



**Mid Cheshire
Hospitals Charity**

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR

**MID CHESHIRE HOSPITALS
CHARITABLE FUND**

REGISTERED CHARITY NO: 1049008

FOR THE FINANCIAL YEAR ENDED

31 MARCH 2014

Statement of Trustee Responsibilities

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

The law applicable to charities in England and Wales requires the trustee 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 trustee is required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and the principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed; 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 is 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 Act 2011, the Charity (Accounts and Reports) Regulations 2008. 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 trustee is 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.

By order of the Trustee, the Board of Mid Cheshire Hospitals NHS Foundation Trust:

Signed

On behalf of the Trustee


.....

Date 1st September 2014


.....

Date 11/9/14

Trustee Annual Report for Mid Cheshire Hospitals Charitable Fund for the year ended 31 March 2014

Foreword

The Corporate Trustee presents the Charitable Fund's Annual Report together with the audited financial statements for the year ended 31 March 2014.

The Charity's annual report and financial statements for the year ended 31 March 2014 have been prepared by the Corporate Trustee in accordance with the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008.

The Charity's report and accounts include all the separately established funds for which Mid Cheshire Hospitals NHS Foundation Trust is the sole beneficiary.

The Charity has a corporate trustee: the Board of Mid Cheshire Hospitals NHS Foundation Trust. The members of the NHS Foundation Trust Board who served during the financial year were as follows:

Mr John Moran	-	Chairman (until 31.3.2014)
Mr Dennis Dunn	-	Deputy Chairman
Mrs Ruth McNeil	-	Non-Executive
Mr David Hopewell	-	Non-Executive
Dame Pat Bacon	-	Non-Executive
Mr John Barnes	-	Non-Executive
Mr Mike Davis	-	Non-Executive
Mrs Tracy Bullock	-	Chief Executive
Mr Mark Oldham	-	Director of Finance and Strategic Planning
Dr Paul Dodds	-	Medical Director & Deputy Chief Executive
Mr David Pitt	-	Director of Transformation
Mrs Julie Smith	-	Director of Nursing and Quality
Mrs Denise Frodsham	-	Chief Operating Officer

The Charitable Funds are registered with the Charity Commission (no 1049008) in accordance with the Charities Act 2011.

Reference and Administrative details

The main charity, Mid Cheshire Hospitals Charitable Fund, registered charity number 1049008, was entered on the Central Register of Charities on 5 September 1995. The charity is constituted of 5 subsidiary charities registered under the umbrella charity.

Those subsidiary charities are:

Leighton Hospital General Fund

- For general charitable purposes relating to the NHS;

Victoria Hospital General Fund

- For general charitable purposes relating to the NHS;

Cancer Fund

- For the prevention, treatment and cure of cancer, the relief of suffering and research and education;

Diabetes Fund

- For the prevention, treatment and cure of diabetes, the relief of suffering and research and education; and

Arthritis Fund

- For the prevention, treatment and cure of arthritis, the relief of suffering and research and education.

Charitable funds received by the charity are accepted, held and administered as funds and property held on trust by the corporate body for purposes relating to the health service in accordance with the National Health Service Act 1977 and the National Health Service and Community Care Act 1990.

Trustee

The Board of Mid Cheshire Hospitals NHS Foundation Trust is the Corporate Trustee of the Charitable Funds governed by the law applicable to Trusts, principally the Trustee Act 2000 and the Charities Act 2011. The Trustee meets independently twice a year.

The Corporate Trustee devolved responsibility for the on-going daily management of funds to a Trustee sub-committee, which administers the funds on behalf of the Corporate Trustee. This Committee is responsible for ensuring that the funds are managed in accordance with Charities law, best practise and public benefit.

