

**SHETLAND HEALTH BOARD**

**ENDOWMENT FUNDS**

**FINANCIAL STATEMENTS**

**31st MARCH 2021**

**Scottish Charity Number SC011513**

**THE A9 PARTNERSHIP LIMITED**

Chartered Accountants & Registered Auditors

47 Commercial Road

Lerwick

Shetland

ZE1 0NJ

**SHETLAND HEALTH BOARD  
ENDOWMENT FUNDS**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31st MARCH 2021**

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# **SHETLAND HEALTH BOARD ENDOWMENT FUNDS**

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### **TRUSTEES' REPORT**

**YEAR ENDED 31st MARCH 2021**

#### **REFERENCE AND ADMINISTRATION DETAILS**

**CHARITY NAME:** Shetland Health Board Endowment Funds

**Charity No:** SC011513

**Constitutional form:** Trust

#### **TRUSTEES**

Mr L Carroll	Miss S Manson
Mr M Bell	Mr C Campbell
Ms N Cornick	Ms J Haswell
Mrs A McDermott (from 1 March 2021)	Mr G Robinson
Mr I Sandilands	Mrs E Watson (until 28 February 2021)
Dr K Brightwell (from 6 July 2020)	Mrs K Carolan
Mr W Chittick (until 5 July 2020)	Mr M Dickson
Mrs L Hall	Mr C Marsland
Ms S Webb (until 30 April 2021)	

The Chair is Mr L Carroll and the Vice Chair is Miss S Manson.

Mr. C Marsland, NHS Shetland's Director of Finance, is responsible for the day to day management of the Trust.

The charity is administered under the terms of sections 82, 83 and 84A of the National Health Service (Scotland) Act 1978. Accordingly the Board members of NHS Shetland hold the funds and property attributable to the charity on trust as a corporate Trustee.

#### **PRINCIPAL OFFICE**

Upper Floor Montfield  
Burgh Road  
Lerwick  
Shetland  
ZE1 0LA

#### **BANKERS                  INVESTMENT ADVISERS          AUDITORS**

Bank of Scotland  
117 Commercial Street  
Lerwick  
Shetland  
ZE1 0DL

Tilney  
25 Melville Street  
Edinburgh  
EH3 7PE

The A9 Partnership Limited C.A.  
47 Commercial Road  
Lerwick  
Shetland  
ZE1 0NJ

# **SHETLAND HEALTH BOARD ENDOWMENT FUNDS**

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#### **YEAR ENDED 31st MARCH 2021**

#### **OBJECTIVES AND ACTIVITIES**

#### **CHARITY'S AIMS AND PURPOSE**

The charity's aims are aligned to the principles of the National Health Service (Scotland) Act 1978 and its specific purposes are the advancement of health, through:

- (a) improvement in the physical and mental health of the Board's population;
- (b) the prevention, diagnosis and treatment of illness;
- (c) the provision of services and facilities in connection to the above; and
- (d) the research into any matters relating to the causation, prevention, diagnosis or treatment of illness, or into such other matters relating to the health service as the Trustees see fit.

In exercising these aims the use of the endowment funds should not substitute for a core provision within the NHS Shetland's financial plans and nor should endowment funds be used to cover a responsibility that is a direct requirement of health and safety or employment law or a ministerial policy direction.

Further any grants or awards made by the Endowment Fund must confer benefits that satisfies the "public benefit" element of the charity test, as set out in the Charities and Trustee Investment ("Scotland") Act 2005, and the guidance on "Meeting the Charity Test" published by OSCR. All grants or awards must be aimed at improving health, or the prevention, diagnosis or treatment of illness for the Boards residents and any benefit to the employee must be incidental to (and necessary for) that public benefit to be realised. Full details of the charity including the organisation's charter can be found on Shetland Health Board website: <http://www.shb.scot.nhs.uk/board/endowments.asp>

#### **USES TO WHICH ENDOWMENT FUNDS MAY BE APPLIED**

In exercising the powers conferred on them Trustees shall secure, so far as is reasonably practicable, that the objects of the original trust including, in particular, conditions intended to preserve the memory of any person, are not prejudiced by the exercise of the powers.

The most common use of endowment funds for purposes which would not necessarily be appropriately funded from exchequer funds are additional amenities for both patients and staff, and research, including non-medical research.

The fund has no recurring commitments other than governance requirements for the annual external audit of the Endowment Fund and investment fees paid to the Charity's investment fund managers.

The primary beneficiary of the fund is NHS Shetland. However there is no management or support services fees paid to NHS Shetland in respect of their staff under taking duties or tasks on behalf or for the Endowment fund.

The Trustees meet four times per year to undertake a review of Endowment Fund financial performance and consider grant expenditure bids submitted for their consideration to review and approve if they meet both the public benefit test and charity's own aims and objectives.

# SHETLAND HEALTH BOARD ENDOWMENT FUNDS

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#### YEAR ENDED 31st MARCH 2021

#### GRANT MAKING POLICY

The charity does not pro-actively promote grant-making to third party organisations other than NHS Shetland however it will consider bids received that meet the charity's purpose and aims.

In 2020-21 all grants made were to NHS Shetland.

#### ACHIEVEMENTS AND PERFORMANCE

##### Scan Shetland Can Shetland MRI Scanner Appeal



In the summer 2018 the Trustees agreed to launch the Endowment Fund's biggest ever fundraising campaign with the launch on 70th anniversary of the birth of the NHS our Scan Shetland Can Shetland MRI Scanner Appeal. Since the launch of our campaign the support of the community has been phenomenal on the way to meeting our target during 2020.

Across the generations the community has stepped up to challenge to raise funds through a variety of activities which are all well documented on the official [website](#) and [Facebook](#) pages. The Trustees would like to thank everyone across the world who helped to reach this target whether that be through donating to the campaign by volunteering your time or making financial.

##### General Performance

The Endowments Funds attracted donations of £853,841 during the financial year 2020/21. The trustees would like to thank all those people and organisations that generously donated funds throughout the year.

These donations were spread around the various funds and are usually less than a £1,000. However in 2020/21 there were 54 donations contributing £1,000 or more. Overall, the value of donations received was significantly higher than the £613,021 received in 2019/20. This increase was primarily due to the [Scan Shetland Can MRI Scanner Appeal](#) that during the year received popular support resulting in attracting generously donations of £712,544.

