



**Borders Health Board
Endowment Funds
(known as "the difference")
Annual Report and Accounts**

2017-2018

NHS Borders
Newstead
MELROSE
Roxburghshire
TD6 9DA

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BORDERS HEALTH BOARD
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**BORDERS HEALTH BOARD ENDOWMENT FUNDS
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REPORT OF THE TRUSTEES**

Report of the Trustees for the year ended 31st March 2018

The Trustees present their annual report and accounts for the year ended 31st March 2018. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charities constitution, the Charities and Trust Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and RoI published 16th July 2014.

Acknowledgements

The Trustees wish to express their gratitude to the individuals and organisations who have generously donated monies to the Endowment Fund.

Objectives and Principle Activities

Purpose

Endowment funds are held for purposes relating to health services or research within the Scottish Borders region, in line with NHS Borders Endowment Fund Charter subject to any specified directions prohibiting such expenditure which may have been issued by Scottish Ministers. No property assets are held by the Charity.

The Endowment Funds in the main comprise of donations and legacies received from patients, their relatives and the general public. Income and expenditure is monitored in total by the trustees. However, expenditure can only be incurred once an appropriate and agreed fund balance has been identified. Income generated through specific Fundraising Appeals and fundraising activities is coordinated by the Fundraising Manager. It is not NHS Borders Endowment Fund Policy to make a general grant of funds to other organisations.

The trustees have continued to work closely with the corporate trustee, NHS Borders Board, whose staff have given time and assistance in kind to support the purpose of the endowment funds.

Achievements and Performance

General

The Endowment Fund has delivered a range of benefits from charitable activities during 2017/18, these have been noted within this report across pages 3 - 6.

Fundraising

2017/18 has been a very successful year for the fundraising function with the primary fundraising objective to run a fundraising campaign to support the extension and refurbishment of the Borders Macmillan Centre within Borders General Hospital.

The campaign target was £210,000 which was to be delivered by way of a specific fundraising plan incorporating applications to trust and grant giving organisations, approaches to corporate donors and a significant public appeal. Applications to trusts and grant giving organisations as well as to other charities formed the first phase of the campaign between September and December 2017. During this time twelve approaches were made which resulted in eight successful grants totalling £76,200.

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Fundraising (continued)

The public element of the Macmillan Cancer Centre Fundraising Strategy was launched in November 2017 with the “Give us a hand, help us expand” appeal. The result was a further £40,000 raised by the end of 2017. A significant one-off donation of £100,000 in early 2018 saw the campaign target reached much sooner than expected. With the construction phase underway the fundraising team continue to work with the project team to see this exciting development through to completion which is expected by the end of 2018.

Following development over a number of years, 2017/18 saw the “Space to Grow” project create a safe and accessible garden space for in-patient mental health patients. Support from the Fundraising Function to secure community fundraising and a sizeable grant from the Postcode Local Trust enabled over £20,000 to be available to this project.

The Difference is the known as name of the NHS Borders official charity. The Difference is an affiliate member of the Association of NHS Charities and the Fundraising Manager is a member of the Institute of Fundraising.

All fundraising matters are presented directly at Board of Trustees meetings.

Charity Partners

The Endowment Fund has been supported in its work during 2017/18 by many partner charities. Support from partner charities is fundamental to the benefits which can be achieved by a number of the individual funds and projects within the Endowment Fund portfolio. The delivery of the many projects detailed within this report has been made possible by these partner charity relationships, many of which have been developed over a number of years.

Financial Review and Results for the Year

Legacies and Donations

The charity received legacies and donations throughout the year and ensures all monies received are allocated to the appropriate fund as requested. At each quarterly meeting, the Endowment Fund Board of Trustees is advised of any donations and legacies over £5,000 in value which have been received by the charity.

Details of legacies received are noted separately within the Annual Accounts.

Endowment Funds Expenditure

Endowment Funds expenditure relates to items relevant to the purpose of the Charity, predominantly patient welfare, staff training and development, and the promotion of healthcare. Outgoings are consistent with NHS Borders Guidance to Officers in the use of Endowment Funds.

Approval of expenditure must adhere to regulations contained within Borders Health Board Code of Corporate Governance specifically to the Endowment Funds Financial Scheme of Delegation.

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Fund Balances

The Endowment Funds record net income in the year of £530,177 (£780,911 in 2016/17).

The Statement of Financial Activities (Page 20) details the financial sums reported by the accounts with the following narrative being provided to support further analysis of the nature of income and expenditure reported:

Donations and Legacies

Endowment Funds have been in receipt of legacies and donations totalling £676,066 during 2017/18. The level of this income may often fluctuate and there has been an increase of 98% from the 2016/17 total of £341,150. The stewarded fundraised income is noted below and reflects the extent to which the Fundraising team supports donors across the Endowment Fund portfolio.

Fundraising Income

The level of funds stewarded by the Fundraising Team has been noted within the accounts as totalling £455,488 in 2017/18. A separate section on fundraising activities is included in this report.

Fund Expenditure

The Endowment Fund utilised charitable funding totalling £665,420 during 2017/18 to further the charitable purpose. The following specific areas have been highlighted to demonstrate where funds have been used in support of the charity's work:

Border Macmillan Cancer Centre Extension Project (£100,664)

The Borders Macmillan Cancer Centre was first opened in 2003 and provides a focus for specialist cancer services in the Scottish Borders. During 2017/18 in collaboration with Macmillan Cancer Support, the Cancer Services Clinical Team set up a multi disciplinary and stakeholder project team to develop a project to extend, reconfigure and refurbish the Cancer Centre. Working in partnership with Macmillan Cancer Support the project scope was subsequently finalised with the business case being approved by NHS Borders in August 2017. The business case reported the intended benefits of the project were an increase in the amount and flexibility of treatment space, from a safety perspective a better designated drugs preparation area, improved patient flow and overall upgrade of all areas of the centre. A Fundraising Strategy was also developed to enable the full costs of the project to be supported through charitable funds. The Fundraising Strategy was approved by the Board of Trustees at its meeting on August 2017 and the project, with an estimated total cost of £820k, was given the go ahead. Detailed planning was finalised during the autumn with the appointed construction partner on site at the end of January 2018. The project is planned to complete in November 2018. Macmillan Cancer Support very generously agreed a significant financial contribution totalling £415k towards the project.

Borders Cancer Services (£68,146)

The Borders Cancer Services fund includes the costs incurred by the Evelyn Sutherland Clinical Nurse Specialist, this post was appointed to in January 2017 and works specifically to support patients who have a gynaecological cancer. The post is funded through a living legacy agreement with the Evelyn Sutherland Trust. The first annual report detailing the outcomes and benefits achieved through the legacy funding will be presented to the Evelyn Sutherland Trustees and shared to the Health Board, Board of Trustees during early 2018/19.

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Fund Balances (continued)

Staff Welfare expenditure (£6,287)

To reflect the continued commitment towards achieving NHS Borders 2016/19 corporate objectives to 'promote excellence in organisational behaviour' the Trustees approved funding for the 4th Celebrating Excellence Awards event on 29th April 2017. The event invites staff and members of the public to vote and 'celebrate excellence' in their local health service. The awards give recognition and appreciation for the hard-work, dedication and commitment of staff and volunteers who provide excellent NHS services. Award categories reflect the NHS Borders corporate objectives and values. The Trustees of the Endowment Fund received a full report, including recommendations of improvements for future events, at its meeting in June 2017. A number of sponsors were secured for the event and as such the final cost to the Endowment Fund was less than in previous years. It is the intention of the Trustees to continue to source sponsorship for future events.

