

Charity Accounts & Trustee's Annual Report 2017/18

Author: Nick Sone, Financial Controller Sponsor: Paul Traynor, Chief Financial Officer

Trust Board paper N2

Executive Summary

Context

The report presents the Annual Accounts (Appendix 1); Trustee's Annual Report (Appendix 2); Audit Findings Report (Appendix 3) and the Management Representation letter (Appendix 4) for the year ending 31st March 2018.

Questions

1. Are the Accounts and Trustee's Annual Report complete?
2. Has the audit been completed?
3. Are there any other issues to report to the Board?

Conclusion

1. The Accounts and Trustee's Annual Report are complete. One adjustment was required which did not affect the reported financial outturn.
2. The External Audit is complete and Grant Thornton will issue an unqualified audit opinion following receipt of our Management Representations Letter and signed certificates.
3. There are no issues that are required to be reported to the Board.

Input Sought

The Trust Board is invited to:

- **note** the contents of the above report, and the Letter of Representation;
- **approve** the Charitable Funds Annual Accounts and Trustees' Annual Report for the year 2017/18;
- **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 the Chief Financial Officer acting on behalf of the corporate trustee);

- Balance Sheet (a member of the Trust Board acting on behalf of the corporate trustee), and
- Management Letter of Representation (Chairman).

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

4. Results of any **Equality Impact Assessment**, relating to this matter: n/a

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

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

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

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT TO: TRUST BOARD

DATE: 10th JANUARY 2019

REPORT FROM: NICK SONE
CHARITY FINANCE LEAD

SUBJECT: FINAL ACCOUNTS AND ANNUAL REPORT 2017-18 FOR THE
LEICESTER HOSPITALS CHARITY

1. INTRODUCTION

- 1.1 The report presents the audited annual accounts (Appendix 1); Trustee's annual report (Appendix 2); Audit Findings report on the accounts (Appendix 3); and a Letter of Representation (Appendix 4) for the Leicester Hospitals Charity for the year ending 31 March 2018.
- 1.2 The Accounts and Trustee's Annual Report in their draft form were reviewed by the Charitable Funds Committee. At that time we were awaiting confirmation that the external audit had been completed and we were also expecting a final list of any audit amendments identified. It was agreed that the final version would be submitted to Trust Board for approval and also to Audit Committee for completeness.
- 1.3 The audit has now been completed and the final report from Grant Thornton is attached as appendix 3. There were no additional adjustments or recommendations from the version presented to the Charitable Funds Committee, therefore no new information will be presented to Audit Committee.
- 1.4 We are asking the Trust Board to approve and adopt the Annual Report and Accounts (on the recommendation of CFC) subject to any comments arising from the Audit Committee's consideration of the Report and Accounts at its meeting on 11th January.

2. SUMMARY FINANCIAL PERFORMANCE

Balance Sheet

- 2.1 The net assets of the Charity have increased by £1,180k to £6,521k during the 12 months ending 31 March 2018 (the Income and Expenditure section of this report gives further details).
- 2.2 The balance sheet shows an increase in net current assets of £1,200k due to an increase in debtors (£2,322k), an increase in creditors (£745k) and an decrease in cash (£377k) held at year end. This means that the Charity now has net current assets of £1,837k.

2.3 The balance sheet shows a £20k decrease in value of fixed asset investments.

Income & Expenditure

2.4 The Charities activities in 2017/18 resulted in a £1,180k surplus on the Statement of Financial Activities, with an excess of income compared to expenditure.

Income

2.5 Total income has increased from £1,802k in 2016/17 to £4,235k in 2017/18.

- Donated income and legacies has increased from £1,373k in 2016/17 to £3,814k in 2017/18.
- Income from trading activities has increased from £241k in 2016/17 to £260k in 2017/18.
- Investment income has decreased from £188k in 2016/17 to £161k in 2017/18.

Expenditure

2.6 Total Charity expenditure has increased from £1,392k in 2016/17 to £3,055k in 2017/18.

- The cost of raising funds has increased from £519k in 2016/17 to £661k in 2017/18.
- Grant expenditure has increased from £1,424k in 2016/17 to £2,381k in 2017/18.

Table 1 – Summary of Grant Expenditure 2016/17 & 2017/18

Grant Category	2016/17 (£'000)	2017/18 (£'000)	Change (£'000)
Patient Benefits	784	833	49
Staff Benefits	271	320	49
Research	145	196	51
Capital Contributions	224	1,032	808
Total	1,424	2,381	957

3. MANAGEMENT RESPONSES TO EXTERNAL AUDIT RECOMMENDATIONS

3.1 Following external audit by Grant Thornton, one adjustment was made to the accounts. There are no unadjusted audit differences which need to be reported.

3.2 Grant Thornton will issue an unqualified audit opinion on receipt of our signed certificates and our management representation letter.

3.3 The Audit Findings report is included in Appendix 3 and the management response to the one recommendation contained in the report is given below (see page 12 of the report headed “Action Plan”)

Recommendation	Risk level	Management response / responsible officer / due date
Risks relating solely to the Charity do not currently appear to be documented and reviewed on a formal basis. The Charity should therefore consider whether the current arrangements are adequate to ensure that risks relating to the Charity are recorded and managed.	Medium	<p>Management response</p> <p>The UHL Risk Management Assessment Form has been completed relating to a potential loss from a fall in the market value of investments. This is awaiting endorsement by the Director of Operational Finance prior to escalating onto the risk register</p> <p>Responsible Officers</p> <p>Financial Controller Director of Charity</p>

4. LETTER OF REPRESENTATION

4.1 Appendix 4 contains a proposed Letter of Representation from Grant Thornton and they do not require any specific representations.

4.2 A letter headed copy of this letter and copies of required certificates will be circulated separately at the meeting.

5. RECOMMENDATION

5.1 The Trust Board is invited to:

- **note** the contents of the above report, and the Letter of Representation;
- **approve** the Charitable Funds Annual Accounts and Trustees’ Annual Report for the year 2017/18;
- **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 the Chief Financial Officer acting on behalf of the corporate trustee);
 - Balance Sheet (a member of the Trust Board acting on behalf of the corporate trustee), and
 - Management Letter of Representation (Chairman).

NICK SONE
CHARITY FINANCE LEAD

Leicester Hospitals Charity

Annual Accounts 2017-18

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 the Trustee's Responsibilities in respect of the Trustee's Annual Report and the Financial Statements

Under the trust deed and rules of the Charity and Charity Law, the Corporate Trustee ("the Trustee") is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and regulations.

The financial statements are required by law to give a true and fair view of the state of affairs of the Charity and of the excess of expenditure over Income for the period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustee should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed and rules, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Charity will continue in business.

The Trustee is required to act in accordance with the trust deed and the rules of the Charity, within the framework of trust law. It is responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the Charity at that time, and to enable the Trustee to ensure that, where any statements of accounts are prepared by it under section 42(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under the provision. It has a general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Charity and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the financial and other information included on the Charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Corporate Trustee

Signed

Chairman **10 January 2019**

Chief Financial Officer **10 January 2019**

Leicester Hospitals Charity
Statement of Financial Activities for the year ending 31 March 2018

	Note	Unrestricted Funds £000	Restricted Funds £000	Total Funds 17-18 £000	Total Funds 16-17 £000
Income from					
Donations and legacies	3.2	1,439	2,375	3,814	1,373
Other trading activities	3.1	33	227	260	241
Investments	5.4	138	23	161	188
Total Income		1,610	2,625	4,235	1,802
Expenditure on					
Raising funds	4.1	498	163	661	519
Charitable activities	4.2	1,806	575	2,381	1,424
(Gains)/losses on investment assets	5.1	(3)	16	13	(551)
Total expenditure		2,301	754	3,055	1,392
Net income/(expenditure)		(691)	1,871	1,180	410
Gross transfers between funds in year	8.2	1	(1)	0	0
Net incoming/(outgoing) resources		(690)	1,870	1,180	410
Reconciliation of funds					
Total funds brought forward		4,551	790	5,341	4,931
Total funds carried forward		3,861	2,660	6,521	5,341

All activities are on-going and that there are no discontinued or acquired operations in the year.

