

Edinburgh & Lothians Health Foundation  
Trustees' Annual Report and Financial Statements  
Year Ended 31<sup>st</sup> March 2012

# Edinburgh & Lothians Health Foundation



**Scottish charity number: SC007342**



Trustees' Annual  
Report and  
Financial Statements  
Year Ended: 31<sup>st</sup> March 2012

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*(Front Picture: A chemotherapy patient receiving complimentary massage therapy funded by the Foundation)*

## Chairman's Welcome

The Edinburgh & Lothians Health Foundation aims to improve the physical and mental health of the people of Lothian, in particular to support projects and initiatives not normally funded by the health service.

This year, despite a difficult economic climate, the Foundation has greatly increased its level of financial support to a diverse programme of new projects, and in addition turned its attention to improving the governance under which it will continue to offer such support in years to come.

During the year, the Foundation committed £5.4m in grants, funding new facilities, state-of-the-art medical equipment and technologies, clinical research and development, education, and patient, carer and staff amenities. A particular highlight was the £1.5m refurbishment of the Breast Cancer Facilities at the Western General Hospital which was thanks to a very generous donation from Walk the Walk charity.

In 2011, the Foundation completed the final stage of a strategic review of its governance structures, including a successful conclusion to OSCR's review of its charitable status. The Trustees made a confident start to the transition process, and our intention is to continue to develop and improve our governance structures and management, thereby creating a solid basis from which to evolve as both an influential strategic grantmaker, and a charity with a broad capacity for fundraising.

This year also saw the launch of the Foundation's Grants Programme, and the response to our call for funding applications was immense: the Foundation will be funding nearly fifty exciting new projects in 2012/13.

As part of a process of becoming more welcoming and open to supporters of the Foundation, we have also produced the first (separately published) Impact Report this year, which gives a brief overview of the Foundation's work, through the eyes of our beneficiaries and partners. This will be available on request from the Foundation office or on-line.

The Trustees are grateful to the support and close links that we have with NHS Lothian, in particular the large body of Fund Stewards whose support ensures that the donated charitable funds are managed and disbursed effectively in line with our charitable purpose.

On behalf of the Trustees, I would like to express our thanks to the Chairs and members of the three new advisory committees which serve the Trustees in the areas of Funds, Finance and Grants. Their commitment to the work of the Foundation during this period of development is gratefully acknowledged.

Thanks also go to the Foundation's small office support team for all their hard work during the year.

Last but most importantly of all, the Trustees would like to thank those countless individuals who have donated to the work of the Foundation during the past year.

Charles Winstanley  
Chairman of Trustees  
Edinburgh & Lothians Health Foundation

# TRUSTEES' REPORT

## Strategic Objectives and Activities

The Foundation's charitable purpose 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 continuing their strategic development of the Foundation following a detailed review. Whilst Governance, Organisational and Operational Frameworks and Disbursement policies have been substantially addressed, substantial work remains to be implemented over the coming financial year in the areas of Investment Policy, Fundraising and engagement of Stakeholders in the Funds re-configuration agenda.

# TRUSTEES' REPORT

## Financial Review

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

Donations fall into two categories: *General (Unrestricted) Funds*, hold donations where people don't specify how they would like to see their donation spent, and *Specific (Restricted) 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.

The total value of the Foundation net assets at 31 March 2012 was £63,804,000 (2011: £65,042,000). Overall net assets decreased by £1,238,000 with a net loss on the valuation of market investments of £1,338,000.

In 2011/12, the Board received voluntary income of £365,000 (2010/11: £394,000) for the Board's General Funds and £2,923,000 (2010/11: £2,846,000) for Specific Funds respectively.

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

During the year, the Foundation incurred charitable expenditure of £884,000 (2010/11: £946,000) in respect of General Funds, and £4,349,000 (2010/11: £2,296,000) in respect of Specific Funds. Details of the expenditure

incurred within the year are included in note 4 of the accounts. The total increase reflected the amount expended on capital projects; in particular the improved Cancer ward facilities at the Western General Hospital which cost £1.5m. Details of the costs included within each category of expenditure are as follows:

### **Building, Engineering & Equipment £1,885,000**

This category includes a £1.5m upgrade of cancer ward facilities at the Western General hospital, 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 £823,000**

Many research projects are funded by grants from the Foundation, from both General Funds and Specific Funds which have the purpose of research. This category includes £262,000 (2010/11: £534,000) for salaries of 10 (2010/11: 13) full-time and 11 (2010/11: 22) part-time staff involved in research projects, and £176,000 (2010/11-£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 £267,000 (2010/11: £249,000) 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.

## TRUSTEES' REPORT

### Patient & Staff Environment

#### £2,525,000

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. £937,000 (2010/11 : £488,000) 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. £95,000 (2010/11: £165,000) of financial support was provided for the Lothian Health Archive Service.