Zambia Twinning - Staff Training & Development (update on fund transfer)

The Endowment Fund has acted as the custodian of funds received to support Borders Health Board's Twinning Agreement with St Francis Hospital in Zambia. The Health Board noted in February 2017 an Independent Charity had been set up to support the work by NHS Borders staff with St Francis Hospital. During 2017/18 the Trustees approved the transfer of funds totalling £15,852 to the Independent Charity for St Francis Hospital.

Fundraising Function

The Board of Trustees approve the annual Fundraising Plan committing the fundraising team resources against key objectives. The in year costs of the fundraising team are charged 50% across the individual restricted fund balances and 50% to the Trustees unrestricted fund. This agreement by the Trustees enables the full costs of the Fundraising Team to be covered on an annual basis. The accumulated costs totalling £106,243 arising from fundraising preparatory work on the Children and Young Peoples Centre will be considered following decision on the future proposals for the project. The accumulated costs are reported as a specific fund within the portfolio and are identified separately within note 11 of these accounts.

Palliative Care Fund (including the Margaret Kerr Unit) (£182,420)

The Palliative Care Fund holds a balance of £1,178,062 as at 31st March 2018. The fund continues to receive a significant level of donations and legacies in year totalling £595,147.

During 2016/17 work started on the future service model for Palliative Care within Borders which is intended to encompass the Margaret Kerr Unit, more extensive hospital outreach and hands on community outreach nursing services to complement current primary care provision and palliative care Clinical Nurse Specialist advisory services. NHS Borders has continued to work to review aspects of the service models for Palliative Care as detailed in the approved Clinical Strategy. The timing of approach by the Board to the Trustees to commit the significant resources available is yet to be confirmed.

The palliative care fund is supporting a number of posts linked to the redesign work including a Quality Improvement Facilitator, Psychologist and a Project Officer. In 2017/18 staffing costs totalled £45,717 relating to these posts.

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Fund Balances (continued)

Palliative Care Fund (including the Margaret Kerr Unit) (£182,420)

In addition the Nurse Consultant for the service continues to be supported in part by the Palliative Care Endowment Fund, at a cost of £32,129 in 2017/18. This post provides Patient Support and Information, Coordination of Care, Public Health and Health Promotion advice, and nursing Leadership. This role will also, along with medical input, support the development of the Borders Palliative Care Services Strategy in line with national drivers including, the Strategic Framework for Action on Palliative and End of Life Care, NHS Scotland Clinical Strategy and Realistic Medicine.

Gamma Camera (£28,346)

The NHS Borders Capital Plan for 2017/18 saw the turnkey works and commissioning of a new Gamma Camera CT within the Radiology Department of Borders General Hospital. The restricted Gamma Camera Endowment Fund was utilised to contribute to the costs of this equipment purchase. To meet the purpose of the use of endowment funds enhanced CT scanning functionality is being delivered by the replacement equipment enabling the Board to provide a full back up service to the main hospital CT scanner.

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Investment Management and Performance

In accordance with the NHS Borders Endowment Funds Written Investment Policy (WIP) the Trustees have the power to invest in such stocks, shares, investments and property in the UK as they see fit, after taking in to account any ethical considerations. Investment of funds within the Endowment Portfolio are made on a socially responsible basis and the Endowment Funds specifically does not hold investments in organisations whose main activity is the manufacture or promotion of alcohol, gambling, tobacco or armaments.

The Investment Policy (WIP) is reviewed by the Trustees on an annual basis, during 2017/18 the review was completed in March 2018.

The Endowment Fund Investment Portfolio is managed by an independent Investment Advisor, Investec Wealth and Investment Ltd. The Endowment Fund Board of Trustees direct, as per the WIP, the Investment Advisor to adopt a medium risk investment strategy based on balancing income, capital growth and reasonable risk.

The current market value of the investment portfolio is noted as £3,453,814 at 31st March 2018 with a further £64,809 held in cash. During financial year 2017/18 Investment Income generated within the portfolio from Dividend Income and Bank Interest on the cash holding was £120,769 which is equivalent to an overall income return on capital employed of 3.45%. Investment Portfolio management fees for 2017/18 were £10,935 (2016/17: £9,868) in line with the contracted fee level of 0.30%. The Trustees receive a quarterly report from the Investment Advisor with the March 2018 report noting a current quarter portfolio decrease of 4.63% relating to an inflation scare, potential trade wars and reputational impact on technology companies. The report also noted the three year position on the portfolio growth at 18.47%, net of management fees, which compares to the agreed market benchmark (Wealth Management Association - WMA) increase of 21.03%.

The Trustees, recognising the Charity supports the improvement in, and delivery of healthcare services, approved an amendment to the Investment Policy to include direction to the Investment Manager to seek investments which promote health and wellbeing activities where it is appropriate to do so.

The Board of Trustees utilise the Investment Income generated by the portfolio to support NHS Borders in the delivery of specific projects which meet the Charities purpose.

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Risk Management

The Endowment Fund operates within a governance framework which consists of three documents:

- Borders Health Board Endowment Fund Charter
- Borders Health Board Guidance for Officers in the use of Endowment Funds
- Borders Health Board Financial Operating Procedure for Endowment Funds

Adherence to the governance framework ensures the Endowment Fund complies with Charities legislation and guidance from the Office of the Scottish Charity Regulator (OSCR). These three key documents, in conjunction with NHS Borders Code of Corporate Governance, detail how decisions and approval is given regarding appropriate expenditure of the Endowment Fund.

The Board of Trustees have in place a Risk Management Policy and Risk Register for the NHS Borders Endowment Fund. The Board of Trustees review the Risk Management Policy and Risk Register on an annual basis, during 2017/18 the review was completed in March 2018.

Main Risks for the Charity

The table overleaf has been compiled to detail the main risks included in the Charities Risk Register, against each risk is a summary of the mitigating actions in place and the target risk rating as agreed by the Trustees.. The Charity currently records 2 Medium Risks and 4 Low risks on its Risk Register. The Charity does not hold any High Risks.

The Charity utilises the NHS in Scotland (NHSiS) Risk Matrix to provide risk rating for identified risks. The Risk Matrix calculates an overall risk rating based on a level of likelihood of occurrence of risk and the scale of impact of that risk if it occurs.

In recognition of the approved Fundraising Strategy for the Macmillan Cancer Centre Project the Endowment Fund risk register was updated to include the project as a current year risk. The target level for this new risk has been assessed as LOW.

