's portfolio has been an increase in unrealised revaluation reserves. Total return on the Endowments investment portfolio for the year ended 31st March 2011 was 8.9% compared with the total return of 8.7% for the FTSE All Share Index in the same period.
2. Loss of charitable status due to legislative changes – the Charities and Trustee Investment (Scotland) Act 2005, as introduced, allows for continuing charitable status so long as charity Trustees continue to put the interests of the charity before the interests of "any person responsible for the appointment of the charity Trustee". On 14th September 2010, the Trustees were advised that the Edinburgh & Lothians Health Foundation met the Charity test set out in the Charities and Trustee Investment (Scotland) Act 2005 and continued to be eligible to be registered as a charity in Scotland. Over the period following their determination, OSCR have been reviewing the Foundation's progress towards meeting the recommendations it made concurrent to its conclusion on 14th September 2010 and are satisfied with the direction of the strategic review's implementation.

On 30th June 2011, the UK Treasury announced that it intends to require Health Boards' accounts to comply with IAS 27 in respect of consolidated financial statements with effect from 1st April 2013. This will *inter alia* require Health Boards to aggregate the results and financial position of related NHS charitable funds in published financial statements with

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those relating to the normal health and community care activities of the NHS Board. The Trustees are monitoring this development to ensure that the separate governance controls over charitable expenditure are maintained in order to avoid potential conflict of interest for Trustees in meeting the requirements of charity legislation. Individual charity accounts for the Foundation will continue to be produced and published.

3. Security – Fire & Loss of Records: - The computer records of the Foundation have been transferred to a server that is maintained and backed up by the NHS Lothian e-health department. The security of the accounting records has been improved by this change. Security was further increased by the transfer to an upgraded E-financials accounting system in November 2010.

Strategic Objectives and Activities

The charity's objective is the advancement of health. This covers the improvement in the physical and mental health of the people of Lothian, the prevention, diagnosis and treatment of illness and the support of the functions of the board with respect to research. It is the practice of the Trustees to use the Foundation's resources to support projects and initiatives not normally funded by the Health Service where relevant to the board's objectives.

The Trustees are finalising their strategic review of the Foundation. The aim of the review is to create a strategy for the future of the Foundation for ensuring that this is aligned with the strategy and aims of NHS Lothian whilst at the same time complying with the wishes of the donors.

The strategy review has covered all aspects of the fund:

- Fundraising
- Funding Strategy
- Stakeholder Responsibility
- Organisational and Operational Framework
- Governance
- Policies on Investments and Disbursements

One of the outcomes of the review was a strategic statement of principles covering elements of the constitution and the business plan of the Foundation. The implementation of the strategy and business plan is being driven by a newly-appointed Charity Director, who took up post on 18th April 2011.

Governance costs have increased in 2010/2011 as a result of the strategic review and the implementation of the new accounting system in November 2010.

The Trustees are actively engaged in deciding on how the Fund will support the provision of a new children's hospital facility in Edinburgh. The unusual nature of the proposed funding structure for the new hospital presents significant challenges for the Trustees in providing significant and identifiable enhancement to direct, exchequer, revenue funded NHS facilities that are expected to be completed in 2016.

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Annual objectives for 2010/2011

The objectives for the year 2010/11 were to continue to support a wide range of charitable and health related activities consistent with those listed under "Strategic Objectives and Activities" above, benefiting both patients and staff, that would not normally be available from NHS sources, and to continue to promote medical research.

Review of Finances, Activities, Achievements and Performance

The statement of financial activities for the year is set out on page 23 of this report.

Over the years, donations to the Foundation have benefitted many thousands of patients. The Fund consists entirely of voluntary donations from individuals and non-government organisations, whose generosity has enabled the charity to buy additional equipment and amenities and fund medical research that would otherwise not be possible.

Staff also indirectly benefit from the charity, attending training events and medical conferences funded from endowments.

The total value of the Fund at 31 March 2011 was £65,042,000 (2010: £60,805,000). Overall net assets increased by £4,237,000 with a net gain on the valuation of market investments of £2,388,000.

Donations fall into two categories: *General (Unrestricted) Funds*, where people don't specify how they would like to see their donation spent, and *Restricted (Specific) Funds*, where people say how they would like their contribution to be used. They may, for example, specify a hospital, department, ward or service; or ask for their donation to fund research into a particular illness, or buy equipment for a hospital, department or community-based service.

In 2010/11, the Board received voluntary income of £394,000 (2009/10: £266,000) for the Board's General Funds and £2,846,000 (2009/10: £2,127,000) for Specific Funds respectively. The amount attributed to specific funds included a £1m grant receipt from the "Walk the Walk" breast cancer fundraising charity to contribute towards a new upgraded breast surgery theatre suite at the Western General Hospital in Edinburgh. A further £0.5m grant was received during 2011/12.

The Trustees are indebted to the generosity of patients, their families and carers, well-wishers and friends who have all donated so generously to the work of the charity.

During the year, the charity paid out grants for charitable expenditure of £946,000 (2009/10: £1,276,000) in respect of General Funds, and £2,296,000 (2009/10: £3,297,000) in respect of Specific Funds. Details of the expenditure incurred within the year are included in note 4 of the accounts. Details of the costs included within each category of expenditure are as follows:

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Building, Engineering & Equipment £781,000

This category includes items such as medical equipment for research work including computer equipment, and additional medical equipment for patient care that would not be available from NHS sources.

Research & Education £1,363,000

Many research projects are funded by grants from the Foundation, from both General Endowment Funds and Specific Funds which have the purpose of research. This category includes £534,000 (2009/10: £1,038,000) for salaries of 13 (2009/10: 32) full-time and 22 (2009/10: 38)

part-time staff involved in research projects, and £241,000 of contributions to recharged academic research costs. Pilot schemes are also included in this category consistent with the charity's objectives.