### Major Specific Funds and how money was spent in 2011/12

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 (i.e. those of a value during the year > £100,000) give a flavour of the variety and scale of the work the funding supports.

#### Chemotherapy

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 alongside developing plans for integration with Haematology outpatients.

#### St. Johns' Hospital Coronary Care Unit

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

#### D Henderson Memorial Palliative Care

Funds were used to support patient-related care activities (including complimentary therapies)

and to support training for specialist palliative care professionals. Furnishings were also purchased to improve the environment of a relatives' room. A project has commenced support education and development needs of staff working in community hospitals and caring for palliative care patients.

#### Rheumatic Diseases Unit

During the year the fund was mainly used to facilitate education and development activities within the unit. The department is purchasing equipment and new chairs for the outpatient waiting area during 2012.

#### RIE Coronary Care Unit

The fund is used to provide equipment and amenities as required where not funded from conventional NHS sources. There were no significant calls on funds during 2011/12. The Stewards are examining imminent requirements for rehabilitation and patient comforts.

#### Heart Diseases and Others

The fund is used to support research and education activities in heart disease. There were no calls on the fund during 2011/12. Future research support plans include a study of interruptions to renal nerve connections in patients with cardiac failure and cardiac arrhythmias.

#### Breast Cancer Research

The fund supports research in the Edinburgh Breast Unit. During the year the fund supported research and secretarial support salaries.

#### Sarah Percy Breast Cancer

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. During 2011/12, the fund continued to support research salaries and educational events.

## TRUSTEES' REPORT

### **Neurology/Neuro-Oncology**

During the year, the fund continued to support research and staff education in the fields neuro oncology which lead to publications in prestigious clinical journals.

### **Edinburgh Centre for Neuro-Oncology**

The purpose of the fund is to provide support for research and education into neuro-oncology disorders and provide financial support to education and equipment needs. As set out in Note 13 to the accounts, funds were substantially enhanced during the year by a large anonymous donation and the heavily-supported Francesca Appolinari "Just-Giving" fundraising. It is intended to apply the funds raised towards the purchase, in 2012/13 of 3D intra-operative ultrasound equipment for use in brain tumour surgery.

### **Neurological Surgery**

This fund is available to support amenities for patients and their relatives and unit staff but has had no significant calls on its resources during 2011/12.

### **Jamie King Uro-Oncology**

This fund may be used to provide patient and staff amenities, supports clinical and translational research and equipment purchase. In 2011/2012, support was provided to a prostate brachytherapy study using elastography to aid treatment planning, alongside continued support for post-doctorial work in the field of Oncology physics; particularly in the field of optimising radiotherapy scheduling and delivery.

### **Radiation Oncology Unit**

The fund's purpose is to support clinical and experimental radiotherapy. During the year the

charity's funds were not called upon significantly.

### **Surgical Neurology**

During the year, there was no significant expenditure. It is planned to commit funds in 2012/13 towards the costs of ultrasound equipment and clinical research support.

### **Edinburgh Cancer Centre**

The fund benefited from the receipt of donations from the Teenage Cancer Trust which were used to purchase scalp coolers for the benefit of patients undergoing radio-therapy treatment.

### **General Oncology**

During the year, the fund supported research and education in Oncology and Oncology physics. The fund also provided financial support to refurbishments at Ward 1 at the Western General Hospital and the McMillan Cancer Information centre at the same site. Research staff salary costs were also supported.

### **Breast Cancer Institute**

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. The Breast Unit's Ward and Day case facilities were enhanced during the year including the establishment of a twin-theatre breast surgery suite.

As set out in Note 13 to the accounts, substantial funds were again received through the "Walk the Walk" charity for both this project and for a new project to upgrade Mammography facilities that improve patient comfort and improve clinic efficiency.

## TRUSTEES' REPORT

### **W&K Turnbull Coronary Care**

During the year, the fund provided support for minor improvements to staff facilities. The stewards are examining collaborative plans for the support of enhancements to cardiology services on the Western General site.

### **MacKenzie Cardiac Research**

During the year, the fund provided support for minor improvements to staff facilities. The stewards are examining collaborative plans for the support of enhancements to cardiology services on the Western General site, which may involve the consolidation of funds with similar purposes.

### **Haematology Research**

The fund continued to be used to support research and education in the field of haematological malignancies along with the associated equipment requirements. Costs in 2011/12 were mainly incurred on research support staff salary costs. Similar activities are expected in 2012/13.

### **Paul Abrahams**

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. As anticipated, the main focus of expenditure was support for researchers' salary costs.

### **Remind**

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 2011/12 were applied to the meet the costs of research conference attendance and acquisition of research materials.

### **Head and Neck Cancer Research**

As in previous years, the major expenditures were on the costs of laboratory test and other clinical consumable supplies incurred in support of research activity.

### **The Elizabeth Reid Anderson**

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. Fund was below £100k throughout year.

