

| | |
|---|---|
| Reporting to: | Trust Board 30th January 2014 |
| Title | Charitable Funds Annual Report and Accounts 2012/13 |
| Sponsoring Director | Neil Nisbet, Finance Director |
| Author(s) | |
| Previously considered by | Finance Committee 28 th January 2014 |
| Executive Summary | <p>The SaTH Trust Board is the Corporate Trustee of SaTH's Charitable Funds and is required to review and approve the attached annual report and accounts for 2012/13.</p> <p>The Finance Committee have reviewed the annual report and accounts and the external auditors have completed their audit work. The final audit report (ISA 260) from the external auditors, KPMG, is attached.</p> <p>The Corporate Trustee is asked to approve the annual report and accounts and sign off the trustees' responsibilities in respect of the trustees' report and the financial statements, the balance sheet and the management representation letter.</p> <p>The Charitable Funds Annual Report and Accounts for 2012/13 need to be submitted to the Charities Commission together with the audit opinion before the deadline of 31 January 2014.</p> |
| Strategic Priorities <input type="checkbox"/> Quality and Safety <input type="checkbox"/> Healthcare Standards <input type="checkbox"/> People and Innovation <input type="checkbox"/> Community and Partnership <input checked="" type="checkbox"/> Financial Strength | Operational Objectives |
| Board Assurance Framework (BAF) Risks | <input type="checkbox"/> If we do not deliver safe care then patients may suffer avoidable harm and poor clinical outcomes and experience <input type="checkbox"/> If we do not implement our falls prevention strategy then patients may suffer serious injury <input type="checkbox"/> If we do not achieve safe and efficient patient flow and improve our processes and capacity and demand planning then we will fail the national quality and performance standards <input type="checkbox"/> If we do not have a clear clinical service vision then we may not deliver the best services to patients <input type="checkbox"/> If we do not get good levels of staff engagement to get a culture of continuous improvement then staff morale and patient outcomes may not improve <input checked="" type="checkbox"/> If we are unable to resolve our (historic) shortfall in liquidity and the structural imbalance in the Trust's Income & Expenditure position then we will not be able to fulfil our financial duties and address the modernisation of our ageing estate and equipment |

| | |
|---|--|
| Care Quality Commission (CQC) Domains | <input type="checkbox"/> Safe <input type="checkbox"/> Effective <input type="checkbox"/> Caring <input type="checkbox"/> Responsive <input type="checkbox"/> Well led |
| <input type="checkbox"/> Receive <input type="checkbox"/> Review <input type="checkbox"/> Note <input checked="" type="checkbox"/> Approve | Recommendation The Trust Board as Corporate Trustee is asked to APPROVE the Charitable Funds Annual Report and Accounts 2012/13 and sign off the trustees' responsibilities in respect of the trustees' report and ther financial statements, the balance sheet and the management representation letter. |

CHARITABLE FUNDS

ANNUAL REPORT & ACCOUNTS

2012/2013

Foreword

The Corporate Trustee presents the Charitable Funds Annual Report together with the audited financial statements for the year ended 31 March 2013.

These have been prepared in accordance with the requirements of the Charities Act 1993 and the Charities (Accounts & Reports) Regulations 2005 and public benefit reporting requirements. Charitable funds are accounted for separately from other income received by the Trust.

Reference and Administrative details

The Shrewsbury and Telford Hospital NHS Charity formed following the merger of the Royal Shrewsbury Hospital (RSH) and the Princess Royal Hospital (PRH) in October 2003. In accordance with the Charities Act of 1993, it is listed with the Charity Commission under registered charity no. 1107883.

Funds received by the charity are accepted and held and administered as 'funds held on trust' 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 and these funds are held on trust by the corporate body.

See page 9 for statutory information.

Trustee

The Shrewsbury and Telford Hospital NHS Trust is the Corporate Trustee of the charitable funds. The Executive Directors and Non-Executive Directors of the Trust Board share the responsibility for ensuring that the NHS body fulfils its duties as Corporate Trustee in managing the charitable funds.

