

Charity registration number SC007448 (Scotland)

**AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Ms L Bowie
Ms M Anderson
Mr M Breen (to 28 October 2022)
Cllr L Brennan-Whitefield (to 30 April 2022)
Cllr M Burns (from 30 May 2022)
Mr A Carragher
Ms S Cowan
Cllr J Cullinane (to 30 April 2022)
Ms C Fisher (from 01 August 2022)
Ms J Ford
Mr E Hope
Mr D Lindsay
Cllr L Lyons (from 30 May 2022)
Mr R Martin (to 30 April 2023)
Mr M Mazzucco
Dr C McGuffie
Ms L McNiven (from 01 August 2022)
Dr S Das
Cllr D Reid
Ms L Semple
Ms J Wilson (from 01 April 2022)

Charity number (Scotland)

SC007448

Principal address

Greenan House
Ailsa Hospital
Dalmellington Road
Ayr
Ayrshire
United Kingdom
KA6 6AB

Auditor

Azets Audit Services
3 Wellington Square
Ayr
Ayrshire
United Kingdom
KA7 1EN

Investment advisors

Eden Tree
24 Monument Street
London
EC3R 8AJ
United Kingdom

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

CONTENTS

| | Page |
|-----------------------------------|-------------|
| Chairperson's Statement | 1 - 3 |
| Trustees' report | 4 - 6 |
| Independent auditor's report | 7 - 10 |
| Statement of financial activities | 11 |
| Balance sheet | 12 |
| Statement of cash flows | 13 |
| Notes to the financial statements | 14 - 24 |

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

CHAIRPERSON'S STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

Forward by the Chairperson of Trustees NHS Ayrshire & Arran Endowment Fund

Welcome to our annual report for 2022/23. We are a trustee body independent from the management of NHS Ayrshire & Arran Health Board but work with them in partnership for the benefit of NHS staff, patients and their families in Ayrshire and Arran.

The purposes of the charity

The aims and objectives of the charity are the advancement of health, through:

- improvement in the physical and mental health of the Board's population;
- the prevention, diagnosis and treatment of illness;
- the provision of services and facilities in connection to the above;
- education and development in connection to the above;
- research into any matters relating to the causation, prevention, diagnosis or treatment of illness, or into such other matters relating to the health service as the Trustees see fit;
- observing any conditions attached to a donation or legacy prescribed by a donor to the charity, so far as is reasonably practicable and consistent with the above purpose and the law.

Income

During 2022/23, the fund has received around £338,000 income from donations and legacies for which we are very grateful. As Chair, I would like to thank all those who fundraise for us and support our work through legacies.

Within the year we received the second instalment of the Stage 2 Charities Together funding which was distributed to third sector partners as follows: Voluntary Action South Ayrshire; Kilmarnock Railway Heritage Trust; Arran Community and Voluntary Service and Ayrshire Cancer Support. All projects have since been completed and final reporting is now underway.

During the Covid pandemic the Hospital Volunteers had been unable to provide their very much valued services at University Hospitals Ayr and Crosshouse and at Biggart and Woodland View. I am pleased to advise these services have now fully recommenced which has allowed the hospital volunteers to continue to support our hospitals as noted below:

- The Crosshouse Hospital Volunteers endorsed the purchase of various pieces of artwork for ward 4B at University Hospital, Crosshouse at a cost of £9342.
- The Ayrshire Central Hospital Volunteers donated £15,000 to the Mental Health Service Endowment Fund.

I wish to acknowledge the following other significant donations to the Endowment Fund:

- A donation of £15,000 was made by Breast Foot Forward for the breast service at University Hospital Crosshouse. The donation was made to purchase an additional cold cap chair and a comfortable armchair for patients to use within the waiting area. The charity has since been wound up however over the years they have donated around £42,000 to support breast services at Crosshouse.
- A legacy of £24,384 was received by a former patient, on 4th January 2023, to support the work of the Douglas Grant Rehabilitation Centre.

The endowment funds of around £8 million, are invested and produced investment income of £319,145 during the year.