In addition to donations received the funds receive income from the investments held. In 2020/21 the total value of income received was £30,870. In 2019/20 investment income was £40,954.

The Endowment Funds spent a total of £121,690 which represents a decrease of 11% from the amount spent in 2019/20, £136,201. The total amount of the expenditure that relates to overheads was £13,056. These costs relate to investment management fees, audit fee and membership fee for NHS Charities Together. NHS Shetland does not charge the charity for any cost incurred in supporting the day to day administrative activities of the charity.

# **SHETLAND HEALTH BOARD ENDOWMENT FUNDS**

## **FINANCIAL STATEMENTS**

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#### **ACHIEVEMENTS AND PERFORMANCE (continued)**

All other expenditure related directly to the aims and objectives of the charity (i.e. the benefit of patients or staff). The distinction between patient and staff benefit is not always absolute (for instance staff training is usually classed as a benefit to staff but often has a benefit to patients) but as an approximate guide, expenditure for the benefit of patients was £69,617 (2019/20 £109,379) and for staff around £39,017 (2019/20 £22,062).

A significant proportion of the expenditure for the benefit of patients was related to fundraising for the MRI Scanner appeal £46,904 (2019/20 £77,371) and equipment which amounted to £27,099 in (2019/20 £28,878).

The funds held by the charity's overall balance has increased from £1,836,714 at 31 March 2020 to £2,927,005 at 31 March 2021, a net increase of £1,090,291. This is primarily due to income in respect of the Scan Shetland Can MRI Scanner appeal, £712,862 and the investment held rebounding upon last year fall to increase by £327,270 (+28%).

#### **RISK REVIEW**

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the trust, and are satisfied that systems are in place to mitigate our exposure to the major risks.

All staff members of Shetland Health Board are aware that any donations to the endowment funds must be banked in accordance with the correct procedure.

The Trustees have considered the risks of holding investments in the stock market and continue to take the view that the charity should remain invested in the stock market as the charity is a body with a long-term outlook. The portfolio risk rating is classified as medium. This was last reviewed on 21 June 2019 when our investment advisers Tilney attended the Trustees meeting to give a presentation and advice on investment strategy. Tilney are attending the Trustees meeting on 24 June 2021 to update Trustees on investment strategy.

To ensure the Endowment Fund exists in perpetuity a floor ceiling of at least £1 million must be held by the General Fund. The General Fund at 31 March 2021 value at £998,639 is marginally below that value but is expected to increase back above that value in 2021-22.

The overall general fall in stock share prices on the world stock markets in the final quarter of 2019-20, caused by Covid19 virus pandemic, resulted in the core unrestricted General Fund to fall below the £1 million floor ceiling. Based upon past trends the Trustees took the view that the market's reaction to Covid19 virus pandemic would self-correct as further information about the longer-term impact of the pandemic was available. During 2020-21 the fund's investment portfolio value did increase to £1,495,324. The value of the fund at 31 March 2021 is now valued at £75,709 higher than it was at 31 December 2019 before Covid-19 impacted the fund value. That is an increase of 5% since 31 December 2019.

# **SHETLAND HEALTH BOARD ENDOWMENT FUNDS**

## **FINANCIAL STATEMENTS**

### **TRUSTEES' REPORT**

#### **YEAR ENDED 31st MARCH 2021**

##### **RISK REVIEW (continued)**

The trustees will continue to monitor the value of the investment portfolio and will seek professional advice from the charity's investment manager to help determine the most appropriate course for investments. The charity's investment manager, Tilney will continue to seek to maximise the performance of the portfolio consistent with investment policy.

Since the final quarter of 2019-20, Covid19 pandemic has limited the activities of community volunteers to run and organise community fundraising events for the Scan Shetland Can MRI Scanner appeal. However this did not prevent the appeal, including promised donations, reaching the funding target during 2020-21.

There are no new significant campaigns on the scale of the Scan Shetland Can MRI Scanner appeal planned.

##### **SUMMARY FINANCIAL REVIEW**

During the financial year 2020/21, the overall value of the charity's net assets increased by £1,090,291.

The charity's income and donations exceeded expenditure by £763,021 plus the market value of the holdings on the stock market increased by £327,270 at 31 March 2021 compared to 31 March 2020.

##### **STANDING FINANCIAL INSTRUCTIONS**

The Board's standing financial instructions regarding the expenditure of endowment funds are as follows:

The exercise of the Board's powers to incur expenditure shall be managed by the Director of Finance in conjunction with the Endowments Committee. In doing so they shall be aware of the following:

- (a) the objects of the various funds;
- (b) the availability of liquid funds within each trust;
- (c) the avoidance of the use of other funds to discharge trust fund liabilities, except where administratively unavoidable, and to ensure that any indebtedness to other funds shall be discharged by trust funds at the earliest possible time; and
- (d) that funds are to be spent rather than preserved, subject to the wishes of the donor and the needs of the Board; and

# **SHETLAND HEALTH BOARD ENDOWMENT FUNDS**

## **FINANCIAL STATEMENTS**

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#### **YEAR ENDED 31st MARCH 2021**

#### **STANDING FINANCIAL INSTRUCTIONS (continued)**

Expenditure of any trust funds shall be conditional upon:

- (a) the item being within the terms of the appropriate trust; and
- (b) (i) the approval of the Endowments Committee; or  
(ii) the approval of the designated officers as set out in schedule at the end of this report, in Appendix B.

#### **DETAILS OF THE BOARD'S ENDOWMENT FUNDS**

The Board's total endowment funds are made up of a number of individual funds, which operate under differing conditions, dependent on the wishes of the original donors.

**1. Board – General**

This fund can be used for any appropriate purpose anywhere within the Board's jurisdiction. The only restrictions on its use are any general restrictions imposed by the Minister for Health and Wellbeing, or by trust legislation. Both capital and revenue can be spent.

**2. General Endowments Group 1 and Group 2**

These can be spent on any appropriate purpose at the hospital specified. Both capital and revenue can be used.

**3. Daniel Sinclair Trust - Hospital**

This can be used for any appropriate purposes, at the Gilbert Bain Hospital. Only the revenue can be spent.

**4. Andrew Smith Edinburgh Bed Fund**

Must be used for the upkeep of a bed in the Gilbert Bain Hospital. Only the revenue can be spent.