The names of those people who served on the committee, as permitted under regulation 16 of the NHS Trusts (Membership and Procedures) Regulations 1990 were as follows:

Mr David Hopewell	-	Non-Executive (Chair)
Mr Dennis Dunn	-	Non-Executive
Mrs Julie Smith	-	Director of Nursing and Quality
Mr Mark Oldham	-	Director of Finance

Meetings of the sub-committee were also attended by:

Dr Ian London	-	Consultant Representative
Mr Duncan Goff	-	Representing Director of Finance
Ms Caroline Birch	-	Financial Accountant
Miss Laura Bailey	-	Fundraising Manager
Mrs Christine Cooper	-	Governor Representative
Mr Mark Wilde	-	Divisional General Manager (until 31.07.13)
Mrs Julie Weir	-	Divisional General Manager (from 01.08.2014)

No Trustee or member of the sub-committee has received any remuneration or expenses in relation to their activities for the charity.

Principal Charitable Fund advisor to the Board

The Director of Finance and Planning of Mid Cheshire Hospitals NHS Foundation Trust is Mark Oldham who acts as Principal Advisor to the Corporate Trustee and as Principal Officer for day-to-day management.

Ms Caroline Birch acted as the first point of contact for day-to-day financial management and accounting for the charitable funds during the year.

Principal Office

The principal office for the charity is:

Finance Department
Mid Cheshire Hospitals NHS Foundation Trust
Leighton Hospital
Middlewich Road
Crewe
Cheshire CW1 4QJ

Principal Professional Advisors

Bankers:
Barclays Bank Plc
Colmore Row
Birmingham

Solicitors:
Hill Dickinson
Pearl Assurance House
2 Derby Square
Liverpool

Auditor:
Deloitte LLP
1 City Square
Leeds
LS1 2AL

Investment Fund Managers:
Sanlam Private Investments Ltd
Bank House
55 Main Street
Kirkby Lonsdale
Cumbria

Structure, Governance and Management

The Charity's unrestricted funds were established using the model declaration of trust and all funds held on trust at the date of registration were either part of these unrestricted funds or registered as separate restricted funds under the main Charity. Subsequent

donations and legacies received by the Charity that are attributable to the original funds are added to those fund balances within the existing Charity.

The Corporate Trustee fulfils its legal duty by ensuring that funds are spent in accordance with the objects of each fund and the Trustee respects the wishes of our generous donors to benefit patient care and advance the good health and welfare of patients, carers and staff. The restricted funds hold donations received which have specific restrictions set by the donor, such as cancer funds. The Trustee involves each Division, ward, department and, where appropriate, staff representatives, in fundraising and decisions regarding the expenditure of charitable monies.

Non-Executive members of the Trust Board have been appointed by the Council of Governors in accordance with the Constitution of the NHS Foundation Trust, and Executive members of the Board are subject to recruitment by the NHS Foundation Trust Board. All Board Members undertake a Trust Induction Programme upon appointment. Members of the Trust Board and the Charitable Funds Committee are not an individual trustee.

The Trustee sub-committee advises and assists the Corporate Trustee through:

- The control, management and monitoring of the use of the funds resources;
- Approval of all expenditure;
- Providing support, guidance and encouragement for all its income raising activities;
- Ensuring that “best practice” is followed in conduct of all its affairs and fulfilling all of its legal responsibilities including ensuring that the use of the funds meets the Public Benefit Requirement set out by the Charities Commission;
- Ensuring that the approved Investment Policy is adhered to and that performance is continually reviewed whilst being aware of ethical considerations; and
- Keeping the Trust Board fully informed on the activity, performance and the risks of the Charity.

The accounting records and the day-to-day administration of the funds are dealt with by the Finance Department located at Leighton Hospital, Middlewich Road, Crewe, Cheshire, CW1 4QJ.

Risk Management

The major risk the Charity is exposed to is the fall in value of investments held on the stock exchange. These have been carefully considered and are constantly reviewed by our Investment Advisors and the Trustee sub-committee. The value of the investments has been maintained throughout 2013/14 due to a balance being struck between maintaining the Charity aims whilst ensuring that it is not exposed to substantial investment losses through the forced sale of investments to meet spending requirements. A cautious approach has been taken by our Investment Advisors, which has maintained income from the investments and shown capital growth. This approach will continue throughout 2014/15.

