

Portsmouth Hospitals NHS Trust General Charitable Fund
A Registered Charity (No.1047986)

Trustee's Annual Report for the year ending 31 March 2014

Foreword

The Portsmouth Hospitals NHS Trust General Charitable Fund annual report and accounts for the year ended 31st March 2014 have been prepared by the Corporate Trustee in accordance with the Charities Act and the Statement of Recommended Practice by charities (SORP) 2005, updated 2008.

The Charity has a Corporate Trustee: Portsmouth Hospitals NHS Trust. Decisions are made on behalf of the charity by the Trust Board of the NHS Trust.

The members of the Trust Board who have acted on behalf of the Sole Corporate Trustee during the year to 31st March 2014 are: -

Alan Cole	Interim Chairman
Mark Nellthorp	Non-Executive Director
Elizabeth Conway	Non-Executive Director
Steve Erskine	Non-Executive Director
Tim Higenbottam	Non-Executive Director
Ursula Ward	Chief Executive Officer
Richard Eley	Director of Finance and Investment (until 05/04/2013)
Ben Lloyd	Director of Finance and Investment (from 01/04/2013)
Simon Holmes	Medical Director
Cherry West	Chief Operating Officer
Julie Dawes	Director of Nursing (until 31/03/2014)
Tim Powell	Director of Workforce and Organisational Development (non voting)

Reference and Administrative details

The Portsmouth Hospitals NHS Trust General Charitable Fund was registered with the Charity Commissioners as a NHS Umbrella Charity by Declaration of Trust in July 1995, charity number 1047986.

The registered and principal office of the charity is:

Portsmouth Hospitals NHS Trust
Queen Alexandra Hospital
Southwick Hill Road, Cosham
Portsmouth, Hampshire
PO6 3LY

The Trust Board have delegated the authority for the management of the charities to the Trust's Charitable Funds Committee.

Under the Terms of Reference, the Committee comprises one Non-Executive Director, one Executive Director, two divisional representatives, one representative from fund-raising, finance and patient experience teams and one Governor representative. The Charitable Funds Committee operates within a reporting framework to the Trust Board.

The Terms of Reference of the Charitable Funds Committee are:

- To approve expenditure in accordance with charitable policies
- To receive and review the quarterly portfolio update
- To update and maintain policies and procedures in accordance with Charity Commission guidance and charity law
- To receive and approve annual expenditure plans
- To participate in drafting the charitable fund annual report and accounts

- To monitor the progress in attaining Rocky Appeal targets
- To ensure costed proposals for new appeals are presented to the Executive Management Team and the Trust Board

The Audit Committee are responsible for reviewing the charitable fund investment policy, the appointment of fund advisors and approving the charitable fund annual accounts and report.

Within the Portsmouth Hospitals NHS Trust General Charitable Fund are a number of restricted funds which relate to various wards, departments and specialties directly associated with Portsmouth Hospitals NHS Trust. Each of these funds has at least two signatories, who act as fund holders on a day to day basis.

It is expected that the fund holders manage these funds in accordance with the Standing Financial Instructions, Standing Orders, Charitable Funds Code of Procedures and Scheme of Delegation as set by the Corporate Trustee. There have been no material changes to these policies and procedures this year.

Principal Professional Advisors

The Trust Board have employed the following professional advisers during the financial year: -

Bankers

HSBC Midland Bank plc
118 Commercial Road
Portsmouth PO1 1EP

Solicitors

Mills & Reeve
Midland House, 132 Hagley Road
Birmingham, West Midlands, B16 9NN

Auditors

Ernst & Young LLP
Wessex House, 19 Threefield Lane,
Southampton, SO14 3QB

Investment Advisers

Hume Capital Management Limited
3rd Floor, 1 Carey Lane,
London, EC2V 8AE

Structure, Governance and Management

The Umbrella Charity has twenty-three NHS Special Purpose Charities linked to it, all of which were formed by Declaration of Trust.

The General Charitable Fund is unrestricted; all donations received by the charity without naming a specific department to benefit will be placed in this fund. This fund is administered by the Chief Executive Officer and the Director of Finance.

The twenty-two specialty funds are restricted funds. These funds include the Rocky Appeal and the specialty funds held within the hospital.

The twenty-one specialty funds (excluding the Rocky Appeal) are then sub-divided into internal departmental/ward funds.

The objectives of the Umbrella Charity and its Special Purpose Charities are:

General Charitable Fund (Umbrella Charity) - Funds are held for any charitable purpose relating to the National Health Service.

Special Purpose Charities -

Rocky Appeal Funds are held for the relief of sickness by the development, improvement, and maintenance of clinical services provided by Portsmouth Hospitals NHS Trust.

The current Rocky Appeal was launched in April 2007 for state-of-the-art Digital Keyhole Operating Theatres. Three theatres have been installed and £2.4 million is now being raised to fund a robot to complete the final operating theatre.

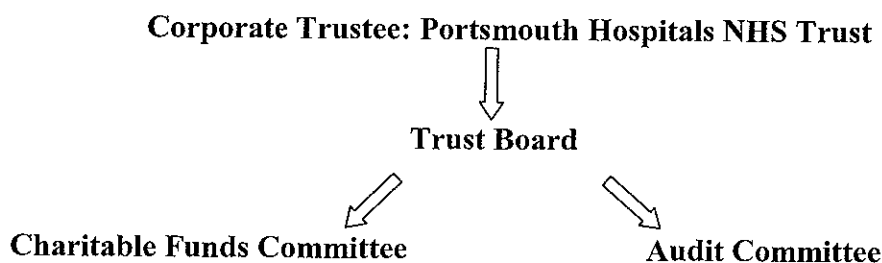
Twenty one 'specialty' charities

Funds are held for any charitable purpose relating to the specialty services provided by Portsmouth Hospitals NHS Trust.