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

CHAIRPERSON'S STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Expenditure

The main expenditure in the year was a £1.17 million contribution towards the £2.2 million cost of three new staff wellbeing suites at University Hospital Ayr, University Hospital Crosshouse and Ayrshire Central Hospital. This will ensure refreshments and activities are available for staff utilising the suites for the foreseeable future.

In line with our objectives, the Endowment Fund spent £351,119 in note 6 on equipment, furniture and fittings and in providing improved facilities for patients. This includes about £120,000 on software to enhance the efficiency of MRI scanners purchased for both Ayr and Crosshouse Hospitals.

As part of the budget £40,000 was allocated for patient amenities and the Endowment Committee was delegated the sum of £90,000 to be awarded for the purchase of smaller items supporting patient comfort; staff education and for innovative schemes which would enhance the services provided by the Health Board. Throughout the year the Committee received and considered 64 bids of which 23 received funding from the Committee, a number of others were re-directed to other sources of funding.

Some of the bids supported by the Charity Fund this year include:

- A place on the Leadership Academy
- A Virtual Reality environment for Kilmarnock Railway Station Heritage Trust
- Workstations for the library
- Menopause Awareness training and support for staff
- In addition to the 'big' items, the charity fund has also provided numerous small grants including iPads for various departments, education and training materials, specialist chairs, activities and games and a range of various staff training and development such as British Sign Language course, acupuncture and 'Talkability' Paediatric Autism Spectrum Disorder training.

Plans for 2023/24

In recent years the value of the Charity Fund portfolio has reduced. The Endowment Trustees took the view that expenditure during 2023/24 should again be close to anticipated income. The continuation of a very volatile investment market will necessitate a prudent approach during the coming year.

The financial position for the year ended 31st March 2023

The Balance Sheet shows a decrease in Net Assets from £10.1 million at 31st March 2022 to £8 million at 31st March 2023. The decrease is due to spend of £1.17 million on the wellbeing suites and a £824,000 reduction in value of investments.

Investment performance

The investment portfolio was handled on behalf of the Ayrshire & Arran Health Board Endowment fund by Eden Tree Investment Management.

The Endowment Fund received investment income of £319,145.

Realised and unrealised gains and losses of the investments portfolio amounted to a net loss of £824,175. This compares to a net loss of £165,612 in the previous year.

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

CHAIRPERSON'S STATEMENT (CONTINUED)

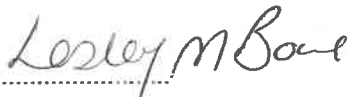
FOR THE YEAR ENDED 31 MARCH 2023

Governance

During 2022/23, the Trustees and their nominated sub-Committee, have continued to monitor the funds to ensure that expenditure is in accordance with the charitable purpose of the fund. Trustees have also sought to ensure that an appropriate level of expenditure is achieved and to raise awareness amongst staff of the availability of the Endowment Funds to provide or facilitate improvements in line with the aims and objectives of the charity.

The Endowment Committee approved the acceptance of donations and scrutinised applications for the approval of expenditure in excess of £5,000 and up to £50,000. Approvals above £50,000 require Board of Trustees approval. The use of restricted funds was also closely monitored to ensure appropriate use.

I would like to record my thanks to all those who have supported the work of the Charity and the Endowment Committee, enabling us to fulfil the aims and objectives of the Charity



.....
Lesley Bowie

Chair of Endowment Trustees

Date: 27/6/23

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The trustees present their annual report and financial statements for the year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, a deed of trust, the Charities and Trustee 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 Republic of Ireland (FRS 102) (effective 1 January 2019)".

Financial review

Reserves policy

It is the policy of the fund to maintain Investment Funds which are the free reserves of the charity. The Trustees regard these funds to be sufficient to cover management and administration, support costs and to respond to emergency situations.

It is the opinion of the Trustees, that the funds available are sufficient to meet the day to day running costs of the fund.

The Endowment has a General Fund and a number of Restricted Funds. The Endowment cannot be used to fund expenditure that would normally be regarded as core NHS expenditure, but if a donation is received specifically for items of core expenditure, then the donor's wishes would be respected.

The General Fund is available for use at the discretion of the trustees in furtherance of the general objectives of the Endowment.