### **Edinburgh Parkinson's Service**

During the year, the fund supported research into Parkinson's disease and funded education for health professionals and therapists involved in the field. The fund is about to embark on supporting a nationwide project to identify biomarkers for Parkinson's disease that could lead to the development of simple tests for use as diagnostic tools. The project will also set up a database of Parkinson's disease patients.

### **Harriet Connolly Endowments**

There was no significant expenditure from the fund in 2011/12.

### **Alzheimer's & Psychogeriatric Unit**

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 research initiatives that provide benefits to patients accessing the Care of the Elderly service through informing service development. An evaluation project on the impact of older peoples' mental health service redesign on clinical outcomes and carer experience is being carried out and financially supported during 2012/13 and this work will extend into the following financial year.

### **RG Calderwood Cardiology**

The fund supports training within the paediatric cardiology department and purchases specialist



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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 2011/12.

### **Trastevere Fellowship Paediatric Pathology**

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

### **Leukaemia & Cancer**

The fund provides research and amenities' support for children with cancer or leukaemia, their families, and for the staff who treat them. In 2011/12 the fund mainly supported research salaries and research laboratory consumable costs.

### **Scottish Liver Transplant Unit**

During the year, the fund provided patient comforts, and supported staff education and research in the field of transplantation. The fund met its objective to increase expenditure during 2011/12 mainly through research programme grants support.

### **Diabetes Clinical Research**

The fund was run down during 2011/12 but from 2012/13 is being used as a vehicle for consolidation of diabetes project research funds; including the Diabetic Research Fund and the Diabetes Microvascular Research Fund.

### **Diabetic Research**

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. It has been agreed in 2012/13 that this fund will be merged, along with the Diabetes Microvascular Research Fund into a consolidated fund called the Diabetes Clinical Research Fund.

### **Diabetes Microvascular Research**

The fund helped pay for research nurse salaries during the year. The fund is being merged with funds that have similar purposes into a consolidated Diabetes Clinical Research Fund. The Stewards of the merged fund are developing plans for increased project funding, as well as ongoing education and staff development.

### **CEG Wright Renal Scanner**

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**

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 2011/12 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 and upgrade of haemodialysis facilities. The expansion is likely to be phased over the next two to five years. The most immediate requirements are for aligning the provision of

## TRUSTEES' REPORT

patient amenities over the separate dialysis sites and to support the replacement of the current dedicated renal IT systems which are approaching technical obsolescence.

### **Renal Research**

Plans for 2011/12, to complete research projects, that would lead to future funding from Medical Research Council and the private sector, were successful; with most of the research work published. Research support projects are already committed into 2012/13.

### **Brown & Ireland Estates Arthritis**

The fund was used to support research programmes in arthritis.

### **Eye Research**

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.

### **Friends Eye Care**

Support for research work has led to potentially exciting developments in stem cell treatment therapies for retinal disease. The fund plans to support the provision of patient information systems in its operating sites within the Princess Alexandra Eye Pavilion and St. John's Hospital during 2012/13.

### **Lothian University Hospitals Division Cancer Research**

During the year this fund supported cancer research in NHS Lothian. 2011/12 expenditure included the salary costs of research staff and research project grants were also made to support research in conjunction with academic

researchers in other institutions. This included work on decision support interventions for patients with colorectal cancer and malignant brain tumours.

### **Family Planning Association Training and Research**

The fund supported small project research grants and the costs of clinician attendance at educational events. Production costs of educational newsletters were also supported. Plans to support a bone density study in women using progestogen-only contraception during 2011/12 were deferred into 2012/13.

### **Child & Adolescent Mental Health Services (CAMHS)**

As detailed in Note 13 to the Accounts, the fund was a grateful recipient, towards the end of the financial year, of an anonymous donation of £0.5m and the donor has assiduously elected to "Gift Aid" the sum donated; effectively adding a further £0.125m to the funds. The service is preparing a spending plan in accordance with Foundation procedures.

### **Dorothy Melville Edinburgh Dental Institute**

This fund has arisen of a transfer out of general funds during 2011/12 following a retrospective review by the Trustees. A spending plan is being prepared.

### **Rowan Ward (Ferryfield House)**

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 therapeutic treatments for patients and minor equipment.

# TRUSTEES' REPORT

## Structure and Governance

### Governing Document

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.

All members of the NHS Board are appointed by the Scottish Ministers. Members of the NHS Board are Foundation Trustees through their role as NHS Board members.

Individual Board members, in their capacity as Foundation Trustees, 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 Foundation 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 Foundation Trustees who served throughout the year to 31 March 2012, except where otherwise disclosed, are listed on page 13. The Trustees delegated the day to day control of the charity's business to the Foundation Director, Mrs. Jane Ferguson.

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 NHS Board.

### Naming Convention

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

### Trustee Induction and Training

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

### 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. Only the Foundation's share of the Common Investment Scheme assets are included in the balance sheet under investments.