Cardiology	Dermatology
General Medicine	Renal Medicine
Accident & Emergency	Orthopaedics
Rheumatology	General Surgery
Ear, Nose & Throat	Maxillofacial
Intensive Therapy	Ophthalmology
Radiotherapy	Endoscopy
Imaging	Pathology
Paediatrics	Maternity
Gynaecology	Medicine for Older People
Urology	

Members of the Trust Board and the Charitable Funds Committee are not individual trustees under charity law but act as agents on behalf of the Corporate Trustee. Non-Executive Members' of the Trust Board are appointed by the NHS Appointments Commission and Executive members of the Board are subject to recruitment by the NHS Board. The NHS Trust, as Corporate Trustee, appoints a Charitable Funds Committee to manage the charitable fund under delegated authority.

The structure of the delegated authority administered by the charity is as follows:



Newly appointed members of the NHS Trust Board undertake a rigorous induction process, which includes an overview of charitable funds. All new members have an initial one to one meeting with the Chairman, Executive Directors and are provided with a mentor. All members of the Board have access to the Charitable Funds Code of Procedures and Charitable Fund Committee Terms of Reference and two members of the Trust Board are appointed to the Charitable Funds Committee, in accordance the Terms of Reference.

Acting for the Corporate Trustee, the Charitable Funds Committee is responsible for the overall management of the Charitable Fund and meets at least bi-monthly.

The Charitable Funds Committee is required to:

- Keep proper accounting records which disclose with reasonable accuracy the financial position of the fund held on trust and to enable them to ensure that the accounts comply with requirements in the Charities Act and the Statement of Recommended Practice by charities (SORP) 2005, updated 2008.
- Establish and monitor a system of internal control.
- Establish arrangements for the prevention and detection of fraud and corruption.
- Advise the Trust Board on the performance and risks of the charity.

The Audit Committee is required to:

- Review the Annual Report and Financial Statements.
- Review the Governance Report and confirm any non adjusted accounting errors.

The accounting records and day-to-day administration of the fund are dealt with by the Director of Finance located at the principal office.

Risk Management

The Trustee has identified the major risks faced by the charity. The risk register shows the controls which exist to mitigate each risk. The main risks are detailed below:

Investment Risk (portfolio/investment income volatility)

An Investment Broker is commissioned to advise and minimise the investment risk to the charity. The Trustee's investment policy is for low risk, moderate income. To avoid market volatility the majority of our investments are placed in cash based holdings.

Income Risk (income not received/non-charitable income in funds)

A receipt for a charitable funds donation must be completed and logged on the donation register. All donations must be acknowledged in writing to the donor and cash is banked through the Trust's Cashier's Office, which is the boundary for recognition of income. The Receipt for a Charitable Donation is controlled stationery. The Cashiers Office polices the controlled stationery system. The donation register is reconciled to the ledger on a monthly basis and any non-charitable income identified is removed from the fund and transferred into the appropriate NHS budget.

Expenditure Risk (non-charitable/fraudulent expenditure)

Expenditure thresholds are in place, as per the scheme of delegation. All expenditure must be authorised by one authorised signatory of the fund, then checked and verified by the Charitable Fund Accountant. All expenditure between £5,000 and £50,000 must then also be authorised by the Director of Finance, Chief Executive Officer or Charitable Funds Committee. Expenditure over £50,000 must be authorised by the Charitable Funds Committee. An audit of all transactions over £500 is carried out each month. Any non-charitable purchases are charged back to the appropriate NHS budget.

Fundraising Risk (fraudulent/unauthorised fundraising)

The Trust employs a Fundraising Co-ordinator. All fundraising must be supported by an official Certificate of Authority to Fundraise, which is obtained from the Fundraising Co-ordinator.

Reputational Risk

In addition to the specific systems detailed above a comprehensive set of generic Trust and Charitable Fund specific procedures are in place, which all members of the organisation are obligated to follow.

Reserves and Investment Policy

The Trustee encourages the funds to be spent within a short to medium term. This excludes the Rocky Appeal, which must necessarily accumulate funds. The Rocky Appeal funds are held within the charity until the Trust incurs expenditure on the project.

The reserves policy has the objective of reserving sufficient funds to cover the known commitments and future plans of the charity.

The Trustee has established a Reserves and Investment policy to further its mission to provide sustainable, long term support to Portsmouth Hospitals NHS Trust for research, education, new equipment, staff and patient benefits and environmental improvements.

A reserve equal to £2 million should be held to provide continuity for achievement of objectives in the event of income fluctuations. £2 million equates to two years regular expenditure. The current level of reserves £2.6 million exceeds this, although the Charity has managed to reduce the reserves over the last twelve months by £0.3 million, it will continue its aim to reduce the level of uncommitted reserves significantly to desired levels.

The investment policy links to the reserves policy by requiring all commitments to be backed by cash or near-cash holdings. The objectives of the investment policy are to:

- Invest cash securely in order to minimise the risk of any loss or decline in value of the sum invested
- Meet the Trustee's responsibility to achieve an adequate return on the asset
- Protect the liquidity of the funds in order that the charity has the ability to meet all financial liabilities as they fall due

Our investments achieved a reasonable return; some of our investments have been placed within subordinated loan notes which have increased the risk of our portfolio.

None of the charitable funds administered by Portsmouth Hospitals have governing documents which specifically bind the Trustee to particular investment powers. The funds are therefore administered within the powers of the Trustee Investment Act 1961, updated by the Trustee Act 2000. The Trustee received an approved pooling scheme for investments from the Charity Commissioners sealed by order on the 17th March 1998.

The pooling scheme has been registered as a subsidiary of the main charity. The common investment fund has been named 'Portsmouth Hospitals NHS Trust (Expendable Funds) Common Investment Fund' by the Charity Commission.

The charity seeks to invest ethically and ensure that its investments are not opposed to the objects of the charity. Therefore the investment policy eschews, as much as practicable, investments in tobacco related holdings.