**5. Daniel Sinclair Trust - Community**

Must be used for the benefit of the nursing services in Cullivoe, Yell. Counsel's opinion, obtained prior to the Board coming into existence in 1974, was that any benefits obtained by the nursing services in Yell in general could be considered as coming within the terms of the bequest. Only the revenue can be spent.

**6. Peter Scott-Goodlad Bequest**

Must be used for the purchase of medical equipment in the Gilbert Bain Hospital. Both capital and revenue can be spent.

**7. John Sinclair Memorial Fund**

Must be used to provide a learning opportunity in the case of sick children for staff, beyond the continuing education provided by the Board. Only revenue can be spent.

# **SHETLAND HEALTH BOARD ENDOWMENT FUNDS**

## **FINANCIAL STATEMENTS**

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#### **YEAR ENDED 31st MARCH 2021**

##### **DETAILS OF THE BOARD'S ENDOWMENT FUNDS (continued)**

**8. Diabetes**

This is a fund set up for the benefit of patients with diabetes. The funds are not invested in the stock market.

**9. Staff Funds**

Although these funds are held in the endowment accounts, they are not held in trust by the Board, but are the property of the staff to whom they were given. The Board merely acts as a banker for these funds and disburses them when requested to do so by the staff concerned.

**10. Marc Hutchinson Fund**

This fund was established during 2006/07 with the aim of providing information and equipment for children in the community with asthma and chronic obstructive pulmonary disease. The funds are not invested in the stock market.

**12. Brae Health Centre Garden Fund**

The aim of this fund is the upkeep and improvement of the Brae Health Centre garden.

**13. MRI Scanner Appeal**

This fund was established in 2018/19 with the aim of purchasing a MRI scanner for Shetland. This appeal will result in the provision of a higher level of patient services locally and reduce the need for travel to NHS Grampian which eliminates a barrier to access for some individuals in the community. Based upon donations received and pledges of support made the appeal fund has during 2020-21 reached the campaign's target. The procurement phase of the project has begun with the initial stages of technical specifications being agreed prior to the formal tender process commencing during the summer and autumn of 2021. The MRI scanner is likely to become operational in 2022.

**14. Covid-19 Fund**

This fund was established in 2020-21 as a result of NHS Charities Together Covid-19 appeal donation. Local donations in respect of Covid-19 have also been added to this fund. The use of these funds match the principles of NHS Charities Together Covid-19 appeal.

##### **Position of Each Fund**

The following list of balances gives the position of each individual fund as at 31 March 2021. The table identifies the current market value of the original capital invested.

# SHETLAND HEALTH BOARD ENDOWMENT FUNDS

## Position of Each Fund as at 31st March 2021

	2019/20				2020/21			
	Revaluation Reserve	Market Value of Investment in Stock Market	Revenue	Total	Revaluation Reserve	Market Value of Investment in Stock Market	Revenue	Total
	£	£	£	£	£	£	£	£
<b>Specific Funds</b>								
Gilbert Bain	(3,387)	22,168	47,282	69,450	6,211	28,379	60,228	88,607
Daniel Sinclair (Hospital)	(5,630)	36,847	848	37,695	10,324	47,171	1,815	48,986
Daniel Sinclair (Community)	(6,722)	43,995	9,802	53,797	12,327	56,321	10,962	67,283
A Smith Edinburgh Bed Fund	(9,218)	60,333	16,618	76,951	16,904	77,238	18,211	95,449
P Scott-Goodlad Bequest	-	-	287	287	-	-	287	287
John Sinclair Memorial Fund	(11,310)	74,031	13,563	87,594	20,742	94,773	15,515	110,288
Community Nursing Fund	-	-	6,570	6,570	-	-	6,568	6,568
Staff Funds	-	-	7,666	7,666	-	-	7,669	7,669
Health Education	-	-	4,045	4,045	-	-	4,046	4,046
Marc Hutchison Fund	-	-	110	110	-	-	110	110
Diabetes Fund	-	-	7,814	7,814	-	-	7,817	7,817

	2019/20				2020/21			
	Revaluation Reserve	Market Value of Investment in Stock Market	Revenue	Total	Revaluation Reserve	Market Value of Investment in Stock Market	Revenue	Total
	£	£	£	£	£	£	£	£
<b>Specific Funds</b>								
Brae HC Garden Centre	-	-	964	964	-	-	940	940
Samual Mullay Fund	-	-	39	39	-	-	39	39
Sanctuary Fund	-	-	651	651	-	-	651	651
MRI Scanner	-	-	712,731	712,731	-	-	1,418,243	1,418,243
NHS Charities Together	-	-	-	-	-	-	71,383	71,383
	<b>2019/20</b>				<b>2020/21</b>			
<b>General Fund</b>	£	£	£	£	£	£	£	£
Board	(142,190)	930,680	(164,893)	765,787	260,762	1,191,442	(197,369)	994,073
NHS 70	-	-	4,563	4,563	-	-	4,566	4,566
<b>Grand Total</b>	(178,457)	1,168,054	668,660	1,836,714	327,270	1,495,324	1,431,681	2,927,005

# **SHETLAND HEALTH BOARD ENDOWMENT FUNDS**

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#### **YEAR ENDED 31st MARCH 2021**

##### **INVESTMENT POLICY AND PERFORMANCE**

Investment activities are managed in line with the requirements of the Trustees Act 2000. The Trustees have appointed Tilney as investment manager.

Our investment policy is a medium-risk approach for the growth of the portfolio of investments. There is an ethical condition attached to the investment portfolio that prohibits the investment in companies that are involved in either the manufacture or production of tobacco and alcoholic beverages.

As set out in the financial review, the performance on investments over the last two years demonstrated the stock market can be volatile and assets can both increase or decrease in value. The impact of the Covid-19 pandemic upon the global economy remains to be fully understood. However the overall economic outlook globally is assumed to improve. A medium term risk position is still the position of the fund.

##### **RESERVES POLICY**

The charity is comprised of various funds, which have varying policies in relation to investing in the stock market and spending the capital invested. These are set out in more detail in the preceding section. The charity's formal overall policy on the level of reserves to be held was reconfirmed at the Trustees meeting on 5 July 2015. The Trustees agreed that the level of investments, including cash, should not fall below £1,000,000. As noted earlier in the Trustees' report, at 31 March 2021 the value of the investment portfolio held in general, unrestricted funds is slightly below the £1,000,000 ceiling. As noted, trustees will monitor the value in the coming months and seek professional advice to help determine the most appropriate course of action.

