

LHC Final Accounts & Annual Report 2014/15

Author: Nick Sone

Sponsor: Paul Traynor

Trust Board paper T

Executive Summary

Context

The report presents the audited annual accounts (Appendix 1), Trustees' Annual Report (Appendix 2) and Letter of Representation (Appendix 3) for the Leicester Hospitals Charity for the year ending 31st March 2015.

Questions

1. Have the accounts and annual report been prepared to the standards required by audit?
2. Are the accounts and annual report recommended for approval by the Trust Board?
3. On receipt of the final Audit Opinion, can the Final Accounts and Annual Return be submitted to the Charity Commission?

Conclusion

1. Following audit by the Charity's auditors, KPMG, no significant issues were raised
2. The accounts were presented to the Audit Committee on 5th November 2015 and recommended for approval by the Trust Board
3. Once signed, the accounts and annual report can be submitted to the Charity Commission by the deadline of 31st January 2016

Input Sought

1. Trust Board is asked to **note** the contents of the report and Letter of Representation
2. **Approve** the LHC Annual Accounts and Annual Report for the year 2014/15
3. **Approve** the signing of the relevant certificates by members of the Trust Board (as detailed in the report)

For Reference

Edit as appropriate:

1. The following **objectives** were considered when preparing this report:

Safe, high quality, patient centred healthcare	Not Applicable
Effective, integrated emergency care	Not Applicable
Consistently meeting national access standards	Not Applicable
Integrated care in partnership with others	Not Applicable
Enhanced delivery in research, innovation & ed'	Not Applicable
A caring, professional, engaged workforce	Not Applicable
Clinically sustainable services with excellent facilities	Not Applicable
Financially sustainable NHS organisation	Not Applicable
Enabled by excellent IM&T	Not Applicable

2. This matter relates to the following **governance** initiatives:

Organisational Risk Register	Not Applicable
Board Assurance Framework	Not Applicable

3. Related **Patient and Public Involvement** actions taken, or to be taken: N/A

Results of any **Equality Impact Assessment**, relating to this matter: N/A

4. Scheduled date for the **next paper** on this topic: TBC

5. Executive Summaries should not exceed **1 page**. My paper does comply

6. Papers should not exceed **7 pages**. My paper does comply

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT TO: TRUST BOARD

DATE: 3RD DECEMBER 2015

REPORT FROM: PAUL TRAYNOR – CHIEF FINANCIAL OFFICER
NICK SONE – FINANCIAL CONTROLLER

SUBJECT: FINAL ACCOUNTS AND ANNUAL REPORT 2014/15 FOR
LEICESTER HOSPITALS CHARITY

1. INTRODUCTION

- 1.1 The report presents the audited annual accounts (Appendix 1), Trustee's annual report (Appendix 2) and letter of representation (Appendix 3) for the Leicester Hospitals Charity for the year ending 31st March 2015.
- 1.2 This paper will summarise the headline financial figures and outline the process for finalising and submitting the annual accounts.

2. SUMMARY FINANCIAL PERFORMANCE

Balance Sheet

- 2.1 The net assets of the Charity have decreased by £350k to £5,240k during the 12 months ending 31st March 2015 (the income and expenditure section of this report gives further details).
- 2.2 The balance sheet shows a decrease in net current assets of £538k due to a decrease in debtors (£222k), an increase in creditors (£102k) and a decrease in cash (£214k) held at year end. This means that the Charity now has net current assets of £316k.
- 2.3 The balance sheet shows an increase in the value of fixed asset investments of £188k.

Income & Expenditure

- 2.4 The Charity's activities in 2014/15 resulted in a £350k deficit on the statement of financial activities, with an excess of expenditure compared to income of £544k and an investment gain of £194k.

Income

2.5 Total incoming resources have decreased from £2,424k in 2013/14 to £1,823k in 2014/15:

- Donated income has decreased from £830k in 2013/14 to £661k in 2014/15
- Legacy income has decreased from £957k in 2013/14 to £632k in 2014/15
- Income from fundraising initiatives has decreased from £443k in 2013/14 to £335k in 2014/15
- Investment income has increased from £194k in 2013/14 to £195k in 2014/15

Expenditure

2.6 Total Charity expenditure has increased from £2,018k in 2013/14 to £2,367k in 2014/15:

- The cost of generating voluntary income increased from £342k in 2013/14 to £369k in 2014/15. This increase has been due to additional staff now recruited into vacancies in the Fundraising Team
- Grant expenditure has increased from £1,650k in 2013/14 to £1,969k in 2014/15. This increase is due to the level of spend on grants to support patient benefit

Table 1 – Summary of Grant Expenditure 2013/14 & 2014/15

Grant Category	2013/14 (£'000)	2014/15 (£'000)	Change (£'000)
Patient Benefits	665	1,001	336
Staff Benefits	298	313	15
Research	63	71	8
Capital Contributions	623	584	(39)
Total	1,650	1,969	319

3. FINAL ACCOUNTS PROCESS

- 3.1 The final accounts are being presented to the Trust Board for **adoption**.
- 3.2 The accounts and annual report were presented at the Charity's Annual General Meeting on 19th November 2015.
- 3.3 On receipt of the final audit opinion, the final accounts and annual return will be submitted to the Charity Commission. The deadline for submission is 31st January 2016.

4. MANAGEMENT RESPONSES TO EXTERNAL AUDIT RECOMMENDATIONS

- 4.1 Following audit by the Charity's auditors, KPMG, we made no adjustments to the accounts. There are no unadjusted audit differences which need to be reported.
- 4.2 KPMG will issue an unqualified audit opinion on receipt of our signed certificates, the ISA 260 management responses and our management representations letter.
- 4.3 The ISA 260 report is included in Appendix 4 and the management response to the one recommendation contained in the report is given below:

Recommendation	Risk level	Management response / responsible officer / due date
<p>The Charity should continue to develop a medium term policy for use of its funds to ensure that reserves are utilised appropriately for charitable fund expenditure in line with the charitable objectives rather than simply accumulate interest through investment.</p>	<p>2</p>	<p>Management response</p> <p>We are currently undertaking a project which, in part, will remove the barriers faced by staff when attempting to access funding charity funding and this should lead to increased expenditure and a reduction in our reserves. The aims of this project include:</p> <ul style="list-style-type: none"> • Reducing the number of separate funds within the Charity, creating larger and more accessible funds for use and reducing the use of more prohibitive restricted funds • Improving the way in which requests for funding can be better generated at an operational level and progressed to either a case of need or a full application for Charity funding • Improving the grant application forms to make them clearer and more user friendly • Speeding up the decision making process within the Charity in relation to the consideration of applications • Promoting the Charity more widely across the Trust, to encourage a greater use of funds <p>Responsible Officers Financial Controller Head of Fundraising</p> <p>Due Date March 2016</p>

5. LETTER OF REPRESENTATION

- 5.1 Appendix 3 contains the proposed letter of representation from KPMG and they do not require any specific representations.
- 5.2 A letter headed copy of this letter and copies of required certificates will be circulated separately at the meeting.

6. RECOMMENDATION

6.1 The Trust Board is invited to:

- **Note the contents of the above report and letter of representation**
- **Approve the Charitable Funds annual accounts and annual report for the year 2014/15**
- **Approve the signing (*in non-black ink*) of the relevant certificates by members of the Trust Board as follows (*signatories are shown in brackets*):**
 - **Charitable Funds – Statement of Trustee's responsibilities in respect of the Trustee's annual report and the financial statements (Chairman and Chief Financial Officer)**
 - **Balance Sheet (a member of the Trust Board acting on behalf of the corporate trustee)**
 - **Management letter of representation (Chairman)**

Paul Traynor
Chief Financial Officer

Nick Sone
Financial Controller

3rd December 2015

Leicester Hospitals Charity

Annual Accounts 2014-15

The Leicester Hospitals Charity is the Charity linked with the University Hospitals of Leicester NHS Trust and these accounts are for these funds held on trust.

STATUTORY BACKGROUND

The NHS Trust is the Corporate Trustee of the funds held on trust under paragraph 16c of Schedule 2 of the NHS and Community Care Act 1990.

The Leicester Hospitals Charity funds held on trust are registered with the Charity Commission. They include funds in respect of the three hospitals that make up the University Hospitals of Leicester NHS Trust namely, Leicester Royal Infirmary, Leicester General, and Glenfield Hospitals. The Charity was formerly known as University Hospitals of Leicester NHS Trust Charitable Funds, the name having been changed to Leicester Hospitals Charity on 1 March 2007.

MAIN PURPOSE OF THE FUNDS HELD ON TRUST

The main purpose of the charitable funds held on trust is to apply income for any charitable purpose relating to the National Health Service wholly or mainly for the services provided by the University Hospitals of Leicester NHS Trust to patients, their carers and the staff who look after them.