Education costs include £249,000 (2009/10: £372,000) for costs of employees at all levels attending courses, both within the UK and abroad including travel costs, vocational further education, library and resource centres for both staff and patients, and £165,000 (2009/10: £166,000) financial support for the Lothian Health Archive Service.

Patient & Staff Amenities £1,098,000

Patient amenities include costs for patients' socialisation, recreation, outings, Christmas parties, entertainment, comforts, toys for the children's hospital, volunteer travel costs, patient transport plus the salary costs of volunteer coordinators. £488,000 (2009/10 : £604,000) was expended on patients' comforts, the major items within this category being the cost of a socialisation programme in mental health, and the cost of volunteer coordinators.

Major Specific Funds and how money was spent in 2010/11

Following the split of merged ward funds the charity currently has over 800 Restricted (Specific) endowment funds (including ward level funds that were previously consolidated). The following summaries of the larger funds give a flavour of the variety and scale of the work the funding supports.

The Chemotherapy Fund

Year end balance £132,000 - expenditure in year £32,000 (2009/10 - £23,000)

During the year, funding supported the cost of providing complementary therapies, patients' comforts and treatment consumables. Future aims include replacing all patient chairs and upgrading or replacing equipment.

St. Johns' Hospital Coronary Care Unit fund

Year end balance £85,000 - expenditure in year £49,000 (2009/10 - £41,000)

The fund continued to support the cost of salaries of research nurses, enhanced patient care and provided specialist training for staff within the department.

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D Henderson Memorial Palliative Care Fund

Year end balance £135,000 - expenditure in year £24,000 (2009/10 - £10,000)

Funds were used to support patient-related activities in the Macmillan Cancer Service and to support training for specialist nurses. These included complimentary therapies and staff education. Furnishings were purchased to improve the environment of a relatives' room.

Rheumatic Diseases Unit Fund

Year end balance £250,000 - expenditure in year £5,000 (2009/10 - £42,000)

During the year the fund was used to facilitate research and education activities within the unit and to improve patient care. A legacy receipt increased the balance at the end of the financial year.

RIE Coronary Care Unit fund

Year end balance £128,000 – expenditure in year £3,000 (2009/10 - £5,000)

Funds were enhanced during the year from a share of the Frederick legacy and will be used to support research and treatment of heart attack patients. A proposal is being developed to acquire an ECG machine to provide dedicated support to the research work.

Breast Cancer Research Fund

Year end balance £88,000 – expenditure in year £52,000 (2009/10 - £37,000)

The fund supports research in the Edinburgh Breast Unit. During the year the fund supported research and secretarial support salaries and was used to buy a new ultrasound machine which monitors the size of tumours during experimental treatments. A further machine is being purchased in 2011/12.

Sarah Percy Breast Cancer Fund

Year end balance £236,000 - expenditure in year £52,000 (2009/10 - £72,000)

The fund is used to support research into Breast Cancer, to improve facilities for patients, to support staff training and to provide general benefits for the patients and staff of the Edinburgh Breast Unit. The fund continued to support research data storage and research salaries.

Neurology/Neuro-Oncology Fund

Year end balance £101,000 – expenditure in year £49,000 (2009/10 - £47,000)

During the year, the fund supported research and staff education in the fields of depression, brain tumours and metastatic spinal cord compression (as part of a joint project with Edinburgh Napier University).

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Jamie King Uro-Oncology Fund

Year end balance £147,000 – expenditure in year £3,000 (2009/10 - £1,000)

This fund may be used to provide patient and staff amenities, supports clinical and translational research and equipment purchase. During the year the charity's funds were not called upon except for its allocation of administration costs. In 2011/2012, support to a prostate brachytherapy study using elastography to aid treatment planning and delivery remains a priority, alongside continued support for post-doctorial work in the field of Oncology physics.

Radiation Oncology Unit Fund

Year end balance £156,000 – expenditure in year £1,000 (2009/10 - £1,000)

The fund supports clinical and experimental radiotherapy, however, during the year the charity's funds were not called upon significantly. Immediate plans are to support the purchase of equipment for research purposes.

Surgical Neurology Fund

Year end balance £151,000 – expenditure in year £4,000 (2009/10 - £48,000)

During the year, the fund was used to support travel costs to research seminars and educational materials.

Edinburgh Cancer Centre Fund

Year end balance £135,000 – expenditure in year £7,000 (2009/10 - £1,000)

The fund benefitted from the receipt of the Drylie legacy and initial expenditure supported equipment and furnishings.

General Oncology Fund

Year end balance £1,503,000 - expenditure in year £302,000 (2009/10 - £147,000)

During the year, the fund supported research and education in Oncology and provided appropriate capital equipment grants and support staff salary costs. Additional legacy income helped to maintain the carry forward level of the capital of the fund.

Breast Cancer Institute

Year end balance £1,395,000 - expenditure in year £108,000 (2009/10 - £649,000)

The Breast Cancer Institute supports research and laboratory services, and provides specialist equipment. The focus of the research is to help identify the distinguishing molecular structure within individual cancer cells that supports targeted treatments. The fund is also used for ongoing improvements to the patient environment, and investments in staff educational programmes. Significant additional funds were added to the fund capital from the Walk the Walk

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fundraising charity in 2010/11 and are being applied to support the provision of a modernised theatre suite which was completed in May 2011.

W&K Turnbull Coronary Care Fund

Year end balance £234,000 – expenditure in year £10,000 (2009/10 - £3,000)

During the year, the fund provided support for staff education and related equipment purchases.

Haematology Research Fund

Year end balance £418,000 - expenditure in year £70,000 (2009/10 - £42,000)

The fund is used to support research and education in the field of haematological malignancies along with the associated equipment requirements. Costs in 2010/11 were mainly incurred on research support staff salary costs. Expenditure in 2011/12 is expected to be similar to 2010/11.

