

# Trustees' Annual Report and Financial Statements

Edinburgh & Lothians  
**Health Foundation**

Year Ended: 31st March 2013



# Contents

Chairman’s Welcome .....	3
<b>Trustees Report</b>	
Strategic objectives and activities .....	4
Financial review .....	5
Foundation structure and governance .....	10
Trustees and advisory committees .....	12
Fund structure and administration .....	13
<b>Statement of trustees responsibilities</b> .....	15
<b>Independent auditor’s report</b> .....	16
<b>Financial statements</b>	
Statement of financial activities .....	17
Balance sheet .....	18
Cash flow statement .....	19
Notes to the accounts .....	20
<b>Administration, staff and advisors</b> .....	30

**Front cover:**

Consultant Neurologists Dr Robin Grant and Mr Jothy Kandasamy used funds donated to the Foundation to purchase a state-of-the-art neurosurgical intra-operative ultrasound and navigation system, the first of its kind in Scotland.

# Chairman's Welcome

**The Edinburgh and Lothians Health Foundation aims to improve the physical and mental health of the people of Scotland, in particular across Edinburgh and the Lothians, by funding projects and initiatives which are over-and-above that which the health service can provide.**

In early April 2013, it was my privilege to assume the mantle of Chair of the Edinburgh and Lothians Health Foundation. A large endowment charity with the resources and influence to bring about significant change in the improvement of health of local people, it has seen a positive transformation over the last few years, under the leadership of my predecessor Chair.

During the year, the Foundation lost many experienced Trustees, including the Chair, and I would like to take this opportunity to thank them all for their hard work during the transition period. The Foundation welcomed fourteen new Trustees during 2012/13, who have all now been fully inducted: an agreed outcome of our strategic review of governance.

In 2012/13 the Trustees committed £4.5m towards new facilities, state-of-the-art medical equipment and technologies, clinical research and development, education and staff development, and patient and carer welfare and amenities.

Following the launch, in 2011, of the Foundation's inaugural Grants Programme, during 2012/13 the Trustees funded nearly fifty fantastic new projects that will improve the health of local people. For the first time, included among those grants was support for external, community-based health charities and projects, taking the Foundations funding right to the very heart of our communities. A small number are profiled in our Impact Report.

During 2012/13 the Trustees also launched a programme of Small Grants, aimed specifically at supporting the patients of NHS Lothian. The commitment and hard work of the Grants Advisory Committee in this immensely busy and successful year must be gratefully acknowledged.

In order to manage the endowment more proactively, the Trustees directed a review of the Foundation's investment

strategy and objectives. The Trustees accepted the recommendation of the Finance Advisory Committee to adopt a total return approach, in order to maximise the capacity and consistency of the Foundation's grantmaking. Following the end of the financial year, the investment management contract was put out to tender, a process which will conclude in late 2013.

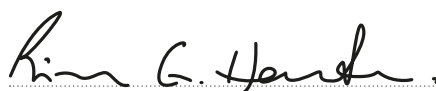
A further exciting development was the agreement of the Trustees to give capacity building support to NHS Lothian's strategy for Creativity, Arts, Health and Wellbeing. In the coming years, the Foundation will move to consolidate its support of the arts in healthcare settings, making a real difference to the patient experience.

The response to last year's inaugural Impact Report was wholly positive, and this year's report is available on request. It profiles some of the many interesting projects that the Foundation has funded during the year, told as a series of case studies which clearly articulate the positive impact of the Foundation's support.

The many fund stewards, Trustees, Advisory Committee Members, grantholders and donors are supported by a small but dedicated team, and I would like to thank them for their hard work during the past year.

Finally, the Foundation was built on the support of generations of our donors; kindness which continues to this day. On behalf of the Trustees, to all those who have donated to the work of the Foundation:

Thank you



**Brian Houston**  
Chairman of Trustees  
Edinburgh & Lothians Health Foundation

# Trustees' Report

## Strategic Objectives and Activities

### **The NHS Lothian Board is the Corporate Trustee of the Edinburgh and Lothians Health Foundation.**

The Foundation's charitable purpose is the advancement of health. This covers the improvement in the physical and mental health of the people of Scotland, in particular Edinburgh and the Lothians, 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 Specific 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 2013 was £68,556,000 (2012: £63,804,000). Overall net assets increased by £4,752,000 driven principally by a net gain on the valuation of market investments of £5,368,000.