Leicester Hospitals Charity

Statement of Trustees Responsibilities

Audit opinion

Leicester Hospitals Charity
Statement of Financial Activities for the year ending 31 March 2015

Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 14-15 £000	Total Funds 13-14 £000
Incoming resources					
Donations	634	27	0	661	830
Legacies	632	0	0	632	957
Total voluntary income				1,293	1,787
Income generated from fundraising activities	131	204	0	335	443
Investment income	5.4 173	22	0	195	194
Total incoming resources	1,570	253	0	1,823	2,424
Resources expended					
Charitable activities	4.2 1,679	290	0	1,969	1,650
Costs of generating funds	4.1 232	137	0	369	342
Investment management fees	4	0	0	4	4
Governance costs	4.3 23	2	0	25	22
Total resources expended	1,938	429	0	2,367	2,018
Net incoming/(outgoing) resources before transfers and other recognised gains and losses	(368)	(176)	0	(544)	406
Gross transfers between funds in year	8.3 1	(1)	0	0	0
Net incoming/(outgoing) resources before other recognised gains and losses	(367)	(177)	0	(544)	406
Gains/(losses) on investment assets	172	21	1	194	13
Net movement in funds	(195)	(156)	1	(350)	419
Reconciliation of funds					
Total funds brought forward	3,906	587	1,097	5,590	5,171
Total funds carried forward	3,711	431	1,098	5,240	5,590

Leicester Hospitals Charity
Balance Sheet as at 31 March 2015

Note	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 14-15 £000	Total Funds 13-14 £000
Fixed assets					
Investments	5	3,488	405	1,031	4,924
Total fixed assets				4,924	4,736
Current assets					
Debtors	6	436	69	0	505
Cash at bank and in hand		180	50	67	297
Total current assets		616	119	67	802
Creditors: amounts falling due within one year	7	(393)	(93)	0	(486)
Net current assets		223	26	67	316
Total assets less current liabilities		3,711	431	1,098	5,240
Net assets		3,711	431	1,098	5,240
Funds of the Charity					
Endowment funds	8.1			1,098	1,097
Restricted funds	8.3		431	431	587
Unrestricted funds	8.3	3,711		3,711	3,906
Total funds of the Charity		3,711	431	1,098	5,240

Chairman

Date.....

Leicester Hospitals Charity

Notes to the Accounts

Note 1 - Accounting Policies

a) Basis of preparation

The financial statements have been prepared on an accruals basis. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value. The financial statements have been prepared in accordance with *Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005)* issued in March 2005 and applicable UK Accounting Standards and the Charities Act 2011.

b) Apportionment charges

The costs of fundraising, overhead and support costs have either been directly allocated or apportioned to funds on an appropriate basis. Where costs require apportionments, these have been charged to funds on a quarterly basis using average quarterly fund balances as the basis of apportionment. For purposes of the Statement of Financial Activities, overhead costs have been split between fundraising, charitable activities and governance costs.

c) Incoming resources

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

d) Incoming resources from legacies

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

e) Incoming resources from endowments

Investment income received on the Capital In Perpetuity (CIP) general purpose endowment fund is receipted into the fund as unrestricted income.

f) Gifts in kind

Gifts in kind are recorded in the statement of financial activities as incoming resources if they are given and held as stock for distribution by the Charity, and an equivalent amount will be disclosed as resources expended to reflect their distribution. Assets given for use by the Charity are included within incoming resources and also recognised as a fixed asset when receivable. Where a gift has been made in kind and on Trust for future conversion into cash for use by the Charity, then the incoming resources will be recognised if material and when receivable, with an adjustment being made to the valuation upon realisation of the gift.

g) Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified in the accounts as a restricted fund. Funds where capital is held to generate income for charitable purposes cannot itself be spent and are accounted for as endowment funds. Unrestricted funds are those which the Trustee is free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds which are funds the Trustees have chosen to earmark for set purposes, although there is no legal restriction as to

h) Resources expended

The funds held on trust accounts are prepared in accordance with the accruals concept. Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party.

i) Grants payable

Grants payable are payments, made to third parties (including NHS bodies) in the furtherance of the charitable objectives. They are accounted for on an accruals basis and are recognised in the accounts where the conditions for their payment have been met or where a third party has reasonable expectation that they will receive a grant. This includes grants paid to NHS bodies.

j) Costs of generating funds

The cost of generating funds are the costs associated with generating income for the funds held on trust. This will include the costs associated with the salaries of the fundraising department and investment management fees.

k) Support and overhead costs

Support and overhead costs are accounted for on an accruals basis and mainly relate to recharges of the appropriate proportion of costs incurred for the administration and management support supplied by the University Hospitals of Leicester NHS Trust.

l) Pensions

The Charity is a grant making Charity and has no employees. Staff recharged to the Charity are employed by the University Hospitals of Leicester NHS Trust under NHS terms and conditions and form part of its pension arrangements. Recharges to the Charity are inclusive of pension costs.

Leicester Hospitals Charity

Notes to the Accounts

Note 1 - Accounting policies continued

l) Pensions continued

Past and present employees of the NHS Trust are covered by the provisions of the NHS pension scheme. The scheme is unfunded from a defined benefits scheme that covers NHS employers, general practitioners and other bodies, allowed under the direction of the Secretary of State in England and Wales. As a consequence it is not possible for the NHS Trust to identify its share of the underlying scheme liabilities. Therefore the scheme is accounted for as a defined contribution scheme under FRS 70 in these accounts.

m) Charitable activities

Cost of charitable activities comprise all costs incurred in the pursuit of charitable objects of the Charity. These costs comprise direct costs incurred as a result of the awarding of grants and an apportionment of overhead and support costs.

n) Governance costs

Governance costs comprise all costs incurred in the governance of the Charity. These include costs related to statutory external audit and internal audit together with a proportion of finance management time associated with governance activities.

o) Fixed asset investments

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

p) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities 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 market value at the year end and opening market value (or purchase date if later).

(q) VAT

The Charity currently utilises benefits from the use of VAT exemption certificates for relevant purchases for donations to the NHS Trust. The Charity also reclaims VAT on relevant contracted out services that are supplied to the NHS Trust as part of the awarding of grants. Any irrecoverable VAT is charged back against the category of resources expended for which it was incurred.

Note 2 - Related party transactions

Name of connected organisation

University Hospitals of Leicester NHS Trust (the Trust).

The Trust, which is the corporate trustee, provides accommodation and managerial support to the Charity. Members of the Trust Board sit on the Charitable Funds Committee which oversees the workings of the Charity.

Turnover of connected organisation

£834 million in 2014-15 (£770 million in 2013-14)

Surplus/(deficit) of connected organisation

(£40.6) million deficit in 2014-15 ((£39.7) million deficit in 2013-14)

The Trust is the sole beneficiary of the Charity. Following the approval of grant applications received from the Trust, the Charity incurs expenditure which benefits the Trust's patients, their carers and the staff who look after them. The funding amounted to **£1.97m (£1.65m in 2013-14)** and is reflected under charitable activities within the Statement of Financial Activities. During the year no members of the Trust Board or senior Trust staff or parties related to them were beneficiaries of the Charity.

The Charity has paid charges amounting to **£109k** to the Trust in the year for accommodation charges, finance staff and senior management costs. The Charity's fundraising staff are paid directly by the Trust and recharged to the Charity.

Note 3 - Incoming resources

The income received by the Charity has been categorised on the face of the Statement of Financial Activities. This mainly comprises of donations, legacies, fundraising and investment income

Leicester Hospitals Charity

Notes to the Accounts

Note 3 - Income from trading activities

The Charity runs the staff lottery which is classed as a trading activity by the Charity Commission. Income from the staff lottery was **£204k (£193k in 2013-14)**. In 2014-15, total prize money of £109k was paid out of this income.

Note 4 - Resources expended

The Statement of Financial Activities summarises expenditure between Charitable Activities, the costs of generating funds and costs of governance.

Note 4.1 - Costs of generating funds

	2014-15 £'000	2013-14 £'000
Fundraising team salaries	187	156
Staff lottery prizes	109	114
Appeals and events expenditure	4	13
Printing, stationery & marketing	4	6
Other miscellaneous costs	65	53
Total cost of generating funds	369	342

Note 4.2 - Analysis of charitable activities

The only charitable activity that the Charity undertakes in is the awarding of grants. The Charity does not make grants to individuals and the actual disbursement received by the beneficiaries for each category is disclosed below. These figures include an apportionment of support costs.

	Grant Funded Activity £'000	Support Costs £'000	Total 14-15 £'000	Total 13-14 £'000
Patient welfare and amenities	945	56	1,001	665
Staff welfare and amenities	296	17	313	298
Research	67	4	71	63
Capital contributions	552	32	584	623
Total grants	1,860	109	1,969	1,649

All grants are made to the Trust. The Trustee operates a Scheme of Delegation through which all grant funded activity is managed by fund managers, responsible for the day to day disbursements on their projects. This activity is undertaken in accordance with the directions set out by the Trustee in its Standing Orders and Standing Financial Instructions which have been adopted by the Charity.

Leicester Hospitals Charity

Notes to the Accounts

Note 4.3 - Analysis of support and overhead costs

The Charity apportioned all its support and overhead costs to individual funds on a pro rata basis based on average quarterly fund balances. Specific amounts related to audit fees and salaries are allocated to governance and the residual amount is apportioned between the costs of generating voluntary income and charitable activities (grantmaking). Finance management salaries have been allocated based on the estimated time worked in each area. This is illustrated in the Table below:

	Allocated to Governance £'000	Residual Amount £'000	Basis of Apportionment
Audit fees	8	-	Governance
Insurance	6	-	Governance
Finance administration salaries	-	46	Proportionate to grants
Finance management salaries (25%)	11	-	Governance
Finance management salaries (75%)	-	34	Proportionate to grants
Charity accommodation costs	-	18	Proportionate to grants
Finance - other	-	14	Proportionate to grants
Total support and overhead costs	25	112	

Note 4.4 - Analysis of staff costs

The Charity does not employ any direct staff but is recharged with the costs of staff from the NHS Trust. These staff provide administration, accounting, fundraising and management support to the Charity and their costs are summarised in the Table below:

	2014-15 £'000	2013-14 £'000
Fundraising & appeals team	187	155
Finance accounting & administration team	90	82
Total staff costs	277	237

This can be further analysed as follows:

	2014-15 £'000	2013-14 £'000
Salaries	243	208
Pensions	18	16
National insurance contributions	16	13
Total staff costs	277	237

The average number of full time equivalent employees during the year was 6 (5 in 2013-14). No employee had emoluments in excess of £60,000 (0 in 2013-14).