Partnership Working and Networks

Mid Cheshire Hospitals NHS Foundation Trust and the local area that it services are the sole beneficiaries of the Charity and the Trust a related party by virtue of being Corporate Trustee of the Charity. By working in partnership with the Trust, the charitable funds are used to best effect.

Following the success of the One in Eleven Appeal and the strength and awareness of the brand in the local community, the decision was taken to re-name this as the One in Eleven Fund to cover any fundraising for the Neonatal Intensive Care Unit/Special Care baby Unit going forward. This logo and name have now been trademarked with the Intellectual Property Office.

The Charity remains indebted to the work of local voluntary groups and individuals who have continued to raise funds for Leighton Hospital and Victoria Infirmary. We also acknowledge the continued support of local business who have made donations throughout the year, particularly for the continued support given to the One in Eleven Fund towards equipment and environmental enhancements for the new Unit when it opens later in 2014.

The staff of Mid Cheshire Hospitals NHS Foundation Trust have continued to raise funds for the Charity, covering areas including the Macmillan Unit, One in Eleven Fund and the Stroke Unit, and the Corporate Trustee wishes to thank them for their generous support.

Objectives and Strategy

The Charity's main fund has the objective of holding and raising funds for any charitable purpose or purposes relating to the National Health Service. The Committee is responsible for monitoring income and expenditure and encouraging the use of funds. It acts as the co-ordinator of fund-raising activities within the Trust and also with major partners such as Macmillan Cancer Support.

Guidance issued by the Trustee sub-committee ensures that all the fund managers are aware of the Charity's obligation to the public benefit principles that there must be clear identifiable benefits of all expenditure that relate to the aims of the Charity and that this benefit must be experienced by a section of the public. The adherence to the Public Benefit requirement is reviewed at each meeting of the Trustee Sub-Committee by the scrutiny of all expenditure and by asking fund managers to outline their spending intentions for the next financial year.

Annual Review: Our Activities

Mid Cheshire NHS Foundation Trust continued to operate as an NHS Foundation Trust throughout the accounting period reported on. The Trust encourages both members and Governors to become involved in the activities of the Trust and to support the charitable functions.

During the year, the income from donations has decreased due to achieving our Appeal target and reducing the amount of active fundraising we carried out. The level of

investment income has increased slightly due to the investment performance throughout the year. Interest on cash balances has been low during the financial period due to the continued low base rate, although by use of a fixed rate account we received a higher interest rate than on the basic account. While the One in Eleven Appeal and subsequent One in Eleven Fund have been well supported by the local community the current economic climate would still seem to be having an impact on the levels of donations that people make to charitable organisations. The overall rate of giving to any Charity has declined and the Trustees are mindful of this in planning future activities.

The Trustee sub-Committee has considered expenditure proposals from all areas of the Trust, its aim being to improve facilities for both patients and staff and to enhance the patient experience.

Examples of the use of the funds this year include: -

- £31,000 for sky panels in the new theatre build to enhance the environment for patients being taken to theatre
- £23,810 for a video conferencing system in the Macmillan Cancer Centre to enable case conferences to take place with experts off-site to achieve more effective treatment for patients
- £17,571 for the purchase of a microtome and ventilation table for pathology to enable more tests to be carried out, hence reducing result times for patients
- £16,397 for equipment to benefit cardiac patients within coronary care, which would enable certain procedures to be carried out within the hospital rather than referring the patient to another centre for treatment

Patients have benefited from donations and legacies with purchases to improve patient care in addition to the items listed above. Additional medical equipment to the value of £111,000 has been purchased during the year, which included equipment for Emergency Care, Paediatrics, medical Imaging and also purchasing additional wheelchairs for use around the hospital.

The Charity receives many donations specifically given to thank staff and these are used for activities that will enhance staff training and facilities from which the patients will ultimately benefit. This year this expenditure has covered additional staff training and learning materials at a cost of £28,530, and to provide secure storage facilities for cycles for staff after the site had been targeted in a number of thefts of cycle equipment. Many suggestions are put forward by wards and departments for the future use of charitable funds, which are evaluated by the Trustee sub-committee and Divisional Boards.