As trustees, all serving members of The Shrewsbury & Telford Hospital NHS Trust Board (page 9) are required to ensure that:

- the income of the charity is applied with complete fairness between the persons who are properly qualified to benefit from it;
- they act reasonably and prudently regarding any decisions made in respect of the charity;
- they exercise the same degree of care in dealing with the administration of the funds as that of a prudent business person would exercise in managing his or her own affairs or those of someone else for whom he or she was responsible;
- they are able to demonstrate that its charitable aims are for the public benefit.

Non-Executive Members of the Trust Board are appointed by the NHS Appointments Commission whilst Executive members are subject to recruitment by the NHS Trust Board. Members are not individual trustees under Charity Law but act as agents on behalf of the Corporate Trustee.

The Finance department review any Charity Commission guidance and advise appropriately with specific issues being raised for the attention of the Corporate Trustee through the Charitable Funds Committee. Corporate Trustee meetings were held twice during the year in June 2012 and March 2013.

A training programme is being developed for implementation for trustees that will include best practice guides and Charities Commission updates. During the year an awareness session was held by external advisors at one of the Trust Board's management development days.

Structure, Governance and Management

Within the Charity there are a number of restricted funds relating to particular wards and departments nominated by the donor. The charity manages spending through local fund managers for each of these restricted funds who oversee the use of the funds on a day-to-day basis within the boundaries of local guidance agreed by the Corporate Trustee.

The Charity also holds a level of unrestricted funds that can be accessed by all wards and departments for patient and staff welfare. The level of unrestricted funds has reduced slightly throughout the year.

The Trustee oversees the work of the fund managers and has the power to revoke a fund managers remit or, subject to any specific donor restriction, direct the use to which funds are put.

The NHS Trust Board devolves responsibility for the on-going management of funds to the Charitable Funds Committee which administers the funds on behalf of the Corporate Trustee. The Committee is required to:

- Control, manage and monitor the use of the fund's resources;
- Provide support, guidance and encouragement for all its income raising activities whilst managing and monitoring the receipt of all income;
- Ensure that 'best practice' is followed in the conduct of all its affairs fulfilling all of its legal responsibilities;
- Ensure that the approved Investment Policy approved by the NHS Trust Board as Corporate Trustee is adhered to and that performance is continually reviewed whilst being aware of ethical considerations;
- Keep the Trust Board fully informed on the activity, performance and risks of the charity.

Trustees are given an opportunity to raise questions via the Charitable Funds Committee who act as a focus group for the Trust's charitable funds. Additionally, copies of all policies relating to charitable funds are provided on the Trust's intranet.

Trustees are provided with a number of Charities Commission publications to assist them in fulfilling their roles. Within the year quarterly investment reports have been provided by the Trust's investment advisors.

The Finance Director is responsible for the day-to-day management and control of the administration of the charitable funds and reports to the Charitable Funds Committee. The Finance Director has particular responsibility to ensure that the spending is in accordance with the objects and priorities agreed by the Charitable Funds Committee and the Board; that the criteria for spending charitable monies are fully met; that full accounting records are maintained; and that devolved decision making or delegated arrangements are in accordance with the policies and procedures set out by the Board on behalf of the Corporate Trustee.

The accounting records and the day-to-day administration of the funds are dealt with by the Finance Department contactable at the Royal Shrewsbury Hospital, Mytton Oak Road, Shrewsbury SY3 8XQ.

Risk Management

The Charity has a policy that any significant risks to which the charity faces or is likely to encounter are reported to the Charitable Funds Committee.

Losses on investments during previous years prompted the Charitable Funds Committee to review its investments and consider the risks surrounding the charity's investment strategy. The Committee agreed that due to the current economic conditions the charity would not yet reinvest in the more volatile investments such as a property fund or an investment fund. The charity continues to invest in a fixed interest fund and a deposit fund.

The Charitable Funds Committee has reviewed the risks that are applicable to the Charity and are satisfied that the risks to the Charity have been mitigated.