Restricted Funds are funds which are to be used in accordance with specific restrictions imposed by the donor.

Investment policy and objectives

The general principles for the operation of Endowment Funds are contained within the Standard Financial Instructions of the Board, Section 25. The management and administration of the Funds are detailed further within the Charter and Operating Procedures.

The Trustees of the Endowment Fund are the full Board of Directors of NHS Ayrshire and Arran, both Executive and non-Executive. The trustees are responsible for the Endowment's investment policy taking account of the following statutory agreements as covered by:

- National Health Service (Scotland) Act 1978
- Charities and Trustee Investment (Scotland) Act 2005

To ensure compliance of the above, and to maximise performance of the portfolio, the trustees will appoint an investment consultant, who will be regulated by the Financial Conduct Authority.

In managing the portfolio, the investment consultant will have no geographical or ethical restrictions with regard to investment other than the exclusion of companies primarily in the manufacture of alcohol and tobacco products and also in gambling, pornography and high interest rate lending.

The consultants will provide to the trustee's statements on performance on a quarterly basis that is March, June, September and December. The contract of service will be subject to tender with the contract being awarded for three years, reviewed annually.

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Structure, governance and management

The charity is controlled by its governing document, a deed of trust, and constitutes an unincorporated charity.

Legal and administrative information set out on page 7 forms part of this report.

The fund is registered as a Scottish Charity under Section 1 (7) of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990 and the Charities Accounts (Scotland) Regulations 2006.

Recruitment and appointment of new trustees

All NHS Ayrshire and Arran Endowment Trustees are members of the NHS Ayrshire and Arran Board. Trustees are appointed to the Board by the Cabinet Secretary for Health and Wellbeing.

The trustees decide, on an annual basis, the amount of the budget and how this budget should be allocated. Once the allocation has been agreed, the budget is devolved to various budget managers who have the delegated responsibility for the application of funds.

Risk Management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees have assessed the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate its exposure to the major risks.

The trustees maintain a sound system of internal control that supports the achievement of the Endowment Fund policies and objectives. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the organisation's policies, aims and objectives to evaluate the nature and extent of these risks and manage them efficiently, effectively and economically.

Statement of trustees' responsibilities

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

The law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping sufficient 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 trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

The trustees' report was approved by the Board of Trustees.

Lesley Bowie

Lesley Bowie
Trustee

Date: *27 June 2023*

Derek Lindsay

Derek Lindsay
Trustee

Date: *27/6/23*

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

Opinion

We have audited the financial statements of Ayrshire and Arran Health Board Endowment (the 'charity') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2023 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 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

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 (as amended) require us to report to you if, in our opinion:

- the information given in the Annual Report and Accounts 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; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of the Trustees' Responsibilities set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 the Act and relevant regulations made or having effect thereunder.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

Auditor's responsibilities for the audit of the financial statements (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the charity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the charity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the charity that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with the trustees, and from our knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and taxation, data protection, anti-bribery, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the trustees and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any correspondence with HMRC, relevant regulators and the charity's legal advisors.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management and the trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

Auditor's responsibilities for the audit of the financial statements (continued)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

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 (as amended). Our audit work has been undertaken so that we might state to the charity's trustees, as a body, 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.

Azets Audit Services

Jennifer Alexander (Senior Statutory Auditor)
for and on behalf of Azets Audit Services

29th June 2023
.....