The use of the Just Giving web-based scheme has continued this year as an aid to fundraising, with many supporters creating their own pages to raise funds for the Charity. The use of online fundraising has raised £11,000 via Just Giving. The majority of this money has been raised towards the One in Eleven fund due to the number of supporters with Just Giving pages.

The expenditure of charitable funds has shown a small increase this year, and the objective remains to encourage fund managers to spend funds to enhance the patient experience. The additional equipment provided has allowed the Trust and its patients to benefit from improved services and facilities that would not have been provided via normal NHS funding.

Reserves Policy

The Charity has no permanent endowments so all funds are available to spend at the discretion of the Trustee. The committee encourages the funds to be spent within reasonable timescales – ideally within two years of the donation receipt. Surpluses on funds are identified on a quarterly basis and fund managers approached for short term spending plans. The Reserves Policy maintains one year's worth of expenditure as its Reserve.

Our Appeal

The One in Eleven Appeal was formally closed at the very beginning of this reporting period, having raised over £1.8 million. Particular thanks go to the Chronicle Group of Newspapers for their continued weekly coverage of the One in Eleven Fund and to RedShift Radio for their support in promoting events and communicating progress. Thanks also go to ASDA in Crewe who have built on their previous years' success and have now raised in excess of £12,000, and Wincanton Logistics who have raised a further £2,500 during this year. We would also like to thank RBS for their support for Leighton Hospitals Child and Adolescent Unit, and raising over £700 through activities with their customers. A capital grant of £1million was made to Mid Cheshire Hospitals NHS Foundation Trust during the year. Building work commenced in January 2014 with the initial phase being funded by Mid Cheshire Hospitals NHS Foundation Trust.

Future Plans

At the beginning of April 2014, the charity launched a new appeal to raise £1.0 million to provide a second MRI scanner for the Hospital. This will allow the Trust to double its capacity to provide MRI scans for patients, thus reducing waiting times, and also the new technology will allow certain types of scanning procedures to be done on site rather than the patient having to travel to another hospital for the treatment.

The Trustee reviews the spending priorities for each fund annually in conjunction with developments highlighted in the Division plans. It continues to encourage managers to use the charitable funds in new and innovative ways. The key objectives for the coming year will be to further enhance facilities available to NHS patients that would not be available via normal NHS funding routes.

A Review of our Financial Achievement and Performance

The net assets of the Charitable Funds as at 31 March 2014 were £1,911,000 (2013: £2,995,000). Overall net assets decreased by £1,084,000 with a gain on the valuation of investments of £3,000, which reflects the benefit of the cautious approach taken by our Investment Managers. On the Statement of Financial Activity for the year, expenditure exceeded income by £1,065,000, which demonstrates the success of the Trustee's policy of encouraging managers to spend funds.

The Charity continues to rely on donations, legacies and investment income as the main source of income. The total incoming resources decreased by £2,126,000 with a total of £250,000 in donations and £42,000 received in legacies, but this is largely explained by the closure of the one in Eleven Appeal.

Of the total expenditure of £1,396,000 (2013: £399,000), expenditure on direct charitable activity was £1,316,000 (2013: £312,000) across a range of programmes throughout the Trust.

The Trustee does not hold any fixed assets in the form of land, buildings or equipment. Any such items are purchased by Mid Cheshire Hospitals NHS Foundation Trust through donations from the Charitable Trust Funds.

The Charity does not currently employ any staff. All administrative functions are carried out by Mid Cheshire Hospitals NHS Foundation Trust, including the support given by the Fundraising manager. A fee is charged to the funds reflecting the cost of administrative, accounting and fundraising support.

The Trustee invests its charitable funds using Sanlam Private Investors as Investment Advisors. At the year-end 84% of the portfolio was invested in wider range investments, which are securities issues in the UK by bodies that are incorporated in the UK. The market has slowed during the year, giving an unrealised loss in year of £27,000, resulting in the market value now being greater than the historic cost by £109,000. The Investment Advisors remain cautiously optimistic on returns this year and the Trustee will endeavour to minimise the need to realise investments. The investment policy retains the aim of protecting the real value of assets over time whilst generating a reasonable level of income. Investment in the processing and/or manufacture of tobacco products is not permitted under the Investment Policy.