In 2012/13, the Foundation received voluntary income of £123,000 (2011/12: £365,000) for the General Funds and £1,864,000 (2011/12: £2,923,000) 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 Foundation.

During the year, the Foundation incurred charitable expenditure of £1,942,000 (2011/12: £884,000) in respect of General Funds, and £2,696,000 (2011/12: £4,349,000) 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:

### Building, Engineering & Equipment

£529,000

This category includes a £100,000 contribution towards the upgrade of facilities at the Marie Curie Cancer Care Edinburgh Hospice and £66,000 towards the upgrade of grounds at Ferryfield House continuing care home. The balance represents 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

£2,818,000

Many research projects are funded by grants from the Foundation, from both General Funds and Specific Funds which have the purpose of research. With the transition to a grant making organisation, the Foundation no longer directly reimburses salary costs incurred for research. Instead, it contributes towards overall research project costs incurred by NHS Lothian and partner organisations such as the University of Edinburgh and City of Edinburgh Council.

Education costs include £380,000 (2011/12: £267,000) 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.

### Patient & Staff Environment

£1,215,000

Patient amenities include costs for patient socialisation, recreation, outings, Christmas parties, entertainment, comforts, toys for the children's hospital, volunteer travel costs, patient transport plus funds to support the salary costs of volunteer coordinators. £790,000 (2011/12: £937,000) was expended on patient comforts, the major items within this category being the cost of a socialisation programme in mental health, patient therapies and support costs of volunteer coordinators.

### Major Specific Funds and how money was spent in 2012/13

Following the split of merged ward funds the charity currently has approximately 700 Specific (Restricted) 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, patient comforts and treatment consumables. Future aims include replacing all patient chairs and upgrading or replacing equipment alongside developing plans for integration with Haematology outpatients.

### D Henderson Memorial Palliative Care

Funds were used to support patient-related care activities (including complementary therapies) and to support training for specialist palliative care professionals. Minor items of equipment were also purchased to improve the environment for attending patients. A project to support education and development needs of staff working in community hospitals and caring for palliative care patients was completed. The care team is looking to extend this to non-specialist staff.

### Rheumatic Diseases Unit

During the year the fund was mainly used to facilitate education and development activities within the unit.

### 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 2012/13. Following mergers with other smaller but related funds, 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 significant calls on the fund during 2012/13 and the fund was merged with the RIE Coronary Care Unit Fund.

### 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 2012/13, the fund continued to support research and clinical audit salaries and education events.

### 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. In 2012/13 expenditure was devoted substantially to two major schemes. 3D intra-operative ultrasound equipment for use in brain tumour surgery was supported by a £150,000 grant. In addition, £60,000 was committed to supporting research into tumour-associated epilepsy. The balance of expenditure related to supporting research and education activity of staff.

### 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 2012/13.

### Jamie King Uro-Oncology

This fund may be used to provide patient and staff amenities, support clinical and translational research and equipment purchase.

In 2012/13, continued support was provided for post-doctorial work in the field of Oncology Physics; particularly in the field of optimising radiotherapy scheduling and delivery. This support will continue during 2013/14.

### Radiation Oncology Unit

The fund's purpose is to support clinical and experimental radiotherapy. During 2012/13 the fund's resources were not called upon significantly.

### Surgical Neurology

During 2012/13 funds were committed towards the costs of ultrasound equipment and clinical research support into intra-operative ultrasound techniques alongside the Edinburgh Centre for Neuro-Oncology.

### Edinburgh Cancer Centre

The fund's expenditure was limited to supporting patient therapies in 2012/13.

### General Oncology

During the year, the fund supported research and education in Oncology and Oncology Physics. 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.

### W&K Turnbull Coronary Care

The stewards have progressed collaborative research projects for the support of enhancements to cardiology services on the Western General site, principally through scanning technology and technician salary cost support.

### Head & Neck Cancer Research Fund

During the year, the fund had little call on its resources. It is planned to support project research testing on patients with specific conditions during 2013/14.

### Haematology Research

The fund continued to be used to support research, clinical trial activity and education in the field of haematological malignancies along with the associated equipment requirements. Similar cost commitments are anticipated for 2013/14.

### Haematology Ward Fund

The size of the fund increased during the year due to the amalgamation with a smaller fund. Expenditure was limited to minor equipment and furnishings.

### Stroke Research & Amenities

The fund was enhanced by allocation of a significant legacy in the year which is initially envisaged to support improved technological support to patient data collection and analysis for stroke patient clinics.