Investments are currently held in bond, liquidity funds and subordinated loan notes managed by investment brokers Hume Capital Management Limited. A decision was made in 2004/05 by the Trustee to convert the share portfolio into a lower risk investment. This decision was made as the Trustee considered that the stock market was too high risk after the "crash" in September 2001. In addition, there are shares held in the 'Charities Official Investment Fund' (COIF).

Hume Capital Management Limited investment strategy aims to optimise capital growth whilst ensuring capital preservation. Their position within the money and bond markets enables short term opportunities to be exploited when appropriate.

Strategic Plan – key aims, objectives and policies

The objective of the charity, as stated in the Trust Deed, is as follows:

"Funds are held for any charitable fund purpose or purposes relating to the services provided by Portsmouth Hospitals NHS Trust."

The vision of Portsmouth Hospitals NHS Trust is:

"To provide the best care, the best people and the best hospital"

The charity aims to support this vision. The mission of the charity is, therefore:

"To serve the patients of Portsmouth Hospitals NHS Trust by providing additional facilities and equipment, supporting research programmes and innovation in the development of services and education to both patients and staff."

The Trustee has agreed five key objectives for the management of the charity towards achieving its goal:

1. Stewardship of funds:
 - Annual accounts should receive an unqualified audit report
 - Investment performance should be regularly reviewed
 - All returns required by Charity Commission must be received before the due date
 - All expenditure by the Charity should support the aims of Portsmouth Hospitals NHS Trust and its partners
2. Provision of additional facilities and equipment:
 - The Charity aims to commit at least 50% of total annual income towards this objective
3. Support and encouragement of research and innovation:
 - All grants and their outcomes should be evaluated annually
 - The charity aims to commit at least 5% of total annual income towards research and service development expenditure
4. Assisting Portsmouth Hospitals NHS Trust with its planned developments:
 - The Charity should engage with the Trust to develop a shared case for support
 - The Charity will commit its unallocated reserves to support any developments, where appropriate
5. Maximising the Charity's fundraising potential:
 - The Charity will invest in fundraising to proactively seek new income
 - The Charity will set realistic fundraising targets

The charity achieves its purpose by making grants to the Portsmouth Hospitals NHS Trust and, on occasion to related bodies (e.g. Universities) to fund expenditure on equipment and research and by direct expenditure staff, education, environmental improvements and complimentary services.

Objectives for 2014-15

1. Promote Trust-wide fundraising and maintain income levels of £1m.
2. The Rocky Appeal to raise sufficient funds to support and maintain the Da Vinci Robot.
3. Identify and manage reserves down within four key specialty fund areas: Emms Legacy/Renal/Radiotherapy/Rheumatology.
4. Assess Investment requirement and perform tendering exercise for investment management service.
5. Maintain sound governance and financial management.

Our Activities

The trustees have paid due regard to Charity Commission guidance on public benefit in deciding what activities the charity have undertaken during the year and have continued to support a wide range of charitable purposes. These activities include the support of a number of equipping, staffing and environmental purchases.

Charitable funds are used to enhance patient and staff welfare through the purchase of goods, services or research. The funds are used to supplement the services provided by Portsmouth Hospitals NHS Trust and so the funds are expended on items considered to be over and above what the NHS Trust must provide from central NHS funding. The charity continues to actively manage reserves down to desired levels and overall net assets fell by £496,000 during the year.

The Joint Consultative Negotiating Committee (JCNC) administers a staff welfare and amenity fund. The committee consists of members of the Trust's management and departmental staff representatives. Bids are presented to JCNC who will assess the charitable nature of the bid. This year JCNC have supported the use of a beach hut, along with general purchases such as microwave, staff room furniture along with other staff welfare items. A contribution was made towards the Trust's annual staff winter ball.

The Rocky Appeal financed the first year lease and equipping of the Da Vinci Robot at a cost of £504,000 during the year. The appeal aims to raise £2.4 million to ensure our patients have this robotic surgical facility for the future. As at 31st March 2014 £600,000 has been raised, net of fund-raising costs towards the appeal target. The current balance within the accounts is £96,000 this is due to the cost of the first year lease and equipping costs being charged to the appeal.

The charity had a good year achieving income of over £1 million. Our Head of Fundraising departed at the end of the financial year and therefore a review of our fund raising activities will take place during 2014/15 to ensure we achieve our objective to maintain income levels of £1million.

During 2013/14 the charity continued to support non-commercial research projects in areas where the Trust has considerable expertise with a view to developing new therapies for treating and caring for patients. The research conducted was approved by the Research and Development department within Portsmouth Hospitals NHS Trust. Details of the research activities conducted by the Renal Unit during 2013/14 are:

Renal and Transplant Research Fund

This fund has invested heavily in 4 research projects over the last 3-4 years and has become depleted as a result. Much of the sponsored work described in last year's report has been completed during 2013-14, leaving only one project still drawing from the fund. As usual, all research is overseen by a committee representing the interests of the whole multi-disciplinary team and patient groups.

Our study into the interplay between genetics and the metabolism of mycophenolate (an anti-rejection drug used in transplantation) is now complete. It was finished by Dr Natalie Borman within time and budget and submitted for a higher degree at the University of Southampton. Dr Borman has since been appointed as a consultant in the renal unit. The work has been presented nationally and internationally and will be published in a peer reviewed journal soon. It will lead to greater understanding of how to schedule safely the doses of immunosuppressive drugs in transplant recipients.

Dr Dingley has now completed his study looking at fundamental disease processes within kidney tissue and has identified new mechanisms whereby the kidneys become inflamed in nephritis (a leading cause of kidney failure). This work is now being compiled into a PhD thesis which will be submitted to the University of Southampton later this year. It has already been presented at national and international

meetings to acclaim. It won the prize in 2013 for best research project in a regional renal meeting (including work from major London units) in 2013. Publication in peer reviewed journals will follow later in 2014.