Going Concern

Expenditure is discretionary and balanced against the reserves policy requirements. Accounting for income and expenditure is on an accruals basis to ensure all committed expenditure is reflected in the reporting process.

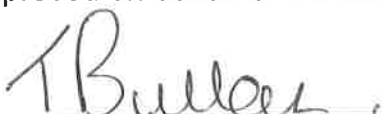
Although the market values of the investments have fluctuated over the past few years, the Trustee is confident that measures are in place to ensure that the Charitable Fund remains a going concern. Regular reports are given to the Trustee Sub-Committee and the Trustee, which reflect the value of the investments measured against the value of

fund balances to ensure that funds do not commit to expenditure that will expose the Charity to un-necessary risks.

Conclusion

On behalf of the staff and patients who have benefited from improved services due to donations or legacies, the Trustee would like to thank all patients, relatives, staff and members of the community who have made charitable donations to Mid Cheshire Hospitals Charitable Funds.

Approved on behalf of the Corporate Trustee





INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MID CHESHIRE HOSPITALS CHARITABLE FUND

We have audited the financial statements of Mid Cheshire Hospitals Charitable Fund for the year ended 31 March 2014 which comprise the Statement of Financial Activities, Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2014 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient 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.

Deloitte LLP

Deloitte LLP

Chartered Accountants and Statutory Auditor

Leeds, United Kingdom

1st September 2014

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity.

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2014

	Note	Un- Restricted £000	Restricted £000	Total 2013/14 £000	2013/14 £000	2012/13 £000	2012/13 £000
INCOMING RESOURCES							
<u>Incoming resources from generated funds</u>							
Voluntary Income		213	37	250		1920	
Legacies		32	10	42		504	
Investment income	9	34	2	36		29	
Income from charitable activities		3	-	3		4	
TOTAL INCOMING RESOURCES		282	49		331		2,457
RESOURCES EXPENDED							
<u>Charitable activities:</u>							
Staff welfare & amenities	2	48	13	61		72	
Patients' welfare & amenities	3	143	13	156		201	
Contributions to hospital capital expenditure	4	1,065	34	1,099		39	
		1,256	60	1,316		312	
<u>Costs of generating funds</u>							
Cost of generating voluntary income		52	2	54		62	
Investment Manager's fees		5	-	5		5	
		57	2	59		67	
<u>Governance Costs</u>							
Audit fees	5	4	1	5		8	
<u>Other administrative costs - Services provided by Mid Cheshire Hospitals NHS Foundation Trust</u>							
	5	16	-	16		12	
		20	1	21		20	
TOTAL RESOURCES EXPENDED		1,333	63		1,396		399
NET INCOMING/(OUTGOING) RESOURCES		(1,051)	(14)		(1,065)		2,058

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

	<u>Note</u>	<u>Un- Restricted</u> £000	<u>Restricted</u> £000	<u>Total</u> 2013/14 £000	2012/13 £000
GAINS ON INVESTMENT ASSETS					
Realised gains	7	8	-	8	2
Unrealised (loss)/gain	7	(25)	(2)	(27)	69
NET MOVEMENT OF FUNDS	6	<u>(1,068)</u>	<u>(16)</u>	<u>(1,084)</u>	<u>2,129</u>
Fund balances brought forward at 1 April 2013		1,878	117	1,995	866
Fund balances carried forward at 31 March 2014		<u>1,810</u>	<u>101</u>	<u>1,911</u>	<u>2,995</u>

Note

Restricted funds are those where the donor(s) has imposed a restriction on how the Trustee can apply the funds. Unrestricted funds are those that the Trustee is free to spend on or for any charitable purpose covered by the Trust.

The notes on pages 17 to 24 form part of these accounts.