Paul Abraham's Fund

Year end balance £132,000 - expenditure in year £37,000 (2009/10 - £100,000)

The fund is used to promote research into haematological cancers, particularly lymphoma, to provide capital support for molecular diagnostics and research, and to provide educational courses for staff in order to improve skills. During the year, the main focus of expenditure was support for researchers' salary costs. It is anticipated that a similar sum will be expended in 2010/11.

Remind

Year end balance £121,000 – expenditure in year £3,000 (2009/10 - £15,000)

During the year, the fund supported research in the field of brain and central nervous system disorders in order to provide a more effective diagnosis. Funds in 2010/11 were applied to the meet the costs of research conference attendance and acquisition of educational materials.

Head and Neck Cancer Research fund

Year end balance £100,000 – expenditure in year £18,000 (2009/10 - £3,000)

Capital funds were enhanced by ongoing fundraising activities and grants are provided out of these funds for research into head and neck cancer. In 2010/11 the major expenditures were on the costs of laboratory test and other clinical consumable supplies incurred in support of the research activity.

The Elizabeth Reid Anderson Fund

Year end balance £92,000 – expenditure in year £31,000 (2009/10 - £32,000)

The fund provided services, not otherwise available from Exchequer funding, to cancer patients and their relatives. Costs incurred represent mainly personalised patient transport to/from patients' homes and clinics.

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Edinburgh Parkinson's Service Fund

Year end balance £119,000 – expenditure in year £11,000 (2009/10 - £12,000)

During the year, the fund supported research into Parkinson's and funded education for health professionals involved in the field.

Harriet Connolly Endowments Fund

Year end balance £162,000 expenditure in year £2,000 (2009/10 - £3,000)

During the year the fund provided study leave cover for staff. Proposals are being developed to create a quiet room for relatives and a wet room for the patients of Ward 1 of Roodlands hospital.

Alzheimer's & Psychogeriatric Unit Fund

Year end balance £111,000 expenditure in year £1,000 (2009/10 - £1,000)

During the year the charity's funds were not called upon, except for the allocated share of administrative costs. The fund can be used to support initiatives that provide benefits to patients or to the Care of the Elderly service. This fund is being reviewed by the stewards to ensure that it gives the best possible support to patients and staff in the Care of the Elderly service at the Royal Edinburgh Hospital with a full re-launch of invitations for grants in 2011/12.

RG Calderwood Cardiology fund

(Year end balance £182,000 – expenditure in year £2,000 (2009/10 - £2,000)

The fund supports training within the paediatric cardiology department and purchases specialist equipment. The fund is also used to maintain a national database of patients with congenital heart disorders. In the past year all necessary functions have been carried out within the divisional budget allocation, and it has not been necessary to use the charity's resources to support the service. However the forthcoming new children's hospital project at Little France is seen as an area where the fund can support the full requirement for paediatric cardiac equipment. The fund has considered a number of research projects for funding but none were considered viable in 2010/11.

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Trastevere Fellowship Paediatric Pathology Fund

(Year end balance £106,000 – expenditure in year £Nil (2009/10 - £32,000))

The fund provides support for research and for professional development education in paediatric pathology by meeting costs of related travel and study materials.

Leukaemia & Cancer Fund

Year end balance £296,000 - expenditure in year £19,000 (2009/10 - £66,000)

The fund provides support - including for research - for children with cancer or leukaemia and their families, and for the staff who treat them. In 2010/11 the fund mainly supported research salaries and conference attendance expenses for staff involved in the care of children and young people with cancer.

Scottish Liver Transplant Unit Fund

Year end balance £171,000 - expenditure in year £7,000 (2009/10 - £21,000)

During the year, the fund provided patient comforts and supported staff education. It also supported research in the field of transplantation. The fund benefitted from a number of donations during the year under review and plans to increase expenditure in 2011/12.

Diabetes Clinical Research Fund

Year end balance £87,000 – expenditure in year £17,000 (2009/10 - £26,000)

The fund supports research projects in the field of diabetes, with particular emphasis on studies of hypoglycaemia in humans with and without diabetes. The fund benefitted from the Veitch legacy during the year and continued to support Dietetic activity and laboratory analyser consumable costs.

Diabetic Research Fund

Year end balance £575,000 - expenditure in year £15,000 (2009/10 - £11,000)

During the year the fund was used to support staff attending medical conferences, to provide consumables for glucose analysers used for diabetes research projects and to support research study assays. A similar level of expenditure is anticipated in 2011/12. The fund is an important reserve for any future major project in diabetes. The fund may be used to support clinical research projects in diabetes, within the Department of Diabetes at the Royal Infirmary of Edinburgh, for the educational requirements of staff. It may also be used to purchase equipment for research and clinical use, and to provide specialist clinical care.

Diabetes Microvascular Research Fund

Year end balance £118,000 – expenditure in year £37,000 (2009/10 - £45,000)

The fund helped pay for research nurse salaries during the year.

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CEG Wright Renal Scanner Fund

Year end balance £239,000 – expenditure in year £2,000 (2009/10 - £67,000)

The fund continues to provide for the future running costs of a scanner for patients with kidney function problems, and holds its capital mainly in reserve for future equipment replacement. The present scanner (acquired in 2009/10) has an inclusive maintenance contract that expires in 2013 and therefore expenditure in year has been modest.

Medical Renal Unit Fund

Year end balance £480,000 - expenditure in year £6,000 (2009/10 - £248,000)

The fund is used to provide specialist dialysis equipment not available through divisional funding and to provide facilities to enhance the comfort of patients with end-stage kidney disease on renal replacement programmes. Expenditure requirements in 2010/11 were modest.

The plan for the future is to continue with this type of expenditure: the Renal Service Review and Implementation Group has identified a need for ongoing expansion of haemodialysis facilities. The expansion is likely to be phased over the next two to five years. A contribution may be required to improve facilities at a new 8 station dialysis unit at the Royal Infirmary of Edinburgh, with the earliest date for funding contribution envisaged during the second half of 2011/12.