Statutory Auditor
Chartered Accountants

3 Wellington Square
Ayr
Ayrshire
United Kingdom
KA7 1EN

Azets Audit Services is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

| | Notes | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total Unrestricted funds 2023 £ | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total 2022 £ |
|---------------------------------------|-------|---------------------------------|-------------------------------|---------------------------------------|---------------------------------|-------------------------------|--------------------|
| Income from: | | | | | | | |
| Donations and legacies | 3 | 19,781 | 317,742 | 337,523 | 1,020 | 1,379,651 | 1,380,671 |
| Investments | 4 | 319,145 | - | 319,145 | 332,808 | - | 332,808 |
| Total income | | 338,926 | 317,742 | 656,668 | 333,828 | 1,379,651 | 1,713,479 |
| Expenditure on: | | | | | | | |
| Raising funds | 5 | 31,310 | - | 31,310 | 60,642 | - | 60,642 |
| Charitable activities | 6 | 262,799 | 1,653,293 | 1,916,092 | 160,969 | 821,919 | 982,888 |
| Total expenditure | | 294,109 | 1,653,293 | 1,947,402 | 221,611 | 821,919 | 1,043,530 |
| Net (losses) on investments | 11 | (824,175) | - | (824,175) | (165,612) | - | (165,612) |
| Net movement in funds | | (779,358) | (1,335,551) | (2,114,909) | (53,395) | 557,732 | 504,337 |
| Fund balances at 1 April 2022 | | 5,565,106 | 4,559,993 | 10,125,099 | 5,618,501 | 4,002,261 | 9,620,762 |
| Fund balances at 31 March 2023 | | 4,785,748 | 3,224,442 | 8,010,190 | 5,565,106 | 4,559,993 | 10,125,099 |

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

BALANCE SHEET

AS AT 31 MARCH 2023

| | Notes | 2023 | | 2022 | |
|---|-------|------------------|------------------|------------------|-------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Investments | 12 | | 8,011,706 | | 8,809,843 |
| Current assets | | | | | |
| Debtors | 14 | 259 | | - | |
| Cash at bank and in hand | | 242,861 | | 1,801,443 | |
| | | <u>243,120</u> | | <u>1,801,443</u> | |
| Creditors: amounts falling due within one year | 15 | <u>(244,636)</u> | | <u>(486,187)</u> | |
| Net current (liabilities)/assets | | | (1,516) | | 1,315,256 |
| Total assets less current liabilities | | | <u>8,010,190</u> | | <u>10,125,099</u> |
| Income funds | | | | | |
| Restricted funds | 16 | | 3,224,442 | | 4,559,993 |
| Unrestricted funds | | | 4,785,748 | | 5,565,106 |
| | | | <u>8,010,190</u> | | <u>10,125,099</u> |

The financial statements were approved by the Trustees on 27 June 2023

Derek Lindsay

Derek Lindsay
Trustee

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

| | Notes | 2023 £ | £ | 2022 £ | £ |
|---|-------|----------------|---|------------------|---|
| Cash flows from operating activities | | | | | |
| Cash (absorbed by)/generated from operations | 20 | (1,851,689) | | 783,979 | |
| Investing activities | | | | | |
| Purchase of investments | | (816,030) | | (415,346) | |
| Proceeds on disposal of investments | | 789,992 | | 323,622 | |
| Investment income received | | 319,145 | | 332,808 | |
| Net cash generated from investing activities | | 293,107 | | 241,084 | |
| Net cash used in financing activities | | - | | - | |
| Net (decrease)/increase in cash and cash equivalents | | (1,558,582) | | 1,025,063 | |
| Cash and cash equivalents at beginning of year | | 1,801,443 | | 776,380 | |
| Cash and cash equivalents at end of year | | <u>242,861</u> | | <u>1,801,443</u> | |

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Charity information

Ayrshire and Arran Health Board Endowment is controlled by its governing document, a deed of trust, and constitutes an unincorporated charity. It is a registered Scottish charity.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Charities and Trustee 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 Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Charitable expenditure comprises those costs incurred by the fund in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the fund and include the audit fees and costs linked to the strategic management of the fund.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, staff costs are apportioned based on staff time and other costs are apportioned on a usage basis.

1.6 Fixed asset investments

Investments are stated at market value as at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year.

Profits or losses arising from the disposal of investments are taken to the General Fund.