Leicester Hospitals Charity
Balance Sheet as at 31 March 2018

	Note	Unrestricted Funds £000	Restricted Funds £000	Total Funds 17-18 £000	Total Funds 16-17 £000
Fixed assets					
Investments	5	4,186	498	4,684	4,704
Total fixed assets		4,186	498	4,684	4,704
Current assets					
Debtors	6	517	2,276	2,793	471
Cash at bank and in hand		99	68	167	544
Total current assets		616	2,344	2,960	1,015
Liabilities					
Creditors: amounts falling due within one year	7	(941)	(182)	(1,123)	(378)
Net current assets		(325)	2,162	1,837	637
Total net assets		3,861	2,660	6,521	5,341
Funds of the Charity					
Endowment funds	8.1	0	0	0	0
Restricted funds	8.2	0	2,660	2,660	790
Unrestricted funds	8.2	3,861	0	3,861	4,551
Total funds of the Charity		3,861	2,660	6,521	5,341

Leicester Hospitals Charity Statement of Cash Flow at 31 March 2018

Table 1: Statement of Cash Flow	17-18 Total Funds £000's	16-17 Total Funds £000's
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	(571)	219
Cash flows from investing activities:		
Dividends, interest and rents from investments	161	188
Proceeds from the sale of property, plant and equipment	0	0
Purchase of property, plant and equipment	0	0
Proceeds from sale of investments	0	0
Purchase of investments	0	0
Net cash provided by (used in) investing activities	<u>161</u>	<u>188</u>
Cash flows from financing activities:		
Repayments of borrowing	0	0
Cash inflows from new borrowing	0	0
Receipt of endowment	0	0
Net cash provided by (used in) financing activities	0	0
Change in cash and cash equivalents in the reporting period	(377)	407
Cash and cash equivalents at the beginning of the reporting period	544	137
Change in cash and cash equivalents due to exchange rate movements		
Cash and cash equivalents at the end of the reporting period	167	544

Table 2: Reconciliation of net income/(expenditure) to net cash flow from operating activities	17-18 Total Funds £000's	16-17 Total Funds £000's
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,180	410
Adjustments for:		
Depreciation charges	0	0
(Gains)/losses on investments	(13)	2
Dividends, interest and rents from investments	(161)	(188)
Loss/(profit) on the sale of fixed assets	0	0
(Increase)/decrease in stocks	0	0
(Increase)/decrease in debtors	(2,322)	(42)
Increase/(decrease) in creditors	745	37
Net cash provided by (used in) operating activities	<u>(571)</u>	<u>219</u>

Table 3: Analysis of cash and cash equivalents	£000's	£000's
Cash in Hand	167	544
Notice deposits (less than 3 months)	0	0
Overdraft facility repayable on demand	0	0
Total cash and cash equivalents	<u>167</u>	<u>544</u>

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 fair value. The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts have been prepared on a going concern basis and there are no material uncertainties about the charities abilities to continue.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

b) Incoming resources

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

c) Incoming resources from legacies

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is probable.

Receipt is probable when:

- Confirmation has been received from the representatives from the estate(s) that the probate has been granted.
- The executors have established that there are sufficient assets in the estate to pay the legacy.
- All conditions attached to the legacy have been fulfilled or are in the Charities control.

If there is uncertainty as to the amount of the legacy and it cannot be reliably estimated then the legacy is shown as a contingent asset until all of the conditions for income recognition are met.

d) 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. There were no endowments held on 31st March 2018. (31st March 2017 £Nil)

e) 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. Items donated for resale in the on-site hospital shops are recognised as income upon the sale of those items. The proceeds of those sales are categorised as income from trading activities.

f) 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

g) 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.

h) 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.

i) 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.

j) 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.

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 expenditure on raising funds and charitable activities.

k) 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 102 in these accounts.

The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable participating bodies to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the Charity of participating in the Scheme is taken as equal to the contributions payable to the scheme for the accounting period.

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last 3 years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to the maximum permitted under HMRC rules. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in consumer prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the members pension is normally payable to the surviving spouse.

The scheme is subject to a full actuarial valuation every four years, and an IAS 19 accounting valuation every year. At the conclusion from the 2012 full valuation the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay.

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) Fixed asset investments

Investments are a form of basic financial instrument. Fixed asset investments are initially recognised at the transaction value and are subsequently measured at their fair value (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. Quoted stocks and shares are included in Balance Sheet at the current market value quoted by the investment analyst, excluding dividend. Other investments are included at the trustees' best estimate of market value.

The main form of financial risk faced by the charity is that of volatility in equity and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub-sectors. Further information on the charities investments can be found in note 5.

o) Debtors

Debtors are amounts owed to the Charity. They are measured on the basis of their recoverable amount.

p) Cash and Cash equivalents

Cash at bank and in hand is held to meet the day to day running costs of the Charity as they fall due. Cash equivalents are short term, highly liquid investments, in an interest bearing savings account.

q) Creditors

Creditors are amounts owed by the charity. They are measured at the amount that the Charity expects to have to pay to settle the debt.

r) 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).

(s) 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	£961 million in 2017-18 (£924 million in 2016-17)
Surplus/(deficit) of connected organisation	£37 million deficit in 2017-18 (£27 million deficit in 2016-17)

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 £2.4m (£1.4m in 2016-17) 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 £110k 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 other trading activities

The Charity runs a public lottery, staff lottery and hospital charity shop which are all classed as trading activities.

Note 3.1 - Income	Total 2017-18 £'000	Total 2016-17 £'000
Lottery Income	228	214
Hospital Support Shop Income	32	27
Total Income from trading activities	260	241

Note 3.2 - Donations and Legacies

	Income £'000k	Total £'000k
Legacies		
Specific legacy - Cardiology	88	
Specific legacy - Neonatal	25	
Specific legacy - Oncology	12	
Specific legacy - Oncology	10	
Other legacies	39	
		174
Donations		
Leicester City Football Club LTD	2,000	
Royal Voluntary Service	285	
Private donation IMO	200	
University of Leicester (George Davies grant)	168	
LCFC Foxes Foundation	50	
Other donations and fundraising	937	
		3,640
Total Donations and Legacies		3,814

Note 4 - Resources expended

The Statement of Financial Activities summarises expenditure between charitable activities and the expenditure on raising funds.

Note 4.1 - Expenditure on raising funds

	Unrestricted Funds £'000	Restricted funds £'000	Total 2017-18 £'000	Total 2016-17 £'000
Fundraising team salaries	221	32	253	234
Major appeal project costs	177	0	177	76
Lottery prizes	0	120	120	116
Appeals and events expenditure	1	1	2	8
Printing, stationery & marketing	9	0	9	9
System costs	13	2	15	25
Other miscellaneous costs	68	7	75	43
Investment Managers Fees	9	1	10	8
Total expenditure on raising funds	498	163	661	519

Note 4.2 - Expenditure on 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 2017-18 £'000	Total 2016-17 £'000
Patient welfare and amenities	788	45	833	784
Staff welfare and amenities	303	17	320	271
Research	185	11	196	145
Capital contributions	977	55	1,032	224
Total expenditure on charitable activities	2,253	128	2,381	1,424

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.

	Unrestricted Funds £000s	Restricted funds £000s	Total 2017-18 £000	Total 2016-17 £'000
Patient welfare	575	213	788	695
Staff welfare	160	143	303	240
Research	143	42	185	129
Capital	818	159	977	199
Total grants	1,696	557	2,253	1,263

Leicester Hospitals Charity

Notes to the Accounts

Note 4.3 - 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:

	2017-18 £'000	2016-17 £'000
Fundraising & appeals team	253	234
Finance accounting & administration team	92	126
Total staff costs	345	360

This can be further analysed as follows:

	2017-18 £'000	2016-17 £'000
Salaries	296	318
Pensions	25	22
National insurance contributions	24	20
Total staff costs	345	360

The average number of full time equivalent employees during the year was 10 (9 in 2016-17). 1 employee had emoluments in excess of £60,000 and had employee benefits excluding employer pension costs of between £60,000 and £70,000 (1 in 2017-18).

Note 4.4 - Auditor's remuneration

The External Auditor's remuneration of £7,080 inclusive of VAT (£5,778 in 2016-17 inclusive of VAT) related solely to the audit of the Charity's accounts, with no additional work undertaken.

Note 4.5 - Grant returned to third parties

There were no grants returned to third parties in 2017-18 (£0 in 2016-17).

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 instructed to maximise the level in growth in funds that is consistent with a broadly low risk strategy.