At 31 March 2021 the charity held total funds of £2,927,005. Of this, a total of £1,928,639 are restricted reserves. Included within restricted reserves is a total of £1,418,243 relating to the MRI Scanner Appeal. There is a further pledge not included in these statements of £500,000 from Shetland Charitable Trust in respect of the purchase of the MRI Scanner. Unrestricted reserves value is £998,639.

##### **INCOME**

The income received by the endowment accounts derives from investments, bank interest, legacies and donations received from members of the public.

As a result of expenditure decisions reducing the level of cash balances, the decision was made that from 1 April 2014, investment income from Tilney would revert back to being paid quarterly in arrears to the local bank account and is allocated to the appropriate endowment fund. Bank interest is credited to the Board's account monthly and is also allocated to the appropriate fund. The Board receives very few legacies from the public. Income is normally generated from a considerable number of small donations.

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#### **INCOME (continued)**

In 2020/21 the charity did receive 55 donations at our above £1,000 mostly relating to the MRI Scanner Appeal. There was 109 such donations in 2019/20.

In respect of donations not related to the MRI Scanner Appeal the great majority of these are given for the purpose of buying specific items of equipment or the provision of small amenities. These donations are normally spent within a short time of receipt.

The regular annual income available to the fund depends on certain variables, namely new donations, income from investments and interest on cash balances. In 2020/21, total income was £884,711 which compared to £653,975 in 2019/20, is an increase of 35%. This was principally a result of the MRI Scanner appeal receiving £712,862 in donations and interest this year.

#### **EXPENDITURE**

Regular payments out of the income are made in respect of Christmas expenditure, a small amount of hospitality, investment management costs, audit fees and fundraising costs. More specific payments are made in relation to training and pieces of equipment (often funded by a specific donation). In 2020/21 the total charitable activities of the fund was £115,264 which compared to £134,991 in 2019/20 represents a decrease of 15%. Two main areas of expenditure were related to MRI Scanner £52,810 and Covid-19 appeal £34,050.

The expenditure for investment management fees in 2020/21 totalled £6,426 compared with £1,210 in 2019/20. The Audit Fee assumed in 2020/21 is £3,630 based upon last year out-turn value.

#### **CONCLUSION**

This report sets out the position with regard to the Trustee's views on the efficient stewardship of the endowment fund as a going concern. They are mindful of the fact that Shetland Health Board and Shetland Health Board Endowment Fund are legally two distinct bodies and the relationship that exists between the two bodies. As trustees they are aware that Shetland Health Board should only seek support for the endowment fund to purchase items which cannot normally be funded from the Board's exchequer resources.

#### **PLANS FOR THE FUTURE**

The Trustees do not have any specific plans for changing the purpose of the charity or its aims in the near future. The Trustees are aware of their responsibilities for the stewardship of the funds as a going concern with no specified end date. With this in mind in July 2012 the Trustees revised this position to the overall value of the funds, investments held in cash or the stock market should be greater than £1,000,000. As at 31 March 2021 the value of stock market investments was £1,495,324.

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**YEAR ENDED 31st MARCH 2021**

#### **STRUCTURE GOVERNANCE AND MANAGEMENT**

The National Health Service (Scotland) Act 1972 transferred all property held on trust by existing Boards to the new Health Boards, and in addition transferred all property held on trust by Local Authorities for the purposes of their health function to Health Boards. The Act also gave powers to Health Boards to accept, hold and administer any property upon trust for purposes relating to the Health Service. Although the power of administering all trust funds was transferred to Boards the conditions imposed by the original donors was preserved.

#### **PROCEDURES FOR THE APPOINTMENT, INDUCTION AND TRAINING OF TRUSTEES**

Members appointed to Shetland Health Board automatically become trustees of the Endowment Funds. Appointments to Shetland Health Board are confirmed by the Cabinet Secretary for Health, Wellbeing and Sport in the Scottish Government. All necessary training is provided by an induction process approved by Shetland Health Board.

#### **POWERS AND DUTIES OF TRUSTEES**

Endowment funds are held on trust by Boards and as such the Board Members as trustees are governed by the general law applicable to Trusts. The Board as trustees are therefore subject to the normal rules affecting the rights and duties of trustees. Health Boards are solely responsible for the administration of funds for which they are trustees and although the Health Minister may offer advice on the use of non-exchequer funds, the responsibility remains with the Board. The Health Minister may by order or other instrument limit the extent to which non-exchequer funds may be used, but this power is negative rather than positive. The Director of Finance of Shetland Health Board takes overall responsibility for the day-to-day operation of the endowment funds. Full details of the charity including the organisation's charter can be found on Shetland Health Board website: <http://www.shb.scot.nhs.uk/board/endowments.asp>

# SHETLAND HEALTH BOARD ENDOWMENT FUNDS

## FINANCIAL STATEMENTS

### TRUSTEES' REPORT

YEAR ENDED 31st MARCH 2021

#### STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

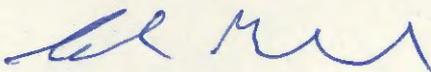
The law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

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

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the Charities SORP 2019 (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Colin Marsland  
Director of Finance

Date..... 24<sup>th</sup> JUNE 2021 .....

# **SHETLAND HEALTH BOARD ENDOWMENT FUNDS**

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES**

**YEAR ENDED 31ST MARCH 2021**

### **Opinion**

We have audited the financial statements of Shetland Health Board Endowment Funds for the year ended 31st March 2021 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st March 2021, and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

# **SHETLAND HEALTH BOARD ENDOWMENT FUNDS**

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES**

**YEAR ENDED 31ST MARCH 2021**

### **Other information**

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

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

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# **SHETLAND HEALTH BOARD ENDOWMENT FUNDS**

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES**

**YEAR ENDED 31ST MARCH 2021**

### **Auditor's responsibilities for the audit of the financial statements**

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charity and the industry in which it operates, and considered the risk of acts by the charity that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give risk to a material misstatement in the financial statements, including, but not limited to the following: the Charities own objectives, the Charities SORP 2019, and UK tax legislation. Our audit testing included:

- Enquiries with management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing any correspondence with the above authorities;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls; including testing of journal entries and other adjustments for appropriateness, evaluation the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

# SHETLAND HEALTH BOARD ENDOWMENT FUNDS

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

YEAR ENDED 31ST MARCH 2021

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

Because of the inherent limitations of an audit there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