BALANCE SHEET AS AT 31 MARCH 2014

	<u>Note</u>	<u>Unrestricted</u> <u>Funds</u> <u>£000</u>	<u>Restricted</u> <u>Funds</u> <u>£000</u>	<u>Total at</u> <u>31 March</u> <u>2014</u> <u>£000</u>	<u>Total at</u> <u>31 March</u> <u>2013</u> <u>£000s</u>
FIXED ASSETS					
Investments at market value	7&8	878	47	925	922
CURRENT ASSETS					
Debtors	10	27	-	27	7
Cash at bank and in hand		999	54	1,053	2128
TOTAL CURRENT ASSETS		<u>1,026</u>	<u>54</u>	<u>1,080</u>	<u>2135</u>
CREDITORS					
Amounts falling due within one year - NHS	11	(94)	-	(94)	(62)
NET CURRENT ASSETS		<u>932</u>	<u>54</u>	<u>986</u>	<u>2073</u>
TOTAL NET ASSETS		<u><u>1,810</u></u>	<u><u>101</u></u>	<u><u>1,911</u></u>	<u><u>2995</u></u>
FUNDS OF THE CHARITY					
Unrestricted income funds	12	1,810	-	1,810	2878
Restricted income funds	12	-	101	101	117
TOTAL FUNDS		<u><u>1,810</u></u>	<u><u>101</u></u>	<u><u>1,911</u></u>	<u><u>2995</u></u>

The notes on pages 17 to 24 form part of these accounts.

Signed on behalf of the Corporate Trustee (the Board of Mid Cheshire Hospitals NHS Foundation Trust)

Chief Executive: T Bullock  Date 11/9/14

Director of Finance
& Planning: M Oldham  Date 11/9/14

Notes to the Accounts

1. Accounting Policies

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at market value. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005) issued in March 2005 – Accounting and Reporting by Charities; applicable UK Accounting Standards and the Charities Act 2011 and the historic cost basis of accounting except for investments which have been included at revalued amounts

The Trustee remains confident that the Charitable Funds will not be adversely affected in the long term by changes to the Investment Markets and that they will remain a going concern. Expenditure is discretionary and balanced against the reserves policy requirements. Accounting for income and expenditure is on an accruals basis to ensure all committed expenditure is reflected in the reporting process.

1.2 Incoming Resources

The policies followed, which deal with income, voluntary assistance and donations, are:

- a) Cash donations, gifts, investment income and cash collected from fundraising events are included in full in the Statement of Financial Activities as soon as the Charity's rights become legally enforceable and there is a reasonable assurance of receipt. This point is determined as confirmation of receipt into the nominated bank account.
- b) Legacies are accounted for as incoming resources either upon receipt or where the receipt and value of the legacy is virtually certain; this will be once confirmation has been received from the representatives of the estate(s) that payment of the legacy will be made once all conditions attached to the legacy have been fulfilled.

1.3 Resources Expended

The financial statements are prepared in accordance with the accruals concept. A liability (and consequently, expenditure) is recognised in the accounts when there is a legal or constructive obligation, capable of reliable measurement, arising from a past event.

Resources expended are split into two main categories being the costs of generating funds and the actual costs of charitable activities. The costs of generating funds are the costs associated with generating income for the charitable funds. A grant is any payment which is made voluntarily to any

institution or to an individual in order to further the Charity's objectives, without receiving goods or services in return.

Costs of activities in the furtherance of charitable activities are expenditure incurred on the provision of services or goods. Support costs are an integral and material part of the costs of activities in the furtherance of charitable activities and/or expenditure incurred in paying grants. Where VAT is irrecoverable on purchases, the gross cost is charged to the funds.

1.4 Costs of generating funds

The costs of generating funds are the cost of Investment Manager's fees and the cost of fundraising activities.

1.5 Governance Costs

Governance costs comprise all costs incurred in the governance of the Charity. These costs include costs related to statutory audit together with the costs of accountancy support.

1.6 Allocation of overhead and support costs

Overhead and support costs have been allocated as apportioned costs on an appropriate basis (refer to note 5) between Charitable Activities and Governance Costs.

1.7 Tangible and Intangible Fixed Assets

There are no retained tangible fixed assets or intangible fixed assets.