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Main Risks for the Charity (continued)

Risk Heading	Mitigating actions in place	Target Risk Rating
Management and performance of the Investment Portfolio Including poor performance, loss of income and loss in value of investments linked to volatility in the Financial Markets	Approved Investment Policy Professional Investment Advisor appointed. Regular reporting and information to the Trustees relating to the Investment Portfolio performance and trading activities.	MEDIUM
Financial Governance Including inaccurate or erroneous reporting of the financial position of the Charity, inappropriate use of funds and over commitment of resources.	Endowment Fund Governance Framework in place and reviewed annually. Business Cycle to review and prioritise applications for funding including a review of available resources. External and Internal Audit review of Governance and Internal Control Frameworks.	MEDIUM
Fundraising Including not maximising fundraising opportunities to support the charitable activities, non coordination of fundraising activities, and possibility of reputation damaging charitable activities.	Use of Fundraising database software to ensure satisfactory stewardship of funds and fundraising activities. Annual Fundraising Plan. Approved Fundraising Framework including partnership working and code of conduct for fundraisers.	LOW
Compliance to Charities Legislation and Office of Scottish Charities Regulator Guidance	Endowment Fund Governance Framework in place and reviewed annually. External Auditor Annual Review and recommendations to compliance against Legislation and Recommended Practice.	LOW
Fundraising Appeal – Borders MacMillan Centre Including the potential impact on general donations due to the appeal. Ensuring management and coordination of the appeal. Achievement of successful partnership working with MacMillan Cancer Support. Delivery of project to achieve identified benefits.	Robust Business Case process. Fundraising Manager has been a member of the Project Team from the inception. Capital Planning Project Management support to coordinate the input to and requirements from key stakeholders. Formal Funding Agreement approved and in place with MacMillan Cancer Support.	LOW
Financial System Failure The Endowment Funds are transacted to and reported from the NHS in Scotland's National Finance System	Detailed National Business Continuity Plan. Detailed National Disaster Recovery Plan.	LOW

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Reserves Policies

Reserves Policy - Unrestricted Funds

Funds which are not for a specific purpose are held as unrestricted. The Board of Trustees report a balance of unrestricted funds of £772,828 as at 31st March 2018. These funds are held to cover costs and agreed routine patient/staff expenditure and can be utilised to support funding applications which are in line with the Charity's purpose.

Reserves Policy – Restricted Funds

Restricted funds comprise funds received by the Charity where conditions on their use have been imposed by the donor. Restricted funds transferred from the funds previously held by the Borders NHS Board under paragraph 26, Schedule 7A of the National Health Service (Scotland) Act 1978 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. Where clinical or support services have been redesigned or are no longer provided any related funds are reviewed and re-designated where appropriate

Designated Fund

During 2015/16 the Board of Trustees agreed to designate £1,500,000 of unrestricted funds as a contribution to the Children and Young Person's Centre Project. The Trustees agreed the designated funding would be released to the Project following approval of a Full Business Case by the Board of Trustees and by NHS Borders Board.

During 2017/18 the Health Board has increased its focus on transformational change supporting the delivery of aims outlined within the refreshed Clinical Strategy. One of the aims of the Board's Strategy includes the future service model for the Children and Young Person's Centre. The Board is also taking forward a business case for the redevelopment of the Borders General Hospital (BGH) campus which will take into consideration children's services. The timeline for finalisation of the Children and Young Person's Project has not yet been confirmed by the Health Board. Payment of the contribution will be based on an agreed phased release of investments from the investment portfolio.

Plans for Future Periods

During early 2018/19 the Endowment Fund Trustees are taking forward appropriate actions locally to address any areas identified following the recent media interest in NHS Endowment Funds and subsequent communications from Scottish Government.

Continued strong governance, transparent decision making and robust financial reporting are key priorities for the Trustees and work will be ongoing in these areas during 2018/19. Delivery in these priority areas is supported by the Business Cycle process which aims to enable prioritisation of funding applications made to the Endowment Fund. This process will continue to be managed on behalf of the Trustees by the Endowment Advisory Group (EAG) with regular reports provided to the trustees.

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Plans for Future Periods (continued)

This process ensures the Board of Trustees have the required level of information to prioritise and agree projects to be taken forward in line with the Charities purpose.

Robust governance arrangements are in place through the governance framework described within this report. The Trustees by developing and agreeing an annual fundraising plan with measured objectives ensure the fundraising team is directed to support the Charity to achieve the most significant benefit.

The Charity will continue to build on the work carried out this past year to build relationships with key partner charities and other organisations as well as to steward and support our donors and community fundraisers.

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Structure, Governance and Management

Membership and Administrative Details:

Trustees

NHS Borders is the common name of Borders Health Board. The Chair, Non-Executive Directors and Executive Directors of NHS Borders were appointed as Trustees ex officio of the Endowment Fund, under the terms of relevant National Health Service Regulations.

The Trustees for the year ended 31st March 2018 were as follows:-

Chair:	Mr J Raine
Trustees	Mrs P Alexander (to 31st March 2017) Cllr C Bhatia (to 30 th April 2017) Mr D Davidson (to 31st March 2018) Mr M Dickson (from 1st August 2017) Mrs K Hamilton Dr S Mather Mr J McLaren Cllr D Parker (from 14 th June 2017) Dr D Steele (to 30 th April 2017) Mr T Taylor (from 1st August 2017) Mrs J-Davidson, Chief Executive Mrs C Gillie, Director of Finance Dr T Patterson, Director of Public Health Mrs C Pearce, Director of Nursing & Midwifery (from 1st May 2018) Dr C Sharp, Medical Director

Auditors

The auditors for the year ended 31st March 2018 were:-

Geoghegans
Chartered Accountants
6 St. Colme Street, Edinburgh EH3 6AD

Bankers

The bankers for the year ended 31st March 2018 were:-

The Royal Bank of Scotland
High Street, Melrose, Roxburghshire, TD6 9PF

Investment Advisors

The Investment Advisors for the year ended 31st March 2018 were:-

Investec Wealth & Investment Ltd
Quartermile One 3rd Floor, 15 Lauriston Place, Edinburgh EH3 9EN

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Structure, Governance and Management (continued)

Charitable Status

HM Revenue and Customs has recognised the Borders Health Board Endowment Funds as a “charity” for the purposes of Section 521 to 536 Income Tax Act 2007. Under the Charities and Investment (Scotland) Act 2005, the entity is entitled to describe itself as a “Scottish Charity”. The Scottish Charity Number is SC008225.

Trustees

Under the National Health Service Trusts (Appointment of Trustees) (Scotland) (No. 2) order 1994, the chairman, non-executive directors and executive directors of the fund are appointed trustees *ex officio*s for the purpose of holding any property which is to be held in trust on behalf of the fund under section 12G National Health Service (Scotland) Act 1978. Remuneration and expenses incurred by the Trustees are not charged against the Charitable Funds. The appointed Trustees work in an independent role governing the Charity.

Induction and Training of New Trustees

New Trustees are given a copy of all relevant policy documents listed below:-

- Borders Health Board Endowment Fund Charter
- Borders Health Board Guidance for Officers in the use of Endowment Funds
- Borders Health Board Financial Operating Procedure for Endowment Funds
- NHS Borders Code of Corporate Governance

In conjunction with the issue of the above documentation, Trustees are supported and advised by their colleagues and given advice by the Board’s Investment Advisors and Auditors on the management and accounting requirements of Endowment Funds.

Operational Administration of Funds

Day to day operational administration of the Endowment Funds has been delegated to the Deputy Director of Finance (Financial Accounting) for NHS Borders.

During the financial year 2017/18 the following framework was used for the overall administration of the Endowment Funds:-

- NHS Borders Endowment Fund Charter – details the structure and context within which NHS Borders is empowered to accept and manage charitable funds.
- NHS Borders Guidance to Officers in the use of Endowment Funds – exists to provide assistance to fund managers on appropriate use of charitable funds in accordance with charity legislation and within delegated limits in conjunction with NHS Borders Code of Corporate Governance.
- NHS Borders Financial Operating Procedure – this document details day to day procedure required by the organisation for staff operating within the charitable funds function.

The Endowment Fund Charter and supporting guidance documents were reviewed and approved for use by the Board of Trustees in March 2018.