Note 5.1 - Movement in fixed asset investments	2017-18 £'000	2016-17 £'000
Market value at 1st April 2017	4,704	4,706
Add: additions to investment at cost	1,967	40
Less: disposals at carrying value	(1,974)	(593)
Add: net gain (loss) on revaluation	(13)	551
Market value as at 31st March 2018	4,684	4,704

Leicester Hospitals Charity

Notes to the Accounts

Note 5.2 - Analysis of investment portfolio

	Held in UK £'000	Held outside UK £'000	2017-18 Total £'000	2016-17 Total £'000
Investments listed in unit trusts	3,440	774	4,214	4,658
Cash held as part of investment portfolio	470		470	46
Market Value as at 31st March 2018	3,910	774	4,684	4,704

Note 5.3 - Investments

	Value £'000	% portfolio
Equities		
<i>UK equities</i>		
The Equity Income Trust for Charities	1,108	23.7%
Schroder Charity Equity Fund	631	13.5%
<i>International equities</i>		
Stewart Investors Asia Pacific	313	6.7%
Schroder European Alpha Income Fund	182	3.9%
Findlay Park American Fund	279	6.0%
Total equities	2,513	53.7%
Bonds		
<i>UK Bonds</i>		
The Income Trust for Charities	132	2.8%
Schroder Sterling Corporate Bond Fund	314	6.7%
Schroder Strategic Credit Fund	358	7.6%
Total Bonds	804	17.2%
Multi-Asset Fund		
Ruffer Charity Assets Trust	501	10.7%
Property		
Charities Property Fund	113	2.4%
Property Income Trust for Charities	221	4.7%
Total Property	334	7.1%
Other		
International Public Partnerships	62	1.3%
Cash		
Total cash	470	10.0%
Total investments	4,684	100%

Note 5.4 - Analysis of gross income from investments

	Unrestricted funds £'000	Restricted funds £'000	2017-18 Total £'000	2016-17 Total £'000
Income from investment managers portfolio	137	23	160	187
Other investments	1		1	1
Total investment income	138	23	161	188

Note 6 - Analysis of debtors

	2017-18 Total £'000	2016-17 Total £'000
<i>Amounts falling due within one year:</i>		
Accrued income	2,201	236
Debtors - recharges due from UHL NHS Trust	532	190
Other debtors	60	45
Total debtors	2,793	471

Leicester Hospitals Charity

Notes to the Accounts

Note 7 - Analysis of creditors

	2017-18 Total £'000	2016-17 Total £'000
<i>Amounts falling due within one year:</i>		
Creditors - recharges due to UHL NHS Trust	994	328
Other creditors	129	50
Total creditors	1,123	378

Note 8.1 Endowment funds

The Charity held no endowment funds during the year 2017-18 (2016-17 Nil).

Note 8.2 - Analysis of material restricted & unrestricted funds

	Balance at 31 March 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Gains and losses £'000	Balance at 31 March 2018 £'000
<i>Restricted Funds</i>						
Childrens appeal	0	2,000	0	0	0	2,000
Cardio-respiratory	13	88	(1)	0	0	100
Heartwize	22	77	(42)	0	0	57
George Davies Vascular Research	0	168	(84)	0	0	84
Pathology - Blood Bank	81	3	(8)	0	0	76
Staff lottery	152	233	(178)	(80)	0	127
Others (23 funds)	522	56	(425)	79	(16)	216
Total restricted funds	790	2,625	(738)	(1)	(16)	2,660
<i>Unrestricted Funds</i>						
Childrens appeal	1,030	79	(258)	0	0	851
Pancreatic & Hepatobiliary Research	149	52	(35)	0	0	166
Surgery - Breast Care Services	268	24	(115)	2	0	179
Childrens Services	57	76	(40)	8	0	101
Oncology	36	87	(65)	26	0	84
Lincoln Renal Unit - Patients & Staff	155	8	(22)	0	0	141
Renal Unit - Patients Benefit	82	52	(76)	60	0	118
Nursing - GHSS	95	35	(50)	0	0	80
Nursing - RVS	558	392	(543)	0	0	407
General Purposes of Leicester Hospitals	481	331	(408)	0	0	404
OUR SPACE Cancer Appeal	117	68	(50)	0	0	135
Unrealised Gains - Unrestricted	224	0	0	0	2	226
Others (140 funds)	1,299	413	(649)	(95)	1	969
Total unrestricted funds	4,551	1,617	(2,311)	1	3	3,861
Endowment Funds	0					0
Total Funds inc endowment	5,341	4,242	(3,049)	0	(13)	6,521

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 8.3 - Details of material restricted funds as in 8.2

Name of fund	Description, nature and purpose of fund
Childrens appeal	To support the development of the Childrens Hospital
Cardio-respiratory	For the benefit of patients in the Cardio-Respiratory department.
Heartwize	To support the Leicester/shire Heartwize training programme
George Davies Vascular Research	Research into vascular disease and limb amputation.
Pathology - Blood Bank	To purchase equipment for the benefit of the Pathology department
Staff lottery	Provision of a lottery with the surplus used for the benefit of staff

Note 9 - Contingencies

The Charity does not have any contingencies to be included in the accounts for the financial year 2017-18 (2016-17 -Nil).

Note 10 - Commitments, liabilities and provisions

The Charity has the following commitments as at the 31st March 2018:

	2017-18 £'000	2016-17 £'000
Charitable projects	988	1,493
Total	988	1,493

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.

		2016-17 £'000	2016-17 £'000
Movement within year	Opening value	1,493	926
	Arising in year	2,087	1,943
	Utilised in year	(2,046)	(1,179)
	Unused / reversed	(546)	(197)
Closing value		988	1,493

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 2017-18 (2016-17 - 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.

Note 13 - Volunteers

There are no volunteers attached to the Charity. UHL volunteer staff occasionally help in various projects. Other volunteers may be available at various events. These occasional volunteers enable the charity to more effectively raise funds.



**TRUSTEE'S ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

Foreword from Karamjit Singh

Chairman, University Hospitals of Leicester NHS Trust

I'd like you to take a moment to think of the areas in your life where you are truly part of a team.

Whether it's at home, at work, on the pitch, on the stage or anywhere else – we are all acutely aware of how empowering it is to work as part of a team and what can be achieved when we pull our skills and experiences together.

At Leicester's Hospitals, teamwork is at the core of everything we do. After all, one of the five key values we hold at the very heart of our Trust is 'we are one team and we work best when we work together'. As I reflect back on the 2017-18 financial year, there are some shining examples of the power of teamwork that can be seen in the work of Leicester Hospitals Charity.

It's fitting that the first 'team' that springs to mind is Leicester's Hospitals new Home Birth Team, launched in September 2017. The Home Birth Team is a dedicated service for women and families across our region, whose valuable work is being actively enhanced and improved through donations to Leicester Hospitals Charity. Because of the Home Birth Team, and the work that they do together, thousands of expectant mothers now have the freedom to decide where they want to give birth to their baby. In its first year, 212 babies have been born at home in Leicestershire and Rutland with the support of the Home Birth Team – something that would not have been possible without Leicester Hospitals Charity and its supporters.

I also see the power of teamwork in the many fundraisers who decided to champion Leicester's Hospitals by joining challenges, baking treats or take part in many other inventive efforts. Perhaps the most heart-warming of all of these endeavours were those of our youngest fundraisers. Brother and sister Joshua, 11, and Jessica, 6, decided to undertake a ten mile sponsored bike ride together to help fellow children in our hospitals, while primary school pupils Mackenzie and Luca teamed up to run special after-school fundraising stands to sell their spare Lego cards. These wonderful young people not only raised hundreds of pounds for paediatric care at Leicester's Hospitals, they also showed how even schoolchildren can achieve amazing things when they work together to help others.

As Leicester's pride in our city's sporting culture grows ever stronger, it's also appropriate that two of our city's major sporting institutions – Leicester City FC and Leicester Tigers rugby club – played an important role in supporting their local hospitals this year. Reflecting team spirits forged on the pitches of Welford Road and King Power Stadium, Leicester's world-renowned footballers clubbed together to visit patients and bring smiles to so many faces during the Christmas season, while the Tigers players took time out of their demanding training schedules to support the Kidney Care Appeal onsite at our General Hospital.

And finally, Leicester Hospitals Charity would not be able to do so much to help enhance our hospitals if it wasn't for the dedicated and hard-working team who comprise it. I'm pleased to say that this year, we've seen this team grow with the addition of three enthusiastic young apprentices.

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 2018.

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.

From our charity staff to our volunteers and thousands of supporters, I express my sincere gratitude to everyone who has helped contribute to Leicester Hospitals Charity's efforts throughout this last year.

I would particularly like to thank Tim Diggle, our Head of Charity, who is leaving for new opportunities and challenges at Derby and Burton Hospitals. Tim has provided leadership and commitment to the charity during the decade he has been with UHL and we wish him well for the future.

Vichai Srivaddhanaprabha – in memoriam

It was with shock and deep sadness that all of us at UHL learned of the tragic death of Leicester City Football Club chairman Vichai Srivaddhanaprabha along with four other people in October of 2018.

Vichai Srivaddhanaprabha was not only a much-loved chairman who helped guide Leicester City to one of the most remarkable achievements in professional sporting history, he was also an exceptionally generous man, donating millions of pounds of his own money to Leicester Hospitals Charity.

His gift of £2m towards the Leicester Children's Hospital in 2016 was, by far, the single biggest donation ever offered in the history of the Charity. The impact it will have on children's services at Leicester's Hospitals will be felt for generations to come.

But the legacy that Khun Vichai leaves behind for our hospitals and our city is beyond a financial one.

He led his football club to scale the highest of heights, against all odds and expectations. That historic team of the 2015/16 season was one of the greatest sporting examples of what a group of players, coaches and executives can achieve when every single member of a team is committed to a goal and works as hard as each other to help realise it.

We dedicate this annual report to the memories of Vichai Srivaddhanaprabha and his colleagues whose lives were cruelly taken from our city on that fateful day.

We are committed to keeping his legacy alive through our work.