Note 4.5 - Auditors remuneration

The External Auditor's remuneration of **£7,704 (£7,704 in 2013-14)** related solely to the audit of the Charity's accounts, with no additional work undertaken.

Note 4.6 - Grant returned to third parties

There were no grants returned to third parties in 2014-15 (£0 in 2013-14)

Note 5 - Fixed asset investments

The Charity does not hold any tangible or heritage assets. The only fixed assets that the Charity holds relate to an investment portfolio managed by the Trust's investment managers.

Note 5.1 - Movement in fixed asset investments

	2014-15 £'000	2013-14 £'000
Market value at 1st April 2014	4,736	4,933
Add: additions to investment at cost	95	0
Less: disposals at carrying value	(101)	(209)
Add: net gain (loss) on revaluation	194	12
Market value as at 31st March 2015	4,924	4,736

Leicester Hospitals Charity

Notes to the Accounts

Note 5.2 - Analysis of investment portfolio

	Held in UK £'000	Held outside UK £'000	2014-15 Total £'000	2013-14 Total £'000
Investments listed in unit trusts	4,418	479	4,897	4,635
Cash held as part of investment portfolio	27	0	27	101
Market Value as at 31st March 2014	4,445	479	4,924	4,736

Note 5.3 - Investments

	Value £'000	% of portfolio
Equities		
<i>UK equities</i>		
Cazenove Equity Inc Trust for Charities	1,510	31%
Cazenove The Growth Trust for Charities Income Units	629	13%
<i>International equities</i>		
BNY Mellon FD Mngr Newton Asian INC INST INC	417	8%
M&G Investment Man Global Dividend I INC	479	10%
Total equities	3,035	62%
Bonds		
<i>UK Bonds</i>		
Schroder UK Corporate Bond Fund C Inc	461	9%
Cazenove The Income Trust for Charities Income Units	257	5%
Schroder Strategic Credit Fund	418	8%
Total Bonds	1,136	23%
<i>Portfolio Funds</i>		
Capita Finl Mngrs Trojan FD S Inc Nav	432	9%
<i>Property</i>		
Charities Property Fund	98	2%
Property Inc Trust for Charities	196	4%
<i>Cash</i>		
Total cash	27	1%
Total investments	4,924	100%

Note 5.4 - Analysis of gross income from investments

	Held in UK £'000	Held outside UK £'000	2014-15 Total £'000	2013-14 Total £'000
Income from investment managers portfolio	158	35	193	191
Other investments	2	0	2	3
Total investment income	160	35	195	194

Note 6 - Analysis of debtors

	2014-15 Total £'000	2013-14 Total £'000
<i>Amounts falling due within one year:</i>		
Accrued income	309	589
Debtors - recharges due from UHL NHS Trust	141	88
Other debtors	55	50
Total debtors falling due within one year	505	727
Total debtors falling due after more than one year	0	0
Total debtors	505	727

Leicester Hospitals Charity

Notes to the Accounts

Note 7 - Analysis of creditors

	2014-15 Total £'000	2013-14 Total £'000
<i>Amounts falling due within one year:</i>		
Accruals		-
Creditors - recharges due to UHL NHS Trust	231	159
Other creditors	255	225
Total creditors falling due within one year	486	384
Amounts falling due after more than one year	0	0
Total creditors	486	384

Note 8.1 Endowment funds

	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Gains and losses £'000	Balance at 31 March 2015 £'000	Balance at 1st April 2014 £'000
CIP general purpose	0	0	0	0	1,047	1,047
Endowment fund unrealised gains	0	0	0	1	51	50
Total endowment funds	0	0	0	1	1,098	1,097

The unrealised gains are unapportioned gains which relate to endowment funds in their entirety. The Charity does not apportion unrealised gains across funds.

Note 8.2 - Details of endowment funds

Name of Fund	Description, Nature and Purpose of Fund
CIP general purpose	Income to be used for any general purpose

Note 8.3 - Analysis of material restricted & unrestricted funds

	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Gains and losses £'000	Balance at 31 March 2015 £'000	Balance at 1st April 2014 £'000
<i>Restricted Funds</i>						
Pathology - Blood Bank	4	(33)	0	4	86	111
Medicine - Diabetes Research	10	(70)	0	2	13	71
Wellbeing At Work	0	(73)	87	0	62	48
Lord Mayor's Forget Me Not Appeal	1	(34)	0	1	20	52
UHL Staff Lottery	210	(121)	(87)	7	99	90
Foxtrot Walk	1	(38)	0	0	6	43
Diabetes Care - Roy Bates	2	(5)	(1)	2	41	43
Medical Equipment Fund	1	(2)	0	1	24	24
Others (11 funds)	24	(54)	0	4	80	105
Total restricted funds	253	(430)	(1)	21	431	587
<i>Unrestricted Funds</i>						
General Purposes of Leicester Hospitals	362	(574)	0	64	730	878
Surgery - Breast Care	233	(36)	0	8	325	120
Nursing - W.R.V.S	97	(97)	0	8	195	187
Cardio Respiratory - Patient Benefit	114	(107)	(16)	7	189	191
Oncology Dept - Patient Benefit	9	(58)	(1)	7	137	180
Renal - Research	64	(11)	0	7	186	126
Others (139 funds)	690	(1,053)	18	71	1,949	2,224
Total unrestricted funds	1,569	(1,936)	1	172	3,711	3,906

All transfers between funds have been appropriately approved in accordance with the Charity's policy. Where transfers have been made between restricted and unrestricted funds the purpose of both the restricted and unrestricted funds involved in the transfer were the same.

Unrealised gains represent the changes in the market value of our investments which have not been realised through the sale of those investment.

All unrestricted funds are designated funds apart from the General purposes fund. The Charity designates funds by department and as either staff benefit, patient benefit, equipment or research. The Charity permits transfers between designated funds.

Leicester Hospitals Charity

Notes to the Accounts

Note 8.4 - Details of material restricted funds

Name of fund	Description, nature and purpose of fund
Pathology - blood bank	To purchase equipment for the benefit of Pathology
Medicine Diabetes Research	To fund diabetes research.
UHL staff lottery	To provide additional resources for staff
Lord Mayors Forget Me Not Appeal	To fund expenditure related to the Charity's Dementia Appeal

Note 9 - Contingencies

The Charity does not have any contingencies to be included in the accounts for the financial year 2014-15 (2013-14 - Nil).

Note 10 - Commitments, liabilities and provisions

The Charity has the following commitments as at the 31st March 2015:

	2014-15 £'000	2013-14 £'000
Charitable projects	1,098	1,226
Total	1,098	1,226

The Charity recognises liabilities in the accounts once there is a legal or constructive obligation to expend funds. The commitments in this note reflect the Charity's intentions to spend, and as such are not classed as liabilities in the accounts. They are all due within one year.

	2014-15 £'000
Movement within year	
Opening value	1,226
Arising in year	1,872
Utilised in year	(1,786)
Unused / reversed	(214)
Closing value	1,098

Note 11 - Trustee expenses and remuneration

The Charity did not make any reimbursements for expenses or remuneration to the Corporate Trustee or any of its agents during the financial year 2014-15 (2013-14 - Nil).

Note 12 - Details of transactions with the Trustee or connected parties

The Charity did not have any connected person, other than the connected organisation noted in Note 2.

LEICESTER HOSPITALS CHARITY

**TRUSTEE'S ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2015**

First Impressions

Foreword from Karamjit Singh Chairman, University Hospitals of Leicester NHS Trust

First impressions count. Our first experience of a person, organisation or place can often determine our view for years to come. In 2014, when I became Chairman of the University Hospitals of Leicester NHS Trust (UHL) my first impression was of an organisation full of friendly, hardworking and dedicated staff. That has stayed with me as I have got to know the organisation better. At the end of 2014 I was invited to the first ever Leicester Hospitals Charity Annual General Meeting. I was struck with what I learned about the Charity and the work it does, but also by the supporters I met, their enthusiasm and the stories they told about why they support us.

It is clear that for many people, Leicester's Hospitals are more than the place you go when you are ill and in need of our services. They are also something that many people feel attached to and proud of. Ann Cook, Manager of the Glenfield Support Shop - which raises thousands of pounds every year selling donated goods - told me how much she felt indebted to the Glenfield Hospital for the care her husband received years ago following a stroke. Over twenty years later (her husband having died during that time) she continues to manage the shop with a team of dedicated volunteers, all of whom give so much of their time to support our work.

The challenges that the NHS faces are great; we have an increasingly elderly population, many of whom need permanent and complex care. The cost of running our hospitals rises every year, as the cost of treatments rise. Over the next five years Leicester's Hospitals will undergo some major transformations, to improve our services, and allow us to do new things, as well as continue to improve what we currently do. We will need to call on support from many sources – charitable, government, business and the community if we are to achieve all that we want to. The need for additional support - from volunteers like those at the Glenfield Support shop, from all the charities that help us, as well as our own Leicester Hospitals Charity - has never been greater.

My first impression of Leicester's Hospitals was very positive, but I think most people agree that we cannot stand still. We need to ensure that everyone's first impression of us is positive, every time. People will always need our care; with your continued support for Leicester Hospitals Charity we can continue to enhance the quality of the hospital environment and the care we offer.