All gains and losses are taken to the SOFA as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (or purchase date, if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and the opening market value (or purchase date, if later)

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.9 Taxation

The charity is exempt from tax on its charitable activities.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

3 Donations and legacies

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total 2023 £ | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total 2022 £ |
|---------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Donations and gifts | 19,781 | 317,742 | 337,523 | 1,020 | 1,379,651 | 1,380,671 |

4 Investments

| | Unrestricted funds 2023 £ | Unrestricted funds 2022 £ |
|--------------------------------|------------------------------------|------------------------------------|
| Income from listed investments | 319,145 | 332,808 |

5 Raising funds

| | Unrestricted funds 2023 £ | Unrestricted funds 2022 £ |
|-----------------------------|------------------------------------|------------------------------------|
| Investment management costs | 31,310 | 60,642 |
| | <u>31,310</u> | <u>60,642</u> |

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

6 Charitable activities

| | Charitable Activities Costs 2023 £ | Charitable Activities Costs 2022 £ |
|--|--|--|
| Printing, stationery and advertising | 3,488 | 7,072 |
| Patients and staff amenities | 1,240,961 | 51,781 |
| Hospitality | 15,391 | 6,482 |
| Grants/donations | 8,824 | 7,600 |
| Plants and flowers | 1,224 | 2,228 |
| Books and publications | 5,359 | 1,492 |
| Course fees | 89,895 | 67,132 |
| Buildings, equipment etc. | 351,119 | 604,769 |
| Payments to community bodies | - | 80,000 |
| Retirals | 4,734 | 3,386 |
| Bank charges | 707 | 827 |
| Professional fees | 75,355 | 67,945 |
| Funded post to support asset based work and other projects | 57,327 | 66,460 |
| Miscellaneous expenses | 50,816 | 6,382 |
| Other charitable expenditure | 92 | 92 |
| | <u>1,905,292</u> | <u>973,648</u> |
| Share of governance costs (see note 7) | 10,800 | 9,240 |
| | <u>1,916,092</u> | <u>982,888</u> |
| Analysis by fund | | |
| Unrestricted funds | 262,799 | 160,969 |
| Restricted funds | 1,653,293 | 821,919 |
| | <u>1,916,092</u> | <u>982,888</u> |

7 Support costs

| | Support costs £ | Governance costs £ | 2023 Support costs | | Governance costs £ | 2022 £ |
|---|-----------------------|--------------------------|--------------------|----------|--------------------------|--------------|
| | | | £ | £ | | |
| Audit fees | - | 10,800 | 10,800 | - | 9,240 | 9,240 |
| | <u>-</u> | <u>10,800</u> | <u>10,800</u> | <u>-</u> | <u>9,240</u> | <u>9,240</u> |
| Analysed between Charitable activities | - | 10,800 | 10,800 | - | 9,240 | 9,240 |
| | <u>-</u> | <u>10,800</u> | <u>10,800</u> | <u>-</u> | <u>9,240</u> | <u>9,240</u> |

Governance costs includes payments to the auditors of £10,800 (2022- £9,240) for audit fees.

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity for the year ended 31 March 2023 nor for the year ended 31 March 2022.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2023 nor for the year ended 31 March 2022.

9 Employees

There were no employees during the year to 31 March 2023 or 31 March 2022.

10 Funded posts

Staff costs relate to recharges from NHS Ayrshire and Arran, whose time relates to the provision of administration and management support of the Fund.

11 Net (losses) on investments

| | Unrestricted funds 2023 £ | Unrestricted funds 2022 £ |
|-------------------------------|------------------------------------|------------------------------------|
| Revaluation of investments | (712,880) | (151,137) |
| (Loss) on sale of investments | (111,295) | (14,475) |
| | <u>(824,175)</u> | <u>(165,612)</u> |

12 Fixed asset investments

| | Listed investments £ |
|--------------------------|----------------------------|
| Cost or valuation | |
| At 1 April 2022 | 8,809,843 |
| Additions | 816,030 |
| Valuation changes | (712,880) |
| (Loss) on disposal | (111,295) |
| Disposals | (789,992) |
| At 31 March 2023 | <u>8,011,706</u> |
| Carrying amount | |
| At 31 March 2023 | <u>8,011,706</u> |
| At 31 March 2022 | <u>8,809,843</u> |