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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 regular meetings of the Finance Advisory Committee. Investment 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 £49,550,000 at 31 March 2012 of which £46,139,000 (including £168,000 representing cash awaiting investment) related to the Foundation. Taking account of the income generated, offset by the capital losses, the portfolio provided a total return of 1.2% over the year (2010/11: 8.9%).

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 3.99% over the year to 31 March 2012. Over the last three years, the portfolio has provided an annualised return of 14.92% compared to the benchmark return of 16.47%. This principally reflects specific investment policy restrictions not embedded within the benchmark.

### Reserves Policy

Levels of reserves are reviewed at least once annually by the Trustees' Finance 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 undistributed investment reserves at 31 March 2012 was £11,550,000 (31 March 2011: £12,742,000). 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 2012 the level of reserves was below this level at 18.1%.

### Funds' Governance

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 nature out of the funds. Although there is no legislative restriction on the expenditure of capital, Trustees consider very carefully any expenditure from General Funds that is in excess of anticipated annual income allocated thereto.

### Risk Management

The Trustees have an approved 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.

## TRUSTEES' REPORT

### Board of Trustees and Advisory Committees

The following served as Trustees during the financial year ending 31 March 2012:

Dr C J Winstanley, Chairman of Trustees

Cllr J Aitchison

(until 30<sup>th</sup> April 2012)

Mrs S Allan

Mr R Anderson

(until 31 May 2012)

Prof J J Barbour OBE

(until 27<sup>th</sup> April 2012)

Cllr P Edie

(until 30<sup>th</sup> April 2012)

Cllr Jacquie Bell

(until 16<sup>th</sup> June 2011))

Dr Morag Bryce

Mr R Burley MBE

(until 30<sup>th</sup> June 2012)

Cllr J Cochrane

(until 30<sup>th</sup> April 2012)

Mr T Davison

(from 30<sup>th</sup> April 2012)

Mrs T Douglas

(until 30<sup>th</sup> June 2012)

Mr E Egan

(until 30<sup>th</sup> September 2012)

Dr D Farquharson

Mrs S Goldsmith

Ms M Hornett

Prof John Iredale

Mr P Johnston

Dr A McCallum

Mrs J McDowell

Mr P McLennan

(from 30<sup>th</sup> August 2011 to 30<sup>th</sup> April 2012)

Prof P Murray

Mr W Peacock

Mr S Renwick

(until 30<sup>th</sup> June 2012)

Dr A Tierney CBE

(until 30<sup>th</sup> September 2011)

Mr G Walker

Mr I Whyte

Dr R Williams

Up to date of approval of the accounts, the following were appointed as Trustees by virtue of their office as new appointees of Lothian NHS Board:

Mr R Henderson

Mr F Toner

Mr M Ash

Mrs A Mitchell

Mr G Warner

Mr D Grant

Ms C Johnstone

Mr J Brettell

Mr R Wilson

Mr A Joyce

#### Advisory Committees

During the financial year the existing single advisory committee restructure was replaced by three new specialist committees with responsibility for specific funds, finance and grants, as follows:

**Funds Advisory Committee** reports to the Board and considers spending plans and other issues relating to the specific funds.

Dr D Farquharson (Chair)

Mr R Burley MBE

Mrs T Douglas

Dr R Williams

Dr Robin Grant (non trustee member)

Dr D Harrison (non trustee member)

**Finance Advisory Committee** reports to the Board and oversees financial governance, matters relating to internal and external audit, and investment strategy and management.

Mr G Walker (Chair)

Mrs S Goldsmith

Mr P McLennan

Mr S Renwick

Mr J Anning (Lanarkshire representative \*)

**Grants Advisory Committee** reports to the Board and allocates grant funding

Mrs S Allan (Chair)

Ms M Hornett

Mr P Johnston

Dr A McCallum

Dr C J Winstanley

Prof D Newby (non trustee member)

(\* For the purposes of the Common Investment Scheme)

# TRUSTEES' REPORT

## Fund Structure

Foundation assets are represented by General (Unrestricted) endowment funds and over eight hundred Specific (Restricted) funds, which must be used in accordance with the donors' wishes. The Foundation Trustees have commenced a process of audit of the Specific Funds to confirm appropriate classification as "restricted" and to underpin any ongoing and future proposals for re-organisation and consolidation around common purpose.

### Restricted 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).

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 Foundation Office staff.

### Unrestricted 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 funds when agreed to be distributed by the Trustees and subject to the Trustees policy on maintenance of Investment Reserve.

## TRUSTEES' REPORT

### 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 through the sub-committees or directly.

### Future prospects for the Foundation

The Foundation is continuing to develop its role in complementing NHS services in advancement of health. It is well into the process of bringing its revised governance processes on funds' stewardship, grant-making and investment management to maturity. It is in the initial stages of considering a more pro-active role in the fundraising area; although mindful of the potential competitive impact on the rest of the health-related charitable sector.