### Remind

During the year, the fund supported small scale project research costs in the field of brain and central nervous systems in line with commitments of previous years.

### Edinburgh Parkinson's Service

The fund supports research into Parkinson's disease and funds education for health professionals and therapists involved in the field. Initial work to set up a Parkinson's database has not yet resulted in calls on the fund. Some minor education support equipment was purchased.

### Harriet Connolly Endowments

There was no significant expenditure from the fund in 2012/13 which is set up to provide improved patient amenities at Roodlands Hospital.

### Alzheimer's & Psychogeriatric Unit

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 was financially supported during 2012/13; this work will extend into 2013/14.

### RG Calderwood Cardiology

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 fund 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 care.

### 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. No funding requests were received by the Fund in 2012/13.

### Leukaemia & Cancer

The fund provides research and amenity support for children with cancer or leukaemia, their families, and for the staff who treat them. In 2012/13 the fund mainly supported research salaries and research consumable costs.

### Scottish Liver Transplant Unit

During the year, the fund supported an event which celebrated the 20th Anniversary of the founding of the Unit which re-united the staff with patients who have benefitted from transplantation and which boosted the profile of organ donation.

### Diabetes Clinical Research

Following the merger of the funds reported in 2011/12 accounts, and receipt of two significant legacies, a project grant was made for the support salary costs of a diabetes specialist nurse over a period of two years. A research plan has been finalised which will disburse significant funds over the next five years.

### Diabetic Research

In 2012/13 this fund was merged, along with the Diabetes Microvascular Research Fund into the Diabetes Clinical Research Fund.

### Diabetes Microvascular Research

In 2012/13 this fund was merged, along with the Diabetic Research Fund into the Diabetes Clinical Research Fund.

### Vascular Research

There were no significant calls on the fund during 2012/13. The fund supports educational and research needs of surgical staff.

### 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. The principal expenditure was on four additional dialysis machines for the Western General Hospital Dialysis Unit. The plan for the future is to support further improvements to the patient environment at the Western General site in conjunction with developing NHS Lothian plans for the facilities.

### Renal Research

The fund supported four research projects examining aspects of kidney injury and identifying therapeutic targets involved in the protection of the kidney from re-perfusion injury.

### Eye Research

The fund continued to support clinical research activity into the causes and treatment of eye disease, with a particular emphasis on limbal stem cell disorders and age-related macular degeneration. The support projects included examination of low-technology interventions for supporting the safe outdoor navigation for patients with the latter condition. Plans for the future include projects to research current untreatable eye diseases; subject to feasibility and risk assessment.

### Friends Eye Care

The fund has been used to support a number of nursing and medical staff attending educational and training events. A patient accessible website for Ophthalmology services in Lothian has been developed. Immediate plans for the future centre around equipment needs to support research and pan-Lothian patient information collation.

### Lothian University Hospitals Division Cancer Research

During the year this fund supported research project grants in conjunction with academic researchers in other institutions.

### 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.

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

The service has prepared a spending plan to enhance work with young people with psychological disorders concentrating initially on the issue of eating disorders. Initial expenditure has been committed to supporting additional psychologist input into service development, training plans and data gathering.

### Dorothy Melville Edinburgh Dental Institute

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





Dr Cruden's study into the benefits of optical coherence tomography (a precision imaging technique) has the potential to significantly improve outcomes in patients undergoing coronary angioplasty. This important study was part funded by a substantial bequest made to improve coronary care.

# 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 Board are appointed by the Scottish Ministers. Members of the Board become Trustees of the Foundation ex officio.

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.

Trustees who served throughout the year to 31 March 2013, except where otherwise disclosed, are listed on page 12. The Trustees delegated the day to day control of the Foundation'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 operating name for Lothian Health Board Endowment Fund.

### Trustee Induction and Training

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

The induction pack includes a copy of Foundation's Charter, together with a copy of the most recent Trustee Annual Report and Accounts. New Trustees are also provided with a copy of the Foundation's Operating Instructions for Specific Funds. Those Trustees who are also members of the Finance Advisory Committee are invited to an induction course on investment and an annual conference on charitable funds 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.

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 historically 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 portfolio was valued at £55,297,000 at 31 March 2013 of which £51,373,000 (including £304,000 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 15.5% over the year (2011/12: 1.2%).

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 3.9% over the year to 31 March 2013. Over the last three years, the portfolio has provided an annualised return of 8.5% compared to the benchmark return of 8.7%.