UHL acts as Corporate Trustee for the Charity, and I am delighted, as Chairman, to present the Leicester Hospitals Charity annual report for the year ended 31st March 2015. These annual reports and accounts have been prepared by the Corporate Trustee in accordance with the Charities Act 2011. The Charity's report and accounts include all the separately

established funds which benefit staff, patients and their carers, and the communities served by Leicester Hospitals Charity.

For those of you who supported Leicester Hospitals Charity in 2014 and 2015, and who continue to support us, you have my utmost thanks.

Karamjit Singh

Chairman, University Hospitals of Leicester NHS Trust, and Leicester Hospitals Charity

Our Mission Statement

Leicester Hospitals Charity (the Charity) exists to support patients, their carers; and the NHS staff who look after them in Leicester, Leicestershire, Rutland and beyond.

It does this through targeted fundraising campaigns and effective management of donations, to provide additional resources, assets and skills which link closely with the strategic aims of UHL and the broader strategic aims of NHS healthcare in the East Midlands.

Our objective for achieving public benefit

The Charity aims to achieve benefit for the public in all of its activities.

UHL's Trust Board reviews the Charity Commission's general guidance on public benefit when setting the terms of reference for the Charitable Funds Committee. The Charitable Funds Committee takes account of the Charity Commission's guidance on public benefit in planning the budget for each year, and in setting or reviewing the guidelines for Fund Advisors, who allocate charitable spending.

The funds of the Charity are comprised primarily of donations and legacies from members of the public and private organisations. The Charity's overall objective is to use these funds to benefit the public.

The Charity achieves this by ensuring that its funds are used for the following purposes:

- To purchase medical, surgical and other equipment and services;
- To purchase or construct assets for donation to the Trust; and
- To fund research projects

These activities benefit the public. They are not covered, or not fully supported by core NHS funds. The Charity defines "the public" as patients, their carers and the NHS staff who look after them in Leicester, Leicestershire, Rutland, and beyond.

All grant applications from the Trust for charitable expenditure are subject to review and challenge before they are approved. All applications are reported to the Charitable Funds Committee. This includes confirmation that the expenditure is for public benefit and cannot be met through core NHS funds.

Leicester Hospitals Charity is at its most effective when it combines the expertise and commitment of highly skilled NHS staff, with the generous support of the Leicester, Leicestershire and Rutland communities to bring about better quality care and support for patients.

UHL, as Corporate Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting the grant-making policy for the year.

Our achievements in 2015

New library unveiled at Leicester Royal Infirmary and first Impressions - Amazing!

Leicester Royal Infirmary's new £1.5 million Odames Library was officially opened on Monday 11 May by Fiona Godlee, Editor in Chief of The British Medical Journal.

Located on the old Odames ward, which was once a Nightingale ward built around 1910, the new library is now available to all University Hospitals of Leicester NHS Trust staff as well as medical and nursing students studying at De Montfort University and the University of Leicester.

The Trust supported the project with a £1.5 million capital grant, while Leicester Hospitals Charity provided funding for equipment and books. The library includes quiet working areas, print resources, along with meeting and teaching rooms.

Stuart Glover, library services manager for Leicester's Hospitals, said:

"It is always exciting when you open a new library and we are absolutely thrilled by the facility that has been created for us in an old ward at Leicester Royal Infirmary.

It will allow us to offer an even better service to our service users and allow their experience to be enjoyable and productive. Library services are crucial to NHS Trusts and now we have the sort of library that we can be proud of and that will benefit staff and ultimately patients."

Leicester Hospitals Charity continues its support of the library and is helping to raise £45,000 for a new patient information service. A grant of £5000 has been given by the Edith Murphy Foundation towards this. We are really grateful for their support.

The Islamic Dawah Academy Leicester donated £18,700 in October 2014 to fund a 360 degree phototherapy unit for the Neonatal service as well as a standard incubator for the post natal ward at LGH for babies who need phototherapy.

The family of the late Roy & June Harris, who were both Kidney transplant patients have donated over £19,000 in recognition of the treatment and care they received over the years by the John Walls Renal Unit. The money will be used to provide additional portable monitors for transplant patients as well as enhancements to the new day room planned for these patients at Glenfield Hospital.

Making a difference to our patients and their carers

Leicester Hospitals Charity has been funding support for patients with dementia, whilst they stay with us in hospital. Chantelle Lediard, Team Leader, explains the importance of meaningful activities for this group of patients:

“The Meaningful Activity service is now a team of 9 Facilitators and me, as Team Leader, thanks to funding from Leicester Hospitals Charity. The service sits within the Patient Experience Team and supports interdisciplinary working across 11 wards at Leicester Royal Infirmary including the care of older people, speciality medicine, the Acute Frailty Unit, as well as respiratory wards at Glenfield Hospital.

Our Meaningful Activity Facilitators offer additional support for ward teams to help improve the well-being of people with dementia and their carers during their stay in hospital.

Main areas of focus and activities include:

1. Reminiscence activity
2. Nutrition and hydration
3. Personal identity
4. Arts and crafts
5. Games and puzzles
6. Music therapy
7. Sensory work
8. Group and social interaction

Over the last year we have seen over 1000 patients, with 453 carers being involved in ward activities. Meaningful Activity can improve the well-being of people with dementia as well as promoting a closer working relationship with their carers, which I think is really important . It provides an opportunity for cognitive stimulation, supporting physical, sensory and psychological well-being.

The whole team has an array of experience and background in healthcare and are committed to supporting older people and dementia care. They have dedicated time to learn more about a patient's past and present, and incorporate this in bespoke activities to treat the patient holistically. The Team Leader who is an Occupational Therapist by background is confident that the service helps to provide person centred care and bespoke activities.

In 2015/16, plans are underway to pilot a Meaningful Activity 'Outreach Service' to support more patients across the Trust and to raise awareness of dementia amongst patients, their families and staff."

How we have raised the funds

We held the biennial Kidney Care Appeal Walk on Sunday 15th June, raising funds for research into kidney disease and for patient comfort. 74 walkers completed the mile long course at Ratcliffe College and the money raised on the day added to the many donations we received in support of the event from a further 261 supporters amounted to a whopping total of £16,700 including gift aid.

Just under 100 Individuals, groups or clubs registered with us to fundraise for various appeals and departments within our hospitals. With our support, including online donations they raised just over £401,000. Of this, £32,000 was raised specifically for the Leicester Baby Loss Appeal.

We are very proud that the 3 rooms identified within the Maternity Department at the LRI were completed to the same high standard and design to those refurbished last year at the LGH. This includes a brand new bereavement delivery suite (Bracken), an overnight stay room (Clover) for bereaved mothers and their family, and a quiet room (Bluebell), where we share traumatic/sad news with expectant mothers post routine scans.

We have also managed with the extra funds raised, to refurbish the very well- used parent overnight stay rooms and the lounge within the Special Care Baby Unit at LGH for new mums and their families to use if their sick baby needs to stay in hospital after birth.

Our London marathon runners helped raise funds for the Leicester Baby Loss Appeal and achieved just over £9,000 between the 4 of them.

And a special thanks to BBC Radio Leicester Sports Commentator Ian Stringer, for supporting us again with his marathon efforts. He completed the Tokyo Marathon in soaring heat, raising well-over £10,000 for the Appeal. We are truly grateful to Ian for his continued support and efforts for the Charity and our local hospitals.

We helped to launch the Leicestershire Heartsafe Schools Programme in February at the Leicester Tigers Ground with the support of Rugby Legend Martin Johnson, BBC Radio

Leicester's Ben Jackson and patients and individuals who had either saved a life or had, had their life saved by an onlooker when they collapsed with a sudden cardiac arrest. The aim, which is well underway, is to teach all year 10 pupils in Leicester, Leicestershire and Rutland life-saving skills and defibrillator awareness. We have helped to raise over £16,000 for the Programme, including supporting consultant cardiologist Dr Doug Skehan with raising £9,400 by completing the Great North Run.

Donations & legacies

Many of our gifts and donations are given directly to wards to thank staff for the care they have given to patients. These gifts are used for charitable activities that benefit staff and patients. Charitable funds also allow all grades of staff to attend training courses not funded by the NHS, which helps keep them abreast of new ideas and techniques around patient care and treatment.

The Charity also received a number of legacies in the year. Legacies can often have a transformational impact, enabling us to provide new equipment, or fund important improvements to ward or clinic areas, for which NHS funds are not available.

Staff Lottery & wellbeing at work

The UHL Lotto increased its membership by introducing more quarterly Super draw prizes for hospital staff who participate, including £3,000 towards a holiday and the opportunity to have a VIP package for 10 people at a Platinum LCFC home Premiere Match. The Staff Lotto had an income of £204,000, £109,000 of this for prizes leaving the rest to benefit staff across all three sites.

The Charity's Five Year plan

In 2013 we launched the Charity's five year fundraising plan – to increase the overall funds available to support UHL in delivering its five year plan. In 2014 we found new premises at Belgrave House at Leicester General Hospital. This enabled us to recruit new staff, bringing the fundraising team up to seven (six whole time equivalents). Rebecca Porteous is our new fundraising administration assistant; Sue Stevenson our Trusts and Foundations Officer, and Kamlesh Mistry now manages our Events and Community Fundraising. We also recruited an apprentice fundraising assistant Naeema Lorgat, who has helped us cover maternity leave (Marie Hough, our Fundraising Administration Manager is now proud mum to Alfie). The team has settled in well, and we have started to see an increase in activity which should lead in time to an increase in fundraising income.