Renal Research Fund

Year end balance £187,000 – expenditure in year £2,000 (2009/10 – £6,000)

During the year, there were no significant calls on the fund. Current plans are to support approximately £25,000 of research project support in 2011/12.

Brown & Ireland Estates Arthritis Fund

Year end balance £124,000 – expenditure in year £12,000 (2009/10 - £14,000)

The fund is used to support arthritis research and to provide equipment not otherwise available from divisional NHS budget allocations. During the year 4 peer-reviewed publications were supported with more such studies in the pipeline. A small capital purchase is planned in 2011/12 to enhance collation and registration of data on joint replacement treatments and therapies.

Eye Research Fund

Year end balance £101,000 – expenditure in year £42,000 (2009/10 - £50,000)

The fund is used to support research into the causes and treatment of eye disease, with a particular emphasis on limbal stem cell disorders and age-related macular degeneration. The funds supported research salaries during the year.

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Year Ended 31st March 2011

Trustees' Annual Report

Friends Eye Care Fund

(Year end balance £125,000 – expenditure in year £25,000 (2009/10 - £9,000))

During the year, the fund was used to purchase equipment for treatment of eye conditions, to support the educational needs of staff members, and to enhance the patient environment at the Princess Alexandra Eye Pavilion. A donation of £10,000 from volunteer services helped to maintain the level of capital carried forward.

Lothian University Hospitals Division Cancer Research Fund

Year end balance £ 721,000- expenditure in year £186,000 (2009/10 - £31,000)

During the year this fund supported cancer research in NHS Lothian. 2010/11 expenditure included the salary costs of research staff and the purchase of thermosensory analyser equipment which measures the effect of chemotherapy on patient sensory capability. Research project grants are planned in 2011/12.

Family Planning Association Training and Research Fund

Year end balance £101,000 - expenditure in year £5,000 (2009/10 - £21,000)

The fund supported small project research grants and the costs of clinician attendance at educational events. Production costs of educational newsletters were also supported. Current plans are for support to a bone density study in the latter half of 2011/12.

Rowan Ward Fund (Ferryfield House)

Year end balance £87,000 - expenditure in year £17,000 (2009/10 - £Nil)

Opened with the proceeds from a legacy, the fund's purpose is to enhance the patient environment and comforts of frail elderly residents in the Rowan Ward of Ferryfield House. Expenditure in year included minor furnishings. Improvements to the patients' garden are planned for 2011/12.

Edinburgh & Lothians Health Foundation

Year Ended 31st March 2011

Trustees' Annual Report

Investment Policy and Performance

The Trustees participate, together with the Trustees of Lanarkshire Health Board Endowment Funds, in a Common Investment Scheme, which includes Stocks and Shares as well as Deposit Accounts, and only The Foundation's share of the scheme assets are included in the balance sheet under investments.

The Trustees' investment objective is to maximise the overall rate of return within moderate parameters of risk. There are regular reviews of policy and strategy with the Investment Managers, who act in accordance with the terms of a formal Statement of Investment Principles which covers investment objectives, restrictions and benchmarking. Senior representatives from the company appointed attend quarterly meetings of the Foundation Advisory Committee. The restrictions imposed by the Trustees are that there are no investments in futures, options, derivatives, tobacco stocks, alcoholic beverage or arms companies. The Trustees have instructed the Investment Managers to seek a balance between capital gain and growth of income through investing in a combination of UK and overseas equities and fixed interest securities and cash.

The Common Investment Scheme investment portfolio was valued at £50,992,000 at 31 March 2011 of which £47,844,000 (including £401,000 representing cash awaiting investment) related to the Foundation. Taking account of the income generated and the capital growth, the portfolio provided a total return of 8.9% over the year (2010/11: 35.8%).

Investment returns are compared to an agreed composite benchmark consisting of 20% fixed interest, 60% UK equities, 15% overseas equities, 5% cash. The composite index provided a return of 8% over the year to 31 March 2011. Over the last three years, the portfolio has provided an annualised return of 14.53% compared to the benchmark return of 15.07%.

Reserves Policy

Levels of reserves are reviewed at least once annually by the Trustees' Foundation Advisory Committee and distributions of net gains from previous years to individual Funds, from which expenditure may then be committed, are recommended as and when appropriate. The unrealised investment reserve at 31 March 2011 was £12,742,000 (31 March 2010: £10,259,000). The Trustees have traditionally used a 20% of total assets reserve level as a benchmark in assessing the margin of safety above which it will allocate reserves to fund balances. At 31 March 2011 the level of reserves was just below this level at 19.4%.

No individual Endowment Fund is permitted to operate or enter into commitments which might lead to the Fund being in a deficit position. Monies endowed for restricted purposes, i.e. Specific Endowment Funds, may be expended at the discretion of members of staff (Stewards) authorised by the Trustees but they may not commit funding until the monies have been credited to the relevant Funds or they have a written guarantee from a reputable organisation confirming dates and amounts of monies to be received. The Trustees approve and formally minute allocations from unrestricted funds. Trustees also approve any expenditure of a capital

Edinburgh & Lothians Health Foundation

Year Ended 31st March 2011

Trustees' Annual Report

nature out of the Specific funds. Although there is no legislative restriction on the expenditure of capital, Trustees invariably consider very carefully any expenditure from General Endowment Funds that is in excess of anticipated annual income. The Trustees are in the process of reviewing the policy as a consequence of the strategic review.

Disclosure of information to auditors

To the knowledge and belief of each of the persons who are trustees at the time the report is approved:

- a) So far as the trustee is aware, there is no relevant information of which the organisation's auditors are unaware; and
- b) He/or she has taken all steps that he/she ought to have taken as a trustee to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Edinburgh & Lothians Health Foundation

Year Ended 31st March 2011

Statement of Trustees' responsibilities in respect of the Trustees' Annual Report and the Financial Statements

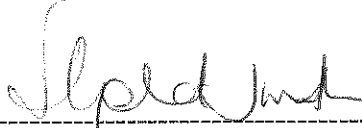
Under charity law, the Trustees are responsible for preparing the Trustees Report and the financial statements for each financial year in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), which show a true and fair view of the state of affairs of the charity and of its excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice requires that the Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the requirements of the National Health Service (Scotland) Act 1978, 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 its activities.