The one remaining study being sponsored by the fund looks at the genetics of people with established kidney failure to see if they have an inherited condition of which they are unaware. Results to date indicate that a substantial number of people with end-stage kidney disease may have genetic disease. The task now is to identify the genes which lead to these conditions and this is on-going in conjunction with the genetics department in Southampton (Dr Sarah Ennis). Early results have been presented internationally (Hong Kong 2013) and nationally. The project is due to end in May 2015 and will be submitted for a PhD thesis at the University of Southampton.

Grant Making Policy

This year £872,000 was made in grants to Portsmouth Hospitals NHS Trust. In making grants, the trustee requires that the activity falls within the objects of the charity, that the grant request is supported by the Trust and that the funds are available to meet the request. During the year £204,000 was granted for capital expenditure, £668,000 on revenue grants and research grants of £34,000 to the University of Southampton. See note 3.2 of the Annual Accounts for details of material grants.

Partnership Working and Networks

Portsmouth Hospitals NHS Trust is the main beneficiary of the charity and is a related party by virtue of being a Corporate Trustee of the charity. However, when the Trust Board is making decisions regarding the charity it does so with the best interests of the charity in mind, as well as Charity Commission guidance, charity law and donors wishes. By working in partnership with the Trust, the charitable funds are used to best effect for the benefit of patients and staff. When deciding upon the most beneficial way to use funds, the Corporate Trustee has regard to the main activities, objectives, strategies and plans of the Trust.

A Review of our Finances, Achievements and Performance

During 2013/14 the General (Unrestricted) Fund increased by £140,000 from £415,000 to £555,000 and the restricted funds decreased by £636,000 from £2,807,000 to £2,171,000.

The net assets of the Charitable Funds as at the 31st March 2014 were £2,726,000 (2012/13:£3,222,000). Overall net assets decreased by £496,000. This decrease is due to the continued drive to encourage funds managers to utilise their funds and payment for the first year lease of the Da Vinci Robot from the Rocky Appeal.

The charity's main income sources are donations, legacies, investment income and fund raising income. During 2013/14 the total incoming resources were £1,180,000 up approximately 41% on the previous year. The main change in income source was from legacies up from £409,000 to £691,000 and grants received up from £5,000 to £94,000.

Income Source	2013/14 £000s	%	2012/13 £000s	%
Donations	136	12	175	21
Legacies	691	58	409	49
Grant receivable	94	8	5	1
Fundraising income	201	17	151	18
Investment income	47	4	82	10
Other income	11	1	10	1
TOTAL	1,180	100	832	100

Details of the main donation and legacy income by charity are as follows:

Donation Income	2013/14 £000s	%
Paediatrics	30	22
Radiotherapy	28	20
Renal	21	16
Medicine	8	6
Medicine for Older Persons	7	5
General Surgery	5	4
All other charities	37	27
TOTAL	136	100

Legacy Income	2013/14 £000s	%
The General Amenity Fund (Unrestricted)	233	34
Renal	225	33
The Rocky Appeal	189	27
Cardiology	33	5
All other charities	11	1
TOTAL	691	100

Expenditure during 2013/14 was £1,678,000 compared to £1,339,000 in 2012/13. The “contribution towards the NHS” during the year was £872,000 (£590,000 in 2012/13). This expenditure relates to medical and other equipment purchases such as IT and furniture to enhance patient and staff welfare. See note 3.2 of the Annual Accounts for further analysis of these grants.

Total Expenditure	2013/14 £000s	%
Grants to the NHS/Public bodies	906	54
Activities in furtherance of charitable objectives	553	33
Fundraising Costs	149	9
Governance Costs	70	4
TOTAL	1,678	100

Grants Paid	2013/14 £000s	%
Rocky Appeal – Equipment	506	56
Paediatrics – Equipment	105	12
Pathology Services– Equipment	101	11
Renal - Equipment	77	8
The General Amenity Fund (Unrestricted)	24	3
All other charities – Equipment	93	10
TOTAL	906	100

Expenditure on Charitable Activities	2013/14 £000s	%
Patient Welfare and Amenity	201	36
Research Salaries and Expenses	213	39
Staff Welfare and Amenity	139	25
TOTAL	553	100

At 31st March 2014 the investments are summarised as:

	C.O.I.F. Shares	Liquidity/Short Bond Funds & Loan Notes	Total Investments
At historical 'book' cost	£8,301	£1,453,559	£1,461,860
Unrealised gain accrued prior to 2013/14	£87,979	-	£87,979
Realised gain during 2013/14	-	-	-
Unrealised gain accrued during 2013/14	<u>£2,095</u>	-	<u>£2,095</u>
Closing Unrealised Gain/Loss	£90,074	-	£90,074
At market value	£98,375	£1,453,559	£1,551,934

Investments are recorded at market value as at 31st March 2014. The unrealised gain of £90,074 relates to COIF investments. The investments held with Hume Capital Investment are cash based investments therefore the increase in value during 2013/14 relates to income generated by the investment holding. During the year a decision was made to transfer cash assets held within our investment portfolio to our HSBC bank account.

Volunteers and the Rocky Appeal

Fundraising and volunteering are two areas which make considerable and varied contributions to the life of Portsmouth Hospitals NHS Trust.

Fundraising helps provide equipment and resources that otherwise would not normally be available. The Trust has a long and well established fundraising history much of which has been linked to various Rocky Appeals. One of the main ways in which visitors to Queen Alexandra Hospital come in to contact with The Rocky Appeal is via a small shop located within the north entrance. The shop relies on a team of volunteers who ensure its smooth operation. It sells donated items, homemade produce, toys, gifts and 'Rocky' products including a selection of jams, chutneys and baked goods. Apart from the Rocky Appeal, the Trust has twenty-two special purpose charities supporting various services.

The Rocky Appeal continues to benefit from various events from scooter marathons, sponsored Solent swims, sponsored walks and a variety of local events and activities organised by well wishers throughout the community. During the past year a programme of events has developed aimed at supplementing and enhancing the existing activities organised by the Rocky Appeal team. The events which will see an increased profile for the Trust at local activities such as the Great South Run and are aimed at supporting the general fundraising for the Trust and broadening out the engagement with the community within which the Trust sits.