Investment policy has been subject of review during 2012/13 and the Investment Management contract is currently out to tender.

### 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 2013 was £17,008,000 (31 March 2012: £11,550,000). The level of reserves is well above the threshold of 20% of the portfolio and includes £5,684,000 of realised reserves.

### 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 2013:

Dr C J Winstanley, Chairman of Trustees (until 31 March 2013)	Mr P Johnston Cllr C Johnstone (from 1 June 2012)
Mr B Houston, Chairman of Trustees (from 15 April 2013)	Dr A McCallum Mrs J McDowell Mr P McLennan (until 30 April 2012)
Cllr J Aitchison (until 30 April 2012)	Ms A Meiklejohn (from 1 October 2012)
Mrs S Allan, MBE Mr R Anderson (until 31 May 2012)	Mrs A Mitchell (from 1 August 2012)
Mr M Ash (from 1 August 2012)	Prof P Murray (until 30 September 2012)
Prof J J Barbour OBE (until 27 April 2012)	Mr W Peacock Mr S Renwick (until 30 June 2012)
Ms K Blair (from 1 October 2012)	Cllr F Toner (from 1 June 2012)
Mr J Brettell (from 1 August 2012)	Mr G Walker Mr G Warner (from 1 August 2012)
Professor M Bryce Mr R Burley MBE (until 30 June 2012)	Mr I Whyte (until 31 October 2012)
Cllr J Cochrane (until 30 April 2012)	Dr R Williams Mr R Wilson (from 1 August 2012)
Mr T Davison (from 30 April 2012)	
Mrs T Douglas (until 30 June 2012)	
Cllr P Edie (until 30 April 2012)	
Mr E Egan (until 30 September 2012)	
Dr D Farquharson Mrs S Goldsmith Cllr D Grant (from 1 June 2012)	
Cllr R Henderson (from 1 June 2012)	
Mrs M Hornett Prof J Iredale Mr A Joyce (from 1 October 2012)	

### Advisory Committees Trustees are advised by three specialist committees:

#### Funds Advisory Committee considers spending plans and other stewardship issues relating to the specific funds:

Dr D Farquharson (Chair)  
Mr R Burley MBE  
Ms A Meiklejohn  
Ms A Mitchell  
Dr R Williams  
Dr Robin Grant (non trustee)  
Dr D Harrison (non trustee)

#### Finance Advisory Committee oversees financial governance, audit, and investment strategy and management:

Mr George Walker (Chair)  
Mrs Susan Goldsmith  
Mrs J McDowell  
Mr S Renwick  
Ms J Dent (non trustee)  
Mr J Anning (NHS Lanarkshire representative for Common Investment Scheme)

#### Grants Advisory Committee allocates grant funding.

Mrs S Allan (Chair)  
Cllr R Henderson  
Dr A McCallum  
Mrs M Hornett  
Cllr P Johnston  
Dr C J Winstanley  
Prof D Newby (non trustee)

# Trustees' Report

## Fund Structure

**Foundation assets are represented by General (Unrestricted) Funds and over seven 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". Restricted 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 steward, the steward 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 stewards

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 (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.

### Lothian NHS Endowments Office

Under a service level agreement, the Foundation Office acts on the instructions of the Trustees to administer the Foundation and maintain control of all donations made. By careful inspection of relevant information, Foundation 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

Following completion of its governance review, the Foundation is now changing the basis of its Investment Policies with adoption of a total return approach. The disposal of Newton's Private Client Investment Management business prompted a review of provision of the service through a tender process which is currently in progress, and will be complete by December 2013. This will have an impact on the pattern of income generated from Investments during 2014/15 and the overall balance between investment returns and fund management costs. In the fundraising area, capacity is being increased in anticipation of developments.

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 auditor is 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 auditor is aware of that information.

By Order of the Trustees



**Jane Ferguson**  
Foundation Director  
9th October 2013

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

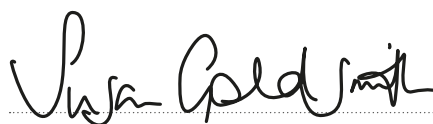
**The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which show a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the Foundation.**

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

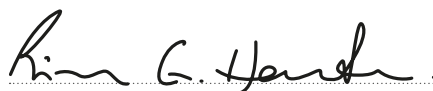
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial 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 9 October 2013.