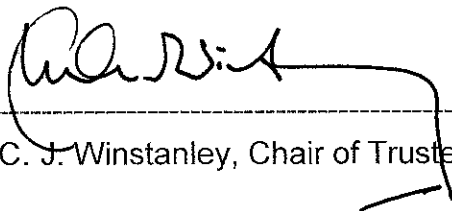
The Trustees are required to act in accordance with the National Health Service (Scotland) Act 1978, within the framework of trust law. They are responsible for keeping adequate accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under section 44 of the Charities and Trustee Investment (Scotland) Act 2005, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Approved by the Edinburgh & Lothians Health Foundation Trustees at their meeting held on 23rd November 2011.



Mrs S. Goldsmith, Trustee

Date 23rd November 2011



Dr C. J. Winstanley, Chair of Trustees

Date 23rd November 2011

Edinburgh & Lothians Health Foundation

Year Ended 31st March 2011

Independent Auditors' Report to the Trustees of Edinburgh & Lothians Health Foundation

We have audited the financial statements of Edinburgh & Lothians Health Foundation for the year ended 31 March 2011 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and the National Health Service (Scotland) Act 1978. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of trustees' responsibilities set out on page 20 the trustees are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditors under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland).

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' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion 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 31 March 2011 and of its incoming resources and application of resources, including its surplus, for the year then ended;

Edinburgh & Lothians Health Foundation
Year Ended 31st March 2011

- 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 and the National Health Service (Scotland) Act 1978.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 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.

Scott-Moncrieff

Scott-Moncrieff
Statutory Auditor
Eligible to act as an auditor in terms of Section 212 of the Companies Act 2006
Exchange Place 3
Seiple Street
Edinburgh
EH3 8BL

23rd November 2011

Edinburgh & Lothians Health Foundation
Financial Statements for the Year Ended 31st March 2011

Statement of Financial Activities

	Note	General (Unrestricted) Funds £000	Specific (Restricted) Funds £000	Total Funds 2011 £000	Total Funds 2010 £000
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary Income	2	394	2,846	3,240	2,393
<i>Activities for generating funds:</i>	8	1,286	759	2,045	2,139
Total Incoming Resources		<u>1,680</u>	<u>3,605</u>	<u>5,285</u>	<u>4,532</u>
Resources expended					
<i>Costs of generating funds:</i>					
Investment Management Costs		62	51	113	106
Press, Publicity & Fundraising		<u>1</u>	<u>46</u>	<u>47</u>	<u>44</u>
<i>Total cost of generating funds</i>		<u>63</u>	<u>97</u>	<u>160</u>	<u>150</u>
<i>Charitable activities:</i>					
Building, Engineering & Equipment	4	181	600	781	1,718
Research & Education	4	283	1,080	1,363	1,808
Patient & Staff Amenities	4	<u>482</u>	<u>616</u>	<u>1,098</u>	<u>1,047</u>
<i>Total Direct Charitable Expenditure</i>		<u>946</u>	<u>2,296</u>	<u>3,242</u>	<u>4,573</u>
Governance Costs	3b	<u>68</u>	<u>56</u>	<u>124</u>	<u>121</u>
Total Resources Expended		<u>1,077</u>	<u>2,449</u>	<u>3,526</u>	<u>4,844</u>
Net incoming / (outgoing) resources before other recognised gains and losses		<u>603</u>	<u>1,156</u>	<u>1,759</u>	<u>(312)</u>
Other recognised gains and losses					
<i>Gains / (losses) on investment assets</i>					
- Heritable property		90	-	90	(25)
- Securities		<u>1,294</u>	<u>1,094</u>	<u>2,388</u>	<u>10,437</u>
Net movement in funds		1,987	2,250	4,237	10,100
Reconciliation of Funds					
Fund balances brought forward as at 01 April	11	39,962	20,843	60,805	50,705
Transfers between funds		(2)	2	-	-
Fund Balances carried forward at 31 March	11	<u>41,947</u>	<u>23,095</u>	<u>65,042</u>	<u>60,805</u>

The notes on pages 26 – 36 form part of these financial statements.

Edinburgh & Lothians Health Foundation
Financial Statements for the Year Ended 31st March 2011

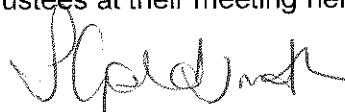
Balance Sheet

	Note	Total Funds 2011 £000	Total Funds 2010 £000
Fixed Assets			
Investments			
Securities	7b	47,443	44,542
Cash awaiting investment		401	379
Heritable property	7a	13,895	13,805
Total Fixed Assets		<u>61,739</u>	<u>58,726</u>
Current Assets			
Debtors	9	341	466
Cash at bank and in hand		3,551	2,942
Total Current Assets		<u>3,892</u>	<u>3,408</u>
Current Liabilities			
Creditors: amounts falling due within one year	10	(589)	(1,329)
Net current assets		<u>3,303</u>	<u>2,079</u>
Total Assets less current liabilities		<u>65,042</u>	<u>60,805</u>
Financed By - Charity Fund Total		<u>65,042</u>	<u>60,805</u>

The Edinburgh & Lothians Health Foundation Accounts for the year ended 31 March 2011 were approved by the Trustees at their meeting held on 23rd November 2011

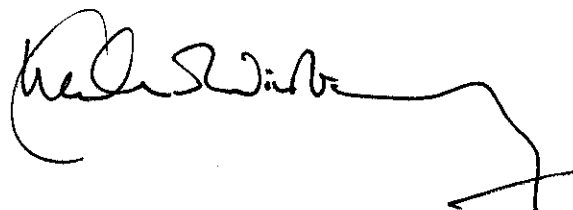
Mrs S. Goldsmith
Trustee

Date: 23rd November 2011



Dr C. J. Winstanley
Chairman of Trustees

Date: 23rd November 2011



The notes on pages 26 – 36 form part of these financial statements.