We would like to take this opportunity to recognise and thank all those involved in Fundraising and especially those activities that support The Rocky Appeal and of any of the Trust's twenty-two special purpose charities.

The Rocky Appeal currently has over thirty five volunteers who primarily assist in the Rocky shop. There are usually three or four volunteers in the shop in the morning shift (8:30 – 13:00) and afternoon (13:00 – 16:30) shift. They also attend functions during the day and evening with the Rocky Appeal's Co-ordinator Mick Lyons.

Integral to the successful running of the Trust is an ever growing team of volunteers that reliably give so generously of their time and talents. Fundraising and the Rocky Appeal is just one example where we can directly see the enormous contribution that our volunteers make towards the smooth running of the Trust. We simply would not be as successful without all that our volunteers provide and enable.

There are many more volunteers within the hospital, all of whom contribute a considerable amount of time and effort by guiding patients, and generally assisting within departments for both patients and staff.

Each year the charity provides a "Thank you" function for our volunteers in recognition of the extremely important role they play throughout the Trust.

Public benefit

In awarding grants the trustee is aware of its responsibilities under charity law in ensuring the maintenance of public benefit in all aspects of its work. Funding patient and staff welfare, improvements and amenities is, by definition, meeting public benefit.

The Trustee confirms that it has regard to the Charity Commission's general guidance on public benefit when reviewing the Charity's purpose and goals and in their plans for future activities.

Our Future Plans

The Rocky Appeal will continue to raise funds to support the £2.4 million required to provide the patients of Portsmouth Hospitals with a world class robotic surgical facility.

The Charitable Funds Committee requests specialty fund holders to provide annual spending plans for each specialty charitable fund. The fund holders have delegated authority to use the specialty funds in the most beneficial way for their specialty. The committee have identified four specialty funds (Emms Legacy/Renal/Radiotherapy/Rheumatology) whereby they feel reserves need to be managed down. The committee will monitor these areas during the year.

Plans for the next twelve months will be determined by the equipping needs of the hospital and is likely to include the following areas of spend:

- Payment of the Da Vinci robot lease.
- Purchase of Medical equipment
- Support of research projects
- Staff training, educational books, and conferences
- Staff function policy – All staff have an opportunity to attend an annual function up to a value of £15 per head
- Enhancement of patient facilities
- Provision of the Nurse Charitable Ward Fund, which provides inpatient ward areas with £2,000 to spend on small items to enhance the patients stay in hospital.

Major Commitments

The Rocky Appeal raised £2 million to provide a new Unique Cancer Laboratory to revolutionise Cancer treatment. As at 31st March 2014, £197,662 remained to fund the running costs of the laboratory and other suitable cancer care related spend, the fund is held within the Pathology charity.

Based on the accounts for the financial year the Trust Board, on behalf of the Sole Corporate Trustee, believes that the Umbrella Charity and its linked Special Purpose Charities can meet all their current and future foreseeable commitments.

Signed on behalf of the Trustee on 2014:

Chairman

Chief Executive

PORTSMOUTH HOSPITALS NHS TRUST

CHARITABLE FUND

ANNUAL ACCOUNTS

2013/14

Registered Charity Number 1047986

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for:

- keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the funds held on trust and to enable them to ensure that the accounts comply with requirements in the Charities Act and those outlined in the directions issued by the Secretary of State;
- establishing and monitoring a system of internal control; and
- establishing arrangements for the prevention and detection of fraud and corruption.

The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee is required under the Charities Act to prepare accounts for each financial year. In accordance with the Charities Act these accounts give a true and fair view of the financial position of the funds held on trust. In preparing those accounts, the Trustee is required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are responsible and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee confirms that it met the responsibilities set out above and complied with the requirements for preparing the accounts. The financial statements set out on pages 15 to 24 attached have been compiled from and are in accordance with the financial records maintained by the Trustee.

By Order of the Trustee
Signed:

Chairman Date / / 2014

Trustee Date / / 2014

Page 1 of Audit Commission Report – Awaiting Audit Commission report, governance report suggests an unqualified audit opinion.

Page 2 of Audit Commission report – Awaiting Audit Commission report, governance report suggests an unqualified audit opinion.

Statement of Financial Activities for the year ended 31st March 2014

	Note	General Fund (Unrestricted) £000	Rocky Appeal (Restricted) £000	Specialty Funds (Designated) £000	Total Funds £000	Total Funds 12-13 £000
Incoming Resources						
Voluntary Income:						
Donations		6	0	130	136	175
Legacies		233	189	269	691	409
Grants receivable		0	0	94	94	5
Sub total voluntary income		239	189	493	921	589
Activities for generating funds:						
Fundraising Income		0	159	42	201	151
Investment Income	9.3	8	4	35	47	82
Staff Lottery Income		0	0	11	11	10
Total Incoming Resources		247	352	581	1,180	832
Resources Expended						
Cost of generating funds:						
The Rocky Appeal Fundraising Costs		0	87	0	87	104
Other Fundraising Cost		0	0	57	57	34
Investment Management Costs		1	0	4	5	9
Sub total cost of generating funds	6	1	87	61	149	147
Charitable Activities:						
Grants payable:						
Research	3.1	0	0	34	34	37
Contributions to the NHS	3.2	24	506	342	872	590
Direct charitable expenditure:						
Research Salaries and Expenses		0	0	201	201	190
Patient Welfare and Amenity		63	0	150	213	152
Staff Welfare and Amenity		18	0	121	139	149
Management and Administration:						
Governance Costs	5	21	11	38	70	74
Total Resources Expended		127	604	947	1,678	1,339
Net incoming/(outgoing) resources before Transfers		120	-252	-366	-498	-507
Gross Transfers between Funds	12.4	20	60	-80	0	0
Net incoming/(outgoing) resources		140	-192	-446	-498	-507
Gains/(losses) on revaluations and disposal of investment assets	9.1, 9.3	0	0	2	2	11
Net movement in funds		140	-192	-444	-496	-496
Fund balances brought forward from previous year		415	288	2,519	3,222	3,718
Fund balances carried forward	12.1	555	96	2,075	2,726	3,222

The notes at pages 17 to 24 form part of this account.