This places the Foundation in an advantageous position against a background of generic governance arrangements being developed across NHS Scotland, in preparation for consolidation of NHS related charitable funds within NHS Board accounts from financial year 2013/14.

### 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.

**By Order of the Trustees**

**Jane Ferguson**  
**Foundation Director**

24<sup>th</sup> October 2012

## Statement of Trustees' Responsibilities in respect of the Trustees' Report and Financial Statements

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), which show a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the Foundation.

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 applicable accounting standards and 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 24<sup>th</sup> October 2012.

  
-----  
Mrs S. Goldsmith, Trustee

-----  
Date 24<sup>th</sup> October 2012

  
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Dr C. J. Winstanley, Chair of Trustees

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Date 24<sup>th</sup> October 2012



# Independent Auditor's 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 2012 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 (as amended) 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 16 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 2012 and of its incoming resources and application of resources, including its surplus, for the year then ended;

## Independent Auditor's Report (continued)

- 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) 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**  
**Semple Street**  
**Edinburgh**  
**EH3 8BL**

24<sup>th</sup> October 2012

## Statement of Financial Activities

	Note	General (Unrestricted) Funds £000	Specific (Restricted) Funds £000	Total Funds 2012 £000	Total Funds 2011 £000
<b>Incoming resources</b>					
<i>Incoming resources from generated funds:</i>					
Voluntary Income	2	365	2,923	3,288	3,240
<i>Activities for generating funds:</i>	8	1,409	837	2,246	2,045
<b>Total Incoming Resources</b>		<u>1,774</u>	<u>3,760</u>	<u>5,534</u>	<u>5,285</u>
<b>Resources expended</b>					
<i>Costs of generating funds:</i>					
Investment Management Costs		61	48	109	113
Press, Publicity & Fundraising		-	-	-	47
<i>Total cost of generating funds</i>		<u>61</u>	<u>48</u>	<u>109</u>	<u>160</u>
<i>Charitable activities:</i>					
Building, Engineering & Equipment	4	55	1,830	1,885	781
Research & Education	4	234	589	823	1,363
Patient & Staff Amenities	4	<u>595</u>	<u>1,930</u>	<u>2,525</u>	<u>1,098</u>
<i>Total Direct Charitable Expenditure</i>		<u>884</u>	<u>4,349</u>	<u>5,233</u>	<u>3,242</u>
Governance Costs	3b	<u>51</u>	<u>41</u>	<u>92</u>	<u>124</u>
<b>Total Resources Expended</b>		<u>996</u>	<u>4,438</u>	<u>5,434</u>	<u>3,526</u>
<b>Net incoming / (outgoing) resources before other recognised gains and losses</b>		<u>778</u>	<u>(678)</u>	<u>100</u>	<u>1,759</u>
<b>Other recognised gains and losses</b>					
Gains / (losses) on investment assets					
- Heritable property		-	-	-	90
- Securities		<u>(769)</u>	<u>(569)</u>	<u>(1,338)</u>	<u>2,388</u>
<b>Net movement in funds</b>		9	(1,247)	(1,238)	4,237
<b>Reconciliation of Funds</b>					
Fund balances brought forward as at 01 April	12	41,947	23,095	65,042	60,805
Transfers between funds		(369)	369	-	-
<b>Fund Balances carried forward at 31 March</b>	12	<u>41,587</u>	<u>22,217</u>	<u>63,804</u>	<u>65,042</u>

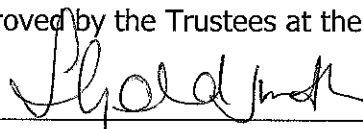
The notes on pages 22 – 31 form part of these financial statements.

Edinburgh & Lothians Health Foundation  
 Trustees' Annual Report and Financial Statements  
 Year Ended 31<sup>st</sup> March 2012

## Balance Sheet at 31<sup>st</sup> March

	Note	Total Funds 2012 £000	Total Funds 2011 £000
<b>Fixed Assets</b>			
Investments			
Securities	7b	45,971	47,443
Cash awaiting investment		168	401
Heritable property	7a	13,895	13,895
<b>Total Fixed Assets</b>		<u>60,034</u>	<u>61,739</u>
<b>Current Assets</b>			
Debtors	10	775	341
Cash at bank and in hand		3,944	3,551
<b>Total Current Assets</b>		<u>4,719</u>	<u>3,892</u>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	11	(949)	( 589)
<b>Net current assets</b>		<u>3,770</u>	<u>3,303</u>
<b>Total Assets less current liabilities</b>		<u>63,804</u>	<u>65,042</u>
<b>Financed By - Charity Fund Total</b>		<u>63,804</u>	<u>65,042</u>

The Edinburgh & Lothians Health Foundation Accounts for the year ended 31 March 2012 were approved by the Trustees at their meeting held on 24<sup>th</sup> October 2012



Mrs S. Goldsmith

*Trustee*

Date: 24<sup>th</sup> October 2012



Dr C. J. Winstanley

*Chairman of Trustees*

Date: 24<sup>th</sup> October 2012

The notes on pages 22 – 31 form part of these financial statements.