Objectives and Activities for the Public Benefit

The object of the Charity is to apply income received from donations to any charitable purpose or purposes relating to the National Health Service to benefit the public served by the Trust. The Corporate Trustee fulfils its legal duty by ensuring that funds are spent in accordance with the objects of each fund and in designating funds, the Trustee respects the wishes of donors to benefit patient care and advance the good health and welfare of patients, carers and staff.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities. The objectives for 2012/13 included:

- Continued expenditure on equipment and facilities to improve patient care and associated areas;
- Continued expenditure on staff training and development;
- Further fund raising towards the Lingen Davies Cancer Appeal for the new Cancer Centre at the Royal Shrewsbury Hospital.

The longer term aim of the Charity is to continue applying income received from donations to benefit the public served by the Trust, whilst maintaining minimal levels of reserves. During the year the Charitable Funds Committee set fund managers a closing fund balance target equal to 50% of their opening fund balance.

The Trustees of the charity would like to express their sincere appreciation to all those members of the public and organisations who made a donation to the Trust during the year.

Anyone wishing to make a donation in person can do so at the Cashiers Offices located in the vicinity of the Outpatients waiting area of the Royal Shrewsbury Hospital or in the main reception area of the Princess Royal Hospital during normal office hours. Alternatively, postal donations can be made to:

The Cashiers Office
Royal Shrewsbury Hospital
The Shrewsbury and Telford Hospital NHS Trust
Mytton Oak Road
Shrewsbury
SY3 8XQ

Achievements and Performance for the Public Benefit

Thanks to the generosity of the people of Shropshire, Telford and Wrekin, and Mid Wales, the Hospitals received donations and legacies in excess of £470,000 during the year. The nature of support received

ranged from donations left with a Ward sister by satisfied patients upon their discharge from Hospital through to a share of an individual's estate in line with their wishes upon their death. These funds continued to benefit both patients and staff within the hospitals. Typical examples of such expenditure were:

- Installation of cooling and heating to endoscopy examination rooms at PRH;
- Certification in coaching and mentoring for employees;
- Fabian NCPAP/DUOPAP driver and trolley in Neonatal;
- VNUS radiofrequency generator, foot pedal and tumescent pump for Vascular Surgery;
- 5 treatment chairs for the Endoscopy department.

The Charity contributed £80,000 towards staff training and development in the form of external courses that support all staff members from trainees to those that require continued professional development.

The Charity has been fund raising alongside the Lingen Davies Cancer Fund appeal for a new Cancer Centre at the Royal Shrewsbury Hospital. Donations received towards the Lingen Davies Cancer Fund appeal continued throughout the year, with £824,000 contributed towards the project in the year. Phase one of the ambitious project was finished back in April 2012, when the new Chemotherapy Day Centre opened to general acclaim from patients and staff. The rest of the project is due to be completed on schedule, with the full state-of-the-art facility opening to the public in Autumn 2013. The two-floor building includes a new reception area, an outpatient unit for haematology, head and neck, and oncology patients as well as the day unit for chemotherapy. The new building provides a single integrated facility for outpatients, chemotherapy and radiotherapy, with over 40,000 patient visits every year. It has been designed to make the most of natural light and ventilation, green spaces and airy spacious rooms. The environment has been designed to provide a healing, calming environment and has involved patients, carers and staff throughout the process. The project cost more than £5 million and all of that has come from charitable donations. The Lingen Davies Cancer Fund took the lead with an appeal that raised almost £3.3 million. Feedback from patients shows that they have noticed a marked difference in the environment. For example, the treatment bays in the new Chemotherapy Day Centre have room for the patient and two or three family members to sit with them, if they wish, which can be a real comfort. The treatment bays have individually-controlled ventilation controls and power points so patients can bring in any electronic equipment they may wish to use.

Following the recent review of charitable fundraising by the Charity, the Corporate Trustees approved the establishment of a Charities Strategy Board to support the member charities (namely the Trust Charity, Lingen Davies and the Leagues of Friends of RSH and PRH) to work together for the benefit of patients and communities in Shropshire, Telford & Wrekin and mid Wales. The Charities Strategy Board met for the first time on 17 August 2012.