Balance Sheet as at 31st March 2014

	Note	General Fund (Unrestricted) £000	Rocky Appeal (Restricted) £000	Specialty Funds (Restricted) £000	Total 31 March 14 £000	Total Funds 12 -13 £000
Fixed Assets						
Investments	9.2	228	456	868	1,552	3,473
Total Fixed Assets		<u>228</u>	<u>456</u>	<u>868</u>	<u>1,552</u>	<u>3,473</u>
Current Assets						
Debtors	10	0	0	39	39	29
Stock		0	0	0	0	0
Short term deposits		343	13	1,208	1,564	25
Cash at bank and in hand		0	2	25	27	17
Total Current Assets		<u>343</u>	<u>15</u>	<u>1,272</u>	<u>1,630</u>	<u>71</u>
Liabilities						
Creditors: Amounts falling due within one year	11	(16)	(375)	(65)	(456)	(322)
Net Current Assets/(Liabilities)		<u>327</u>	<u>(360)</u>	<u>1,207</u>	<u>1,174</u>	<u>(251)</u>
Total Assets less Current Liabilities		<u>555</u>	<u>96</u>	<u>2,075</u>	<u>2,726</u>	<u>3,222</u>
Funds of the Charity						
Income Funds:						
Restricted/Designated		0	96	2,075	2,171	2,807
Unrestricted		555	0	0	555	415
Total Charity Funds		<u>555</u>	<u>96</u>	<u>2,075</u>	<u>2,726</u>	<u>3,222</u>

The notes on pages 17 to 24 form part of this account.

Signed:

Date: / / 2014

Notes to the Accounts

1. Accounting Policies

1.1 Accounting Convention

The financial statements have been prepared under the historic cost convention, as modified for the revaluation of certain investments, and in accordance with applicable United Kingdom accounting standards and policies for the NHS approved by the Secretary of State and the Statement of Recommended Practice "Accounting and Reporting by Charities" issued by the Charity Commission and the Charities Act.

1.2 Incoming Resources

All incoming resources are included in full in the Statement of Financial Activities when the following three factors are met: the charity becomes legally entitled to the income, there is reasonable certainty of receipt and the amount can be quantified with reasonable accuracy.

1) Voluntary Income:

This includes incoming resources generated from gifts, donations, grants, legacies, gifts in kind, intangible income and donated services and facilities.

- a) Donations: These are accounted for when received.
- b) Grants: These are accounted for when received.
- c) Legacies: These are accounted for when received or when the three factors detailed above are met. Material legacies which have been notified but not recognised in the Statement of Financial Activities are disclosed as a separate note to the accounts with an estimate of the amount receivable.
- d) Gifts in kind: In all cases the amount at which gifts in kind are brought in to account is either by reasonable estimate of their value to the funds or the amount actually realised. The basis of valuation is disclosed in the annual report.
- e) Intangible income: This income (e.g. the provision of free accommodation) is included in the accounts with an equivalent amount in outgoing resources, if there is a financial cost borne by another party providing the resources.

2) Activities for generating funds:

These are activities carried out by the charity to generate incoming resources which will be used to undertake its charitable activities. These are not part of the direct charitable activities but are carried out in order to generate incoming resources to support those activities. Investment Income is apportioned to funds based on their weighted average balances throughout the year.

1.3 Resources Expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to this category.

- a) Cost of generating funds:
The costs of generating funds are the costs associated with generating income for the funds held on trust. This includes the cost of the fundraising staff and purchases of goods to sell at a profit and investment management fees.
- b) Charitable Activities:
The cost of charitable activities comprises all costs incurred in the pursuit of the charitable objectives of the charity.

Grants Payable:

These are payments made to third parties, including NHS bodies, in furtherance of the charity's objectives to relieve those who are sick. They are accounted for on an accruals basis where the conditions for their payment have been met or where a third party has a reasonable expectation that they will receive the grant.

Activities in furtherance of charity's objective:

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the charity.

c) Governance Costs:

These costs comprise all costs identifiable as wholly or mainly attributable to ensure the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory and internal audit and staff time bought in from Portsmouth Hospitals NHS Trust and an apportionment of other administration/support costs. Costs are apportioned to funds in the same way as investment income – based on weighted average balances throughout the year.

d) Irrecoverable VAT:

Non-exempt and irrecoverable VAT is charged against the category of resources expended for which it was incurred

1.4 Structure of Funds

Where there is a legal restriction on the purpose to which the fund may be put, the fund is classified in the accounts as a restricted fund. Funds where the capital is held to generate income for charitable purposes and cannot itself be spent are accounted for as endowment funds. The Portsmouth Hospital NHS Trust Charitable Fund does not have any endowment funds. Other funds are classified as unrestricted funds. Unrestricted funds are available for application at the discretion of the trustee in furtherance of the charitable objectives of the charity. The Trustee may earmark an element of the unrestricted funds for a particular project and these are identified as designated funds. This designation does not legally restrict the trustees' discretion to apply the fund.

1.5 Fixed Asset Investments

Fixed asset investments are shown at market value as at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

1.6 Realised Gains and Losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investment 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 date of purchase if later).

1.7 Change in basis of accounting

There has been no change in the basis of accounting during the year.

1.8 Prior Year Adjustments

There have been no changes to the accounts of prior years.

1.9 Pooling Scheme

An official pooling scheme is operated for investments relating to the Portsmouth Hospitals NHS Trust General Charitable Fund. The scheme is named Portsmouth Hospitals NHS Trust (Expendable Funds) Common Investment Fund. Distribution of income is made annually and reflects the individual funds interest in the pool. The scheme was registered with the Charity Commission on 17th March 1998.