Edinburgh & Lothians Health Foundation
Financial Statements for the Year Ended 31st March 2011

Cash Flow Statement

	Cash Flow Note	Total Funds 2011 £000	Total Funds 2010 £000
Cash outflow from operating activities	1	(901)	(2,337)
Returns on investments and servicing of finance			
Dividends, Interest received		1,684	1,779
Rent		361	360
Capital expenditure and financial investment:			
Net (purchase)/sale of investments -			
Securities		(513)	(2,215)
Heritable Properties		-	150
Increase (Decrease) in Cash	2	<u>631</u>	<u>(2,263)</u>
NOTES			
1 Reconciliation of net movement in funds to net cash outflow from Operating Activities			
Net incoming/(outgoing) resources before other recognised gains and losses		1,759	(312)
Investments - Dividends, Interest		(1,684)	(1,779)
Rent & Feu duties		(361)	(360)
Decrease in debtors		125	222
(Decrease) / Increase in creditors		(740)	(108)
Net cash outflow from Operating Activities		<u>(901)</u>	<u>(2,337)</u>
2 Analysis of Changes in Cash during year			
Balance at previous 1 April		3,321	5,584
Net Cash Inflow/(Outflow)		631	(2,263)
Balance at 31 March		<u>3,952</u>	<u>3,321</u>

Edinburgh & Lothians Health Foundation
Financial Statements for the Year Ended 31st March 2011

Notes to the accounts

1. Principal Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments and heritable property, which are included at market value. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Charities Statement of Recommended Practice revised 2005 (SORP 2005), applicable UK Accounting Standards, Charities and Trustee Investment (Scotland) Act 2005, National Health Service Scotland Act 1978 and the charity's constitution. A summary of the principal accounting policies which have been applied consistently, are set out below.

Incoming resources

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

Investment income is accounted for on an accruals basis.

Incoming resources are included gross of any tax recoverable amounts.

Income that is restricted by the donor is included in an existing restricted fund that most closely matches the nature of the restriction unless it is not possible to match the donation to a fund in which case a new fund will be established. Income which has no restrictions attached is included in the General Funds of the charity.

Incoming resources from legacies

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

Resources expended and recognition of liabilities

All expenditure is recognised when there is a legal or constructive obligation committing the charity to the expenditure. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of charitable activities.

Liabilities are recognised when an obligation arises to transfer of economic benefits as a result of past transactions or events.

Edinburgh & Lothians Health Foundation
Financial Statements for the Year Ended 31st March 2011

Notes to the accounts

VAT

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate. Most items of medical or scientific equipment and aids for the handicapped may be zero-rated for VAT purposes when purchased wholly from charitable Funds.

The charity is not separately registered for VAT. As permitted by HM Revenue & Customs (HMRC) under the NHS Contracted Out Services Regulations, VAT on relevant invoices paid from Endowment Funds is reclaimed using Lothian Health Board's own VAT registration reference. Amounts reclaimed are credited to the Endowment Funds which bore the costs initially.

Costs of generating funds

The costs of generating funds are the direct costs associated with raising funds and include fundraising costs and Investment Management fees. Fundraising costs are those incurred in seeking voluntary contributions and include direct costs such as publicity and direct mailing material.

Charitable activities

Costs of charitable activities comprise all costs identified as wholly or mainly incurred in the pursuit of the charitable objects of the charity. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to direct costs. The total costs of each category of charitable expenditure therefore include support costs and the apportionment of overheads, as shown in note 4.

Governance costs

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

Management & Administration

Management and administration costs are separately disclosed have been apportioned to the various activity categories in proportion to the level of expenditure.

Edinburgh & Lothians Health Foundation
Financial Statements for the Year Ended 31st March 2011

Notes to the accounts

Investments and properties

Investments and properties are stated at market value at the balance sheet date. Properties are valued every three years by the District Valuer.

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

Realised and unrealised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Investments are revalued on a monthly basis. Realised gains and losses on investments are calculated as the difference between sales proceeds and the carrying value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year-end and the carrying value (or purchase date if later). This represents a change in accounting policy but has no overall effect on the results in the Statement of Financial Activities. Any realised gains and losses on revaluation or disposals are combined in the Statement of Financial Activities.

Pensions

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

Taxation

The Edinburgh & Lothians Health Foundation has charitable status and is exempt from income tax under Section 505 of the Income and Corporation Taxes Act 1988 and capital gains tax under Section 256 of the Taxation of Chargeable Gains Act 1992 and the Edinburgh & Lothians Health Foundation is entitled to describe itself as a Scottish charity.

Edinburgh & Lothians Health Foundation
Financial Statements for the Year Ended 31st March 2011

Notes to the accounts

2. Analysis of voluntary income

	General (Unrestricted) Funds £000	Specific (Restricted) Funds £000	2011 Total £000	2010 Total £000
Donations from individuals	11	1,092	1,103	1,343
Legacies	383	655	1,038	849
Grants	-	1,099	1,099	201
Total	394	2,846	3,240	2,393

Grant income in 2010/11 included £1m from the Walk the Walk charity towards the cost of a new breast theatre suite at the Western General Hospital.

3. Allocation of support costs and overheads

An initial allocation of overhead and support costs has been made to General (Unrestricted) Funds and Specific (Restricted) Funds based on the balances on these Funds at the end of the financial year exclusive of heritable properties. From this allocation, balances are then identified for governance related costs leaving a residue to be allocated and /or apportioned across all other activities, namely charitable expenditure and costs of generating funds.