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

| | | | |
|-----------|---|------------------|------------------|
| 12 | Fixed asset investments | 2023 | 2022 |
| | | £ | £ |
| | Investments at fair value comprise: | | |
| | UK Equities and cash | 3,024,305 | 3,942,076 |
| | UK Bonds | 2,145,778 | 2,509,317 |
| | UK Infrastructure | 643,041 | - |
| | Overseas Infrastructure | 51,382 | - |
| | Other | 153,615 | 2,176,131 |
| | Overseas Equities | 1,993,585 | 182,319 |
| | | <u>8,011,706</u> | <u>8,809,843</u> |
| 13 | Financial instruments | 2023 | 2022 |
| | | £ | £ |
| | Carrying amount of financial assets | | |
| | Instruments measured at fair value through profit or loss | 8,011,706 | 8,809,843 |
| 14 | Debtors | 2023 | 2022 |
| | | £ | £ |
| | Amounts falling due within one year: | | |
| | Other debtors | 259 | - |
| 15 | Creditors: amounts falling due within one year | 2023 | 2022 |
| | | £ | £ |
| | Other creditors | 84,205 | 162,210 |
| | Accruals and deferred income | 160,431 | 323,977 |
| | | <u>244,636</u> | <u>486,187</u> |

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

16 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purpose. The titles of the individual funds are indicative of the particular speciality, department or research activity that they support:

| | Movement in funds | | Movement in funds | | Transfers | Balance at 31 March 2023 | |
|---|-------------------------|--------------------|--------------------|-------------------------|-----------|--------------------------|--------------------|
| | Balance at 1 April 2021 | Incoming resources | Resources expended | Balance at 1 April 2022 | | | Incoming resources |
| | £ | £ | £ | £ | £ | £ | |
| Public Health Medicine | 163,284 | 48,669 | (101,074) | 110,879 | 20,824 | (36,279) | 95,424 |
| Finance | 530,541 | 1,000,671 | (83,639) | 1,447,573 | 80,206 | (1,221,417) | 244,802 |
| Pharmacy | 84,160 | - | (10,803) | 73,357 | 645 | (3,974) | 70,028 |
| Medical Research and Education | 366,657 | 800 | (43,677) | 323,780 | 400 | (82,535) | 241,645 |
| Women and Neonates | 70,855 | 8,108 | (4,061) | 74,902 | 18,737 | (2,369) | 91,270 |
| Children's Services | 39,329 | 10,137 | (10,118) | 39,348 | 11,465 | (4,638) | 46,175 |
| Laboratories and Radiology | 58,541 | 1,124 | (8,187) | 51,478 | | (11,916) | 39,562 |
| Medical Services - Crosshouse | 404,510 | 33,032 | (24,364) | 413,178 | 33,784 | (33,703) | 407,882 |
| Surgical Services - Crosshouse | 74,206 | 28,686 | (6,027) | 96,865 | 20,012 | (9,479) | 84,439 |
| ENT/Maxillo - Facial | 117,531 | 1,050 | (10) | 118,571 | 2,416 | (4,418) | 123,993 |
| Cancer Services | 174,083 | 31,201 | (86,214) | 119,070 | 15,349 | (25,918) | 124,570 |
| Crosshouse Hospital including Hospital Volunteers | 253,877 | 80,400 | (224,593) | 109,684 | 21,000 | (12,119) | 138,565 |
| I&SS | 14,428 | 7,155 | (5,298) | 16,285 | 2,701 | (4,766) | 14,220 |
| Nurse Director | 50,009 | 6,492 | (6,497) | 50,004 | 7,800 | (6,232) | 53,132 |
| Surgical Services - Ayr | 136,401 | 6,756 | (4,554) | 138,603 | 4,358 | (32,393) | 110,568 |
| Ayr Hospital including Hospital Volunteers | 292,615 | 15,521 | (141,994) | 166,142 | 652 | (59,571) | 127,223 |
| Medical Spec - Ayr | 89,621 | 4,481 | (10,217) | 83,885 | 8,921 | (13,456) | 84,193 |
| Rehab and Reablement North | 111,592 | 3,971 | (7,501) | 108,062 | 35,383 | (5,957) | 124,128 |
| Business Support North | 14,804 | 822 | (2,388) | 13,238 | 1,712 | (2,597) | 12,353 |
| Island Services | 631,918 | 5,800 | (9,131) | 628,587 | 2,294 | (14,088) | 616,793 |
| Mental Health and Wellbeing | 155,055 | 67,084 | (13,935) | 208,204 | 17,994 | (38,924) | 207,274 |
| East Ayrshire Health and Social Care Partnership | 106,829 | 10,488 | (13,146) | 104,171 | 3,592 | (5,139) | 102,624 |
| South Ayrshire Health and Social Care Partnership | 61,413 | 7,204 | (4,490) | 64,127 | 7,497 | (21,406) | 63,578 |