2. Incoming resources

2.1 Details of other material incoming resources

Material Incoming Resources	Unrestricted Fund £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Staff Lottery Income	0	11	11	10

2.2 Material Grants Received

A grant of £92,000 was received from Ickle Pickles Charity for the purchase of equipment.

3. Details of resources expended – Grants

Grants Payable	Unrestricted Fund £000	Restricted Funds £000	Total 2013 £000	Total 2013 £000
Research Grants	0	34	34	37
Contributions to NHS	24	848	872	590
TOTAL	24	882	906	627

3.1 Details of research grants

Name of recipient and details of grant	Aggregate amount paid 2013/14 £000
University of Southampton – Studying the interaction of specialised cells in the kidney which contribute to fibrosis.	34
TOTAL	34

3.2 Details of Material Contributions to the NHS

Grant details	Amount £000	Charity
Da Vinci Robot (1 st Year lease)	371	The Rocky Appeal
Sterilization Unit	72	The Rocky Appeal
PCR Machine	62	The Unique Cancer Laboratory
15 Giraffe Blue Spot lights	36	Neonatal
2 Neonatal Ventilators	36	Neonatal
Plate reader	21	The Unique Cancer Laboratory
2 Video scopes	20	Radiotherapy
3 Fitness Trainers	15	Staff Lottery Fund
Ultrasound system	11	Renal
Other Medical Equipment	153	Various charities*
IT Equipment	24	Various charities
Other Equipment	51	Various charities**
TOTAL	872	

* This includes items such as hand-held x-ray system, respiratory humidifiers.

** This includes items such as refrigerator, small alterations to the department and furniture and fittings.

4. Activities in furtherance of charity's objectives

Activity	Unrestricted Fund £000	Restricted Funds £000	Total 2013 £000	Total 2013 £000
Patient Welfare and Amenities	63	150	213	152
Staff Welfare and Amenities	18	121	139	149
Research – Salaries/Expenses	0	201	201	190
TOTAL	81	472	553	491

5. Governance Costs

Governance Cost	Unrestricted Fund £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Services bought in from NHS	19	42	61	63
Audit Fees	2	6	8	10
Other i.e. Insurance, conference fees	0	1	1	1
TOTAL	21	49	70	74

6. Cost of generating funds

Type of cost	Total 2014 £000	Total 2013 £000
Fundraising Staff salaries	121	97
Fundraising Expenses	21	38
Rocky Shop purchases	1	3
Investment Management Fee	6	9
TOTAL	149	147

7. Analysis of Total Resources Expended

Resource Expended	Cost of Generating Funds £000	Direct Charitable Expend. £000	Grants Payable £000	Mgmt and Admin £000	Total 2014 £000	Total 2013 £000
Fundraising Staff costs	121	0	0	0	121	97
Fundraising Costs	22	0	0	0	22	41
Audit Fee	0	0	0	8	8	10
Indemnity insurance	0	0	0	1	1	1
Services bought in from NHS	0	0	0	61	61	63
Investment Management	6	0	0	0	6	9
Research	0	201	0	0	201	190
Welfare & Amenities	0	352	0	0	352	301
Contributed to NHS	0	0	906	0	906	627
TOTAL	149	553	906	70	1,678	1,339

8. Analysis of Staff Costs

Staff Cost	Research £000	Fundraising £000	Patient Welfare £000	Total 2014 £000	Total 2013 £000
Salaries and Wages	161	99	12	272	243
Social Security Costs	13	9	1	23	23
Other Pension Costs	18	14	0	32	23
TOTAL	192	122	13	327	289

The average number of employees in the year was 9 (2012/13 = 9).

There are no employees with emoluments above £60,000.

The total emoluments of employees (remuneration plus benefits for tax purposes) for 2013/14 was £271,000 (2012/13 £243,000).

8.1 Analysis of pension contributions for Senior Employees

All staff are contracted to Portsmouth Hospitals NHS Trust. There were no senior employees charged to the charity during the year.

9. Analysis of Fixed Asset Investments

9.1 Analysis of Fixed Asset Investment total

Fixed Asset Investments	2014 £000	2013 £000
Opening Investment value	3473	3925
Less: Disposals	(2409)	(809)
Add: Acquisitions	443	268
Portfolio Income *	43	78
Net (loss)/gain on COIF revaluation **	2	11
Closing Investment value	1,552	3,473
Historic cost as at 31 st March	1,462	3,385

* Portfolio investment income is accumulated within the value of the portfolio

** COIF is the Charities Official Investment Fund

9.2 Analysis of Fixed Asset Investment holdings

Market Value as at 31 st March	Held in UK £000	Held outside UK £000	2013 Total £000	2013 Total £000
Hume Capital Management Investments	1,454	0	1,454	3,377
Charities Official Investment Fund	98	0	98	96
TOTAL	1,552	0	1,552	3,473

9.3 Analysis of Investment Income

Total Investment Income (Investment Income £47k plus Unrealised Gain £2k = Total Investment Income £49k)	Held In UK £000	Held Outside UK £000	2014 Total £000	2013 Total £000
Hume Capital Management Investments	43	0	43	78
Charities Official Investment Fund*	6	0	6	15
HSBC Short Term Deposit Account	0	0	0	0
TOTAL	49	0	49	93

* This is the unrealised gain of £2k plus interest of £4k on the COIF holding

9.4 Financial Instruments

During the year investments were held in treasury, fixed income investments and loan notes managed by Hume Capital Investment Managers. Investments are held in cash based investments and subordinated loan notes which carry a slightly higher risk than cash based investments. The values of investments are reported at market value on the 31st March 2013.

A small investment is placed with the Charities Official Investment Fund. The fund consists of diversified investments, principally equities and is designed specifically for charities. The investments are valued at market value.

10. Analysis of Debtors

Amounts falling due within one year	31 March 2014 £000	31 March 2013 £000
Trade Debtors and prepayments	1	1
Reclaim of exemptible VAT	1	2
Other debtors – Gift Aid Reclaim	3	1
Legacy debtors	34	25
TOTAL	39	29

There were no long term debtors.