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

*The A9 Partnership Limited*  
.....  
THE A9 PARTNERSHIP LIMITED  
Chartered Accountants & Statutory Auditor  
47 Commercial Road  
Lerwick  
Shetland  
ZE1 0NJ

Date: *9th July 2021*

The A9 Partnership Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# SHETLAND HEALTH BOARD ENDOWMENT FUNDS

## STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 MARCH 2021

		Unrestricted Funds	Restricted Funds	2021 Total Funds	2020 Total Funds
	Note	£	£	£	£
<b>Income and Endowments from:</b>					
Donations and legacies	2	1,307	852,534	853,841	613,021
Investment income	3	24,295	6,575	30,870	40,954
<b>Total income and endowments</b>		<b>25,602</b>	<b>859,109</b>	<b>884,711</b>	<b>653,975</b>
<b>Expenditure on:</b>					
Raising funds:					
Investment management costs	4	6,426	-	6,426	1,210
Charitable activities	5	51,649	63,615	115,264	134,991
<b>Total expenditure</b>		<b>58,075</b>	<b>63,615</b>	<b>121,690</b>	<b>136,201</b>
<b>Net income/(expenditure) and net movement in funds before gains and losses on investments</b>					
		<b>(32,473)</b>	<b>795,494</b>	<b>763,021</b>	<b>517,774</b>
<b>Net gains/(losses) on investments</b>					
	6	260,762	66,508	327,270	(178,456)
<b>Net income/(expenditure)</b>		<b>228,289</b>	<b>862,002</b>	<b>1,090,291</b>	<b>339,318</b>

		Unrestricted Funds	Restricted Funds	2021 Total Funds	2020 Total Funds
	Note	£	£	£	£
Transfers between funds		-	-	-	-
Net movements in funds		228,289	862,002	1,090,291	339,318
<b>Reconciliation of funds:</b>					
Total funds brought forward		770,350	1,066,364	1,836,714	1,497,396
<b>Total funds carried forward</b>		<b>998,639</b>	<b>1,928,366</b>	<b>2,927,005</b>	<b>1,836,714</b>

The Statement of Financial Activities includes all gains and losses in the year.

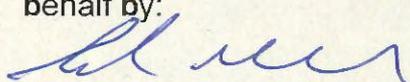
All incoming resources and resources expended derive from continuing activities.

# SHETLAND HEALTH BOARD ENDOWMENT FUNDS

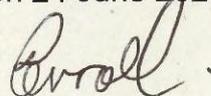
## BALANCE SHEET AS AT 31 MARCH 2021

		2021		2020	
	Note	£	£	£	£
<b>Fixed assets</b>					
Investments	6		1,495,324		1,168,054
<b>Current assets</b>					
Debtors	7	126,313		388,590	
Cash at bank		1,432,664		423,285	
<b>Total current assets</b>		<b>1,558,977</b>		<b>811,875</b>	
<b>Liabilities</b>					
Creditors falling due within one year	8	127,296		143,215	
<b>Net current assets</b>			<b>1,431,681</b>		<b>668,660</b>
<b>Total net assets</b>			<b>2,927,005</b>		<b>1,836,714</b>
<b>The funds of the charity</b>					
Restricted Income Funds	10		1,928,366		1,066,364
Unrestricted Funds	10		998,639		770,350
<b>Total charity funds</b>			<b>2,927,005</b>		<b>1,836,714</b>

These accounts were approved by the trustees on 24 June 2021 and are signed on their behalf by:



Colin Marsland  
Director of Finance



Lincoln Carroll  
Chair of the Endowment Trustees

# SHETLAND HEALTH BOARD ENDOWMENT FUNDS

## CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2021

Statement of cash flows	2020/21	2019/20
	£	£
<b>Cash flows from operating activities:</b>		
Net cash provided by (used in) operating activities	977,628	236,192
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments	30,870	40,954
Proceeds from sales of investments	179,679	250,579
Purchase of investments	(286,975)	(118,885)
<b>Net cash provided by (used in) investing activities</b>	<b>(76,426)</b>	<b>172,648</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>901,202</b>	<b>408,840</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>563,452</b>	<b>154,612</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,464,654</b>	<b>563,452</b>

# **SHETLAND HEALTH BOARD ENDOWMENT FUNDS**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **YEAR ENDED 31 MARCH 2021**

#### **1. ACCOUNTING POLICIES**

##### **Basis of preparation**

The accounts are prepared under the historical cost convention, except for investments which are included at revalued amounts, and include the results of the charity's operations which are described in the Trustees' Report and all of which are continuing.

The 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) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and UK Generally Accepted Accounting Practice.

The entity constitutes a public benefit entity as defined by FRS 102. The charity is unincorporated and is registered in Scotland. The address of the charity's registered office and a description of the charity's operations and principal activities are further discussed in the Trustees' Report.

##### **Assessment of Going Concern**

The charity is predominately funded from donations and investment returns of the portfolio held. Portfolio Valuation at 31 March 2021 is £1.495m. To ensure the Endowment Fund exists in perpetuity a floor ceiling of at least £1 million must be held by the General Fund.

Trustees are aware that the current Covid-19 pandemic can still impact the charity. The charity's investment manager Tilney seek to maximise the performance of the portfolio, in-line with ethical guidelines, during these unprecedented times. Recent performance as reflected in the Valuation Report to 31 March 2021 shows little reason for concern. However, Trustees are aware stock market can be volatile and the investment value may fall in value.

We draw attention to the Trustees' Report, included between pages 1 – 13, which describes the economic and other consequences that the charity is currently facing.

Based on all the above, the Trustees can conclude that there is no material uncertainty regarding going concern. It is therefore appropriate to continue to adopt the going concern basis when preparing the accounts.

##### **Incoming Resources**

Investment income is recognised when advised and allocated to each endowment fund account in the proportion of the capital invested from each account. This is based upon their opening values share.

# **SHETLAND HEALTH BOARD ENDOWMENT FUNDS**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **YEAR ENDED 31 MARCH 2021**

#### **1. ACCOUNTING POLICIES (*continued*)**

Donations and endowments are recognised when received and are allocated to the appropriate endowment fund account compliant with the providers' wishes or conditions attached.

##### **Resources Expended**

All expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities.

All expenditure of income and capital from the endowment funds is in compliance with specific requests of the providers and within the restrictions of each individual endowment fund account.