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Structure, Governance and Management (continued)

Board of Trustees 2017/18 meetings schedule

The Board of Trustees met 4 times during 2017/18 on the following dates

- 9th May 2017
- 6th June 2017
- 16th August 2017 (Extraordinary)
- 2nd October 2017
- 21st March 2018

The extraordinary meeting was convened to discuss the Macmillan Cancer Centre Business Case and Fundraising Strategy.

Delegated Sub Committee

The Endowment Fund Board of Trustees is supported in its governance of the Endowment Fund by a delegated subcommittee entitled the Endowment Advisory Group (EAG).

- **Endowment Advisory Group**

The purpose of the EAG is to assist the Board of Trustees to meet its responsibilities under charity law in respect of the stewardship of the charitable funds under its control. The EAG has an approved Terms of Reference.

Membership of the Endowment Advisory Group

The EAG has the following membership

Chair	Director of Finance
Two Non Executive Members	Employee Director
Chief Executive	Deputy Director of Finance

The Investment Advisor is asked to attend meetings of the EAG as appropriate.

Main Elements of the Remit of the Endowment Advisory Group:

To prepare an annual budget for Unrestricted Funds based on recommendations of Director of Finance, for approval by the Board of Trustees;

To consider expenditure proposals for approval by the Board of Trustees;

To monitor income and expenditure against the budget approved by Board of Trustees and report thereon on an exception basis to the Board of Trustees;

Following each meeting of the EAG a Business Report is submitted to the next meeting of the Board of Trustees.

Endowment Advisory Group 2017/18 meetings schedule

The Endowment Advisory Group met on the 3rd April 2018 (rescheduled from the 10th January 2018) to consider and make recommendation to the Board of Trustees on funding applications to the Unrestricted General Endowment Fund.

Mr J McLaren is the Chair of the EAG from 1st April 2018, previously the Chair of the EAG was Dr D Steele.

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Structure, Governance and Management (continued)

Related Parties

Borders NHS Board is the corporate trustee of Borders Health Board Endowment Funds.

Related Party Transactions

A register of Related Party Transactions is maintained for the Endowment Fund Trustees. No transactions were recorded during 2017/18.

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Trustees' Responsibilities Statement

The trustees are responsible for preparing the Trustees' Annual Report and Accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and the requirements of the National Health Service (Scotland) Act 1978 have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are required to act in accordance with the National Health Service (Scotland) Act 1978, within the framework of Trust law. The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charities website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from the legislation in other jurisdictions.

Statement as to disclosure of information to Auditors

In so far as the Trustees are aware, there is no relevant audit information of which the Charity's auditor is unaware, and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the Trustees

John Raine

John Raine
Chair, Endowment Fund Board of Trustees
Date 6 JUNE 2018

Jane Davidson

Jane Davidson
Endowment Fund Trustee
Date 6 JUNE 2018

Borders Health Board Endowment Funds Independent Auditor's Report to the Trustees

Opinion

We have audited the financial statements of Borders Health Board Endowment Funds for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Borders Health Board Endowment Funds
Independent Auditor's Report to the Trustees**

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

**Borders Health Board Endowment Funds
Independent Auditor's Report to the Trustees**

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 3, the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Geoghegans

Geoghegans

6 June 2018

Chartered Accounts and Statutory Auditor

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

6 St Colme Street
Edinburgh
EH3 6AD

BORDERS HEALTH BOARD ENDOWMENT FUNDS
ANNUAL ACCOUNTS 2017/18
STATEMENT OF FINANCIAL ACTIVITIES
for the year ending 31st March 2018

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2017/18 Total £	Restated 2016/17 Total £
Income from:						
Donations and Legacies	2	30,332	-	1,101,222	1,131,554	856,379
Investment income	4	119,581	-	1,188	120,769	115,729
Other Income		-	-	-	-	17,800
Total Income		149,913	-	1,102,410	1,252,323	989,908
Expenditure on:						
Raising funds:						
Press, Publicity & Fundraising		31,212	-	32,931	64,143	63,899
Investment management costs		10,935	-	-	10,935	9,868
Charitable activities						
Grant funded expenditure	5a	52,693	-	530,757	583,450	619,418
Support costs	5b	1,549	-	-	1,549	380
Governance costs	5b	5,343	-	-	5,343	3,802
Total Expenditure		101,732	-	563,688	665,420	697,367
Net income and net movement						
in funds before gains and losses on investments		48,181	-	538,722	586,903	292,541
Net (losses)/ gains on investments	6	(56,726)	-	-	(56,726)	488,370
Net income/(expenditure)		(8,545)	-	538,722	530,177	780,911
Transfers between funds	9	-	-	-	-	-
Net movement in funds		(8,545)	-	538,722	530,177	780,911
Funds reconciliation						
Total Funds brought forward - restated		781,373	1,500,000	2,457,341	4,738,714	3,957,803
Total Funds carried forward	9,10	772,828	1,500,000	2,996,063	5,268,891	4,738,714

The Statement of Financial Activities includes all gains and losses recognised in the year and relate to continuing operations.

BORDERS HEALTH BOARD ENDOWMENT FUNDS
ANNUAL ACCOUNTS 2017/18
BALANCE SHEET as at 31st March 2018

		31st March 2018		Restated 31st March 2017	
Note	£	£	£	£	£
Fixed Assets					
Investments	6	3,453,814		3,553,275	
Total Fixed Assets		3,453,814		3,553,275	
Current Assets					
Debtors	7		25,551		19,953
Investment Dealing Account		64,809		31,910	
Cash at Bank		1,929,431		1,168,360	
Sub total Cash & Investment Dealing			1,994,240		1,200,270
Total Current Assets			2,019,791		1,220,223
Liabilities					
Creditors: Amounts falling due within one year	8		(204,714)		(34,784)
Net Current Assets			1,815,077		1,185,439
Total net Assets			5,268,891		4,738,714
 The Funds of NHS Borders Endowment Fund					
Restricted Income Funds					
Restricted	9,10	2,851,063		2,312,341	
Designated	9,10	145,000		145,000	
Sub total Restricted Funds			2,996,063		2,457,341
Unrestricted Income Funds					
Unrestricted	9,10	772,828		781,373	
Designated	9,10	1,500,000		1,500,000	
Sub total Unrestricted Funds			2,272,828		2,281,373
Total NHS Borders Endowment Funds			5,268,891		4,738,714

These accounts were approved by the Trustees on 6th June 2018 and authorised for issue on 28th June 2018.

These accounts are signed on behalf of the Trustees by:



Mr John Raine
Chair of the Board of Trustees for the NHS Borders Endowment Fund



Mrs Jane Davidson
Trustee of the NHS Borders Endowment Fund

BORDERS HEALTH BOARD ENDOWMENT FUNDS
ANNUAL ACCOUNTS 2017/18
CASH FLOW

	Year End 31st March 2018 £	Year End 31st March 2017 £
Cash flow from operating activities:		
Net cash provided by operating activities note 16	<u>630,466</u>	<u>93,087</u>
Cash flows from investing activities:		
Dividends and interest	120,769	115,729
Proceeds on sale of investments	116,761	329,198
Purchases of investments	(74,026)	(367,323)
Net cash provided by investing activities	<u>163,504</u>	<u>77,604</u>
Change in cash and cash equivalents in the reporting period	793,970	170,691
Cash and cash equivalents at the beginning of the reporting period	1,200,270	1,029,579
Cash and cash equivalents at the end of the reporting period	<u>1,994,240</u>	<u>1,200,270</u>
Cash and cash equivalents comprise:		
Investment dealing account	64,809	31,910
Cash at bank	<u>1,929,431</u>	<u>1,168,360</u>
	<u>1,994,240</u>	<u>1,200,270</u>

**BORDERS HEALTH BOARD ENDOWMENT FUNDS
ANNUAL ACCOUNTS 2017/18
NOTES TO THE ACCOUNTS**

1. ACCOUNTING POLICIES

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

Basis of preparation and assessment of going concern

The accounts have been prepared under the historic cost convention, with the exception of investments which are included at fair value.