During 2015 we will be reviewing the activity and governance of the Charity, to make sure we continue to support the Trust's developing plans and to ensure we keep our patients, visitors and staff as our primary focus.

Governance and Finance

Trustees

The Charity has a Corporate Trustee, the University Hospitals of Leicester NHS Trust. The members of the NHS Trust's Board who served during the financial year, were as follows:

Mr K Singh	CBE Trust Chairman (from 1 October 2014)
Mr R Kilner	Acting Chairman (until 30 th September 2014)
Col (Ret'd) I Crowe	Non-Executive Director
Mr M Traynor OBE	Non-Executive Director (from 2 nd October 2014)
Dr S Dauncey	Non-Executive Director
Mr M Williams	Non-Executive Director (from 30 th October 2014 to 30 th March 2015)
Mrs K Jenkins	Non-Executive Director (until 30 th June 2014)
Mrs J Wilson	Non-Executive Director
Mr R Moore	Non-Executive Director (from 5 th February 2015)
Professor D Wynford Thomas	Non-Executive Director (until 28 th February 2015)
Mr P Panchal	Non-Executive Director (until 31 st March 2015)
Mr J Adler	Chief Executive
Dr K Harris	Medical Director (until 31 st March 2015)
Mr R Mitchell	Chief Operating Officer
Ms R Overfield	Chief Nurse (until 28 th February 2015)
Ms C Ribbins Acting	Chief Nurse (from 1 March 2015)
Mr A Seddon	Director of Finance (until 13 th April 2014)
Mr P Hollinshead	Interim Director of financial Strategy (until 18 th July 2014)
Mr S Sheppard	Acting Director of Finance (from 21 st July to 30 th September 2014)

Maintaining a healthy balance sheet

The assets and liabilities of the Charity as at 31 March 2015 are stated below, compared with the position at 31 March 2014.

	Total Funds 2014-15 £000	Total Funds 2013-14 £000
Fixed Asset Investments	4,924	4,736
Net Current Assets	316	854
Total Net Assets	5,240	5,590
Funds of the Charity		
Endowment Funds	1,098	1,097
Restricted Funds	431	587
Unrestricted Funds	3,711	3,906
Total Funds of the Charity	5,240	5,590

Useful definitions:

Fixed Asset Investments are investments in quoted stocks and shares.

Net Current Assets represent cash held on deposit plus debtors less the value of outstanding liabilities.

Endowment Funds represents endowments which are held in perpetuity so that only the income is available for distribution.

Restricted Funds represents money which is held by the Trustees which can only legally be used for specified purposes.

Unrestricted Funds are funds available to be spent within the objects of the Charity which can legally be spent wholly in accordance with the discretion of the Trustees.

Sources of funds

Incoming resources decreased from £2,120k in 2013-14 to £1,823k in 2014-15. Voluntary income decreased by £494k primarily due to a reduction in donations (£169k) and legacies (£325k). Legacy income had increased above plan by £572k in 2013-14 due to the notification of several large legacies around the year end.

There were no major fundraising appeals in 2015-16.

Total resources expended increased from £2,017k in 2013-14 to £2,367k in 2014-15 mainly due to an increase in charitable activities of £336k relating to grants awarded for patient welfare and amenities.

The Charity generated a £350k deficit on the Statement of Financial Activities, with an excess of expenditure compared to income of £544k and an investment gain of £194k.

Although the Charity understands the importance of maintaining a healthy balance sheet and an adequate level of funds it does not plan to generate a surplus each year. The Charity's view is that where there is an excess of available funds over the minimum required level then these funds should be utilised. In some years it is appropriate for spending to exceed income, particularly where a large scheme is being funded following a fundraising campaign.

Income was received from the following sources:

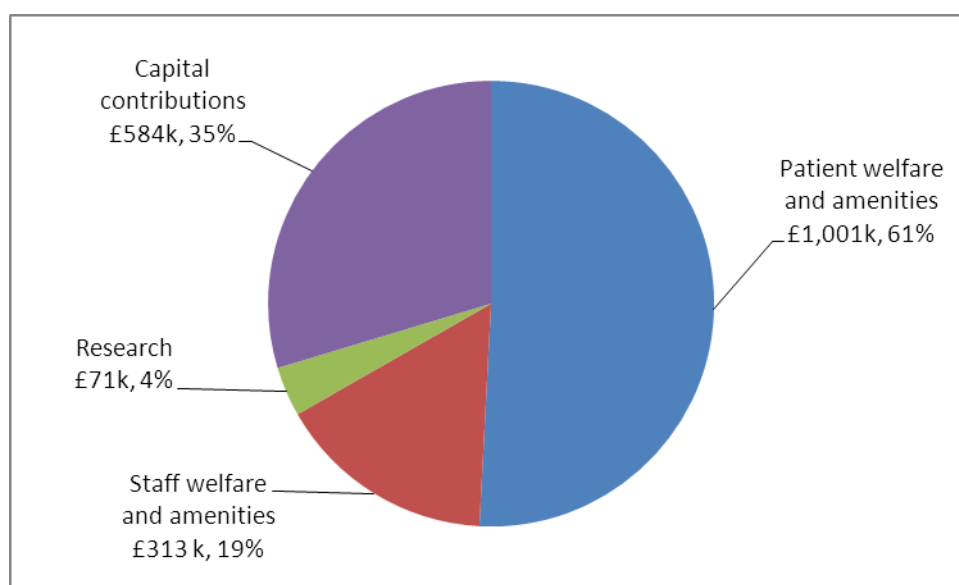


Voluntary income included legacies of £135k; £115k; five legacies between £50k and £100k and a further 10 legacies over £10k. A further £41k was raised through the gift aid scheme. A total of £131k was raised through fundraising schemes and £204k from the staff lottery.

During the year, the total return, including dividends and interest, was £195k (2013-14: £194k). The Charity also benefited from investment gains of £194k (gain of £13k in 2013-14) reflecting the performance of the stock market over the last twelve months.

Where we spent the money

The awarding of grants represents the main activity for the Charity. During the 2014-15 financial year the Charity expended £1,969k in grants as shown below:



Grants to provide benefits to patients

The Charity spent £945k (2013-14: £623k) on grants to benefit patients, including:

- Purchases of Equipment to Supplement Wards and Departments £241k
- Purchases of medical and dental equipment £170k
- Furnishings of Patient Areas £375k
- Purchases of other equipment £124k

Grants to provide benefits to staff

The Charity spent £296k (2013-14: £279k) on grants with a purpose to provide benefits to the Trust's staff, including:

- UK and Overseas Course Fees, Study Leave and Travel £45k
- Social Activities £39k
- Furnishing Improvements to Staff Areas £56k
- Prize giving £27k

Capital projects for donation to the NHS Trust

The Charity spent £551k (2013-14: £585k) on grants with a purpose to provide benefits to the Trust's patients and staff through capital expenditure, including:

- Construction works £294k
- Medical and dental equipment £193k
- Computer and other equipment £64k

Grants awarded for research projects

The Charity has a number of research funds and during the year and £67k (2013-14: £59k) was spent on research related activities. The majority of this expense (£45k) related to the purchase of equipment for use in research activities.

Risk management

The Charity has identified no new material risks during 2014-15, with the main risk being the potential loss from a fall in the market value of investments.

The Charity has established an investment strategy to mitigate this risk, which requires an investment portfolio which balances risk and return, and includes investments which can be converted to meet short term cash requirements. New investment managers have been appointed in the year and they act in accordance with the Charity's investment strategy.

Financial reports are presented to the Charitable Funds Committee and any significant trends and risks are highlighted in the commentaries supporting the reports. Other low priority operational risks relate to the grant application process and the financial system risks around the receiving of donations, ordering of goods and services and payment of invoices.

Appropriate controls and systems have been established to mitigate these risks, including the Charity adopting UHL's standing orders and standing financial instructions. Assurances are obtained from internal audit that these controls are operating effectively.

The Trust's Audit Committee routinely receives updates on the Charity's performance and is responsible for the controls over the financial probity and management of the Charity and for overseeing the work of the auditors.

Grant-making policy

The use of our funds is restricted by the governing document which established the Charity to purposes connected with the NHS. When approving grant expenditure consideration is first given to the public benefit that will be generated from the expenditure, as this is a core value in our activities.

The main activity for the Charity is the awarding of grants to UHL. Grants are awarded through the scheme of delegation, and authorisation is dependent on the fund's purpose

and the value of the application. The grant application process ensures that individual funds are not able to commit expenditure in the absence of available funds.

Grant applications are subject to robust review and challenge before they are approved, including a review as to whether the expenditure is for the public benefit and cannot be met through core NHS funds.

Where expenditure relates to the purchase of medical equipment there is an expectation that the NHS Trust Medical Equipment Panel approves these before any application is submitted for consideration. This ensures that there remains consistency between the capital expenditure plans of the NHS Trust and the Charity in terms of capital planning, and compatibility with existing resources.

The Committee approves grants up to £25,000 in relation to the use of the Charity's funds. The Charity Finance Manager is empowered by the Committee to consider and approve all grant applications of up to £10,000 from restricted or designated funds within the criteria set by the Committee. A report is presented to the next meeting of the Committee which details these approvals.

Applications involving proposed expenditure of £25,000 or more are referred to the NHS Trust Board, as Corporate Trustee, with the Committee's recommendation as to whether or not they should be approved or rejected.

Reserves

The Charity has an overall plan to provide long term support to the Trust. The Corporate Trustee has held the view that income donated to the Charity should be expended in a timely way in accordance with the wishes of the donors. This does not prevent any individual fund balances from being built up in order to purchase larger items in the future.