##### **Debtors**

Debtors include amounts owed to the charity for the provision of goods and services or amounts paid in advance for goods and services that the charity will receive. Debtors are measured at their recoverable amounts. Any amounts recoverable more than a year after the end of the reporting date is measured at its present value at the balance sheet date if the time value of money is material and the settlement terms constitutes a financing transaction.

##### **Cash at bank and in hand**

Cash at bank and in hand is held to meet the short-term cash commitments as they fall due rather than for any investment purposes.

##### **Liabilities**

Liabilities are amounts due to creditors and any provision made as a result of an obligation to transfer economic benefits to a third party. Liabilities that are classified as payable within one year on initial recognition are measured at the undiscounted amount of cash or other consideration expected to be paid

##### **Funds**

With the adoption of the statement of recommended practice, funds require to be classified between restricted funds which are subject to specific terms as to their use laid down by the donor. Restricted funds are made up of the following funds: Gilbert Bain Hospital, Ronas Ward, Community Nursing Service, Andrew Smith Edinburgh Bed Fund, Daniel Sinclair Trust - Hospital, Daniel Sinclair Trust - Community, Peter Scott Goodlad Bequest, John Sinclair Memorial Fund, Marc Hutchison Fund, Diabetes Fund, Staff Funds, Health Education, Brae HC Garden.

Unrestricted funds are funds which can be used at the discretion of the Trustees in the furtherance of the objectives of the Trust. Unrestricted funds is made up of the General Fund.

# SHETLAND HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

### 1. ACCOUNTING POLICIES (*continued*)

#### Funds (*continued*)

Transfers of funds may occasionally occur when a fund requires additional income. These transfers are fully authorised at board level before being made.

#### Investments

Investments are a form of basic financial instrument and are initially capitalised at their transaction value (cost) and subsequently measured at their fair value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year. The investments form part of the constituent funds. The main form of financial risk faced by the charity is that of volatility in equity and investment markets due to wider economic conditions.

#### 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 their carrying value, or their purchase value if acquired subsequent to the start of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value.

#### VAT

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate. The charity is not separately registered for VAT. Shetland NHS Board is entitled to recover VAT on contracted-out services expenditure and this entitlement extends to the charity.

### 2. DONATIONS AND LEGACIES

	Unrestricted Funds	Restricted Funds	2021 Total Funds	2020 Total Funds
	£	£	£	£
Donations	1,307	852,534	853,841	613,021
	1,307	852,534	853,841	613,021

Donations were allocated as follows in the prior year: unrestricted income funds £2,993 and restricted income funds £610,028.

# SHETLAND HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

### 3. INVESTMENT INCOME

	Unrestricted Funds	Restricted Funds	2021 Total Funds	2020 Total Funds
	£	£	£	£
Dividends and interest from investments	24,446	6,235	30,681	40,825
Bank interest received	(151)	340	189	129
	24,295	6,575	30,870	40,954

Investment income was allocated as follows in the prior year: unrestricted income funds £32,519 and restricted income funds £8,435.

### 4. INVESTMENT MANAGEMENT COSTS

	Unrestricted Funds	Restricted Funds	2021 Total Funds	2020 Total Funds
	£	£	£	£
Investment management fees	6,426	-	6,426	1,210
	6,426	-	6,426	1,210

All investment management costs related to unrestricted funds in the prior year.

## 5. CHARITABLE ACTIVITIES

	Unrestricted Funds	Restricted Funds	2021 Total Funds	2020 Total Funds
	£	£	£	£
Equipment	1,195	25,904	27,099	28,878
Christmas expenditure	-	150	150	685
Fundraising	45,461	1,443	46,904	77,371
Hospitality	-	22,150	22,150	-
Health promotion	-	-	-	500
Miscellaneous	(6,598)	2,062	(4,536)	1,945
Training	5,357	11,121	16,478	17,647
Travel	(396)	785	389	4,415
<b>Support costs</b>				
NHS Charities Together Membership Fee	3,000	-	3,000	-
Governance costs—audit fee	3,630	-	3,630	3,550
	51,649	63,615	115,264	134,991

Charitable activities were allocated as follows in the prior year: unrestricted income funds £18,095 and restricted income funds £116,896.

The auditor's remuneration constituted an audit fee of £3,600 (2020: £3,550).

# SHETLAND HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

### 6. FIXED ASSET INVESTMENTS

	2021	2020
	£	£
<b>Investments at market value</b>	1,495,324	1,168,054
	1,495,324	1,168,054
<b>Movement in fixed asset listed investments</b>		
Market value brought forward at 1 April 2020	1,168,054	
Add: additions to investments at cost	286,975	
Disposals at carrying value	(144,479)	
Net GAIN / (loss) on revaluation	292,951	
Increase in cash deposits	(108,177)	
Market value as at 31 March 2021	1,495,324	
<b>Investments at fair value comprised:</b>		
Cash held within the investment portfolio	31,990	
Listed investments	1,463,334	
	1,495,324	

All investments are carried at their fair value. Listed investments are all traded in quoted public markets. UK quoted securities are valued at the mid-market price quoted on the London Stock Exchange or at their net asset value (NAV). Overseas securities are valued at their mid-market price or last traded price on the relevant Stock Exchange as obtained from Interactive Data. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value). A detailed summary of the investments held is included in Appendix C.

# SHETLAND HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

### 7. DEBTORS

	2021	2020
	£	£
Other debtors	65,324	361,499
Prepayments and accrued income	60,989	27,091
	126,313	388,590

All other debtors related to restricted funds in both 2020 and 2021.

### 8. CREDITORS

	2021	2020
	£	£
Other creditors	121,637	131,226
Accruals	5,659	11,989
	127,296	143,215

All other creditors and accruals balances relate to restricted funds in both 2020 and 2021.

### 9. RELATED PARTY TRANSACTIONS

The Shetland Health Board is the sole beneficiary of the charity. At the year end the Shetland Health Board was due £121,637 (2020: £131,226) from the charity for items paid on the charity's behalf. At the year end the Shetland Health Board owed the charity £65,324 (2020: £361,498) for income banked on the charity's behalf. There were no repayment terms and no loan interest accruing on this balance.