The accounts have been prepared in compliance with the National Health Service Scotland Act 1978, the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice : Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) issued on 16th July 2014 as read with the Update Bulletin entitled "Charities SORP FRS102 Update Bulletin" published 2nd February 2016, and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

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

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. With respect to the next reporting period, 2018/19, the most significant areas of uncertainty that affect the carrying value of investment assets held by the Trust are the level of investment return and performance of the investment markets (see the investment policy and performance and risk management sections of the trustees' annual report for more information).

Prior year adjustments

A prior year adjustment has been made to reflect the set up of a Restricted Fund equivalent to the administration charge made against Restricted Funds on an annual basis.

The Administration Charge reflects the allocation of overhead and related support costs charged yearly to contribute to the costs incurred by the NHS Board in providing finance and governance support to the Endowment Fund.

The impact of this adjustment on the opening fund positions is set out below:

Reconciliation of fund balances

	Unrestricted Funds	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
As at 31 March 2016				
As previously stated	781,373	1,500,000	2,360,079	4,641,452
Prior year adjustments				
- release admin charges	-	-	97,262	97,262
	-	-	97,262	97,262
As restated	781,373	1,500,000	2,457,341	4,738,714
	Unrestricted Funds	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
As at 1 April 2016				
As previously stated	217,371	1,500,000	2,167,391	3,884,762
Prior year adjustments				
- release admin charges	-	-	73,041	73,041
	-	-	73,041	73,041
As restated	217,371	1,500,000	2,240,432	3,957,803

BORDERS HEALTH BOARD ENDOWMENT FUNDS
ANNUAL ACCOUNTS 2017/18
NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (continued)

Income

All incoming resources are recognised once the charity has entitlement to the resources and it is probable that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability. All income received is credited to a specific fund following instructions given by the individual donating to, or fundraising for, the Charity.

Incoming resources are included gross of any tax recoverable amounts.

Income which has no restrictions attached by the donor is included in the General (Unrestricted) Fund.

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is to all intents and purposes probable; this will be once confirmation has been received from the representatives of the estate(s) that the payment of the legacy will be made once all conditions attached to the legacy have been satisfied and the Charity is assured that the amount of incoming resource is known.

Material legacies which have been notified, but which are not recognised in the Statement of Financial Activities due to uncertainty, are disclosed in the Contingent Assets Note 2c.

Expenditure

Resources expended are accounted for on an accruals basis, and in accordance with restrictions of funds.

Transfers between funds are actioned following appropriate authorisation from the Fund Manager initiating the transfer.

Resources are expended through NHS Borders exchequer funds with reimbursement being transacted to the Charity on a monthly basis.

Administration costs are based on 1% of the average fund balances over the accounting period charged against each individual restricted fund. The charge for 2017/18 was £24,182 (2016/17: £24,221). The cumulative administration costs applied are held as unrestricted designated funds and will be utilised to provide the support to the finance and governance arrangements for the Endowment Fund.

Raising funds

The cost of raising funds comprise those direct costs associated with raising funds and include fundraising costs and Investment Management fees when applicable. Fundraising costs are those incurred in seeking voluntary income and include direct costs such as publicity, marketing and consumables.

Charitable activities

Costs of charitable activities comprise all costs identified as wholly or mainly incurred in the pursuit of the charitable objectives. 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 includes support costs and the apportionment of overheads.

Governance and administration

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. This would include costs related to statutory audit requirements.

Administration costs have been separately noted and apportioned to the relevant category.

VAT

Any irrecoverable VAT is charged to the statement of financial activities. Goods purchased that are to be used solely in medical research, diagnosis, training or treatment 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 Borders Health Board's own VAT registration reference. Amounts reclaimed relevant to Endowment Funds are always credited back to the Charity.

BORDERS HEALTH BOARD ENDOWMENT FUNDS
ANNUAL ACCOUNTS 2017/18
NOTES TO THE ACCOUNTS

1. **ACCOUNTING POLICIES (continued)**

Pensions

NHS Borders Endowment Funds has no directly paid employees and therefore has no pension contribution liability.

Taxation

NHS Borders Endowment Funds has been recognised as a charity by HMRC and accordingly is exempt from tax on surplus or gains arising in the year to the extent that they are applied to the charitable objects. No tax charge has arisen in the charity in the year.

Investments

The Investment Portfolio is managed by Investec Wealth & Investment Ltd in line with the agreed Investment Policy. All dividends and investment income received from the Investment Portfolio are held by the Trustees to enable the projects receiving Trustee approval to be funded.

Investments are stated at market value at the balance sheet date.

Realised and unrealised gains and losses

Investments are revalued on a quarterly basis and all gains and losses are taken to the Statement of Financial Activities as they arise. Any realised gains and losses on revaluation or disposal are combined in the Statement of Financial Activities. Realised gains and losses on investments are calculated as the difference between sales proceeds and the book cost, unrealised gains and losses are calculated as the difference between market value at the year end the book cost.

Debtors

Debtors are amounts owed to the charity and are measured on the basis of their recoverable amount.

Bank, cash and cash equivalents

Cash at bank and in hand is held to meet the day-to-day running costs of the charity as they fall due. Cash equivalents are short term, highly liquid investments, usually held in up to 90 day notice interest bearing savings accounts.

Creditors

Creditors are amounts owed by the charity and are measured on the basis of the expected amount required to settle the related obligation.

Funds

Unrestricted funds are those that may be used in accordance with the objectives of the charity. Designated funds are set aside by Trustees for specific future projects. Restricted funds are those that can only be used for particular purposes as specified by the donor.

**BORDERS HEALTH BOARD ENDOWMENT FUNDS
ANNUAL ACCOUNTS 2017/18
NOTES TO THE ACCOUNTS**

2. DONATIONS AND LEGACIES

2017/18	Note	Unrestricted Funds £	Restricted Funds £	2017/18 Total £
Legacies	3a	21,695	292,951	314,646
Donations and gifts		5,221	356,199	361,420
Fundraising		3,416	452,072	455,488
Total		30,332	1,101,222	1,131,554

2016/17		Unrestricted Funds £	Restricted Funds £	2016/17 Total £
Legacies	3a	-	32,624	32,624
Donations and gifts		4,721	303,805	308,526
Fundraising		299,190	216,039	515,229
Total		303,911	552,468	856,379

**BORDERS HEALTH BOARD ENDOWMENT FUNDS
ANNUAL ACCOUNTS 2017/18
NOTES TO THE ACCOUNTS**

3a LEGACIES

The Board gratefully acknowledges the generosity of the people who have bequeathed funds to benefit patient and staff in the Borders:-

		2017/18	2016/17
		Total	Total
		£	£
Evelyn Sutherland Trust	Specialist Nurse - Cancer	27,670	-
Late Jean Anderson	Ophthalmology	21,695	-
Late Margaret Cockburn	General - Unrestricted	730	-
Late M Inglis	Palliative Fund	260,694	-
Late D Thomson	Palliative Fund	3,857	-
Late John James Boyd	Kelso Community Hospital	-	5,000
Late George Aitchison	BGH General	-	913
Late Anne Collier	Haemodialysis	-	500
Late Helen Turnbull	Cancer Unit , BGH	-	1,000
Late Helen Turnbull	Rheumatology	-	1,000
Late Robert Cullen	Palliative Fund	-	24,211
		<hr/>	<hr/>
		314,646	32,624

Legacies in both the current and prior year related to bequests to Restricted Funds.