**Mrs S. Goldsmith**  
Trustee  
9th October 2013



**Mr. Brian Houston**  
Chair of Trustees  
9th October 2013

# 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 2013 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 15 the trustees are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditor under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). These standards require us to comply with the Auditing Practices Board (APB)'s Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and

have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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 2013 and of its incoming resources and application of resources, including its surplus, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) 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

9th October 2013

# Financial Statements

## Statement of Financial Activities

	NOTE	General (unrestricted) funds £000	Specific (restricted) funds £000	Total funds 2013 £000	Total funds 2012 £000
<b>Incoming resources from generated funds</b>					
Voluntary Income	2	123	1,864	1,987	3,288
Activities for generating funds:	8	1,703	545	2,248	2,246
<b>Total Incoming Resources</b>		<b>1,826</b>	<b>2,409</b>	<b>4,235</b>	<b>5,534</b>
<b>Resources expended</b>					
<b>Costs of generating funds</b>					
Investment Management Costs		65	52	117	109
Press, Publicity & Fundraising		–	76	76	–
<b>Total cost of generating funds</b>		<b>65</b>	<b>128</b>	<b>193</b>	<b>109</b>
<b>Charitable activities</b>					
Building, Engineering & Equipment	4	128	401	529	1,885
Research & Education	4	1,086	1,732	2,818	823
Patient & Staff Amenities	4	728	487	1,215	2,525
<b>Total Direct Charitable Expenditure</b>		<b>1,942</b>	<b>2,620</b>	<b>4,562</b>	<b>5,233</b>
Governance Costs	3b	54	42	96	92
<b>Total Resources Expended</b>		<b>2,061</b>	<b>2,790</b>	<b>4,851</b>	<b>5,434</b>
<b>Net incoming / (outgoing) resources before other recognised gains and losses</b>		<b>(235)</b>	<b>(381)</b>	<b>(616)</b>	<b>100</b>
<b>Other recognised gains and losses</b>					
<b>Gains / (losses) on investment assets</b>					
– Securities		2,969	2,399	5,368	(1,338)
<b>Net movement in funds</b>		<b>2,734</b>	<b>2,018</b>	<b>4,752</b>	<b>(1,238)</b>
<b>Reconciliation of Funds</b>					
Fund balances brought forward as at 01 April	12	41,587	22,217	63,804	65,042
Transfers between funds		(33)	33	–	–
<b>Fund Balances carried forward at 31 March</b>	<b>12</b>	<b>44,288</b>	<b>24,268</b>	<b>68,556</b>	<b>63,804</b>

The notes on pages 20-29 form part of these financial statements.

# Financial Statements

## Balance Sheet at 31st March

		Total funds 2013	Total funds 2012
	NOTE	£000	£000
<b>Fixed Assets</b>			
<b>Investments</b>			
Securities	7b	51,069	45,971
Cash awaiting investment		304	168
Heritable property	7a	13,895	13,895
<b>Total Fixed Assets</b>		<b>65,268</b>	<b>60,034</b>
<b>Total Fixed Assets</b>		<b>65,268</b>	<b>60,034</b>
<b>Current Assets</b>			
Debtors	10	324	775
Cash at bank and in hand		4,157	3,944
<b>Total Current Assets</b>		<b>4,481</b>	<b>4,719</b>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	11	(1,193)	(949)
<b>Net current assets</b>		<b>3,288</b>	<b>3,770</b>
<b>Total Assets less current liabilities</b>		<b>68,556</b>	<b>63,804</b>
<b>Financed By – Charity Fund Total</b>		<b>68,556</b>	<b>63,804</b>

The notes on pages 20-29 form part of these financial statements.

The Edinburgh & Lothians Health Foundation Accounts for the year ended 31 March 2013 were approved by the Trustees at their meeting held on 9th October 2013



**Mrs Susan Goldsmith**  
Trustee  
9th October 2013

**Mr Brian Houston**  
Chairman of Trustees  
9th October 2013



# Financial Statements

## Cash Flow Statement

		Total funds 2013	Total funds 2012
	NOTE	£000	£000
<b>Cash outflow from operating activities</b>	1	(2,167)	(2,220)
<b>Returns on investments and servicing of finance</b>			
Dividends, Interest received		1,902	1,892
Rent		346	354
<b>Capital expenditure and financial investment</b>			
<b>Net sale (purchase) of investments</b>			
– Securities		268	134
– Heritable Properties		–	–
<b>Increase in Cash</b>	2	<b>349</b>	<b>160</b>

### 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	(616)	100
Investments – Dividends, Interest	(1,902)	(1,892)
Rent & Feu duties	(346)	(354)
Decrease/(Increase) in debtors	453	(434)
Increase/(Decrease) in creditors	244	360
<b>Net cash outflow from Operating Activities</b>	<b>( 2,167)</b>	<b>(2,220)</b>

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

Balance at previous 1 April	4,112	3,952
Net Cash Inflow/(Outflow)	349	160
<b>Balance at 31 March</b>	<b>4,461</b>	<b>4,112</b>

# Financial Statements

## 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.

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.