Financial Review

The net assets of the Charitable Funds as at 31 March 2013 were £1.3 million (2012: £1.861 million). Overall net assets decreased by £561,000 (2012: £290,000) with a gain on the valuation of our investments of £32,000 (2012: £90,000) and an excess of expenditure over income of £593,000 (2012: £380,000). During the year the charity withdrew £745,000 from its investments managed by CCLA Investment Management Ltd to fund expenditure.

Reserves

The Trust's current reserves policy states:-

“Trustees recognise that the charity is entirely dependent upon donations for its future viability which will inevitably be subject to fluctuations. With this in mind an unrestricted fund reserve is required to meet one year’s administration, fund-raising and support costs and thus ensure the Charity is able to operate as a going concern.

Restricted funds are not covered by this policy since the donor has placed specific instructions as to how the funds may be spent.”

As at 31 March 2013 the Charity holds restricted funds of £1,150,000 (2012: £1,702,000) and unrestricted funds of £150,000 (2012: £159,000). The description, nature and purpose of the restricted funds are contained within Note 15: Analysis of charitable funds.

The Charitable Funds Committee introduced a new donation receipt form to enable donations to be more readily classed as unrestricted and thus increase the flexibility available in deploying the funds for qualifying purposes. The Trustees consider all unrestricted reserves to be free reserves and thus the level of free reserves to be £150,000.

Charitable fund managers are encouraged to spend their funds appropriately and not to keep any unnecessary reserves. The Charitable Funds Committee asked fund managers within the Trust who have a fund balance over £10,000 to produce expenditure plans for their funds. The Charitable Funds Committee set fund managers a closing fund balance target equal to 50% of their opening fund balance to aim towards a total fund balance of £500,000 at the end of 2012/13. The fund managers made some progress towards this target but only achieved a closing balance of £1,300,000. The Charitable Funds Committee will continue to monitor the level of reserves by asking Care Groups to submit a paper to the Committee on a rotating basis, offering earlier benefit to patients and enabling the Committee to make better decisions about its investments.

Investments

Investment income amounted to £67,000 during the year and this was apportioned between individual funds on the basis of average fund balances held during the year.

Long-term investments are placed in a COIF (Charities Official Investment Fund) managed by CCLA Investment Management Ltd. This arrangement allows the charity access to a wider portfolio of investments than would otherwise have been possible. This arrangement also ensures no investments are made in companies that would be contra to NHS principles. The performance of investments is continuously monitored and reported to the Charitable Funds Committee.

An investment policy is in place, this is reviewed annually to ensure it continues to meet the needs of the charity. The policy is designed to protect the charity from undue adverse risk and inflation whilst ensuring the charity’s long, medium and short term objectives are met.

A balance remains in a Royal Bank of Scotland deposit account to cover current transactions.

The investment performance during the year has been as follows:-

| | RBS Deposits | COIF Deposits | COIF Fixed Interest | Total |
|---------------------------------------|-----------------|------------------|------------------------|------------------|
| | £ | £ | £ | £ |
| Opening Balance as at 01.04.12 | 17,759 | 322,832 | 1,557,600 | 1,898,191 |
| Transfer between COIF funds | - | 500,000 | -500,000 | 0 |
| Transfer between COIF and RBS funds | 745,000 | -745,000 | - | 0 |
| Dividends Received | - | - | 65,197 | 65,197 |
| Dividends transfer between funds | - | 65,197 | -65,197 | 0 |
| Interest Received | 138 | 1,447 | - | 1,585 |
| Unrealised Investment Gain/(Loss) | - | - | 32,476 | 32,476 |
| Net current transactions | -689,025 | - | - | -689,025 |
| Closing Balance as at 31.03.13 | 73,872 | 144,476 | 1,090,076 | 1,308,424 |

Due to the uncertainty in the financial markets the Charitable Funds Committee continued their focus on the investment portfolio and the appropriateness of the mix of assets. Following a detailed review the Committee agreed that due to previous underperformance of the property fund and investment fund it would be prudent to refrain from these investments. The fixed interest fund continued to provide a stream of income and the value of the fund saw an increase in the year.