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

The trustees present their annual report and financial statements of the charity for the year ended 31st March 2018. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Declaration of Trust (originally 19/06/96, amended 28/03/02 and 10/03/07 for change of name), the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and UK Generally Accepted Practice as it applies from 1 January 2015.

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 fundraising practices

While our aim is to help raise as much funds for our hospitals as we can, we are devoted to doing so in a proper and responsible manner. That is why we take a friendly approach to all of our fundraising efforts and activities and reject aggressive or 'badgering' fundraising methods.

We have active procedures and systems in place to help make sure that all gifts donated towards specific wards, departments or areas reach them. We also endeavour to recognise and acknowledge every donation we receive and thank those who contribute to our charitable efforts in any way.

Every year, we organise a variety of fundraising events to not only directly help raise money for our hospital causes, but also to provide fun and family-friendly occasions for our supporters to enjoy and engage new potential donors. As so many people and community groups in our region want to actively support their hospitals of their own volition, our charity also provides support for those holding their own independent fundraising events, including assisting with marketing or providing equipment to make collecting funds easier and safer.

All fundraising undertaken by individuals or groups on behalf of Leicester Hospitals Charity is actively monitored. Fundraiser details are securely entered and stored in our database, where we also record their activities and which of our appeals they are supporting. We ensure we keep in contact with these fundraisers through phone calls, emails, post or through social media channels in order to offer them support and advice as well as to keep track of their activities.

After their fundraising has concluded, we make sure to follow up with our fundraisers to offer our appreciation and gratitude and make it as simple and easy for them as possible to hand in the funds they have helped to raise. It also provides us with an opportunity to receive important feedback to identify any issues experienced during the fundraising process and help improve our procedures into the future.

As part of our commitment to ensuring all our fundraising is done in a responsible manner, anyone acting on behalf of Leicester Hospitals Charity must adhere to the 'Fundraising on UHL Sites' policy if fundraising on a hospital trust site. Anyone who signs up as a fundraiser online on our website must agree to the terms of our 'Fundraising Registration Form Statement' in order to complete registration.

Some of our fundraising activities are carried out in collaboration with selected trusted third-party organisations, such as Pennies from Heaven or Unity, who promote our public lottery. Details for all third party organisations we work with and the carefully selected

information we share with them as part of these activities can be found in our Privacy Statement on our website.

During financial year 2017-18, we employed the services of fundraising consultancy firm 'Comptons' to support marketing development of our Children's Hospital Appeal. Comptons did not carry out any fundraising activities on behalf of Leicester Hospitals Charity and we have concluded our work with this organisation.

Leicester Hospitals Charity is proud to have voluntarily subscribed to the Fundraising Regulator national scheme. This reflects our desire to carry out our fundraising and charitable activities in a proper, responsible and transparent manner. We have not been notified of any individual acting on behalf of Leicester Hospital Charity having subscribed to any fundraising standards or scheme for fundraising regulation.

We can proudly declare that we have complied fully with our obligations and standards set under the Fundraising Regulator scheme this year and state that there has been no failure on our part to adhere to the standards set by this voluntary scheme.

Leicester Hospitals Charity has a robust complaints procedure to allow individuals to raise concerns and make complaints and also affords us opportunities for redress in the event a complaint is raised or if we fail to live up to our charity's standards. In 2017-18 we received just one complaint in regards to an email that an individual received in error. This complaint was passed onto and handled by our hospital Trust's Head of Privacy, in accordance with our procedures.

Privacy is also of great importance to our charity, in order to protect vulnerable people and other members of the public from behaviour which is an unreasonable intrusion on their privacy, unreasonably persistent, or places undue pressure on them to give money or other property. Leicester Hospitals Charity practices responsible respect for privacy by abiding by UHL's Trust Values, following guidelines set out by the Fundraising Regulator and ensuring we adhere to the new legal obligations introduced by the enactment of General Data Protection Regulations (GDPR) in early 2018. The most practical example of this in action is that we have implemented an 'opt-in' approach to email and postal mailings and only contact individuals about our fundraising activities when they have actively provided explicit consent for us to do so.

Our achievements in 2017-18

In 2017-18, we gave out a total of £2,253k in grants to benefit patients and staff across our hospitals. Too numerous to list them all, the following are a couple of examples of how your gifts made a difference to our patients:

ECHO ultrasound machine enhances Hybrid Theatres

Helping to fund additional and new clinical equipment for our Trust is one of our primary aims as a charity. One example of this is a brand new ECHO ultrasound machine, acquired to support our Cardiology Department when carrying out trans catheter aortic valve implementation (TAVI) procedures.

This powerful piece of medical equipment allows consultants to perform these highly complex procedures in the hybrid theatre, with state-of-the-art 3D echo technology. This enables safe completion of these medical interventions performed on high-risk patients who are unable to undergo open-heart surgery.

Through money raised by donations to Leicester Hospitals Charity, we were able to provide the £95,000 necessary for our Trust to purchase this important machine. We are proud to say that it is already actively in use and benefiting Cardiology patients across our region.

'Jeremy' becomes newest member of Imaging Service

Another example of charitable funds helping to acquire equipment for our hospitals came in the form of a new and unusual piece of kit for our hospitals' Imaging Service.

Leicester Hospitals Charity funded a £26,000 synthetic human-shaped 'CT Phantom' model for use of a number of different departments within the Trust, including Imaging, Radiotherapy, Nuclear Medicine, the Leicester Radiation Safety Service (LDSS), the Cardiac Catheter Labs and the Hybrid Theatre.

Known as 'Jeremy', this peculiar piece of equipment provides our clinical staff with all new opportunities to develop protocols and processes for examining patients without any risk to live patients.

By providing clinical staff with new opportunities to learn and improve on existing processes which could have positive impact on patient care in the future, this is one of the perfect examples of how donations to Leicester Hospitals Charity can help fulfil our aims to enhance our hospitals above and beyond what the NHS already provides.

Children's Research Space opened

Clinical research is an increasingly important and growing area of Leicester's Hospitals. To help achieve a brand new, state-of-the-art research facility for children at the Leicester Royal Infirmary, we launched the 'Reaching out for Kids Research Appeal'.

Thanks to the efforts of UHL's Children's Clinical Research Team and the generosity of hundreds of donors and supporters, the £30,000 target was reached and on June 28 2017, we proudly helped to open our hospital's new Children's Research Space in the Balmoral Building of the Leicester Royal Infirmary.

The three clinical research rooms have attractive, child-friendly graphics and also feature a sensory playroom, interactive 3D screens and floor projections in the waiting area.

This fantastic new facility will offer greater opportunities for the children of Leicestershire, Rutland and beyond to participate in, and benefit from, some of the most cutting-edge clinical research. Not only will this help our existing patients, it will have an impact on how we help to diagnose, treat and manage conditions for our younger patients for generations to come.

New Children's Emergency Department

Earlier this year we opened our new children's emergency department at the Leicester Royal Infirmary. Thanks to a generous donation of £300,000 from Thomas Cook Children's Charity, we were able to make the new space bright, colourful and child-friendly.

This includes decorative wall glamour, play areas and interactive floors. The desks and walls are adorned with a variety of colours and patterns designed to be aesthetically pleasing for youngsters. Sensory rooms and portable sensory trolleys enable staff to treat children in a calming environment.

As one of the busiest children's emergency departments in the nation, the enhancements funded by Thomas Cook Children's Charity will benefit patients greatly. As emergency departments can be daunting and even frightening places, the new play areas, interactive floors and wall decorations will help to ease this stress and make the patient experience more positive for children and their parents and carers. The funding stretched throughout the department, including the children's short stay unit (SSU) and other areas within the Children's Hospital.

Making a difference to our patients and their carers

How we have raised the funds

Butterfly Walk

On June 24, we held our second-ever Butterfly Walk at Leicester Racecourse in support of our Trust's Breast Care Centre at Glenfield Hospital.

We were delighted to welcome over 300 people – mothers, sisters, daughters, friends, patients, survivors and their family and friends – to this fun but poignant event who all took part in a 5km walk around the racecourse.

A number of Breast Care Centre staff were in attendance for this uplifting event where laughter and smiles were equally as present as the bright pink clothes many participants were wearing on the day.

After all sponsorship and donations were collected, the event raised a fantastic grand total of £39,100 for the Breast Care Centre and helped to ensure that the Butterfly Walk will become a mainstay on the Charity's events calendar for years to come.

Home Birth Team appeal launched

The launching of Leicester's Hospitals new Home Birth Team in September 2017 was a proud day for our Trust. The team now offer all expectant mothers in our Trust's care a 24/7 service throughout the term of their pregnancy from 16 weeks, making home birth a more widely available option for families across our region than ever before.

When the team approached us for charity support to improve the service they could provide to the region's families, we were delighted to help.