3b CONTINGENT ASSETS

The Endowment Fund is recording no contingent assets for 2017/18.

The Charity had noted in 2016/17 a contingent asset relating to a legacy in favour of the Palliative Fund. The contingent asset was held at an estimated value pending the sale of property.

This legacy realised during 2017/18 and is noted within the accounts at a realised value of £260,693.

**BORDERS HEALTH BOARD ENDOWMENT FUNDS
ANNUAL ACCOUNTS 2017/18
NOTES TO THE ACCOUNTS**

4. INVESTMENT INCOME

2017/18	Unrestricted Funds £	Restricted Funds £	2017/18 Total £
Bank interest	-	1,188	1,188
Investment dividends & interest	119,581	-	119,581
	<u>119,581</u>	<u>1,188</u>	<u>120,769</u>
2016/17	Unrestricted Funds £	Restricted Funds £	2016/17 Total £
Bank interest	906	964	1,870
Investment dividends & interest	113,859	-	113,859
	<u>114,765</u>	<u>964</u>	<u>115,729</u>

Bank interest has been allocated on a pro-rata basis across average fund balances on funds held during the year. Fixed asset investments have historically been classified as unrestricted in nature.

**BORDERS HEALTH BOARD ENDOWMENT FUNDS
ANNUAL ACCOUNTS 2017/18
NOTES TO THE ACCOUNTS**

5a CHARITABLE ACTIVITIES	Unrestricted	Restricted	2017/18
2017-18	Funds	Funds	Total
	£	£	£
Equipment, furniture & fittings	37,769	146,616	184,385
Staff Welfare	11,362	6,250	17,612
Patient Welfare	3,562	218,593	222,155
Training	-	43,212	43,212
Ward Enhancement - Cancer Centre	-	91,716	91,716
Other	-	24,370	24,370
	52,693	530,757	583,450
2016-17	Unrestricted	Restricted	2016/17
	Funds	Funds	Total
	£	£	£
Equipment, furniture & fittings	2,124	73,041	75,165
Staff Welfare	19,591	11,630	31,221
Patient Welfare	62,250	193,709	255,959
Training	(555)	35,229	34,674
Ward Enhancement - Dementia	213,545	-	213,545
Other	-	8,854	8,854
	296,955	322,463	619,418

The charity did not undertake any direct charitable activities on its own account, its charitable expenditure being in the form of the provision of grant funding.

The charity does not make grants to individuals, all grants made to Borders Health Board are to provide care for NHS patients in furtherance of the charitable objectives.

A scheme of delegation is in place for charitable funds under which the individual designate fund managers operate in accordance with the charity's standing orders and financial instructions. Accordingly it is not possible to segment activities into discrete individual awards.

BORDERS HEALTH BOARD ENDOWMENT FUNDS
ANNUAL ACCOUNTS 2017/18
NOTES TO THE ACCOUNTS

5b. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

2017/18	Unrestricted Funds £	Restricted Funds £	2017/18 Total £
Support Costs			
Bank Charges	125	-	125
Just Giving Charges	562	-	562
Fundraising Database	862	-	862
	<u>1,549</u>	<u>-</u>	<u>1,549</u>
Governance Costs			
Auditors' Remuneration - Audit Fee	5,343	-	5,343
	<u>5,343</u>	<u>-</u>	<u>5,343</u>
2016/17	Restated Unrestricted Funds £	Restated Restricted Funds £	Restated 2016/17 Total £
Support Costs			
Storage of Archive Files	(200)	-	(200)
Bank Charges	168	-	168
Just Giving Charges	368	-	368
Fundraising Database	44	-	44
	<u>380</u>	<u>-</u>	<u>380</u>
Governance Costs			
Auditors' Remuneration - Audit Fee	3,802	-	3,802
	<u>3,802</u>	<u>-</u>	<u>3,802</u>

Auditors' Remuneration

Auditors Remuneration for the audit for the year ended March 2018 was £4,150 net of vat (2017: £3,860 net of vat).

The charges incurred relate solely to the provision of external audit services.

Trustee Remuneration & Expenses

No remuneration nor expenses incurred by the Trustees or any persons connected with them are incurred by the charity. The appointed members of the Board work in an independent role governing the Charity.

Key Management Personnel

The key management personnel of the charity are deemed to be the Board of the corporate trustee.

BORDERS HEALTH BOARD ENDOWMENT FUNDS
ANNUAL ACCOUNTS 2017/18
NOTES TO THE ACCOUNTS

6. INVESTMENTS

	2017/18	2016/17
	Total	Total
	£	£
Market value as at 1 April	3,553,275	3,026,780
Additions at cost	74,026	367,323
Disposals at value	(116,761)	(329,198)
Investment Revaluation	(56,726)	488,370
Market value as at 31 March	3,453,814	3,553,275
Historic cost as at 31 March	2,504,368	2,526,671

All investments are carried at their fair value.
The investments at 31st March can be analysed as follows:

	Wider Range			
	Market Value		Book Cost	
	2017/18	2016/17	2017/18	2016/17
	£	£	£	£
UK - Fixed Interest	515,815	520,706	490,623	480,073
Overseas Fixed Interest	38,402	82,501	85,767	85,767
UK Equities	987,518	1,011,520	552,171	567,411
European Equities	243,505	233,021	169,849	168,733
North American Equities	368,716	380,962	191,808	191,808
Japanese Equities	25,320	22,287	14,199	14,199
Far East & Australasian Equities	172,261	177,626	116,330	115,772
International Equities	431,344	387,946	304,798	254,593
Emerging Economies	95,254	95,844	95,472	94,557
Property	216,045	227,558	184,494	184,494
Alternative Assets	359,634	413,304	344,164	369,264
	3,453,814	3,553,275	2,549,675	2,526,671

The charity does not hold any material concentration of investments in respect of the portfolio held (i.e. over 5% of the portfolio valuation) at 31st March 2018 (2017: None).

The main form of financial risk facing the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk and changes in sentiment concerning equities within particular sectors or subsectors.

The charity manages investment risks by retaining expert advisors and operating an investment policy which provides for a high degree of diversification of holdings within investment asset classes.

The charity does not make use of derivatives or similar complex financial instruments.