## 2 ANALYSIS OF VOLUNTARY INCOME

	General (unrestricted) funds	Specific (restricted) funds	Total funds 2013	Total funds 2012
	£000	£000	£000	£000
Donations from individuals	12	994	1,006	1,720
Legacies	111	806	917	882
Grants	–	64	64	686
<b>Total</b>	<b>123</b>	<b>1,864</b>	<b>1,987</b>	<b>3,288</b>

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

	General (unrestricted) funds	Specific (restricted) funds	Total funds 2013	Total funds 2012
	£000	£000	£000	£000
<b>Endowments Office Costs:</b>				
Salaries and related costs	124	101	225	221
<b>Auditors' Remuneration:</b>				
Audit Fee – External	7	6	13	13
Internal Audit	5	4	9	7
Internal Strategy Review	10	8	18	25
Rent/Post/Phone/Other	27	22	49	23
<b>Total</b>	<b>173</b>	<b>141</b>	<b>314</b>	<b>289</b>

The Endowments office costs in 2012/13 totaled £314,000 (2011/12: £289,000). This is represented principally by costs of six full time NHS Board employees (2011/12 – six). They work exclusively for the Foundation, providing a service Lothian Wide.

£75,000 - £80,000 (2011/12 - £65,000 - £70,000).

No Trustee received any remuneration or expenses from the Foundation during the year (2011/12 – none). The total increase in costs over 2011/12 is primarily due to the investment in grant administration and financial reporting systems.

Only the Foundation Director earned more than £60,000 per annum during 2012/13, being in receipt of salary in the band

#### 3.(b) Governance Costs

	General (unrestricted) funds	Specific (restricted) funds	Total funds 2013	Total funds 2012
	£000	£000	£000	£000
<b>Endowments Office Costs:</b>				
Salaries and related costs	19	15	34	36
Audit Fee – External	7	6	13	13
Strategic Review	10	7	17	25
Internal Audit	5	4	9	7
Rent/Post/Phone/Other	13	10	23	11
<b>Total</b>	<b>54</b>	<b>42</b>	<b>96</b>	<b>92</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.

	General (unrestricted) funds	Specific (restricted) funds	Total funds 2013	Total funds 2012
	£000	£000	£000	£000
<b>General (Unrestricted) Expenditure</b>				
Building, Engineering & Equipment	119	9	128	55
Research & Education	1,012	74	1,086	234
Patient & Staff Amenities	678	50	728	595
<b>Total</b>	<b>1,809</b>	<b>133</b>	<b>1,942</b>	<b>884</b>
<b>Specific (Restricted) Expenditure</b>				
Building, Engineering & Equipment	384	17	401	1,830
Research & Education	1,660	72	1,732	589
Patient & Staff Amenities	467	20	487	1,930
<b>Total</b>	<b>2,511</b>	<b>109</b>	<b>2,620</b>	<b>4,349</b>

#### 5. ANALYSIS OF GRANTS EXPENDITURE

The Foundation 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 stewards approved by the Trustees, individual grants are not made by the Foundation Trustees. Instead the steward incurs expenses based upon the purposes of that fund and therefore individual grants are not recorded.

#### 6. AUDITORS REMUNERATION

The external audit costs were £12,702 (2011/12: £11,970)

Scott-Moncrieff received no additional fees for non-audit activities in 2012/13 (2011/12: £Nil).