1.8 Investment Fixed Assets

Stocks and shares quoted in the London Stock Exchange and unit trusts are included on the Balance Sheet at mid-market price, ex dividend on the Balance Sheet date. Realised and unrealised gains and losses are included on the Statement of Financial Activities and are calculated against the carrying value at the previous Balance Sheet date or cost if the asset was acquired during the year. Investment in the manufacture/processing of tobacco products is not permitted under the Investment Policy.

1.9 Cash at Bank

Cash at bank includes balances in bank or building society current accounts, whether interest bearing or not.

1.10 Changes in the Basis of Accounting

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

1.11 Structure of Funds

Where there is a legal restriction on the purposes to which a 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. Mid Cheshire Hospitals Charity holds no endowment funds. Other funds are

classified as unrestricted funds. Unrestricted funds comprise those funds which the Trustee is free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the donor has made known their non-binding wishes or where the Trustee at its discretion has created a fund for a specific purpose. The funds held within these categories are disclosed in note 12.

The Trustee involves each division, ward, department, and where appropriate staff representatives, in fundraising and decisions regarding expenditure of charitable monies. A Committee of the Trust Board meets regularly and approves all expenditure.

1.12 Pooling Scheme

Any official pooling scheme is operated for investments relating to all Mid Cheshire Hospitals NHS Foundation Trust Charitable Funds. This was registered with the Charity Commission on 8 April 1998.

2. Staff welfare and amenities

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2013/14</u>	<u>2012/13</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Staff training	21	7	28	53
Staff activities	8	3	11	4
Furniture, fittings & other staff comforts	5	3	8	13
Staff welfare	-	-	-	2
Building improvements to staff areas	14	-	14	-
	<u>48</u>	<u>13</u>	<u>61</u>	<u>72</u>

The Charity does not employ staff but the staff employed by Mid Cheshire Hospitals NHS Foundation Trust benefit from additional amenities funded from the Charity that are over and above those provided by their normal NHS employment.

3. Patients' welfare and amenities

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2013/14</u>	<u>2012/13</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Medical equipment (individual value less than £5,000)	98	12	110	129
Furniture, fittings & other patient comforts	28	-	28	66
Patients' entertainment	1	1	2	4
Other items	16	-	16	2
	<u>143</u>	<u>13</u>	<u>156</u>	<u>201</u>

4. Contribution to hospital capital expenditure

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2013/14</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Microtome - Pathology	8	-	8
Sky Panels for new theatres	31	-	31
Videoscope- cancer centre	-	10	10
Maximove Hoist –Ward 1	5	-	5
Ultrasound Scanner – Ward 1	6	-	6
Contrast Injector – ward 1	5	-	5
Ventilation Table – Pathology	10	-	10
Video conference system	-	24	24
Refurbishment of NICU	1,000	-	1,000
	<u>1,065</u>	<u>34</u>	<u>1,099</u>

5. **Allocation of Management Costs**

	Total 2013/14 £000	Allocated to Governance £000	Residual for apportionment £000	Basis of Apportionment
Finance administration	16	16	-	Allocated on average monthly fund balance with residual charged to user
Investment Managers	5	-	5	Allocated on average monthly fund balance
Cost of generating Funds	54	-	54	Governance allocated on average monthly balance with residual charged to user
External audit	5	5	-	Allocated on average monthly fund balance
	<u>80</u>	<u>21</u>	<u>59</u>	Allocated on average monthly fund balance

6. **Changes in resources available for charity use**

	<u>Unrestricted</u> £000	<u>Restricted</u> £000	<u>2013/14</u> £000	<u>2012/13</u> £000
Net movement in funds available for future activities	(1,068)	(16)	(1,084)	2,129

7. **Analysis of fixed asset investment**

	2013/14 £000	2012/13 £000
Market value at 1 April	922	828
Less: disposals at carrying value	(109)	(86)
Add: acquisitions at cost	111	72
Gain on revaluation at 31 March	1	108
Market value at 31 March	<u>925</u>	<u>922</u>
Historic Cost at 31 March	<u>816</u>	<u>786</u>