**BORDERS HEALTH BOARD ENDOWMENT FUNDS
ANNUAL ACCOUNTS 2017/18
NOTES TO THE ACCOUNTS**

7. DEBTORS ANALYSIS

	2017/18 Total £	2016/17 Total £
Gift aid	6	644
Legacies & Donations	7,296	563
Investment income	18,249	16,772
Other debtors	-	1,974
Total Debtors	<u>25,551</u>	<u>19,953</u>

8. CREDITOR ANALYSIS

	2017/18 Total £	Restated 2016/17 Total £
Other accruals	204,714	34,784
Total Creditors	<u>204,714</u>	<u>34,784</u>

BORDERS HEALTH BOARD ENDOWMENT FUNDS
ANNUAL ACCOUNTS 2017/18
NOTES TO THE ACCOUNTS

9. ANALYSIS OF NET MOVEMENT IN FUNDS

Note	Restated Balance at 1st April 2017	Income	Expenditure	Transfers between funds	Unrealised gain/(loss) on Investments	Net movement in funds	Balance at 31st March 2018
	£	£	£	£	£	£	£
11	2,312,341	1,102,410	(563,688)	-	-	538,722	2,851,063
	145,000	-	-	-	-	-	145,000
	2,457,341	1,102,410	(563,688)	-	-	538,722	2,996,063
Restricted Income Funds							
Restricted							
Designated							
Sub total Restricted Income Funds							
Unrestricted Income Funds							
Unrestricted	781,373	149,913	(101,732)	-	(56,726)	(8,545)	772,828
Designated	1,500,000	-	-	-	-	-	1,500,000
Sub total Unrestricted Income Funds	2,281,373	149,913	(101,732)	-	(56,726)	(8,545)	2,272,828
Totals	4,738,714	1,252,323	(665,420)	-	(56,726)	530,177	5,268,891

Note	Restated Balance at 1st April 2016	Income	Restated Expenditure	Transfers between funds	Unrealised gain/(loss) on Investments	Net movement in funds	Restated Balance at 31st March 2017
	£	£	£	£	£	£	£
11	2,240,432	571,232	(354,323)	(145,000)	-	71,909	2,312,341
				145,000	-	145,000	145,000
	2,240,432	571,232	(354,323)	-	-	216,909	2,457,341
Restricted Income Funds							
Restricted							
Designated							
Sub total Restricted Income Funds							
Unrestricted Income Funds							
Unrestricted	217,371	418,676	(343,044)	-	488,370	564,002	781,373
Designated	1,500,000	-	-	-	-	-	1,500,000
Sub total Unrestricted Income Funds	1,717,371	418,676	(343,044)	-	488,370	564,002	2,281,373
Totals	3,957,803	989,908	(697,367)	-	488,370	780,911	4,738,714

The Restricted Funds include amounts set aside for use across clinical and non clinical services in the Scottish Borders region as specified by the donors.

The Restricted Designated Funds balance is held following approval by the Trustees and is in relation to an underwrite, if required, funding arrangements in place covering employment contracts issued by NHS Borders. Further details are provided in note 11 - Analysis of Specific Charitable Funds.

The Unrestricted Funds represent amounts set aside to ensure the continuing revenue operations and activities of the NHS Borders Endowment Fund, and have not been specified by donors.

The Unrestricted Designated Funds balance is held following approval by the Trustees to make contribution of £500,000 to the proposed Children & Young Peoples Centre. A further balance of up to £1,000,000 of designated funds is held as an underwrite to the Children & Young Peoples Centre project should these funds be required.

BORDERS HEALTH BOARD ENDOWMENT FUNDS
ANNUAL ACCOUNTS 2017/18
NOTES TO THE ACCOUNTS

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2017/18 Total £
Balance as at 31 March 2018	772,828	1,500,000	2,996,063	5,268,891
Investments	1,832,370	1,500,000	-	3,332,370
Net Current Assets	(1,059,542)	-	2,996,063	1,936,521
	<u>772,828</u>	<u>1,500,000</u>	<u>2,996,063</u>	<u>5,268,891</u>

	Restated Unrestricted Funds £	Designated Funds £	Restated Restricted Funds £	Restated 2016/17 Total £
Balance as at 31 March 2017	781,373	1,500,000	2,457,341	4,738,714
Investments	1,956,013	1,500,000	-	3,456,013
Net Current Assets	(1,174,640)	-	2,457,341	1,282,701
	<u>781,373</u>	<u>1,500,000</u>	<u>2,457,341</u>	<u>4,738,714</u>

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11. ANALYSIS OF SPECIFIC CHARITABLE FUNDS

<u>Endowment Fund</u>	<u>Balance</u> <u>B/fwd</u>	<u>Income</u>	<u>Expenditure</u>	<u>Transfers</u>	<u>Balance as at</u> <u>31.03.18</u>
	£	£	£	£	£
Specific Restricted Funds					
Palliative Fund	835,335	595,147	173,407	(79,013)	1,178,062
Borders Macmillan Ext Project	-	229,261	98,934	227,270	357,597
Ward 9 Orthopaedic	282,519	125	17,818	(2,825)	262,001
Border Cancer Services	271,655	115,236	66,292	(161,136)	159,463
Haemodialysis Fund	118,707	2,977	12,769	(1,140)	107,775
Special Care Baby Unit	34,663	8,002	10,797	(302)	31,566
Endoscopy Fund	27,919	4,138	726	(296)	31,035
Bgh General	30,473	2,033	1,689	(311)	30,506
Oncology Fund	39,128	155	10,780	(330)	28,173
Ward 15/Scbu Hd Development	25,020	11	293	(250)	24,488
Bgh Chaplaincy Centre	23,120	480	235	(233)	23,132
Mental Health Growing Project	2,646	20,879	234	(170)	23,121
Ward 15 (Childrens Ward)	14,128	18,037	9,383	(142)	22,640
Staff Rest Room Fund	20,612	9	205	(206)	20,210
Heart Fund	18,451	1,263	1,712	(180)	17,822
Nhs Borders Staff Lottery	15,810	1,977	169	(165)	17,453
Intensive Therapy Unit	10,276	12,109	4,790	(148)	17,447
Pharmacy Development General	18,685	172	1,234	(185)	17,438
Ophthalmology	16,538	1,269	771	(172)	16,864
Poynder View	14,321	895	152	(145)	14,919
Ward 11 Stroke Unit (Dme)	14,980	3,616	3,871	(153)	14,572
Speech & Language Therapy Fund	18,350	7	3,754	(170)	14,433
Lung Fund	22,511	995	9,059	(174)	14,273
Cauldshields	13,992	1,154	1,054	0	14,092
Wards 4/5/6 (Acute Medical)	10,892	4,265	1,300	(125)	13,732
Mental Health General	13,368	30	133	(134)	13,131
Rheumatology General	11,478	1,485	129	(116)	12,718
Melburn Lodge	11,610	1,122	299	(125)	12,308
Knoll General	12,730	6,444	7,200	(103)	11,871
Surg.Unit Staff -Wrds 7 & 8	7,520	4,095	116	(95)	11,404
Stroke Fund	25,063	6,133	20,167	(223)	10,806
Haylodge General	15,887	2,021	7,744	(139)	10,025
Finance and Governance	97,262	-	-	24,182	121,444
Fundraiser Costs	(105,961)	-	282	0	(106,243)
Other restricted funds	322,653	56,868	96,190	(2,546)	280,787
Designated Restricted Funds					
Palliative Care Nurse Consultant	117,000	-	-	-	117,000
Duchess of Sutherland Legacy	28,000	-	-	-	28,000
Total Restricted Funds	2,457,341	1,102,410	563,688	-	2,996,063

The specific fund balances as reported above detail closing balances of £10,000 above or below.

There are at present 192 individual Specific (Restricted) Funds where title of each fund is generally indicative of the particular speciality where the donor has expressed a wish as to how the donation should be used. Typical uses relate to patient amenities/activities, equipment, training and research in line with the NHS Borders Endowment Policy.