## 7. FIXED ASSET INVESTMENTS

### 7.(a) Heritable Property

	Total funds 2013	Total funds 2012
	£000	£000
Cost or Valuation brought forward	13,895	13,895
Net revaluation gain/(loss)	–	–
<b>Total</b>	<b>13,895</b>	<b>13,895</b>

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

	Total funds 2013	Total funds 2012
	£000	£000
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>

### 7.(b) Market Investments

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

	Total funds 2013	Total funds 2012
	£000	£000
Market value brought forward	45,971	47,443
Acquisitions at cost	11,338	11,894
Disposals at carrying value	(11,564)	(12,086)
Net profit / (loss) on revaluation	5,324	(1,280)
<b>Market value carried forward</b>	<b>51,069</b>	<b>45,971</b>
<b>Historic cost as at 31 March 2013</b>	<b>40,165</b>	<b>39,612</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.

	Total funds 2013	Total funds 2012
	£000	£000
<b>UK Investments listed on a recognised stock exchange</b>		
– Fixed interest securities	8,448	9,403
– Equities/investment trusts	26,567	25,724
<b>Non-UK Investments listed on a recognised stock exchange</b>		
– Equities/investment trusts	14,382	10,844
– Fixed interest securities	1,672	–
<b>Total</b>	<b>51,069</b>	<b>45,971</b>

No individual investment exceeded 5% of the total market value of the investment portfolio at 31 March 2013. At 31 March 2012, 5.08% of the total market value of the investment portfolio was represented by BNY Mellon Liquidity funds.

## 8. ACTIVITIES FOR GENERATING FUNDS

	2013	2012
	£000	£000
<b>A</b>		
– Rental income on property	346	354
<b>B – Gross investment income from investments held in UK</b>		
– Fixed asset equity investments	1,890	1,880
– Current asset investments	12	12
<b>Total</b>	<b>1,902</b>	<b>1,892</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 March 2013, the latest available valuation (as at April 2009) of the inventory was approximately £412,000.

## 10. DEBTORS

	2013	2012
	£000	£000
Tax recoverable	1	2
Prepayment & Accrued income	323	773
<b>Total</b>	<b>324</b>	<b>775</b>

## 11. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£000	£000
Trade Payables	43	98
Accruals	1,150	851
<b>Total</b>	<b>1,193</b>	<b>949</b>

## 12 ANALYSIS OF SPECIFIC FUNDS

Hospital Specific Funds >£100k	Balance B/fwd	Receipts	Payments	Transfer In/(out)	Gains/ (Losses)	Balance at 31/3/2013
	£000	£000	£000	£000	£000	£000
<b>St John's Hospital at Howden:</b>						
Chemotherapy	130	38	32			136
D Henderson	139	58	33			164
<b>Roodlands Hospital:</b>						
Harriet Connolly	166	4	5			165
<b>Royal Edinburgh Hospital:</b>						
Alzheimer's & Psychogeriatric Unit Research	114	1	105	(10)		–
<b>Princess Alexandra Eye Pavilion:</b>						
Friends' Eye Care	119	20	24			115
Eye Research Fund	–	137	76	71		132
<b>Royal Hospital for Sick Children:</b>						
RG Calderwood Cardiology	188	5	3			190
Trastevere Fellowship	108	3	1			110
Leukaemia & Cancer	271	13	15			269
<b>Royal Victoria Hospital:</b>						
Edinburgh Parkinson's Service	108	2	6			104
<b>Royal Infirmary of Edinburgh:</b>						
CEG Wright	246	6	2			250
Scottish Liver Transplant Unit	176	44	41			179
Diabetic Research & Amenities	575	–	–	(575)		–
Diabetes Micro-vascular Research	110	–	–	(110)		–
Diabetes Clinical Research Fund	–	583	98	685		1,170
Vascular Research Fund	–	18	2	93		109
Medical Renal Unit	497	76	68	1		506
Renal Research	153	6	34			125
Family Planning Training & Research	100	24	25	(99)		–
Heart Diseases and Others	102			(102)		–
Coronary Care Unit	133	6	2	151		288
<b>Western General Hospital:</b>						
Jamie King	142	16	6	7		159
Rheumatic Diseases Unit	256	6	28			234
Sarah Percy Breast Cancer	224	6	24			206
Edinburgh Cancer Centre	135	20	5			150
Radiation Oncology Unit	161	4	2			163
Surgical Neurology	172	5	55			122
Edinburgh Centre for Neuro-Oncology	266	56	245	69		146
Neurological Surgery	118	3	1			120
General Oncology Department	1,214	96	243	(9)		1,058
Breast Cancer Institute	365	50	79			336
Head & Neck Cancer Research Fund	–			123		123
Wilson & Kathleen Turnbull Coronary Care	239	6	31	1		215
Haematology Research	360	14	74	33		333
Haematology Ward Fund	–	9	3	107		113
Remind	121	17	24			114
Stroke Research & Amenities Fund	–	140	12	96		224
<b>Total Hospital Specific funds &gt;£100,000</b>	<b>7,208</b>	<b>1,492</b>	<b>1,404</b>	<b>532</b>	<b>–</b>	<b>7,828</b>