We were proud to launch the Home Birth Team Appeal in early 2018. The appeal aims to raise £10,000 to provide a range of resources to support the team's midwives. This includes attending aromatherapy courses, for bespoke ante-natal classes, and for equipment such as TENs machines – to help with pain management during birth – or even new birthing pools so that every woman who wants a water birth at home has that opportunity.

As part of the appeal, Leicester Hospitals Charity helped to organise a celebration event at Winstanley House in March 2018 where members of the team, as well as patients and their friends and families, enjoyed an afternoon of tea, cakes and informative talks from the team.

To the delight of the team, the event raised £1,497.43, making it the perfect way to kick-start this important new charitable appeal.

Kidney Care Appeal with Leicester Tigers

We are proud of our hospital's status as a regional centre for kidney care. The John Walls Renal Unit in the Leicester General Hospital helps to provide vital care and treatment to people living with kidney disease across Leicestershire. Since 2005, our Kidney Care Appeal has raised over £300,000 to support kidney patients and research in our hospitals.

This year, we were delighted and grateful to have the support of Leicester Tigers Rugby Club throughout the 2017/18 season. Working with one of the city's most famous sporting institutions was empowering to our efforts to reach out to our city's shared community and especially certain demographics that we may have not been able to reach as effectively as before.

As part of the club's support of the appeal, Leicester Hospitals Charity was given the opportunity to attend the Club's 'Tigers in the Park' celebration in Nelson Mandela Park marking the Tigers' home opener of the Premiership season. We were able to raise awareness of the appeal, promote the organ donor register as well as raise valuable funds by selling bags, badges and t-shirts.

During the festive season, we were also invited to attend the team's match against Saracens at Welford Road stadium on Christmas Eve, where we were permitted to hold a bucket collection.

New Charity Shop

One exciting development in our fundraising efforts this year was the opening of a brand-new charity shop on the Leicester General Hospital site to complement the existing charity shop at Glenfield Hospital.

After the acquisition of one of the Trust's disused portakabins in the public car park in April, work began to transform it into our second charity shop. With the support of our valued charity volunteers – as well as staff at HSBC who donated their time to help with renovating – we proudly opened the shop in August.

Having a second site has been valuable in our efforts to raise awareness of the charity among the public and staff at the General Hospital. It also provides us with an additional avenue to sell the many items that are donated to us by our generous supporters.

Royal Voluntary Service gift

We were touched and truly grateful to receive a remarkable gift of £285,000 from the Royal Voluntary Service. As an organisation with a strong presence on our hospital sites, this major donation came from an accumulation of profits taken from the six cafes and shops that the charity runs at the Leicester Royal Infirmary and Leicester General Hospital.

This substantial donation went to support our Trust's efforts to create a space within the second phase of our Emergency Floor to support frail older patients by helping to make the

environment less disorientating. This second phase of the Emergency Floor project is scheduled to be realised in the next financial year.

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 Staff Lotto had an income of £227k. Out of this £120k is for prizes leaving the rest to benefit staff across all three sites. Staff have been able to participate in a range of activities and events organised as part of the Wellbeing@Work programme as well as apply for grants for items to improve the working lives for UHL staff.

The Charity's Five Year plan

In 2017-18 we set very ambitious fundraising targets. With hindsight this proved to be unrealistic. However, thanks to one significant gift, the income to the Charity more than doubled this year to over £4 million. This tells us that we are on the right track, but that delay to certain projects and uncertainty around others has held us back. Our ability to identify and secure major gifts has improved, and the work we are doing to promote a broader range of low value, high volume gifts is starting to show results. The shop at the General Hospital opened this year, although challenges in finding volunteers to staff it meant that the shop only opened two days each week. In time we plan to open the shop all week, the same as the Glenfield shop.

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
Ms Vicky Bailey	Non-Executive Director (from 1.2.18)
Prof P Baker	Non-Executive Director
Dr S Crawshaw	Non-Executive Director (until 16.6.17)
Col (Ret'd) I Crowe	Non-Executive Director
Mr A Johnson	Non-Executive Director
Mr R Moore	Non-Executive Director
Mr B Patel	Non-Executive Director
Mr M Traynor OBE	Non-Executive Director
Mr J Adler	Chief Executive
Mr R Mitchell	Chief Operating Officer (until 2.7.17)
Mr Tim Lynch	Interim Chief Operating Officer (from 3.7.17 until 31.12.17)
Ms Eileen Doyle	Interim Chief Operating Officer (from 1.1.18)
Mr A Furlong	Medical Director
Ms J Smith	Chief Nurse
Mr P Traynor	Chief Financial Officer

Maintaining a healthy balance sheet

The assets and liabilities of the Charity as at 31 March 2018 are stated below, compared with the position at 31 March 2017.

	Total Funds 2017-18 £000	Total Funds 2016-17 £000
Fixed Asset Investments	4,684	4,704
Net Current Assets	1,837	637
Total Net Assets	6,521	5,341
Funds of the Charity		
Endowment Funds	0	0
Restricted Funds	2,660	790
Unrestricted Funds	3,861	4,551
Total Funds of the Charity	6,521	5,341

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.

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.

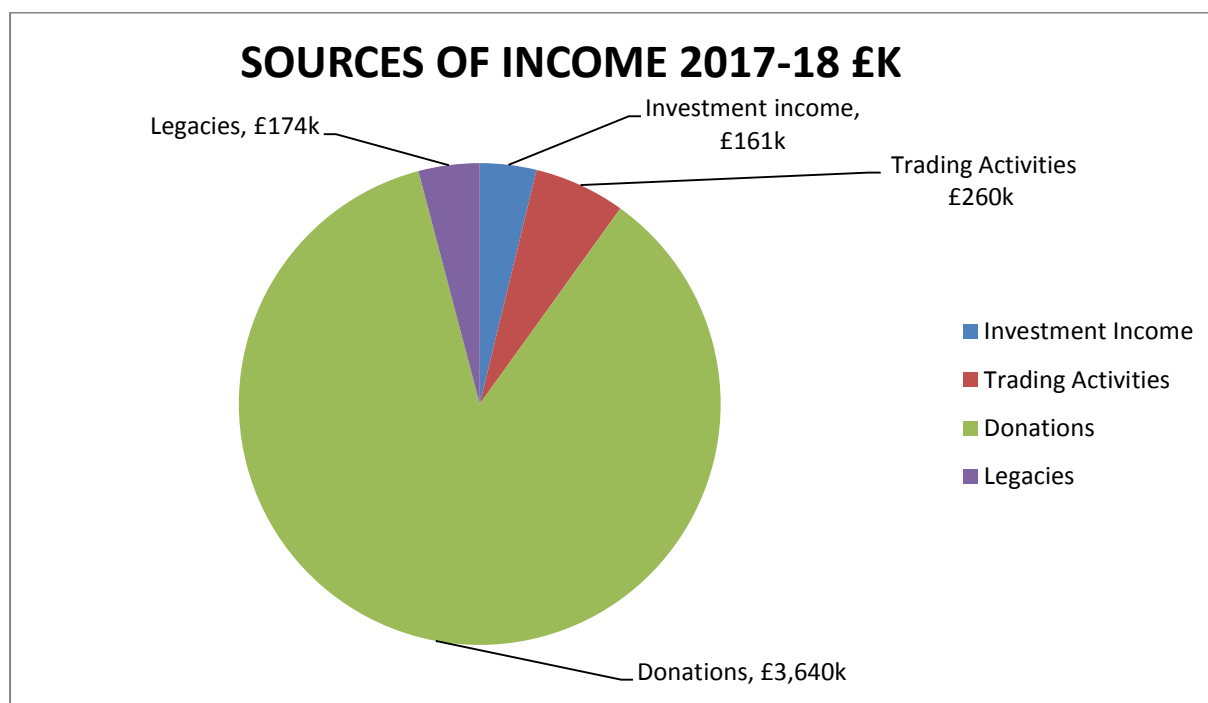
Sources of funds

Total Income increased from £1,802k in 2016-17 to £4,235 in 2017-18. Voluntary income increased by £2,441k due to an increase in donations of £2,647k. Legacies have decreased by £206k.

Total resources expended increased from £1,392k in 2016-17 to £3,055k in 2017-18 mainly due to an increase in charitable activities of £957k relating to grants awarded for patient welfare and amenities. Variations in the investment markets resulted in Investment losses of £13k in 2017-18 compared to gains of £551k in 2016-17.

The Charity generated an overall surplus of £1,180k on the Statement of Financial Activities.