## Cash Flow Statement

	Cash Flow Note	Total Funds 2012 £000	Total Funds 2011 £000
<b>Cash outflow from operating activities</b>	1	<b>(2,220)</b>	<b>( 901)</b>
<b>Returns on investments and servicing of finance</b>			
Dividends, Interest received		1,892	1,684
Rent		354	361
Capital expenditure and financial investment:			
Net sale (purchase) of investments - Securities		134	( 513)
Heritable Properties		-	-
<b>Increase in Cash</b>	2	<u>160</u>	<u>631</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	100	1,759
Investments - Dividends, Interest	(1,892)	(1,684)
Rent & Feu duties	( 354)	( 361)
(Increase)/Decrease in debtors	(434)	125
Increase/(Decrease) in creditors	360	(740)
Net cash outflow from Operating Activities	<u>( 2,220)</u>	<u>( 901)</u>

#### 2 Analysis of Changes in Cash during year

Balance at previous 1 April	<b>3,952</b>	<b>3,321</b>
Net Cash Inflow/(Outflow)	160	631
<b>Balance at 31 March</b>	<u>4,112</u>	<u>3,952</u>

## Notes to the Accounts

### 1. Principal Accounting Policies

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, Accounting and Reporting by Charities: Charities Statement of Recommended Practice revised 2005 (SORP 2005), 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.

#### 1.2 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.

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.

#### 1.3 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.

i) 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.

## Notes to the Accounts

ii) 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.

iii) 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.

iv) 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.

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

### **Investments, properties and heritage assets**

Investments and properties are stated at market value at the balance sheet date. Properties are valued every three years by the District Valuer, and are not depreciated. The last full valuation was in March 2011.

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

Heritage assets are not included in the balance sheet at valuation as they are not held for the purposes of conservation.

### **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).

Any realised gains and losses on revaluation or disposals are combined in the Statement of Financial Activities.

### **Pensions**

The Foundation is a grant making charity and has no employees; any pension contribution or taxation 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.

## Notes to the Accounts

### 2. Analysis of Voluntary Income

	Unrestricted Funds	Restricted Funds	Total Funds 2012	Total Funds 2011
	£000	£000	£000	£000
Donations from individuals	10	1,710	1,720	1,103
Legacies	355	527	882	1,038
Grants	-	686	686	1,099
<b>Total</b>	<b>365</b>	<b>2,923</b>	<b>3,288</b>	<b>3,240</b>

Voluntary income in 2011/12 included £0.5m from the Walk the Walk charity towards the cost of a new breast theatre suite at the Western General Hospital. Note 13 shows significant individual donations, legacies and grants received during the period.

### 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

	Unrestricted Funds	Restricted Funds	Total Funds 2012	Total Funds 2011
	£000	£000	£000	£000
Endowments Office Costs:				
Salaries and related costs	123	98	221	222
Auditors' Remuneration:				
Audit Fee – External	7	6	13	10
Internal Audit	4	3	7	6
Internal Strategy Review	14	11	25	26
Rent/Post/Phone/Other	13	10	23	42
<b>Total</b>	<b>161</b>	<b>128</b>	<b>289</b>	<b>306</b>

The Endowments office costs in 2012 totalled £289,000 (2011: £306,000). This is represented principally by costs of six full time NHS Board employees (2011 – six). They work exclusively for the Foundation, providing a service Lothian Wide.

Only the newly appointed Foundation Director earned more than £60,000 per annum during 2011/12, whereas no-one exceeded the £60,000 per annum threshold in 2010/11.

No Trustee received any remuneration or expenses from the Foundation during the year. (2011 – none)  
 The total decrease in costs over 2010/11 is primarily due to the decrease in costs incurred in relation to the change of financial operating systems.



Edinburgh & Lothians Health Foundation  
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 Year Ended 31<sup>st</sup> March 2012

**3. (b) Governance Costs**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds 2012</b>	<b>Total Funds 2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Endowment Office Costs:				
Salaries Costs	20	16	36	51
Audit Fee – External	7	6	13	10
Strategic Review	14	11	25	26
Internal Audit	4	3	7	6
Rent/Post/Phone/Other	6	5	11	31
<b>Total</b>	<b>51</b>	<b>41</b>	<b>92</b>	<b>124</b>

**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.

	<b>Grant funded activity</b>	<b>Support Costs</b>	<b>2012 Total</b>	<b>2011 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>General (Unrestricted) Expenditure</b>				
Building, Engineering & Equipment	48	7	55	181
Research & Education	205	29	234	283
Patient & Staff Amenities	521	74	595	482
<b>Total</b>	<b>774</b>	<b>110</b>	<b>884</b>	<b>946</b>

## Notes to the Accounts

### 4. Analysis of Charitable Expenditure (continued)

	Grant funded activity	Support Costs	2012 Total	2011 Total
Specific (Restricted) Expenditure	£000	£000	£000	£000
Building, Engineering & Equipment	1,794	36	1830	600
Research & Education	577	12	589	1,080
Patient & Staff Amenities	1,891	39	1,930	616
<b>Total</b>	<b>4,262</b>	<b>87</b>	<b>4,349</b>	<b>2,296</b>

### 5. Analysis of Grants Expenditure

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 £11,970 (2010/11: £9,846)

Scott-Moncrieff received no additional fees for non-audit activities in 2011/12 (2010/11: £Nil).