11. Analysis of creditors

Amounts falling due within one year	31 March 2014 £000	31 March 2013 £000
Trade Creditors	(456)	(322)

The majority of the trade creditors are represented by the first lease payment owed for the Da Vinci Robot (£371) and the sum owed to Portsmouth Hospitals NHS Trust (£79k), for costs incurred by the Trust on behalf of the charity – predominantly payments to suppliers and staff costs.

There were no long term creditors.

12. Analysis of funds

12.1 Analysis of Fund balances

Charity	Balance as at 01/04/13 £000	Incoming Resources £000	Resources Expended £000	Transfers £000	Gains/ Losses £000	Balance as at 31/03/14 £000
Radiotherapy	591	27	(90)	(59)	0	469
Renal	442	246	(306)	1	0	383
Pathology *	365	13	(155)	(3)	0	220
Rheumatology	256	1	(46)	(2)	0	209
General Surgery	160	5	(23)	(2)	0	140
General Medicine	100	10	(9)	3	0	104
Rocky Appeal (incl Fundraising)	288	440	(656)	24	0	96
Paediatrics	78	121	(132)	12	0	79
Cardiology	32	33	(13)	2	0	54
Urology	50	0	(6)	0	0	44
Medicine for Older People	51	7	(20)	0	0	38
Ophthalmology	37	0	(1)	0	0	36
Imaging Services	21	0	(4)	0	0	17
Intensive Therapy	8	4	(8)	7	0	11
Dermatology	13	0	(2)	(1)	0	10
E.N.T	11	1	(2)	0	0	10
Accident & Emergency	7	1	(5)	0	0	3
Gynaecology	4	0	(1)	0	0	3
Endoscopy	2	1	(1)	0	0	2
Maternity	6	2	(7)	(1)	0	0
Maxillofacial	0	0	0	0	0	0
Orthopaedics	0	0	0	0	0	0
Other services	285	30	(71)	(1)	0	243
Unrestricted	415	238	(120)	20	2	555
TOTAL	3,222	1,180	(1,678)	0	2	2,726

* Pathology charity includes the balance relating to the previous Rocky Appeal – The Unique Cancer Laboratory

12.2 Fund purposes

See pages 2 and 3 of the Annual Report for details of the fund purposes.

12.3 Details of material designated funds

There are no designated funds.

12.4 Details of transfers between funds

During the year £60,000 was transferred from “Radiotherapy” to “Rocky Appeal” in support of the fundraising for the Robotic theatre suite.

A new initiative was set up during 2013/14 called the “Nurse Charitable Ward Fund”, £20,000 was transferred from specialty funds to support this initiative along with £20,000 from the General Amenity

Fund. The calculation was based on the same methodology used for the distribution of investment income and administration costs.

All specialty income raised by the Fundraising team was transfer to the relevant specialty fund.

13. Contingencies

The accounts for 2013/14 do not reflect an interest in three legacies, two of which are subject to a life interest one with a value of approximately £83,000 and the second is in the region of £53,000.

There were no contingent losses included in the accounts.

14. Commitments, Liabilities and Provisions

The Rocky Appeal raised £2 million to provide a new Unique Cancer Laboratory to revolutionise Cancer treatment. As at 31st March 2014, £197,662 remained to fund the running costs of the laboratory and relevant expenditure relating to cancer care, the fund is held within the Pathology charity. There are sufficient funds to cover the costs of the laboratory for a minimum of two years at current spend rates.

The Trustee recognises liabilities in the accounts once a legal or constructive obligation to expend funds occurs.

No provisions for liabilities and charges have been included in this set of accounts.

15. Trustee and Connected Persons Transactions

15.1 Trustee expenses reimbursed

No member of the Trust Board received reimbursement during the year for their duties in relation to the Charity.

15.2 Trustee remuneration

No member of the Trust Board received remuneration from the charity during the year. The Trust Board is remunerated by Portsmouth Hospitals NHS Trust for their role as Executive and Non-Executive Directors of the Trust.

15.3 Trustee Indemnity Insurance

The cost of this insurance was £1,060 (2012/13 £1,050).

16. Loans or Guarantees Secured against assets of the charity

There are no assets subject to mortgage or charge.

17. Connected Organisations

The charity has had no dealings with connected organisations during the year.

18. Post Balance Sheet Review

The investment portfolio held with Hume Capital was £1,460,994 at the 30th June compared to £1,453,559 as at 31st March 2013, this small increase is due to an increase in the asset value. At the end of June 2014 all investments held in sub-ordinated loan notes were sold.

19. Related Party Transactions

During the year none of the Trust Board or members of key management staff or parties related to them have undertaken any material transactions with the Portsmouth Hospitals NHS Trust Charitable Fund.

The charity made revenue and capital payments to the Portsmouth Hospitals NHS Trust, whose board of Directors, listed below, also act as Sole Corporate Trustee.

The voting members of the Board of Directors, who have acted on behalf of the Sole Corporate Trustee during the year to 31st March 2014, are:

Name	Position
Alan Cole	Non-Executive Director (Interim Chair)
Mark Nellthorp	Non-Executive Director
Elizabeth Conway	Non-Executive Director
Steve Erskine	Non-Executive Director
Tim Higenbottam	Non-Executive Director
Ursula Ward	Chief Executive Officer
Richard Eley	Director of Finance and Investment (until 05/04/2013)
Ben Lloyd	Director of Finance and Investment (from 01/04/2013)
Simon Holmes	Medical Director
Cherry West	Chief Operating Officer
Julie Dawes	Director of Nursing
Tim Powell	Director of Workforce and Organisational Development (non voting)

20. Contacting the charity

Fund-raising advice can be obtained from the Rocky Appeal Fund-Raising Co-ordinator, Mick Lyons on 023 9228 6487.

Please direct any other query relating to the charity to the Director of Finance 023 9228 6649.