Division-wide Specific Funds > £100k:	Balance B/fwd	Receipts	Payments	Transfer In/(out)	Gains/ (Losses)	Balance at 31/3/2013
	£000	£000	£000	£000	£000	£000
Cancer Research	615	14	150	59		538
Child & Adolescent Mental Health Services (CAMHS)	628	15	68			575
Dorothy Melville Edinburgh Dental Institute	372	9	3			378
Share of Undistributed Investment Reserves	5,311	136	51		2,399	7,795
<b>Total Division-wide Specific Funds &gt;£100k</b>	<b>6,926</b>	<b>174</b>	<b>272</b>	<b>59</b>	<b>2,399</b>	<b>9,286</b>
Other Specific Funds less than £100,000	8,083	743	1,114	(558)	–	7,154
<b>Total Hospital &amp; Division-wide Specific Funds</b>	<b>22,217</b>	<b>2,409</b>	<b>2,790</b>	<b>33</b>	<b>2,399</b>	<b>24,268</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 stewards 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

The principal transfer in year into Specific funds was £59,060 into the Division-wide Cancer research fund out of General funds in respect of clarification of intentions on an historic legacy.

## 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
Royal Infirmary of Edinburgh	D. Penney, deceased	Diabetes Clinical Research	320
Royal Infirmary of Edinburgh	I.W. Dunnett, deceased	Diabetes Clinical Research	231
Royal Infirmary of Edinburgh	Miss J. C. Russell, deceased	Orthopaedics	52
RHSC Edinburgh	Miss J. C. Russell, deceased	Childrens' services	52
Royal Infirmary of Edinburgh	Miss Gates, deceased	Medical Renal Unit Fund	59
Western General Hospital	Ms M.E. Nish, deceased	General Oncology Fund	68
Western General Hospital	Mr. K. Graham	Lyda Henderson Travel Fellowships	80
<b>Total</b>			<b>862</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. The charity's grant making transactions remitted to Lothian Health Board in

2012/13 amounted to £1,299,000. As stated in note 3(a) the Foundation administrative support costs consist mainly of staff on Lothian NHS Board employment contracts with a cost of £225,000 which was charged by the Health Board.

## 15. ANALYSIS OF NET ASSETS ACROSS FUNDS

	Unrestricted Funds	Restricted Funds	Total 31 March 2013	Total 31 March 2012
	£000	£000	£000	£000
Tangible assets	13,895	–	13,895	13,895
Investments	28,197	23,176	51,373	46,139
Net Current Assets	2,196	1,092	3,288	3,770
<b>Net Assets as 31/03/2013</b>	<b>44,288</b>	<b>24,268</b>	<b>68,556</b>	<b>63,804</b>



# Administration, Staff and Advisors

## EDINBURGH & LOTHIAN HEALTH FOUNDATION

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

### Registered office

Waverley Gate  
2-4 Waterloo Place  
Edinburgh  
EH1 3EG

### Foundation Director

Jane Ferguson

## ADVISORS

### Bankers

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

### External Auditors

Scott Moncrieff  
Chartered Accountant  
Exchange Place 3  
Sample Street  
Edinburgh  
EH3 8BL

### Investment Managers

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



Allan Ramsay's portrait of John, 2<sup>nd</sup> Earl of Hopetoun, currently on loan to the National Portrait Gallery. It depicts the man who, as one of the founding governors of the Edinburgh Infirmary, was also its single most important benefactor.



Edinburgh & Lothians  
**Health Foundation**

**Registered Office:**  
Waverley Gate, 2-4 Waterloo Place,  
Edinburgh, EH1 3EG

**Telephone:**  
0131 465 5850

**Email:**  
endowments@nhslothian.scot.nhs.uk

**Scottish Registered Charity No:**  
SC007342

**The Annual Report & Accounts for  
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are available from our registered  
offices or at:**

[www.elhf.co.uk](http://www.elhf.co.uk)

**Photography:**  
[robmcDougall.com](http://robmcDougall.com)

**Design:**  
[bloodybigspider.com](http://bloodybigspider.com)