Income was received from the following sources:

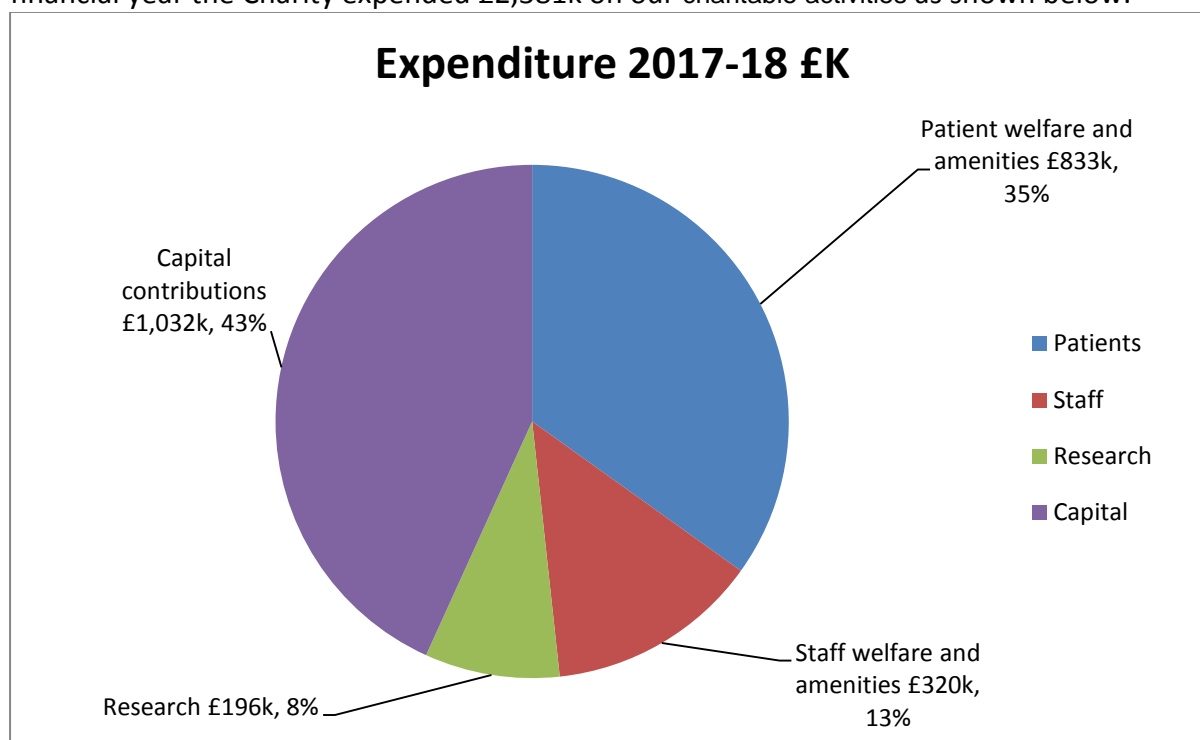


Voluntary income included legacies of £174k; 4 legacies were over £10k. A further £40k was raised through the gift aid scheme. A total of £260k was raised through trading income including £227k from the staff lottery.

During the year, the total investment return, including dividends and interest, was £161k (2016-17: £188k). The Charity suffered a loss against its investments of £13k (gain of £551k in 2016-17) 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 2017-18 financial year the Charity expended £2,381k on our charitable activities as shown below:



Grants to provide benefits to patients

The Charity spent £833k (2016-17: £784k) on providing benefits to patients, including:

- Furnishings of Patient Areas £408k
- Purchases of medical and dental equipment £99k
- Purchases of other equipment £97k

Grants to provide benefits to staff

The Charity spent £320k (2016-17: £271k) on providing benefits to the Trust of investing in staff, including:

- Educational and Training Support £71k
- Social Activities £40k
- Furnishing Improvements to Staff Areas £36k

Capital projects for donation to the NHS Trust

The Charity spent £1,032k (2016-17: £224k) on providing benefits to patients and staff through capital expenditure, including:

- Construction works £510k
- Medical and dental equipment £423k
- Computer and other equipment £44k

Grants awarded for research projects

The Charity spent £196k (2016-17: £145k to support research related activities, including:

- | | |
|-------------------------------|------|
| • Environmental improvements | £18k |
| • Medical and other equipment | £39k |
| • Funding of research posts | £97k |

Risk management

The Charity has identified no new material risks during 2017-18, 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.

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 £50,000 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.

Applications involving proposed expenditure of £50,000 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 31st March 2018 is as follows:

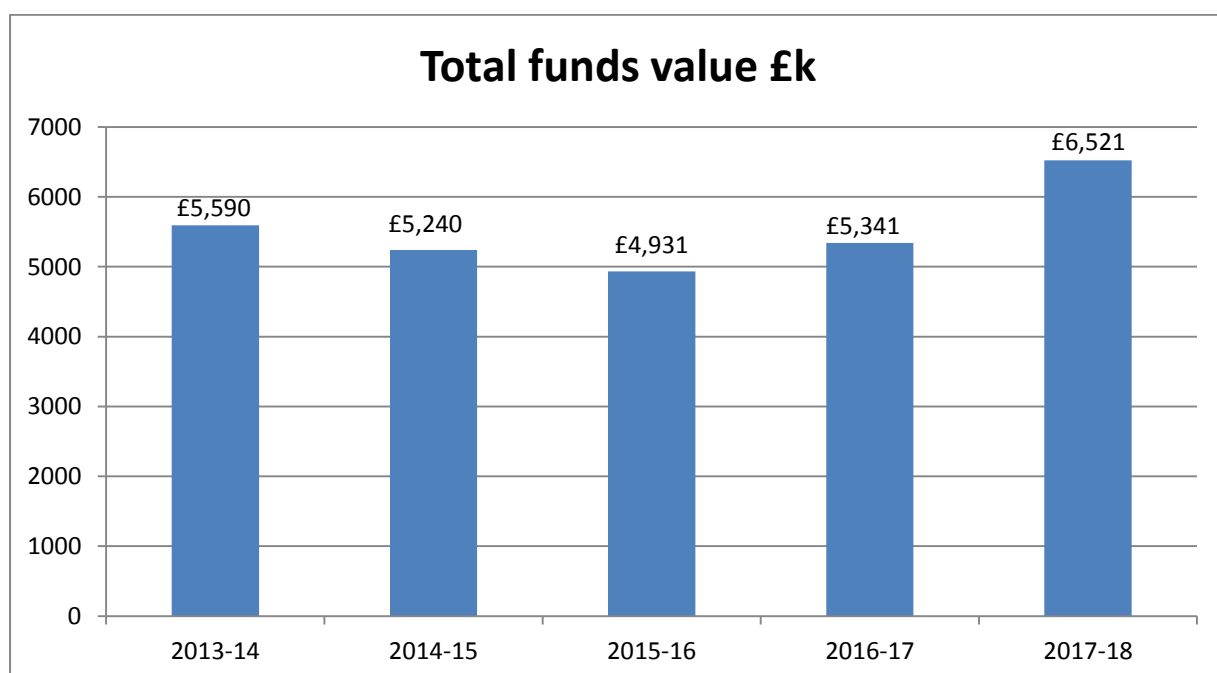
Breakdown of reserves	£'000
Total funds	6,521
less restricted funds	(2,660)
less committed funds	(988)
Freely available reserves	2,873

The Charity's income and expenditure, inclusive of investment gains and losses from 2013-14 to 2017-18 is shown in the table below.

Year	Income £'000	Expenditure £'000	Net movement in funds £'000	Total fund balances as at 31st March £'000	Movement as a % of total funds %
2017-18	4,235	3,055	1,180	6,521	18.1%
2016-17	1,802	1,392	410	5,341	7.7%
2015-16	2,191	2,500	-309	4,931	-6.3%
2014-15	1,823	2,173	-350	5,240	-6.7%
2013-14	2,424	2,005	419	5,590	7.5%

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 an increase of (£270k) 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 five 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 (%)	Market Value £K 31/03/18	Proportion as at 31/03/18 (%)	Proportion as at 31/03/17 (%)
Equities (UK/Overseas)	45 to 65	2,513	53.7%	63.5%
Bonds	10 to 30	804	17.2%	17.2%
Multi-Asset Funds	0 to 20	501	10.7%	10.7%
Property & other	0 to 10	396	8.45%	7.6%
Cash	Balance	470	10%	1.0%
	Total	4,684		

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.

In 2017 – 18 the Charity did not invest in companies whose principal activities are tobacco related. During 2017 the Charity has placed an additional restriction which is that it does not want to have any direct or 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 Charity

Debbie Adlerstein Head of Business Development

Kamlesh Mistry Community and Events Fundraising Manager

Maxine Newcombe Fundraising Events Officer

Sue Stevenson	Trust & Foundations Fundraising Officer
Marie Hough	Legacy Manager & Fundraising Administrator
Rebecca Porteous	Fundraising Administration Assistant
Jayesh Mistry	Fundraising Admin Apprentice – left April 2017
Lydia Sharman	Fundraising Admin Apprentice – from April 2017
Beth Standley	Fundraising Apprentice – from August 2017
Toby Briggs	Fundraising Apprentice – from August 2017
Nick Sone	Charity Finance Lead
Julie Woolley	Charity Finance Manager
Mandy Tuddenham	Charitable Funds Administrator
External Auditors	Grant Thornton UK LLP The Colmore Building 20 Colmore Circus Birmingham B4 6AT
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 And Registered Charity Address	University Hospitals of Leicester NHS Trust Trust Headquarters 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.