# SHETLAND HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

### 10. STATEMENT OF FUNDS

	Total Unrestricted Funds	Total Restricted Funds	Total Funds
	£	£	£
At 1 <sup>st</sup> April 2020	770,350	1,066,364	1,836,714
Income	25,602	859,109	884,711
Expenditure	(58,075)	(63,615)	(121,690)
Gain/(Loss) on investments	260,762	66,508	327,270
Transfer between funds	-	-	-
At 31 <sup>st</sup> March 2021	998,639	1,928,366	2,927,005

	Total Unrestricted Funds	Total Restricted Funds	Total Funds
	£	£	£
At 1 <sup>st</sup> April 2019	1,011,456	485,940	1,497,396
Income	35,512	618,463	653,975
Expenditure	(19,305)	(116,896)	(136,201)
Gain/(Loss) on investments	(142,190)	(36,266)	(178,456)
Transfer between funds	(115,123)	115,123	-
At 31 <sup>st</sup> March 2020	770,350	1,066,364	1,836,714

# SHETLAND HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 MARCH 2021

#### 10. STATEMENT OF FUNDS (continued)

Restricted funds are subject to specific terms as to their use laid down by the donor terms and are made up of the following funds: Gilbert Bain Hospital, Community Nursing Service, Andrew Smith Edinburgh Bed Fund, Marc Hutchison Fund, Daniel Sinclair Trust - Hospital, Daniel Sinclair Trust - Community, Peter Scott Goodlad Bequest, John Sinclair Memorial Fund, Diabetes Fund, Staff Funds, Health Education and Brae HC Garden. Funds raised for the MRI Scanner Appeal are included under Restricted Funds, however, as agreed by Trustees and advertised in local fundraising and press, should the scanner not be procured, the funds would be allocated to the General Unrestricted funds of the charity.

Unrestricted funds are funds which can be used at the discretion of the Trustees in the furtherance of the objectives of the Trust. Unrestricted funds are made up of the General Fund.

A full breakdown of the movement in these funds can be seen at Appendix A. The purposes and trust law restrictions imposed on each individual fund is discussed in further detail in the Trustees' Report.

#### 11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Total Unrestricted Funds	Total Unrestricted Funds	Total Funds
	£	£	£
Fixed assets	1,127,336	367,988	1,495,324
Current assets	(1,401)	1,560,378	1,558,977
Current liabilities	(127,296)	-	(127,296)
	998,639	1,928,366	2,927,005

# **SHETLAND HEALTH BOARD ENDOWMENT FUNDS**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2021**

### **11. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

	<b>2020 Total Unrestricted Funds</b>	<b>2020 Total Unrestricted Funds</b>	<b>2020 Total Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets	867,220	300,834	1,168,054
Current assets	46,345	765,530	811,875
Current liabilities	(143,215)	-	(143,215)
	<b>770,350</b>	<b>1,066,364</b>	<b>1,836,714</b>

### **12. THIRD PARTY FUNDS**

The charity holds third party funds on behalf of Shetland Health Board staff. A full breakdown of the movement in these funds can be seen at Appendix A.

### **13. TRUSTEES' REMUNERATION**

The appointed Trustees work in an independent role governing the Charity. No trustee received any remuneration during the year (2020: £nil). Likewise, no trustee received any expenses during the year (2020: £nil). Amounts of £3,009 were, however, reimbursed to one Trustee for expenses incurred on behalf of the charity.

### **14. STAFF COSTS AND EMOLUMENTS**

No salaries or wages have been paid to employees during the year (2020: £nil). There were no highly paid members of staff in the current or prior year.

The average number of employees in the current and prior year was less than one.

The charity considers its key management personnel to comprise the trustees and Finance Director. As noted above, no salaries or wages have been paid to employees during the year.

### **15. FINANCIAL INSTRUMENTS**

Financial Assets measured at fair value through net income/expenditure amount to listed investments as disclosed in note 6.

# SHETLAND HEALTH BOARD ENDOWMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

### 16. CASH FLOW STATEMENT NOTES

(a) Reconciliation of net income/ (expenditure) to net cash flow from operating activities

	2021	2020
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,090,291	339,318
<b>Adjustments for:</b>		
(Gains)/losses on investments	(328,152)	171,507
Dividends, interest and rents from investments	(30,870)	(40,954)
(Increase)/decrease in debtors	262,277	(214,639)
Increase/(decrease) in creditors	(15,918)	(19,040)
<b>Net cash provided by (used in) operating activities</b>	<b>977,628</b>	<b>236,192</b>

(b) Analysis of cash, cash equivalents and net debt

	2021	2020
	£	£
Cash in hand	1,432,664	423,285
Cash fund held in investment portfolio	31,990	140,167
<b>Total cash and cash equivalents</b>	<b>1,464,654</b>	<b>563,452</b>

# Appendix A Individual Fund Accounts

	Board	Gilbert Bain Hospital	Daniel Sinclair Fund (H)	Daniel Sinclair Fund (C)	Andrew Smith Bed	Peter Scott Goodlad Bequest	John Sinclair Fund	Marc Hutchison Fund	Community Nursing	Brae HC Garden	Diabetes	Staff Funds	Health Education	Samual Mullay Fund	Sanctuary Fund	NHS 70	MRI Scanner	Covid-19 Appeal	Total
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Opening balance	765,787	69,451	37,695	53,797	76,951	287	87,594	110	6,570	964	7,814	7,666	4,045	39	651	4,563	712,731	0	1,836,714
Transfer agreed by Trust	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation of Investments	260,762	6,211	10,324	12,327	16,904	0	20,742	0	0	0	0	0	0	0	0	0	0	0	327,270
<b>Sub-Total</b>	<b>1,026,549</b>	<b>75,662</b>	<b>48,018</b>	<b>66,124</b>	<b>93,856</b>	<b>287</b>	<b>108,336</b>	<b>110</b>	<b>6,570</b>	<b>964</b>	<b>7,814</b>	<b>7,666</b>	<b>4,045</b>	<b>39</b>	<b>651</b>	<b>4,563</b>	<b>712,731</b>	<b>0</b>	<b>2,163,984</b>
<b>Income</b>																			
Investment Income	24,446	582	968	1,156	1,585	0	1,944	0	0	0	0	0	0	0	0	0	0	0	30,681
Bank Interest - BOS	-154	-2	0	3	8	0	8	0	-2	0	3	3	1	0	0	3	318	0	189
Donations	1,307	34,557	0	0	0	0	0	0	0	0	0	0	0	0	0	0	712,544	105,432	853,841
<b>Total Income</b>	<b>25,599</b>	<b>35,137</b>	<b>968</b>	<b>1,159</b>	<b>1,593</b>	<b>0</b>	<b>1,952</b>	<b>0</b>	<b>-2</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>712,862</b>	<b>105,432</b>	<b>884,711</b>
<b>Expenditure</b>																			
Equipment etc.	1,195	21,447	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,456	27,099
Travel	-396	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	785	0	389
Fundraising	45,461	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,443	0	46,904
Christmas Expenditure	0	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	150
Management Costs (Audit / investments)	13,056	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,438
Training	4,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,000	10,000
Miscellaneous	-6,599	595	0	0	0	0	0	0	0	24	0	0	0	0	0	0	5,121	1,443	8,560
Hospitality	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	22,150	22,150
<b>Total Expenditure</b>	<b>58,075</b>	<b>22,192</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,349</b>	<b>34,049</b>	<b>121,690</b>
<b>Closing Balance</b>	<b>994,073</b>	<b>88,607</b>	<b>48,986</b>	<b>67,283</b>	<b>95,449</b>	<b>287</b>	<b>110,288</b>	<b>110</b>	<b>6,568</b>	<b>940</b>	<b>7,817</b>	<b>7,669</b>	<b>4,046</b>	<b>39</b>	<b>651</b>	<b>4,566</b>	<b>1,418,243</b>	<b>71,383</b>	<b>2,927,005</b>