There are 2 Designated Restricted Funds within the Endowment Portfolio, these were created in 2016/17 following approval by the Board of Trustees, the funds are listed above. Both Designated Funds have been created to retain funds to underwrite, if required, funding arrangements in place covering the employment contracts issued by NHS Borders for the Palliative Care Nurse Consultant and the Evelyn Sutherland Nurse.

The NHS Borders General Endowments Fund (Unrestricted) exists for the Charity as a whole to hold donations where the donor has made the donation for the benefit of NHS Borders but has not specified how the funds are to be expended. The Trustees use advice given by the Endowment Advisory Group and Trustees' discussion in deciding collectively how to utilise the resources available.

The 1% administration charge made across individual Restricted Funds as agreed by the Board of Trustees is held within a Restricted Fund entitled - Finance and Governance.

** Borders Health Board Endowment Fund has been the custodian of monies relating to the NHS Borders and St Francis Hospital, Zambia Twinning Agreement. The Trustees approved the transfer of funds to the Independent Charity set up to

BORDERS HEALTH BOARD ENDOWMENT FUND
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11. ANALYSIS OF SPECIFIC CHARITABLE FUNDS

<u>Endowment Fund</u>	<u>Balance</u> <u>B/fwd</u>	<u>Receipts</u>	<u>Payments</u>	<u>Transfers</u>	<u>Balance as at</u> <u>31.03.17</u>
	£	£	£	£	£
<u>Specific Restricted Funds</u>					
Palliative Fund	830,001	241,758	110,408	(126,016)	835,335
Ward 9 Orthopaedic	289,627	373	4,588	(2,893)	282,519
Border Cancer Services	237,069	98,928	32,115	(32,539)	271,343
Haemodialysis Fund	140,979	2,092	23,058	(1,306)	118,707
Oncology	54,727	3,733	18,857	(475)	39,128
Special Care Baby Unit	22,269	19,046	6,342	(310)	34,663
BGH General	6,123	8,075	(16,599)	(324)	30,473
Gamma Camera	28,993	13	369	(290)	28,347
Endoscopy Fund	16,258	18,114	6,189	(264)	27,919
Stroke Fund	20,126	6,666	1,514	(215)	25,063
Ward 15 Paediatrics/SCBU Development	20,489	13	(4,774)	(256)	25,020
BGH Chaplaincy Centre	28,737	43	5,419	(261)	23,120
Lung Fund	20,555	2,725	547	(222)	22,511
Pharmacy Development	21,530	-	2,641	(204)	18,685
Staff Rest Room	21,081	-	258	(211)	20,612
Heart Fund	16,878	3,052	1,299	(180)	18,451
Speech & Language Therapy	19,832	-	1,289	(193)	18,350
Ophthalmology	16,447	959	701	(167)	16,538
Haylodge Community Hospital - General	15,095	3,302	2,356	(154)	15,887
Zambia Training & Development**	24,297	4,634	12,911	(177)	15,843
NHS Borders Staff Lottery	14,130	2,018	186	(152)	15,810
Poynder View, Kelso Hospital	13,228	1,572	334	(145)	14,321
Ward 15 Childrens Ward	11,125	28,230	25,131	(96)	14,128
Cauldshiels Ward	13,704	2,694	2,271	(135)	13,992
Mental Health General	13,538	242	275	(137)	13,368
Knoll Community Hospital - General	11,642	2,012	798	(126)	12,730
Melburn Lodge	11,022	1,700	997	(115)	11,610
Ward 11 Stroke Unit (DME)	8,064	7,815	4,160	(109)	11,610
Rheumatology	10,731	1,005	145	(113)	11,478
Ward 4/5/6 Acute Medical	10,221	916	137	(108)	10,892
Intensive Therapy Unit	10,199	5,582	5,377	(128)	10,276
Finance and Governance	73,041	-	-	24,221	97,262
Fundraising Appeal	(106,421)	-	(460)	0	(105,961)
Other restricted funds	295,075	103,920	105,484	(1,200)	292,311
<u>Designated Restricted Funds</u>					
Palliative Care Nurse Consultant	-	-	-	117,000	117,000
Duchess of Sutherland Legacy	-	-	-	28,000	28,000
Total Restricted Funds	2,240,432	571,232	354,323	-	2,457,341

The specific fund balances as reported above detail closing balances of £10,000 above or below.

There are at present 190 individual Specific (Restricted) Funds where title of each fund is generally indicative of the particular speciality where the donor has expressed a wish as to how the donation should be used. Typical uses relate to patient amenities/activities, equipment, training and research in line with the NHS Borders Endowment Policy.

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The NHS Borders General Endowments Fund (Unrestricted) exists for the Charity as a whole to hold donations where the donor has made the donation for the benefit of NHS Borders but has not specified how the funds are to be expended. The Trustees use advice given by the Endowment Advisory Group and Trustees' discussion in deciding collectively how to utilise the resources available.

The 1% administration charge made across individual Restricted Funds as agreed by the Board of Trustees is held within a Restricted Fund entitled - Finance and Governance.

** Borders Health Board Endowment Fund acts as the custodian of monies held relating to the NHS Borders and St Francis Hospital, Zambia Twinning Agreement.

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12. Unrealised revaluation reserve

The balance held within the Endowment Fund unrealised revaluation reserve as at 31st March 2018 was £458,515 (2016/17: £514,127). The decrease to the reserve balance relates to the decrease in the overall market value of the Endowment Fund Investment Portfolio during 2017/18.

13. Staff Recharges

The following staff, all of whom are employed by Borders Health Board, were recharged to the charity. The staff noted are the Charity's Fundraising Team and 7 members of staff seconded to the Endowment Fund.

	2017/18		2016/17	
	WTE	£	WTE	£
Fundraising Manager	1.0	36,938	1.0	38,089
Fundraising Support Officer	1.0 (part year)	22,442	1.0 (part year)	23,130
Evelyn Sutherland Nurse	0.6	27,711	0.7 (part year)	6,521
Palliative Care Nurse Consultant	0.6	32,129	0.6	3,084
Palliative Care Quality Improvement	1.0 (part year)	19,592		-
Palliative Care Psychologist	0.4 (part year)	2,576		-
Palliative Care Project Officer	1.0	23,549		-
Palliative Care Band 5 Nursing		-	2.0 (part year)	15,533
Volunteer Coordinator		-	1.0	32,773
Total Staff Recharge		164,937		119,130

14. Employee emoluments

As noted above NHS Borders Endowment Fund has no employees. Consequently no employee had emoluments in excess of £60,000 in either the current or prior years. However the Trustees may accept seconded staff to fulfil the Charities' requirements with respective reimbursement being made to NHS Borders for the related seconded staff's expense. Secondment charges made during the current and prior year are disclosed in Note 13 above.

15. Controlling Party & Related Party Transactions

Borders NHS Board are the corporate trustee of the NHS Borders Endowment Fund and by virtue of appointment to the Board the members are Trustees of the Endowment Fund. During 2017/18, one Trustee gave a donation to the Endowment Fund of £100 (2016/17: £nil). There are no transactions with the Trustees or their related organisations during the year other than NHS Borders Board. All of the charity's transactions are related to Borders Health Board.

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

	Restated	
	2017/18	2016/17
	£	£
Net movement in funds	530,177	780,911
Investment income receivable	(120,769)	(115,729)
Decrease/(increase) in debtors	(5,598)	(3,912)
Increase/(Decrease) in creditors	169,930	(79,813)
Unrealised Losses/(Gains) on investments	56,726	(488,370)
Net cash used in operating activities	630,466	93,087