The Corporate Trustee's intent is that general funds are spent within a reasonable period of receipt and therefore foresee a need to only maintain reserves at a sufficient level to provide certainty of funding for the ongoing running costs of the Charity. This is in line with the following legal requirement:

"...reserves must be justified and by law, the Charity must spend income it receives within a reasonable period of time unless there's a good reason not to".

The Charity must be clear about the reasons for keeping reserves and is required to have a reserves policy. This helps explain to others why we are setting money aside rather than spending it on the charity's aims. The Charity Commission defines reserves as the part of the Charity's funds which are "freely available" and excludes endowment, restricted and committed funds. The level of reserves available for general use as at 1st April 2014 is as follows:

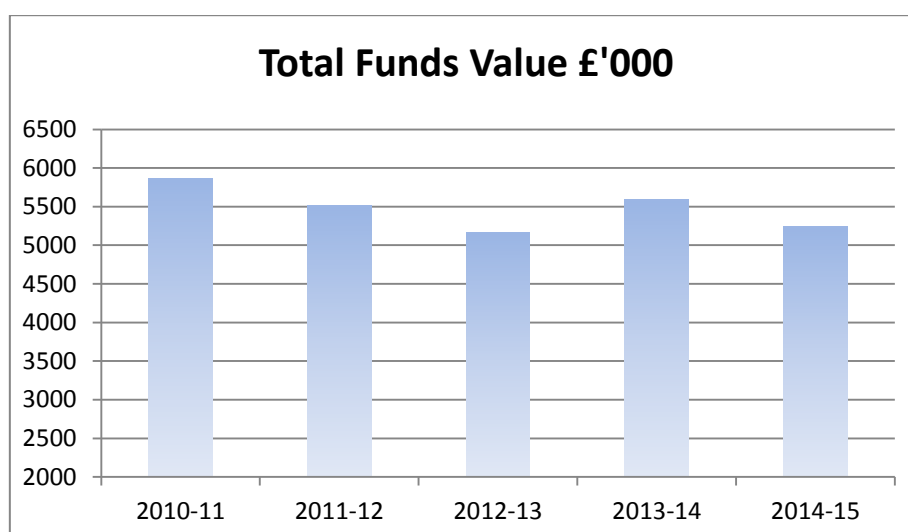
Breakdown of reserves	£'000
Total funds	5,240
less restricted funds	(431)
less endowments	(1,098)
less committed funds	(1,098)
Freely available reserves	2,613

The Charity's income and expenditure from 2010-11 to 2014-15 is shown in the table below.

Year	Income £'000	Expenditure £'000	Net movement in funds £'000	Movement as a % of total funds %
2014-15	1,823	2,367	-544	-10%
2013-14	2,424	2,018	406	7%
2012-13	2,120	2,895	-775	-15%
2011-12	2,126	2,395	-269	-5%
2010-11	1,651	2,092	-441	-8%

The largest movement in funds (as a percentage of total fund balances) occurred in 2012-13 and this was primarily due to the successful OurSpace appeal. The net movement in funds is usually not material when compared to the total level of fund balances. On average the annual net movement in funds has been a deficit of (£325k) over the 5 year period.

Overall fund balances have remained constant and there is a regular core level of income. The graph below shows the total fund balances over the last six years.



The Charity has calculated that it requires approximately £100k to meet its ongoing running costs and fund the spending that would be required to wind the Charity down should the need ever arise.

Taking into account the level of income and expenditure over the last five years it would be prudent to maintain freely available reserves at no less than £500k to ensure that the Charity has sufficient funds to cover its immediate commitments, plus sufficient funds to cover any likely annual deficit.

Linking the level of reserves to an annual level of spend is consistent with the Trust's own going concern assessment.

Each year, as part of the accounting process, the Trust assesses whether it will be operating as a going concern for the next financial year. The going concern assumption is less of a risk to the Charity as it is to the Trust as the majority of the Charity's expenditure is discretionary.

The Charity will be refining its approach to annual and long term planning, and will be linking spending plans to fundraising requirements. The going concern of the Charity would therefore not be put at risk if a large item of expenditure was identified as this would be supported by a fundraising scheme to meet any shortfall in available funds. There is therefore minimal risk to the Charity by reducing its reserves from the current level as expenditure is not approved unless funds, or fundraising plans, are in place.

The Charity currently has a level of freely available reserves which is significantly higher than the required level and the Charity's planning process will take this into account and aim to stabilise the reserves at the required level.

Our investments

The investments of the Charity are managed by Cazenove Capital Management (Cazenove) with the emphasis on maintaining a high level of liquidity and a low to moderate investment risk.

As part of the investment policy, Cazenove has the delegated authority to invest funds into equity, property and bond markets as well as maintain cash holdings. The investment firm are expected to work within the agreed portfolio mix shown below.

Investment Class	Permissible Range (%)	Proportion as at 31/03/15 (%)	Proportion as at 31/03/14 (%)
Equities (UK/Overseas)	30 to 60	61.6%	62.1
Fixed interest	15 to 35	23.1%	23.5
Absolute return	0 to 10	8.8%	8.4
Property	0 to 20	6%	3.9

Cash	Balance	0.5%	2.1
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The slight increase of UK equities above the permissible range is due to fluctuations in the market value of these and other investments which can impact on the proportion of total investments represented by equities.

The following restrictions also apply to the Charity's investment portfolio:

- investments that are not readily realisable must not exceed 10% of the total portfolio;
- investment in any one issuer's securities should not exceed 10%; and
- payment must be made on demand to the Charity in line with agreed procedures and approved signatories.

The Charity's governing document imposes two further restrictions on the Charity's power to invest funds:

- The Charity must not make any speculative or hazardous investment (and for the avoidance of doubt, this power to invest does not extend to the laying out of money on the acquisition of futures or traded options); and
- The Charity must not engage in trading ventures.

The Charity does not wish to invest in companies whose principal activities are tobacco related. The Charity accepts that the investment in common investment funds (and similar products) may give the Charity indirect exposure to tobacco related investments.

The Charitable Funds Committee reviews investment management performance at each meeting. The investment managers provide the Charity with monthly performance reports highlighting performance against key indices such as the FTSE All Share Index. The investment managers also provide the Charity with a commentary in relation to the portfolio and market outlook. The Charity receives regular advice from its investment managers and reviews opportunities to amend the Investment Strategy.

The Charity does not apportion unrealised investment gains or losses across funds unless they are in excess of £250k.

Reference and administration details

Charity Name	Leicester Hospitals Charity
Fundraising Team	Belgrave House Gwendolen Road Leicester General Hospital LE5 4PW
Registered Number	1056804
Charity Staff	
Tim Diggle	(Head of Fundraising)
Debbie Adlerstein	(Head of Business Development)
Kamlesh Mistry	(Community and Events Fundraising Manager)
Maxine Newcombe	(Fundraising Events Assistant)
Sue Stevenson	(Trust & Foundations Fundraising Officer)
Marie Hough	(Fundraising Administrator)
Rebecca Porteous	(Fundraising Administration Assistant)
Naeema Lorgat	(Fundraising Administration Apprentice)
Nick Sone	(Charity Finance Lead)
Julie Woolley	(Charity Finance Manager)
Mandy Tuddenham	(Charitable Funds Assistant)
Internal Auditors	PricewaterhouseCoopers LLP Cornwall Court, 19 Cornwall Street

Birmingham
B3 2DT

External Auditors KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Solicitors Eversheds
1 Royal Standard Place
Nottingham
NG1 6FZ

Bankers The Royal Bank of Scotland
St Johns House
East Street
Leicester
LE1 9NB

Investment Managers Cazenove Capital Management Limited
12 Moorgate
London
EC2R 6DA

Corporate Trustee University Hospitals of Leicester NHS Trust
And Registered Trust Headquarters
Charity Address Level 3, Balmoral Building
Leicester Royal Infirmary
Infirmary Square, LE1 5WW

Thank you

On behalf of all the patients who continue to benefit from improved services due to donations and legacies, Leicester Hospitals Charity would like to thank all patients, relatives, staff and partners for their support.

If you want to know more about how to become involved in the work of the Trust, or take part in fundraising activities, or simply make a donation, contact the Leicester Hospitals Charity Fundraising team on 0116 258 8709, or email fundraising@uhl-tr.nhs.uk.

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

27th November 2015

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Leicester Hospitals Charity (“the Charity”), for the purpose of expressing an opinion as to whether these financial statements give a true and fair view of the financial position of Leicester Hospitals Charity and of its financial performance in accordance with UK Generally Accepted Accounting Practice. These financial statements comprise the balance sheet as at 31 March 2015, and the statement of financial activities for the year then ended, and a summary of significant accounting policies and other explanatory notes.

We acknowledge as Corporate Trustee (“the Trustee”) our responsibilities under the Charities Act 2011 for preparing financial statements which give a true and fair view of the Charity.

We also acknowledge as Trustee our responsibilities under the Charities Act 2011, for making accurate representations to you and for ensuring that there is no relevant audit information that you are unaware of.

The Trust Board approves the financial statements.

The Board understands that auditing standards require you to obtain representations from the Trustee on matters that are material to your opinion. The Board understands that omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size and nature of the item, or a combination of both, could be the determining factor.