## Appendix B Scheme of Delegation for Endowment Fund

Delegated limit of authority for individual invoices:

	General Endowment	GBH General / Equipment Fund	Other Hospital Funds Not Specified	Other Non-Hospital Funds Not specified	GBH Cancer	Gilbert Halcrow Memorial Fund	Cancer	Daniel Sinclair Hospital	Daniel Sinclair Comm	A Smith Bed	John Sinclair	Comm Nursing	Brae Garden fund	Health Ed	Ward 3, Ronas, Renal and A&E	Ward 1, Theatres, Resus and OPD	Maternity and Child Health	MRI Scanner Appeal
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Chief Executive (or nominated deputy as approved by Chair)	2,000	2,000	2,000	2,000	2,000	0	2,000	2,000	2,000	2,000	5,000	2,000	2,000	1,000	2,000	2,000	2,000	5,000
Director of Finance	10,000	10,000	10,000	5,000	5,000	5,000	2,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	10,000
Director of Community Health and Social Care	0	0	0	5,000	2,000	6,000	2,000	0	2,000	0	2,000	2,000	2,000	2,000	0	0	0	0
Director of Nursing, Acute and Specialist Services	0	5,000	5,000	0	2,000	0	2,000	2,000	0	0	5,000	0	0	0	2,000	2,000	2,000	5,000
Chief Nurse Community	0	0	0	0	0	0	0	0	2,000	0	0	2,000	2,000	0	0	0	0	0
Staff Development Manager (see note 1)	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Elective services manager: Acute and Specialist Services	0	0	0	0	2,000	0	0	2,000	0	2,000	0	0	0	0	2,000	0	0	0
Chief Nursing Acute and Specialist Services	0	0	0	0	2,000	0	0	2,000	0	2,000	0	0	0	0	2,000	0	0	0
Patient Flow Manager	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,000	2,000	0
Child Health Manager	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,000	2,000	0
Fundraising Manager (see note 2)	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,000

Note 1: Staff Development Manager, scheme of delegation within the General Fund is solely related to the budget delegated to the staff travel scholarship fund.

Note 2: The Fund Raising Manager is a non-recurrent post and delegated authority will cease at the end of the fundraising campaign.

## Appendix C

### Investments

	Holding	Cost	Value
	£	£	£
Baillie Gifford Global Discovery B Inc	2,055	35,195	46,975
Schroder Oriental Income Fund	25,100	40,956	70,155
Supermarket Income Reit PLC	25,108	26,333	27,242
Jupiter Asian Income Z Inc	44,809	67,300	69,803
Prudential PLC	1,275	6,796	19,641
Reckitt Benckiser Group	385	5,856	25,017
Royal London Corporate Bond Z Inc	50,000	49,394	54,100
Glaxosmithkline	1,400	22,476	18,032
Compass Group	850	15,188	12,423
Artemis Global Income I Inc	48,400	49,172	50,423
Victrex	700	14,020	15,470
Gemcap – AHFM Defined Returns Fund I GBP Inc	52,600	53,528	57,092
Jupiter UK Smaller Cos I GBP Acc	10,577	7,256	36,470
Wisdomtree Physical Gold GBP	250	24,209	29,295
Scottish Mortgage Investment Trust	8,400	444	95,508
Henderson Strategic Bond I Inc	37,049	50,652	52,980
TB Evelode Income D Inc	21,000	49,151	48,021
HSBC Holdings (USD)	2,975	20,498	12,590
Johnson Matthey	675	10,263	20,338
Jupiter European Z Inc	900	14,407	24,907
Dodge & Cox Worldwide US Stock GBP Inc	3,100	35,437	75,888
Loomis Sayles US Equity Leaders Q GBP Acc	16,800	44,444	68,200
Hermes US Smid Equity Leaders L GBP	20,854	22,237	29,364
Fidelity Emerging Markets W Acc	22,716	35,663	49,316
Schroder ISF Asian Total Return C GBP Inc	64	31,246	29,543
Baring Europe Select I GBP Inc	1,175	29,211	58,586
Astrazeneca	300	8,589	21,741

	<b>Holding</b>	<b>Cost</b>	<b>Value</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Twentyfour Absolute Return Credit AQNG GBP	520	53,389	53,720
Croda International	300	15,181	19,044
Barratt Developments	2,600	14,218	19,417
Whitbread	390	3,703	13,361
IShares \$ Tips 0-5 UCITS ETF GBP	10,300	39,037	37,783
Legal & General Group	7,560	7,924	21,100
Baillie Gifford Japanese W6 Inc	2,623	39,282	47,822
Mayfair Capital Property Inc TR CHAR GBP	73,091	65,015	59,971
Unilever	350	3,739	14,196
Rio Tinto	450	8,314	24,975
Greencoat UK Wind IT	25,523	29,893	32,823
<b>Cash Ledger Balance</b>		31,990	31,990
	<b>523,225</b>	<b>1,081,244</b>	<b>1,495,324</b>