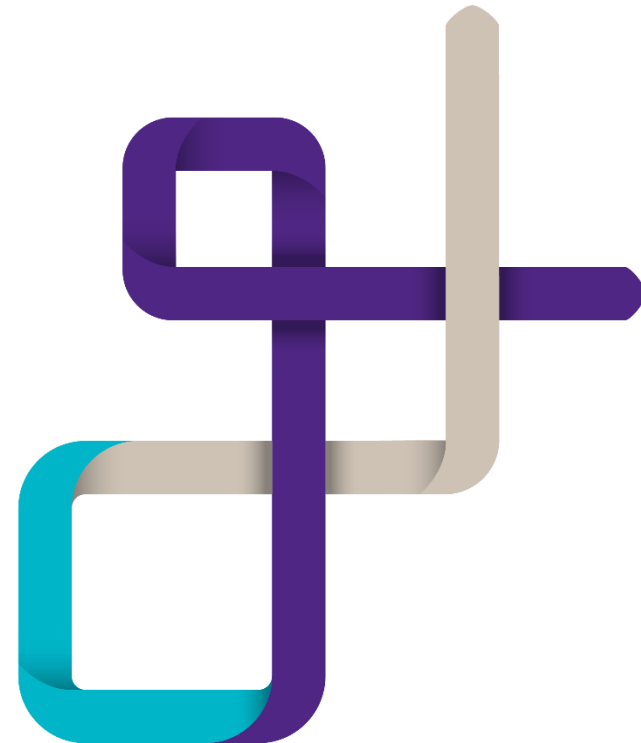
If you want to know more about how to become involved in the work of the Trust, or take part in fundraising activities, or simply make a donation, contact the Leicester Hospitals Charity Fundraising team on 0116 258 8709, or email fundraising@uhl-tr.nhs.uk.

Audit Findings

Year ending 31 March 2018

Leicester Hospitals Charity

Draft 2 issued 21 December 2018



Contents



Your key Grant Thornton team members are:

Bill S Devitt

Engagement Lead

T: 0121 232 5104

E: Bill.S.Devitt@uk.gt.com

Tess S Barker-Phillips

Manager

T: 0121 232 5428

E: Tess.S.Barker-Phillips@uk.gt.com

Section	Page
1. Headlines	3
2. Summary	4
3. Going concern	5
4. Significant audit risks	6
5. Reasonably possible audit risks	7
6. Significant matters discussed with management	8
7. Accounting policies	9
8. Other communication requirements	10
9. Independence and ethics	11
Appendices	
A. Action Plan	
B. Audit adjustments	
C. Fees	
D. Audit Opinion	

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Headlines

Introduction

This table summarises the key issues arising from the statutory audit of Leicester Hospitals Charity ('the Charity') and the preparation of the Charity's financial statements for the year ended 31 March 2018 for those charged with governance.

Financial Statements	Under International Standards of Audit (ISAs (UK)), we are required to report whether, in our opinion: <ul style="list-style-type: none">the Charity's financial statements give a true and fair view of the financial position of the Charity and its expenditure and income for the year. We are also required to report whether the information given in the Trustee's Annual Report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.	Our audit work was completed on site during October and November 2018. Our findings are summarised on pages 4 to 9. We have identified one reclassification adjustment in the SOFA which has no impact on the net result or balance sheet. Audit adjustments are detailed in Appendix B. We anticipate issuing an unqualified audit opinion following the Trust Board meeting in January 2019, as detailed in Appendix D. We anticipate that we will conclude that the other information published with the financial statements, which includes the Trustee's Annual Report, is consistent with our knowledge of your organisation and the financial statements we have audited.
-----------------------------	--	---

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Summary

Overview of the scope of our audit

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Charity's business and is risk based, and in particular included:

- An evaluation of the Charity's internal controls environment including its IT systems and controls;
- Substantive testing of significant transactions and material account balances

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Trust Board meeting in January 2019, as detailed in Appendix D. These outstanding items include:

- receipt of management representation letter;
- receipt of the final signed version of the financial statements; and
- receipt of the final version of the Trustee's Annual Report and Trustee's Statement of Responsibilities

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality calculations remains the same as reported in our audit plan. We detail in the table below our assessment of materiality for the Charity.

	Amount (£)	Qualitative factors considered
Materiality for the financial statements	100,000	<ul style="list-style-type: none"> • No specific risk factors noted
Performance materiality	65,000	<ul style="list-style-type: none"> • Reduced due to being first year of audit
Trivial matters	5,000	<ul style="list-style-type: none"> • None

Going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary

Management's assessment process

Management's assessment is included in the Trustee's Annual Report. This includes consideration of:

- The level of freely available reserves
- The level of running costs and the discretionary nature of the majority of the charity's expenditure
- The charity's approach to annual and long term planning

Auditor commentary

- Management's assessment is that the use of the going concern basis of accounting is appropriate
- Detailed cash flow forecasts are not maintained due to the nature of the charity's activities, however the charity has the ability to manage its expenditure by only approving grant expenditure where it has funds available. The charity also has access to its investments if required.
- The charity has a substantial level of freely available reserves

Work performed

We have reviewed management's assessment of going concern.

Auditor commentary

- We have not identified any material uncertainties relating to going concern
- The disclosures in the Trustee's Annual Report are deemed to be adequate.
- Note 1 of the accounts has been amended to refer to going concern. See Appendix B.

Concluding comments

Auditor commentary

- We did not identify any issues relating to going concern.
 - There is no impact on our audit opinion.
-

Significant audit risks

Risks identified in our Audit Plan

Commentary

1

The revenue cycle includes fraudulent transactions

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

We have concluded that the greatest risk of material misstatement relates to the occurrence of voluntary income.

Auditor commentary

We have undertaken the following work in relation to this risk:

- evaluated the Charity's accounting policy for recognition of voluntary income for appropriateness;
- gained an understanding of the Charity's system for accounting for voluntary income and evaluated the design of the associated controls; and
- undertaken substantive testing of material revenue streams

Our audit work has identified one issue in respect of revenue recognition. One item tested related to a cash refund from a supplier which was treated as revenue rather than as a reduction to expenditure. The accounts have been adjusted for this error, see Appendix B.

No other issues were noted from testing.

2

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.

We identified management override of controls as a risk requiring special audit consideration.

Auditor commentary

We have undertaken the following work in relation to this risk:

- reviewed accounting estimates, judgements and decisions made by management
- Identified and tested unusual journal entries
- reviewed unusual significant transactions

No issues noted from testing.

Reasonably possible audit risks

Risks identified in our Audit Plan

3

Voluntary income

Voluntary income (eg legacies) not recorded in the correct period (cut-off)

Voluntary income represents a significant percentage (90%) of the Charity's total income for the year and management uses judgement on when to account for these transactions.

We therefore identified the cut-off of voluntary income as a risk requiring particular audit attention.

Commentary

Auditor commentary

We have undertaken the following work in relation to this risk:

- gained an understanding of the Charity's system for accounting for voluntary income and evaluated the design of the associated controls;
- undertaken cut-off testing of voluntary income, particularly legacies, to ensure that income is recorded in the correct period;
- undertaken substantive testing of legacy income recognised for the year and year-end legacy income accruals; and
- reviewed the legacy income pipeline as at 31st March 2018 to identify any additional amounts that require recognition as income or disclosure as contingent assets

No issues noted from our work.

4

Voluntary income

Donated cash schedules not complete (completeness)

As the Charity's donations come from a number of different sources there is a risk that voluntary income in the financial statements could be understated.

We therefore identified completeness of voluntary income as a risk requiring particular audit attention.

Auditor commentary

We have undertaken the following work in relation to this risk:




- gained an understanding of the Charity's system for accounting for voluntary income and evaluated the design of the associated controls;
- Undertaken substantive testing of the completeness of donated cash income, including testing of cash donations received during the year

No issues noted from our work.




Significant matters discussed with management

We did not identify any significant matters which we need to discuss with management during the course of the audit.

Accounting policies

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	<p>All income resources are recognised once the Charity has entitlement to the resources, it is probable that the resource will be received and the monetary value of incoming resources can be measured with sufficient reliability.</p> <p>Legacies are accounted for as incoming resources either on receipt or where the receipt of the legacy is probable.</p>	<ul style="list-style-type: none"> The accounting policy appears appropriate in line with the SORP. There may be judgement involved, particularly relating to the recognition of legacy income. The accounting policy is appropriately disclosed within Note 1 	
Judgements and estimates	<p>Key estimates and judgements include:</p> <ul style="list-style-type: none"> Accruals of income and expenditure 	<ul style="list-style-type: none"> The charity makes accruals of income and expenditure where appropriate. In the majority of cases these are based on known rather than estimated amounts but judgements are made about the appropriate accounting period for recognition. We have not identified any issues from our testing in these areas that suggest these judgements were not appropriate. 	
Other accounting policies	<p>The Charity has adopted the standard accounting policies for NHS Charitable funds.</p>	<ul style="list-style-type: none"> We have reviewed the accounting policies disclosed in the accounts against the requirements of the SORP. We identified two minor improvements which are reported in Appendix B. 	