### 7. Fixed Asset Investments

#### (a) Heritable Property

	2012 Total £000	2011 Total £000
Cost or Valuation brought forward	13,895	13,805
Net revaluation gain/(loss)	-	90
<b>Valuation at 31 March</b>	<b>13,895</b>	<b>13,895</b>

## 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:

	<b>2012 Total £000</b>	<b>2011 Total £000</b>
Liberton	1,950	1,950
Royal Hospital for Sick Children	10,535	10,535
Royal Infirmary of Edinburgh	1,130	1,130
Area	280	280
<b>Total</b>	<b>13,895</b>	<b>13,895</b>

#### (b) Market Investments

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

	<b>2012 Total £000</b>	<b>2011 Total £000</b>
Market value brought forward	44,443	44,542
Acquisitions at cost	11,894	10,549
Disposals at carrying value	(12,086)	(10,551)
Net (loss) /profit (loss) on revaluation	(1,280)	2,903
<b>Market value carried forward</b>	<b>45,971</b>	<b>47,443</b>
<b>Historic cost as at 31 March 2012</b>	<b>39,612</b>	<b>38,184</b>

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.

	<b>2012 Total £000</b>	<b>2011 Total £000</b>
UK Investments listed on a recognised stock exchange		
- Fixed interest securities	9,403	8,443
- Equities/investment trusts	25,724	26,620
Non-UK Investments listed on a recognised stock exchange		
- Equities/investment trusts	10,844	12,380
<b>Total</b>	<b>45,971</b>	<b>47,443</b>

At 31<sup>st</sup> March 2012 5.08% of the total market value of the investment portfolio was represented by BNY Mellon Liquidity funds. No individual investment represented more than 5% of the portfolio in 2010/11.

## Notes to the Accounts

### 8. Activities for Generating Funds

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
(a) Rental income on property	354	361

(b) Gross investment income from investments held in UK

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Fixed asset equity investments	1,880	1,672
Current asset investments	12	12
<b>Total</b>	<b>1,892</b>	<b>1,684</b>

### 9. Heritage Assets

The Foundation possesses an inventory of historical and contemporary artworks and other minor collectables which are not held for the purposes of conservation but to promote the use of arts and heritage as a therapeutic component of improving health and wellbeing for patients and visitors to NHS premises. At 31<sup>st</sup> March 2012, the latest available valuation (as at April 2009) of the inventory was approximately £412,000.

### 10. Debtors

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Tax recoverable	2	4
Prepayment & Accrued income	773	337
<b>Total</b>	<b>775</b>	<b>341</b>

### 11. Creditors – amounts falling due within one year

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Trade Payables	98	126
Accruals	851	463
<b>Total</b>	<b>949</b>	<b>589</b>