The Board has made appropriate inquiries of the Trustee and officers of the Charity with the relevant knowledge and experience. Accordingly, the Board confirms, to the best of its knowledge and belief, the following representations:

1. The financial statements referred to above, which have been prepared on a going concern basis, give a true and fair view in accordance with UK Generally Accepted Accounting Practice.
2. All the accounting records have been made available to you for the purpose of your audit and the full effect of all the transactions undertaken by the Charity have been adequately reflected and recorded in the accounting records in accordance with agreements, including side agreements, amendments and oral agreements. All other records and related information, including minutes of all management, committee Board and Trustee’s meetings and, where applicable, summaries of actions of meetings held after period end for which minutes have not yet been prepared, have been made available to you.

3. The Board is not aware of any known actual or possible non-compliance with laws and regulations that could have a material effect on the ability of the Charity to conduct its business and therefore on the results and financial position to be disclosed in the financial statements for the year ended 31 March 2015.

4. The Board:

(a) understands that the term “fraud” includes misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Misstatements resulting from fraudulent financial reporting involve intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements resulting from misappropriation of assets involve the theft of an entity’s assets, often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

(b) acknowledges responsibility for the design and implementation of internal control to prevent and detect fraud and error.

(c) has disclosed to you our knowledge of fraud or suspected fraud affecting the Charity involving:

- management and those charged with governance;
- employees who have significant roles in internal control; or
- others where the fraud could have a material effect on the financial statements.

(d) has disclosed to you its knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

(e) has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

6. The Board confirms the completeness of the information provided to you regarding the identification of related parties and regarding transactions with such parties that are material to the financial statements. The identity of, and balances and transactions with, related parties have been properly recorded and when appropriate, adequately disclosed in the notes to the financial statements. The Board is not aware of any other such matters required to be disclosed in the financial statements, whether under FRS 8 *Related Party Disclosures* or other requirements. Included in Appendix A to this letter are the definitions of both a related party and a related party transaction as the Trustee understands them and as defined in FRS 8.

7. Presentation and disclosure of the fair value measurements of material assets, liabilities and components of equity are in accordance with UK Generally Accepted Accounting Practice. The amounts disclosed represent the Trustee’s best estimate of fair value of assets and liabilities required to be disclosed by these standards. The measurement methods and significant assumptions used in determining fair value have been applied on a consistent basis, are reasonable and they appropriately reflect the Trustee’s intent and ability to carry out specific courses of action on behalf of the Charity where relevant to the fair value measurements or disclosures.

8. The Board has recorded or disclosed, as appropriate in the financial statements, all liabilities, both actual and contingent, including all guarantees that they have given to third parties.

9. The estimated financial effect of pending or threatened litigation and claims against the Charity has been properly recorded and/or disclosed in the financial statements. Except as disclosed in the notes to the financial statements, the Board is not aware of any additional claims that have been or are expected to be received.

10. Except as disclosed in the financial statements or notes thereto, there are no:

(a) other gain or loss contingencies or other liabilities that are required to be recognised or disclosed in the financial statements, including liabilities or contingencies arising from environmental matters resulting from illegal or possibly illegal acts, or possible violations of human rights legislation; or

(b) other environmental matters that may have a material impact on the financial statements.

This letter was agreed at the meeting of the Trust Board on 3rd December 2015.

Yours truly,

Chairman

Appendix A to the Management Representation Letter of Leicester Hospitals Charity

Definitions

- A. Two or more parties are related when at any time during the financial period:
- i. one party has direct or indirect control over the other party; or
 - ii. the parties are subject to common control from the same source; or
 - iii. one party has influence over the financial and operating policies of the other party to the extent that that other party might be inhibited from pursuing at all times its own separate interests; or
 - iv. the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest
- B. For the avoidance of doubt, the following are related parties of the reporting entity:
- i. its ultimate and intermediate parent undertakings, subsidiary undertakings and fellow subsidiary undertakings;
 - ii. its associates and joint ventures;
 - iii. the investors or venturers in respect of which the reporting entity is an associate or joint venture;
 - iv. Trustees of the reporting entity and the Trustee of its ultimate and intermediate parent undertakings; and
 - v. pension funds for the benefit of employees of the reporting entity or of any entity that is a related party of the reporting entity.
- C. The following are presumed to be related parties of the reporting entity unless it can be demonstrated that neither party has influenced the financial and operating policies of the other in such a way as to inhibit the pursuit of separate interests:
- i. the key management of the reporting entity and key management of its parent undertaking(s);
 - ii. a person owning or able to exercise control over 20% or more of the voting rights of the reporting entity, whether directly or through nominees;
 - iii. each person acting 'in concert' in such a way as to be able to exercise control or influence over the reporting entity; and
 - iv. an entity managing or managed by the reporting entity under a management contract.
- D. Additionally, because of their relationship with certain parties that are, or not, presumed to be, related parties of the reporting entity, the following are presumed to be related parties of the reporting entity:
- i. members of the close family of any individual falling under the parties mentioned in points i to iii of para C above; and
 - ii. partnerships, companies, trusts or other entities in which any individual or member of the close family in points i to iii of para C above has a controlling interest.



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Leicester Hospitals Charity

Audit highlights memorandum and management letter

Year ended 31 March 2015

October 2015

The contacts at KPMG in connection with this report are:

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Executive summary

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Significant risks, significant risks that ISAs require us to raise, other areas of audit focus and our approach to them

3

Appendices

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This report is made solely to the Trustees of Leicester Hospitals Charity, in accordance with the terms of our engagement. It has been released to the Trustees on the basis that this report shall not be copied, referred to or disclosed, in whole (save for the Trustee's own internal purposes) or in part, without our prior written consent. Matters coming to our attention during our audit work have been considered so that we might state to the Trustees those matters we are required to state to the Trustees in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and its Trustees, for our work referable to this report, for this report, or for the opinions we have formed.

Please note that that this report is confidential between the Trustees and this firm. Any disclosure of this report beyond what is permitted above will prejudice this firm's commercial interests. A request for our consent to any such wider disclosure may result in our agreement to these disclosure restrictions being lifted in part. If the Trustees receive a request for disclosure of this report under the Freedom of Information Act 2000, having regard to these actionable disclosure restrictions you must let us know and you must not make a disclosure in response to any such request without our prior written consent.

Audit conclusions	
✓	<ul style="list-style-type: none"> ■ An unqualified audit opinion is proposed on the financial statements.
Accounting matters	
✓	<ul style="list-style-type: none"> ■ We have identified no audit differences from our audit of the draft accounts. ■ We identified a small number of presentational issues during our audit and management have adjusted for all of these matters. ■ Accounting policies appropriate for the annual report and the financial statements are in accordance with disclosure requirements of relevant charities legislation, UK GAAP and the Statement of Recommended Practice.
Auditing matters	
✓	<ul style="list-style-type: none"> ■ We have completed the audit subject to receipt of the signed management representations letter. ■ No significant audit issues arose during the course of our audit of the Charity. ■ We have raised one medium recommendation to improve the control environment of Leicester Hospitals Charity. This relates to the setting of a medium term strategy for use of accumulated fund balances.
Regulatory and tax matters	
✓	<ul style="list-style-type: none"> ■ No significant regulatory or tax matters came to our attention during the course of our normal audit work.



Significant risks, significant risks that ISAs require us to raise, other areas of audit focus and our approach to them

We highlight significant findings in respect of significant risks and other areas of focus for our audit, as identified in our discussion with you at the audit planning and strategy stage.

We have dealt with them as set out in the right hand column

Significant risks	Why	Our findings from the audit
Fraud risk from revenue recognition	Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.	<p>We reviewed the Charity's income and no instances of fraudulent revenue recognition were identified.</p> <p>The Charity's income from legacies and donation activities was £1,293 million. Additional income from fundraising activities and investment income was £530 million. The total income was £1,823 million.</p> <p>We substantively tested a sample of the Charity's income from legacies and donations to supporting documentation and ensured that this had been recorded correctly in the accounts as well as in the correct category (restricted/unrestricted).</p> <p>We undertook year end cut off testing to support the work we undertake on the completeness of income balances recorded in the financial statements. No errors were identified from this testing.</p>
Fraud risk from management override of controls	<p>Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>We have not identified any specific additional risks of management override relating to this audit.</p>	<p>We have considered management override of controls as a significant fraud risk. As a result of our procedures, including testing of journal entries, accounting estimates and significant transaction outside the normal course of business.</p> <p>No instances of fraud were identified</p>
Areas where there were no significant findings	<ul style="list-style-type: none"> ■ Local control environment ■ Revenue ■ Purchasing income 	<p>We have no significant findings to report to the Audit Committee in respect of these items which we discussed with you previously as areas of significant risk or audit focus.</p>

Appendices

1. Mandatory Communications
2. Unadjusted and Adjusted Audit Differences
3. Control Observations
4. Accounting Developments

Area	Key content	Reference
Adjusted audit differences	There were no audit adjustments from our audit of the draft accounts.	Appendix 2
Unadjusted audit differences	There were no unadjusted audit differences	Appendix 2
Draft management representation letter Proposed draft of letter to be issued by the Company to KPMG prior to audit sign-off	We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 2015.	Provided to management
Related parties	There were no significant matters that arose during the audit in connection with the entity's related parties.	N/A
Other matters warranting attention by those charged with governance	There were no matters to report in respect of material weaknesses or questions of management integrity or fraud involving management.	N/A
Disagreement with management	There have been no disagreements with management on financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our auditors' report on the Charity's financial statements. We encountered no fundamental difficulties in dealing with management in performing the audit.	N/A
Consultation with other accountants	To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year that were subject to the requirements of Statement 1.213 of the Institute of Chartered Accountants in England and Wales Guide of Professional Ethics.	N/A

Under UK auditing standards (ISA (UK&I) 260) we are required to provide the Audit Committee with a summary of unadjusted audit differences identified during the course of our audit, other than those which are 'clearly trivial', which are not reflected in the financial statements. ISA (UK&I) 450 requires us to request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor's report, individually or in aggregate.