Assessment

-  Marginal accounting policy which could potentially be open to challenge by regulators
-  Accounting policy appropriate but scope for improved disclosure
-  Accounting policy appropriate and disclosures sufficient

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
①	Matters in relation to fraud	<ul style="list-style-type: none"> We have not been made aware of any incidents in the period and no issues have been identified during the course of our audit procedures
②	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed
③	Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work
④	Written representations	<ul style="list-style-type: none"> A standard letter of representation has been requested from the Charity, which is included in the Charitable Funds Committee papers
⑤	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation request(s) to the charity's bank and its investment managers Cazenove. This permission was granted and the requests were sent. Both requests were received with positive confirmation.
⑥	Disclosures	<ul style="list-style-type: none"> We identified a small number of improvements to the disclosures included in the accounts when reviewing these against the requirements of the SORP. These are detailed in Appendix B.
⑦	Audit evidence and explanations/significant disclosures	<ul style="list-style-type: none"> All information and explanations requested from management was provided on a timely basis.

Independence and ethics

Independence and ethics

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, we have nothing to disclose to you

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Details of fees charged are included in Appendix C.

Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Charity. No non-audit services have been provided.

Action plan

We have identified one recommendation for the Charity as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2018/19 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

1	Assessment	Issue and risk	Recommendations
●	●	<ul style="list-style-type: none"> The trustees have a legal obligation to manage risk, as set out in the Charity Commission's guidance 'Charities and risk management (CC26)'. The Charity does not maintain its own risk register, but instead risks relating to the Charity would be expected to be included on the Corporate Trustee's risk register as this is overseen by the Trust Board. The Trust's risk register currently contains two risks relating to the Charity. These are not reflected in the 'Risk Management' section of the Trustee's Report, we understand this is on the basis that these risks relate mainly to the risk to the Trust rather than to the Charity. The key risk to the Charity as disclosed in the Trustee's Report is a potential loss from a fall in the market value of investments. This is not currently reflected in the Trust's risk register. 	<ul style="list-style-type: none"> Risks relating solely to the Charity do not currently appear to be documented and reviewed on a formal basis. The Charity should therefore consider whether the current arrangements are adequate to ensure that risks relating to the Charity are recorded and managed. <p>Management response</p> <ul style="list-style-type: none"> The UHL Risk Management Assessment Form has been completed relating to a potential loss from a fall in market value of investments. This is awaiting endorsement by the Director of Operational Finance prior to escalating onto the risk register.

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year.

Detail	Statement of Comprehensive Net Income £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
1 Testing of donations and legacies identified one error of £6,526.80. The reason for the error was that the amount was received as a cash refund into the bank rather than being a credit note. This entry was coded to income when it was a refund of spend and should have been recorded as a credit to expenditure. Income has been overstated by £6,526.80 and expenditure is overstated by the same amount. This appears to be an isolated error.	7 (7)		7 (7)
Overall impact	0	0	0

Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Area of accounts	Detail	Amendment proposed	Adjusted?
Trustee's Report – Fundraising Disclosures	<ul style="list-style-type: none"> There is a new requirement for charities to give disclosures in the Trustee's Report around fundraising activities. 	<ul style="list-style-type: none"> The Trustee's Report should be updated to address the new requirements. 	✓
Going concern	<ul style="list-style-type: none"> The Charities Statement of Recommended Practice (SORP) requires the accounting policies to include reference to going concern. 	<ul style="list-style-type: none"> Accounting policies should be amended to confirm the accounts have been prepared on a going concern basis and there are no material uncertainties relating to going concern. 	✓
Note 8.4 Details of material restricted funds	<ul style="list-style-type: none"> This note should include all material restricted funds 	<ul style="list-style-type: none"> Note 8.4 should refer to the new restricted Children's Appeal fund. 	✓
Accounting policies – Basis of Preparation	<ul style="list-style-type: none"> The Charities (Accounts and Reports) Regulations 2008 refer to the previous SORP effective from 1 April 2005 which has since been withdrawn. The accounts should confirm the departure from the Regulations in order to provide a true and fair view by following the updated SORP issued in 2014. 	<ul style="list-style-type: none"> Note 1a should be amended to confirm departure from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view' by following the updated SORP. 	✓
Various	<ul style="list-style-type: none"> A number of other minor improvements were made to the accounts which were not deemed significant enough to bring to the attention of Those Charged With Governance 	<ul style="list-style-type: none"> Various 	✓

Impact of unadjusted misstatements

There were no adjustments identified during the 2017/18 audit which have not been made within the final set of financial statements.

Fees

We confirm below our final fees charged for the audit.

Audit Fees

	Proposed fee (£)	Final fee (£)
Charity Audit	5,900	5,900
Total audit fees (excluding VAT)	5,900	5,900

Non-Audit Fees

No non-audit or audit-related services have been undertaken for the Charity.

Audit opinion

We anticipate we will provide the Charity with an unmodified audit report

Independent auditor's report to the corporate trustee of Leicester Hospitals Charity

Opinion

We have audited the financial statements of Leicester Hospitals Charity (the 'charity') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flow and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102; 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 149 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the charity's corporate trustee, as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the corporate trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

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

Other information

The corporate trustee is responsible for the other information. The other information comprises the information included in the Trustee's Annual Report, set out on pages ****xx to xx**** other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the corporate trustee for the financial statements

As explained more fully in the Statement of Trustee's Responsibilities **set out on page x**, the corporate trustee is responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

[Signature]

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

Birmingham

[Date]

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006



© 2018 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Our Ref:
Your Ref: Bill Devitt/Leicester Hospitals Charity 2017-18

Leicester Royal Infirmary
Infirmary Square
Leicester
LE1 5WW

Grant Thornton UK LLP
The Colmore Building
20 Colmore Circus
Birmingham B4 6AT

Tel: 0300 303 1573
Switchboard Fax: 0116 258 7565

10th January 2019

Dear Sirs

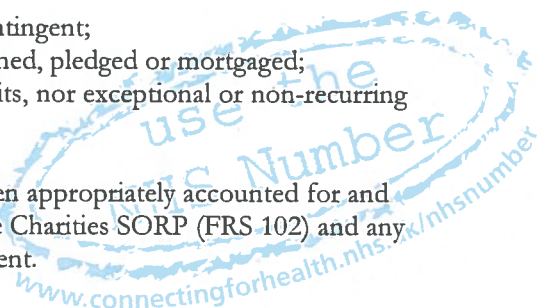
Leicester Hospitals Charity Financial Statements for the year ended 31 March 2018

This representation letter is provided in connection with the audit of the financial statements of Leicester Hospitals Charity for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with Section 154 of the Charities Act 2011.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated 23 August 2018, for the preparation of the financial statements in accordance with the Charities Act 2011, and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ('Charities SORP (FRS 102)'), issued by the Charity Commission for England and Wales and any subsequent amendments or variations to this statement., in particular the financial statements give a true and fair view in accordance therewith.
- ii We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- iii Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- iv Except as stated in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the charity has been assigned, pledged or mortgaged;
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- v Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Charities SORP (FRS 102) and any subsequent amendments or variations to this statement.



- vi All events subsequent to the date of the financial statements and for which the Charities SORP (FRS 102) and any subsequent amendments or variations to this statement require adjustment or disclosure have been adjusted or disclosed.
- vii We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- viii We can confirm that:
 - a. all income has been recorded;
 - b. the restricted funds have been properly applied;
 - c. constructive obligations for grants have been recognized; and
 - d. we consider there to be appropriate controls in place to ensure overseas payments are applied for charitable purposes.
- ix The charity has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- x We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xi Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice.

Information Provided

- xii We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons from whom you determine it necessary to obtain audit evidence.
- xiii We have communicated to you all deficiencies in internal control of which we are aware.
- xiv We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xv All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvi We have disclosed to you our knowledge of fraud or suspected fraud affecting the charity involving:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.

- xvii We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the charity's financial statements communicated by employees, former employees, analysts, regulators or others.
- xviii We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xix We have disclosed to you the identity of the charity's related parties and all the related party relationships and transactions of which we are aware.
- xx We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- xxi We confirm that we have reviewed all correspondence with regulators, which has also been made available to you, including the guidance 'How to report a serious incident in your charity' issued by the Charity Commission (updated in September 2017). We also confirm that no serious incident reports have been submitted to the Charity Commission, nor any events considered for submission, during the year or in the period to the date of signing of the balance sheet

Yours faithfully

Name.....

Position.....

Date.....

Signed on behalf University Hospitals of Leicester NHS Trust, the Corporate Trustee