3.(a) Analysis of expenditure

	General Funds £000	Specific Funds £000	2011 Total £000	2010 Total £000
Endowments Office Costs:				
Salaries and related costs	122	100	222	196
Auditors' Remuneration:				
Audit Fee – External	5	5	10	13
Strategic Review	14	12	26	31
Internal Audit	3	3	6	7
Rent/Post/Phone/Other	23	19	42	19
Total	167	139	306	266

The Endowments office costs in 2011 totalled £306,000 (2010: £266,000). This is represented principally by six full time employees(2010 – six). They work exclusively for Endowments by providing a service Lothian Wide. The increase in costs over 2010 relate to the implementation of the strategic review and amendment to financial systems. No employee earned more than £60,000 per annum during 2011 or 2010.

No Trustee received any remuneration from the charity during the year. (2010 – none)

Edinburgh & Lothians Health Foundation
Financial Statements for the Year Ended 31st March 2011

Notes to the accounts

The increase in cost is primarily due to costs incurred in relation to the implementation of the Strategic Review of the Charity undertaken including the appointment of an interim Charity Director and the change of financial operating systems..

3 (b) Governance Costs

	General Funds £000	Specific Funds £000	2011 Total £000	2010 Total £000
General (Unrestricted) Funds				
Endowments Office Costs:				
Salaries Costs	28	23	51	68
Audit Fee - External	5	5	10	13
Strategic Review	14	12	26	31
Internal Audit	3	3	6	7
Rent/Post/Phone/Other	18	13	31	2
Total	68	56	124	121

4. Analysis of charitable expenditure

The charity did not undertake any direct charitable activities on its own account during the year. Grants were approved in favour of beneficiaries and the charity incurred expenditure with third parties in pursuance of those grants or reimbursed expenditure incurred by beneficiaries. Support costs have been apportioned across the categories of charitable expenditure based upon the level of expenditure on grant funded activity.

General (Unrestricted) Expenditure	Grant funded activity £000	Support costs £000	2011 Total £000	2010 Total £000
Building, Engineering & Equipment	162	19	181	259
Research & Education	253	30	283	344
Patient & Staff Amenities	431	51	482	673
Total	846	100	946	1,276

Edinburgh & Lothians Health Foundation
Financial Statements for the Year Ended 31st March 2011

Notes to the accounts

4. Analysis of charitable expenditure (continued)

Specific (Restricted) Expenditure	Grant funded activity £000	Support costs £000	2011 Total £000	2010 Total £000
Building, Engineering & Equipment	579	21	600	1,459
Research & Education	1,042	38	1,080	1,464
Patient & Staff Amenities	595	21	616	374
Total	<u>2,216</u>	<u>80</u>	<u>2,296</u>	<u>3,297</u>

5. Analysis of Grants

The charity does not make grants to individuals. The total cost of making grants is disclosed on the face of the Statement of Financial activities and the actual disbursement for each category of charitable activity is disclosed in Note 4. Where Specific (Restricted) Funds are operated under a scheme of delegation by individual fund holders approved by the trustees, individual grants are not made by the Foundation Trustees. Instead the fund holder incurs expenses based upon the purposes of that Fund and therefore individual grants are not recorded.

6. Auditors remuneration

The external audit costs were £9,846 (2010: £12,500)

Scott-Moncrieff received no additional fees for non-audit activities in 2010/11 (2009/10: £31,295).

7. Fixed Asset Investments

(a) Heritable Property

	2011 Total £000	2010 Total £000
Cost or Valuation brought forward	13,805	13,980
Disposals at carrying value	-	(175)
Net revaluation gain/(loss)	<u>90</u>	<u>-</u>
Valuation at 31 March	<u>13,895</u>	<u>13,805</u>

Edinburgh & Lothians Health Foundation
Financial Statements for the Year Ended 31st March 2011

Notes to the accounts

7. Fixed Asset Investments (continued)

The book value of the heritable properties forms part of the General Fund balances and is allocated across the estate as follows:

	2011	2010
	£000	£000
Liberton	1,950	2,200
Royal Hospital for Sick Children	10,535	10,135
Royal Infirmary of Edinburgh	1,130	1,175
Area	<u>280</u>	<u>300</u>
TOTAL	<u>13,895</u>	<u>13,805</u>

(b) Market Investments

The Board Endowment Fund's share of the Common Investment Scheme is as follows:

	2011	2010
	Total	Total
	£000	£000
Market value brought forward	44,542	31,890
Acquisitions at cost	10,549	7,178
Disposals at carrying value	(10,551)	(4,784)
Net profit / (loss) on revaluation	2,903	10,258
Market value carried forward	<u>47,443</u>	<u>44,542</u>
Historic cost as at 31 March 2011	<u>38,184</u>	<u>37,939</u>

The following is an analysis of the value of Edinburgh & Lothians Health Foundation's share of investments by category of investment and by stock exchange listing.

	2010	2010
	Total	Total
	£000	£000
UK Investments listed on a recognised stock exchange		
- Fixed interest securities	8,443	8,861
- Equities/investment trusts	26,620	24,031
Non-UK Investments listed on a recognised stock exchange		
- Fixed interest securities	-	-
- Equities/investment trusts	12,380	11,650
Total	<u>47,443</u>	<u>44,542</u>

In 2010/11 and in the previous year, no individual investments represented 5% or more of the total value of the portfolio.