Unadjusted audit differences (£)

No unadjusted audit differences were noted from the audit.

Under UK auditing standards (ISA UK&I 260) we are required to provide the Audit Committee with a summary of adjusted audit differences identified during the course of our audit. The adjustments below have been included in the financial statements for Leicester Hospitals Charity for the year ended 31 March 2015

Adjusted audit differences (£)

No adjusted audit differences to the main financial statements were noted from the audit.

As part of our audit we identified a number of presentational issues which the Charity has addressed.

Control observations raised in current year

Management Report

Our objective is to use our knowledge of Leicester Hospitals Charity gained during our routine audit work to make useful comments and suggestions for you to consider.

However, you will appreciate that our routine audit work is designed to enable us to form our audit opinions on the annual financial statements of Leicester Hospitals Charity and should not be relied upon to disclose errors or irregularities which are not material in relation to those financial statements.

All issues raised in the report have been discussed with management and we have included responses where appropriate.

	High priority– These are particularly significant matters for the organisation, such as those relating to factors critical to the successful running of the scheme and regulatory environment. We have not identified any grade A observations in the current year.
	Medium priority – These include observations on non-critical control systems, one-off items subsequently corrected, improvements to the efficiency of effectiveness of controls and matters that could be significant in the future. We have identified three grade B observations in the current year.
	Low priority – These are less significant than those graded A and B but we nevertheless consider that they merit attention by Management. We have identified four grade C observations in the current year.

#	Priority	Observation and recommendation	Managements response, responsible officer and due date
1		<p>Medium Term Strategy (re-iterated from prior year and is in progress)</p> <p>Leicester Hospitals Charity has held an average of £4.6 million in funds for the last five years. Currently there is no medium term strategy to utilise these reserves, and generally income received in the financial year is expended to an equal amount. Unused funds accumulate interest but this is not part of a longer term strategy of fundraising for specific projects.</p> <p>The Charity calculates that as a safety net it would need just £80k to operate, and therefore this is effectively the de-minimis level of reserves required.</p> <p>Recommendation</p> <p>The Charity should continue to develop a medium term policy for use of its funds to ensure that reserves are utilised appropriately for charitable fund expenditure in line with the charitable objectives rather than simply accumulate interest through investment.</p>	<p>Management response</p> <p>We are currently undertaking a project which, in part, will remove the barriers faced by staff when attempting to access funding charity funding and this should lead to increased expenditure and a reduction in our reserves. The aims of this project include:</p> <ul style="list-style-type: none"> • Reducing the number of separate funds within the Charity, creating larger and more accessible funds for use and reducing the use of more prohibitive restricted funds • Improving the way in which requests for funding can be better generated at an operational level and progressed to either a case of need or a full application for Charity funding • Improving the grant application forms to make them clearer and more user friendly • Speeding up the decision making process within the Charity in relation to the consideration of applications • Promoting the Charity more widely across the Trust, to encourage a greater use of funds <p>Responsible Officers Financial Controller and Head of Fundraising</p> <p>Due Date: March 2016</p>

Statement of Recommended Practice (SORP)

In July 2014, the SORP Committee issued the two new Charity SORPs to reflect the new UK accounting framework.

The new SORPs provide a comprehensive framework for charity accounting that all charities that prepare accrual accounts must follow. The new SORPs apply to financial years beginning on or after 1 January 2015.

The new framework provides a SORP to support each of the accounting standards from which charities can choose, depending on their size:

1. Charities SORP for the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 SORP)
2. Charities SORP for the Financial Reporting Standard for Smaller Entities (FRSSE SORP)

The two SORPs are modular in format and have the same structure and order of modules. FRS 102 may be followed by any charity. We expect that many charities eligible to follow the FRSSE will opt to follow the FRS 102 SORP, and we refer only to the FRS 102 SORP in the pages that follow.

The new SORPs can be viewed on the SORP microsite <http://www.charitysorp.org/>. The SORPs use the terms 'must', 'should' and 'may' to distinguish between those requirements that must be followed in order to comply with the SORP from other recommendations which charities can opt to follow when preparing their accounts.

There are additional requirements in the FRS 102 SORP for 'larger' charities defined as those charities requiring an audit.

The separation of the SORP means that users of the FRS 102 SORP will not be disrupted by the withdrawal and revision of the FRSSE as a result of the 2013 Accounting Directive. Broadly speaking, in order to use the FRSSE, charities must meet two out of three of the following criteria:

- An annual income of less than £6.5million;
- Total assets of less than £3.26million;
- Fewer than 50 employees.

However the requirements differ significantly due to underlying differences in terminology, accounting policies and disclosures required by the FRSSE and FRS 102. The FRSSE SORP and FRS 102 SORP share the same requirements for the form and contents of the trustees' annual report, fund accounting and common formats for the balance sheet, however there are many areas of difference including a different treatment for realised and unrealised gains and losses on investments in the statement of financial activities. Charities following the FRSSE will have reduced disclosures and the cash flow statement is optional, but will have to follow the FRS 102 SORP where accounting for a transaction is not covered by the FRSSE or FRSSE SORP, and will have to transition to the new FRSSE once available.

Charities SORP (FRS 102) – summary of key changes from current SORP (2005)

Summary of key differences

FRS 102 SORP

Trustees' Report

- Risk management – expanded for larger charities who must include a description of the principal risks and uncertainties faced by the charity and plans and strategies to manage these risks.
- Achievements and performance – the trustees should provide a balanced picture of progress against objectives and may include the effect or impact of results on beneficiaries and wider society.
- Remuneration – larger charities must disclose the pay arrangements of key management personnel including any benchmarks or criteria used to set their pay.
- Going concern – nature of any uncertainties should be explained (required by Auditing Standards).
- Reserves policy – the trustees must disclose the reserves policy; a policy to hold nil reserves must be explained.
- Pension liability – disclose the impact of any material pension liability.
- Trustee names – the concession allowing only 50 trustee names to be given has been removed so that now all trustee names must be reported.
- Social investment policy – larger charities must explain how programme related investments contribute to charitable aims and objectives.

SoFA

- The number of headings within the SoFA has been reduced and a 'plain English' style adopted to describe the nature of the income or expenditure included within each heading of the SoFA.
- Governance costs is no longer a separate heading but are included in support costs.
- The treatment of investment gains and losses has changed to reflect FRS 102 requirements. These will be recognised within the 'Income and Expenditure' part of the SoFA instead of the "STRGL" part where they currently sit, i.e. will now be "above the line".
- Comparatives are required for all SOFA columns, either on the face of the SOFA or in a note.

Cash flow statement

- The statement of cash flows required by FRS 102 is different to the current format but still allows either the direct or indirect method to be used.
- The new SORP gives more guidance than the current SORP with examples of cash flows that fall within the three mandatory headings – operating, investing and financing activities.

Charities SORP (FRS 102) – summary of key changes from current SORP (2005)

Summary of key differences

FRS 102 SORP

Income

- Income is recognised when it is probable (previously virtually certain). The FRS 102 SORP includes guidance as to when legacies are recognised, using a three-point test, and also permits a portfolio approach. The recognition for entitlement and measurability are unchanged, so in some cases recognition may be unchanged.
- For legacy income there is more guidance given to legacies with a three point test to when ‘normally probable’:
 - there has been grant of probate;
 - the executors have established that there are sufficient assets after settling any liabilities;
 - any conditions attached to the legacy are either within the control of the charity or have been met.
- Income from donated goods for sale or distribution is recognised at time of receipt at fair value unless impractical or too costly. Otherwise it is recognised as income when the goods are sold or distributed. Charities with retail outlets will need to assess the practicality and cost. It is likely that charities receiving goods as aid (eg commodities for distribution overseas) will find it more straightforward to recognize the cost in stock.
- Possible that in certain circumstances income from contracts could be classified as restricted income.

Expenditure

- Liabilities and provisions should be discounted where settlement is delayed for more than 12 months and the effect is material.
- A liability for paid annual leave and sick leave is recognised if material.
- FRS 102 SORP does not permit details of institutional grants to be made in a separate publication but these may be detailed on the charity website or in the trustees’ annual report rather than a note to the accounts.

Trustee and management remuneration

- The total remuneration paid to key management personnel must be disclosed. The charity may disclose the employee benefits received by its CEO or highest paid staff member, or all key management personnel on an individual basis.
- Any benefits or expenses paid to trustees are disclosed on an individual basis, including expenses waived by trustees.
- Donations made by trustees to the charity must be disclosed in total where no conditions apply to those donations.
- Details of redundancy and termination payments for staff must be disclosed.

Charities SORP (FRS 102) – summary of key changes from current SORP (2005)

Summary of key differences

FRS 102 SORP

Balance sheet

- Social investments include programme-related investments and the new “mixed motive investments”, which is an investment made both to generate an investment return and to further the investing charity’s purposes. Social investments are recognised at fair value, if this can be measured reliably, or else at cost less impairment.
- Transition opportunity to revalue tangible fixed assets and treat this as deemed cost going forwards.

Accounting for groups

- FRS 102 SORP provides guidance clarifying the treatment for charity combinations, e.g. mergers and acquisitions of interests in charities and non-charitable entities.
- Incorporated charities are excluded from the definition of branches and are accounted for as subsidiaries.



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