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

| 16 | Restricted funds | | | | | (Continued) |
|----|------------------|-----------|-----------|-----------|---------|-------------|
| | 4,002,259 | 1,379,652 | (821,918) | 4,559,993 | 317,742 | (1,653,293) |
| | | | | | | - |
| | | | | | | 3,224,442 |

17 Unrestricted funds

These are unrestricted funds which are material to the charity's activities made up as follows:

| | Movement in funds | | Movement in funds | | Movement in funds | | Balance at 31 March 2023 |
|--------------|-------------------------|--------------------|--------------------|-----------|--------------------------------|-------------------------|--------------------------|
| | Balance at 1 April 2021 | Incoming resources | Resources expended | Transfers | Revaluations, gains and losses | Balance at 1 April 2022 | |
| | £ | £ | £ | £ | £ | £ | £ |
| General Fund | 5,618,501 | 333,828 | (221,611) | - | (165,612) | 5,565,106 | 338,926 |
| | | | | | | | (294,109) |
| | | | | | | | (824,175) |
| | | | | | | | 4,785,748 |
| | 5,618,501 | 333,828 | (221,611) | - | (165,612) | 5,565,106 | 338,926 |
| | | | | | | | (294,109) |
| | | | | | | | (824,175) |
| | | | | | | | 4,785,748 |

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

18 Analysis of net assets between funds

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total 2023 £ | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total 2022 £ |
|--|---------------------------------|-------------------------------|--------------------|---------------------------------|-------------------------------|--------------------|
| Fund balances at 31 March 2023 are represented by: | | | | | | |
| Investments | 4,787,264 | 3,224,442 | 8,011,706 | 4,249,850 | 4,559,993 | 8,809,843 |
| Current assets/(liabilities) | (1,516) | - | (1,516) | 1,315,256 | - | 1,315,256 |
| | <u>4,785,748</u> | <u>3,224,442</u> | <u>8,010,190</u> | <u>5,565,106</u> | <u>4,559,993</u> | <u>10,125,099</u> |

19 Related party transactions

Transactions with related parties

During the year the charity entered into the following transactions with related parties:

| | Payments Received | | Payments Made | |
|------------------------|-------------------|------------------|------------------|----------------|
| | 2023 £ | 2022 £ | 2023 £ | 2022 £ |
| NHS Ayrshire and Arran | - | 1,257,496 | 1,820,279 | 344,193 |
| | <u>-</u> | <u>1,257,496</u> | <u>1,820,279</u> | <u>344,193</u> |

The following amounts were outstanding at the reporting end date:

| | Amounts owed to related parties | |
|------------------------|---------------------------------|----------------|
| | 2023 £ | 2022 £ |
| NHS Ayrshire and Arran | 84,205 | 162,210 |
| | <u>84,205</u> | <u>162,210</u> |

AYRSHIRE AND ARRAN HEALTH BOARD ENDOWMENT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

| 20 | Cash generated from operations | 2023 £ | 2022 £ |
|----|---|--------------------|----------------|
| | (Deficit)/surplus for the year | (2,114,909) | 504,337 |
| | Adjustments for: | | |
| | Investment income recognised in statement of financial activities | (319,145) | (332,808) |
| | Loss on disposal of investments | 111,295 | 14,475 |
| | Fair value gains and losses on investments | 712,880 | 151,137 |
| | Movements in working capital: | | |
| | (Increase)/decrease in debtors | (259) | 63,434 |
| | (Decrease)/increase in creditors | (241,551) | 383,404 |
| | Cash (absorbed by)/generated from operations | <u>(1,851,689)</u> | <u>783,979</u> |

21 Analysis of changes in net funds

The charity had no debt during the year.