Edinburgh & Lothians Health Foundation
Financial Statements for the Year Ended 31st March 2011

Notes to the accounts

8. Activities for generating funds

	2011 £000	2010 £000
(a) Rental income on property	<u>361</u>	<u>360</u>

(b) Gross investment income from investments held in UK

	2011 £000	2010 £000
Fixed asset equity investments	1,672	1,768
Current asset investments	12	11
Total	<u>1,684</u>	<u>1,779</u>

9. Debtors

	2011 £000	2010 £000
Tax recoverable	4	1
Prepayment & Accrued income	337	465
Total	<u>341</u>	<u>466</u>

10. Creditors – amounts falling due within one year

	2011 £000	2010 £000
Trade Payables	126	-
Accruals	463	1,329
Total	<u>589</u>	<u>1,329</u>

Edinburgh & Lothians Health Foundation
Financial Statements for the Year Ended 31st March 2011

Notes to the accounts

11. Analysis of Specific charitable Funds

Endowment Fund	Balance B/fwd £000	Receipts £000	Payments £000	Transfer £000	Gains/ Losses £000	Balance at 31/3/2011 £000
St John's Hospital at Howden:						
Coronary Care Unit	122	12	49			85
Chemotherapy Fund	105	59	32			132
D Henderson	115	44	24			135
Ferryfield House:						
Specific Ward Funds	103	1	17			87
Roodlands Hospital:						
Harriet Connolly Fund	157	7	2			162
Royal Edinburgh Hospital:						
Alzheimer's & Psycho geriatric Unit Research Fund	108	4	1			111
Princess Alexandra Eye Pavilion:						
Eye Research Fund	107	16	42			101
Friends' Eye care	131	19	25			125
Royal Hospital for Sick Children:						
RG Calderwood Cardiology	177	7	2			182
Trastevere Fellowship	102	4				106
Leukaemia & Cancer	292	23	19			296
Royal Victoria Hospital:						
Edinburgh Parkinson's Service Fund	126	4	11			119
Royal Infirmary of Edinburgh:						
CEG Wright	231	10	2			239
Scottish Liver Transplant Unit Fund	139	39	7			171
Diabetes Clinical Research	101	3	17			87
Diabetic Research & Amenities	488	102	15			575
Diabetes Microvascular Research	150	5	37			118
Medical Renal Unit	465	21	6			480
Brown & Ireland Estates Arthritis	131	5	12			124
Renal Research Fund	174	15	2			187
Family Planning Training & Research fund	91	15	5			101
Coronary Care Unit Fund	73	58	3			128
Western General Hospital:						
Jamie King	133	17	3			147
Rheumatic Diseases Unit	192	63	5			250
Breast Cancer Research Fund	126	14	52			88
Sarah Percy Breast Cancer Fund	273	15	52			236
Edinburgh Cancer Centre Fund	124	18	7			135
Neurology/Neuro-oncology	145	5	49			101
Radiation Oncology Unit	151	6	1			156
Surgical Neurology Fund	130	25	4			151
General Oncology Department	1,661	144	302			1,503
Breast Cancer Institute Fund	413	1,090	108			1,395
Wilson & Kathleen Turnbull Coronary Care	235	9	10			234
MacKenzie Cardiac Research Fund	58	76	34			100
Haematology Research Fund	409	79	70			418
Paul Abraham Molecular Laboratory Fund	158	11	37			132
Remind	119	5	3			121
Elizabeth Reid-Anderson Fund	119	4	31			92
Sub-total Hospital funds >£100,000	8,134	2,054	1,078			9,110

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11. Analysis of Specific charitable Funds (continued)

Endowment Fund	Balance B/fwd £000	Receipts £000	Payments £000	Transfer £000	Gains/ Losses £000	Balance at 31/3/2011 £000
Divisional Wide specific funds greater than £100,000:						
Cancer Research	862	45	186			721
Other Specific Funds less than £100,000	7,313	1,372	1,146	2	5	7,546
Unrealised Revaluation Reserves	4,534	134	39		1,089	5,718
Total Hospital and Division Wide Specific Funds	20,843	3,605	2,449	2	1,094	23,095

The Trustees set a closing balance of £100,000 or above as the threshold for separate reporting of material Funds.

The titles of the individual funds are indicative of the particular speciality, department hospital or research activity that they support. They fall into two broad categories – funds received by way of legacies or substantive donations to support particular specialities/developments/research activities. Alternatively they are funds of a custodial nature established at the request of designated fund holders and controlled by them on an operational basis, but subject to the general oversight of the Trustees.

Although Investment Reserves are held for the benefit of individual General (Unrestricted) and Specific (Restricted) Funds, they are held in separate Community Health Partnership (CHP), University Hospitals Division (UHD) Divisional Investment Reserve Funds, or Area Headquarters Investment Reserve Accounts until such time as the Trustees may deem it appropriate for part or all of the reserves to be distributed to individual Funds.

General (Unrestricted) Funds exist for each hospital or group of hospitals in Lothian to hold donations where the donor has made the donation for the benefit of an individual hospital or group of hospitals but not specified how the Funds are to be expended. In these circumstances, the Trustees use their discretion in deciding how to use these Funds.

There are many individual Specific (Restricted) Funds where the donor has expressed a wish as to how the donation is to be used. Typical uses are research, patient amenities and equipment.

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12. Material donations, legacies or grants

Details of all individual donations, legacies or grants of over £50,000 are listed below.

Donation /Grant endowed to	Donor/Legator/Grantor	Purpose	Amount £000
Western General Hospital	Walk the Walk	Breast Cancer Institute Fund	1,000
Western General Hospital	Mrs A Douglas, deceased	Neurosurgical Surgery Fund	90
Western General & RIE	Alexander R Frederick, deceased	Oncology Department (WGH) and heart patients (RIE)	105
Western General & RIE	Mrs Jean Veitch, deceased	Rheumatic Diseases Unit (WGH) and Diabetic outpatients Department (RIE)	165
RHSC Edinburgh	Mr Kenneth T Waite, deceased	General hospital funds	83
RHSC Edinburgh	Mrs Frances Harding's Trust	General hospital funds	90
Roodlands Hospital, Haddington and Belhaven Hospital, Dunbar	Miss Charlotte Manderson's Trust	General hospital funds	<u>119</u>
TOTAL			<u>1,652</u>

13. Related party transactions

The Trustees are all executive or non-executive members of Lothian Health Board. There were no transactions with the Trustees or their related organisations during the year other than with Lothian Health Board. All of the charity's transactions are related to Lothian Health Board therefore no further disclosure is required.