	31 March 2014 £000	31 March 2013 £000
8. <u>Market value of investments at 31 March 2014</u>		
Investments listed on the UK Stock Exchange	788	800
UK Money market investments held as part of the investment portfolio	137	122
	<u>925</u>	<u>922</u>
	2013/14 £000	2012/13 £000
9. <u>Total Gross Income from Investment</u>		
Investments listed on the UK Stock Exchange	36	29
	<u>36</u>	<u>29</u>
	31 March 2014 £000	31 March 2013 £000
10. <u>Analysis of Debtors</u>		
Cash in Transit	-	3
Deposit Account Interest Accrual	-	1
Legacies confirmed but not received	24	-
Due from HMRC for gift aid	3	3
	<u>27</u>	<u>7</u>

	31 March 2014 £000	31 March 2013 £000
11. <u>Analysis of Creditors</u>		
Legal Fees re legacy advice	1	-
Legacy paid to MCHT Charity in error	71	-
Amounts due to Mid Cheshire Hospitals NHS Foundation Trust	22	62
	<u>94</u>	<u>62</u>

12. Analysis of Charitable Funds

	<u>Balance at</u> <u>31 March</u> <u>2013</u>	<u>Incoming</u> <u>resources</u>	<u>Resources</u> <u>expended</u>	<u>Gains</u> <u>and</u> <u>losses</u>	<u>Fund</u> <u>balance</u> <u>31 March</u> <u>2014</u>
Unrestricted Funds					
Leighton Hospital General fund	2867	281	(1,323)	(17)	1,808
Victoria Hospital General fund	11	1	(10)	-	2
	<u>2,878</u>	<u>282</u>	<u>(1,333)</u>	<u>(17)</u>	<u>1,810</u>
Restricted Funds					
Mighty Magnet Appeal Fund	2	-	(2)	-	-
Cancer fund	100	49	(61)	(2)	86
Diabetes fund	4	-	-	-	4
Arthritis fund	11	-	-	-	11
	<u>117</u>	<u>49</u>	<u>(63)</u>	<u>(2)</u>	<u>101</u>

Details on the registration and purpose of the above funds can be found on pages 5 & 6 of the annual report. The Charity Commission gave consent in 2013/14 to close the Mighty Magnet Appeal Fund and transfer any remaining balance into the Leighton General Fund.

Within the unrestricted funds, donations have been made for use within specific areas of the Charity. The following areas have significant designated balances:-

MRI Scanner Appeal	£230,976
1 in 11 Appeal	£864,536
Leighton General	£274,145
Other funds	£440,448

13 **Contingent Liabilities and Assets**

In 2013/14, The Charity was notified of a legacy entitling to the Charity to half of the residual estate but this has been subject to a claim of promissory estoppel by another beneficiary of the will. At the point of the completion of the accounts, this claim has not been withdrawn so the Charity has made no provision for the receipt of it's entitlement within these statements. If no challenge had been made to the validity of the legacy, it is estimated that the share for Mid Cheshire Hospitals charity would be £773,000.

There were no contingent liabilities for 2013/14.

14. **Post Balance Sheet Events**

At the time of the approval of the Annual Report the Trustee had notified the Charity Commission of their decision to close the restricted funds and transfer any remaining balances to unrestricted funds.

15. **Related Party Transactions**

During the year neither the Trustee nor members of the key management staff or related parties to them had undertaken any material transactions with Mid Cheshire Hospitals NHS Foundation Trust Charitable Fund or received remuneration or expenses funded by Charitable Funds during the year. The Charitable Fund has made revenue and capital payments to Mid Cheshire Hospitals NHS Foundation Trust where the Trustee is also the Trust Board. All costs within Resources Expended on the Statement of Financial Activities were originally funded by Mid Cheshire Hospitals NHS Foundation Trust Revenue Account and reimbursed in full from Charitable Funds. At the Balance Sheet date the amount owing in outstanding transactions to Mid Cheshire Hospitals NHS Foundation Trust was £22,000 (2013: £69,000). The total repaid to Mid Cheshire Hospitals NHS Foundation Trust for 2013/14 was £1,391,000 (2013: £394,000). The audited accounts of Mid Cheshire Hospitals NHS Foundation Trust are included in its Report and Accounts.