## Notes to the Accounts

### 12. Analysis of Specific Funds

Hospital Specific Funds >£100k	Balance B/fwd £000	Receipts £000	Payments £000	Transfer £000	Gains/ Losses £000	Balance at 31/3/2012 £000
<b>St John's Hospital at Howden:</b>						
Coronary Care Unit	85	3	60	(28)		-
Chemotherapy	132	27	29			130
D Henderson	135	39	35			139
<b>Ferryfield House:</b>						
Specific Wards	87	3	11	(79)		-
<b>Roodlands Hospital:</b>						
Harriet Connolly	162	5	1			166
<b>Royal Edinburgh Hospital:</b>						
Alzheimer's & Psychogeriatric Unit Research	111	4	1			114
<b>Princess Alexandra Eye Pavilion:</b>						
Eye Research	101	12	22	(91)		-
Friends' Eye Care	125	12	18			119
<b>Royal Hospital for Sick Children:</b>						
RG Calderwood Cardiology	182	8	2			188
Trastevere Fellowship	106	5	3			108
Leukaemia & Cancer	296	18	43			271
<b>Royal Victoria Hospital:</b>						
Edinburgh Parkinson's Service	119	5	16			108
<b>Royal Infirmary of Edinburgh:</b>						
CEG Wright	239	9	2			246
Scottish Liver Transplant Unit	171	41	36			176
Diabetes Clinical Research	87	4	91			-
Diabetic Research & Amenities	575	23	23			575
Diabetes Micro-vascular Research	118	5	13			110
Medical Renal Unit	480	23	6			497
Brown & Ireland Estates Arthritis	124	4	36	(92)		-
Renal Research	187	17	51			153
Family Planning Training & Research	101	5	6			100
Heart Diseases and Others	-	-	-	102		102
Coronary Care Unit	128	6	1			133
<b>Western General Hospital:</b>						
Jamie King	147	38	43			142
Rheumatic Diseases Unit	250	11	5			256
Breast Cancer Research	88	7	13	(82)		-
Sarah Percy Breast Cancer	236	16	28			224
Edinburgh Cancer Centre	135	148	148			135
Neurology/Neuro-oncology	101	2	54	(49)		-
Radiation Oncology Unit	156	6	1			161
Surgical Neurology	151	22	1			172
Edinburgh Centre for Neuro-Oncology	-	-	-	266		266
Neurological Surgery	-	-	-	118		118
General Oncology Department	1,503	108	397			1,214
Breast Cancer Institute	1,395	745	1,775			365
Wilson & Kathleen Turnbull Coronary Care	234	9	4			239
MacKenzie Cardiac Research	100	14	33	(81)		-
Haematology Research	418	24	82			360
Paul Abrahams Molecular Laboratory	132	5	54	(83)		-
Remind	121	6	6			121
Elizabeth Reid-Anderson	92	4	31	(65)		-
<b>Total Hospital Specific funds &gt;£100,000</b>	<b>9,110</b>	<b>1,443</b>	<b>3,181</b>	<b>(164)</b>	<b>-</b>	<b>7,208</b>

## Notes to the Accounts

### 12. Analysis of Specific Funds (continued)

	Balance B/fwd	Receipts	Payments	Transfer	Gains/ Losses	Balance at 31/3/2012
	£000	£000	£000	£000	£000	£000
<b>Division-wide Specific funds &gt; £100k:</b>						
Cancer Research	721	31	137			615
Child & Adolescent Mental Health Services (CAMHS)	3	625	-			628
Dorothy Melville Edinburgh Dental Institute	-	5	2	369		372
Other Specific Funds less than £100,000	7,543	1,459	1,078	159		8,083
Share of Undistributed Investment Reserves	5,718	197	40	5	(569)	5,311
<b>Total Division-wide Specific Funds &gt;£100k</b>	<b>13,985</b>	<b>2,317</b>	<b>1,257</b>	<b>533</b>	<b>(569)</b>	<b>15,009</b>
<b>Total Hospital &amp; Division-wide Specific Funds</b>	<b>23,095</b>	<b>3,760</b>	<b>4,438</b>	<b>369</b>	<b>(569)</b>	<b>22,217</b>

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 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.

#### Transfers

On 26<sup>th</sup> October 2011, Trustees approved the re-designation of a general fund donation into a specific fund entitled the Dorothy Melville Edinburgh Dental Institute Fund. A sum of £369,000 was transferred into Specific Funds. Other individual transfers recorded within Specific funds of > £100,000 relate to funds moving above or below the value threshold during the course of the period.

## Notes to the Accounts

### 13. Material donations, legacies or grants

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

Donation /Grant to:	Donor/Legator/Grantor	Purpose	Amount £000
Western General Hospital	Walk the Walk	Breast Cancer Institute Fund	500
Western General Hospital	Walk the Walk	Breast Cancer Institute Fund	150
Western General Hospital	Francesca Appolinari	Edinburgh Centre for Neuro- Oncology Fund	56
Western General Hospital	Miss Catherine C Farquharson, deceased	Breast Cancer Institute Fund	55
Western General Hospital	Anonymous	Breast Cancer Institute Fund	50
Western General Hospital	Walk the Walk	Edinburgh Cancer Centre Fund	88
Western General Hospital	Anonymous	Edinburgh Centre for Neuro- Oncology Fund	50
RHSC Edinburgh	Mr William A N Dougall, deceased	General hospital funds	157
Royal Edinburgh Hospital	Anonymous	Child & Adolescent Mental Health Services Research and Self Help Fund	500
<b>TOTAL</b>			<b>1,606</b>

### 14. 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.

### 15. Analysis of Net Assets across Funds

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 March 2012 £'000	Total 31 March 2011 £'000
Tangible assets	13,895	-	13,895	13,895
Investments	25,300	20,839	46,139	47,844
Net Current Assets	2,392	1,378	3,770	3,303
Net Assets as 31/03/2012	41,587	22,217	63,804	65,042

## Administration, Staff and Advisors

### **Edinburgh & Lothians Health Foundation**

Common name of Lothian Health Board Endowment Fund  
Scottish Charity Registration number SC007342

### **Registered office**

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

**Foundation Director : Jane Ferguson**

### **Advisors**

#### **Bankers**

The Royal Bank of Scotland plc  
*Commercial Banking*  
1<sup>st</sup> Floor, Gemini Building  
24-25 St Andrew Square  
Edinburgh  
EH2 1AF

#### **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