Apportionment of Unrealised Gains and Losses

The total gain of £32,000 on the investments have been apportioned in full across our charitable funds on the basis of average fund balances held during the year.

Plans for future periods

It is the Charity's intention to continue to use its funds in broadly the same manner as in the past. Mindful of the many changes in the NHS, the future direction of the charity will be shaped by these. The reconfiguration of services and the plans for redesigning patient care to meet the needs of the future will influence the priorities for spending charitable funds.

The Chair of the Charitable Funds Committee met regularly with the Chairs of the Friends of the Royal Shrewsbury Hospital and the Friends of the Princess Royal Hospital during the year and it was agreed to seek opportunities to work together in the future to fund joint ventures.

The Charitable Funds Committee have agreed to offer access to patient Wi-Fi, supporting patients to continue to engage with their friends and colleagues during their outpatient treatment. The installation and technical work commenced in March 2013 with the aim of introducing Wi-Fi in pilot areas early in 2013/14.

The Trustees are hopeful, based on previous trends and patterns that the level of donations received during the year will be broadly maintained in subsequent years.

On behalf of the Corporate Trustee, the Charitable Funds Committee commissioned an independent fund raising consultant to undertake a review of the Trust's charitable funds development with the following objectives:

- To review the current activity and challenges of the charity;
- To explore the fundraising potential of the charity;
- To present options and recommendations for responding to the above in line with the issues raised by stakeholders, the current market place and internal reviews and audit reports.

From this review it was agreed that a Charity fundraising post would be advertised in early 2013/14.

The Charitable Funds Committee has currently agreed to keep the investments in a fixed interest fund and a deposit fund. This will enable prompt access to these funds to support the Committee's policy of reducing the invested sums as a result of its aim to see money utilised early for patient benefit. This will be reviewed at Charitable Funds Committee meetings to monitor if the Charity should start re-investing in listed securities.

On behalf of the staff and patients who have benefited from improved services due to donations and legacies, the Corporate Trustee would like to express their sincere appreciation to all patients, relatives and staff who have made charitable donations to the Charity during the year. This gratitude is also extended to those external fund raising organisations and its volunteers who support the charity in its objectives.

STATUTORY INFORMATION

THE SHREWSBURY AND TELFORD HOSPITAL NHS TRUST CHARITY

| | |
|--|--|
| Registered Charity Number: | 1107883 |
| Charity Name: | The Shrewsbury and Telford Hospital NHS Trust Charity |
| Address: | Mytton Oak Road Shrewsbury Shropshire SY3 8XQ |
| Trustees 1 April 2012 - 31 March 2013: | Mrs Susan Assar* (until 31.5.12) Mr Christopher Beacock (1.4.12 - 30.4.12) Mr Martin Beardwell* Mr Adam Cairns (until 30.6.12) Mrs Julia Clarke (non-voting) Dr John Davies (until 17.9.12) Dr Ashley Fraser (retired 31.3.12, returned 1.5.12 - 31.3.13) Mr Peter Herring (from 6.9.12) Mr Robin Hooper (from 26.9.12) Mr Dennis Jones* (only served as member of Charitable Funds Committee to September 2012) Mrs Deborah Kadum (from 17.12.12) Mrs Victoria Morris Mr Neil Nisbet* Mr Steve Peak (from 1.7.12 until 5.9.12) Mr Barry Simms Dr Peter Vernon Mrs Deborah Vogler (non-voting) Dr Simon Walford |
| *Served as members of the Charitable Funds Committee for the full year unless stated otherwise | |
| Auditors: | KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH |
| Bankers: | The Royal Bank of Scotland plc 6 The Square Shrewsbury SY1 1LA |
| Investment Advisors: | CCLA Investment Management Ltd 80 Cheapside London EC2V 6DZ |
| Solicitors: | Hill Dickinson LLP Pearl Assurance House Derby Square Liverpool L2 9XL |

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

Under the trust deed of the charity and charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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

The trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

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

The Corporate Trustee confirms that it has met the responsibilities set out above and complied with the requirements for preparing the accounts on a going concern basis. The financial statements set out on pages 13 to 14 attached have been compiled from and are in accordance with the financial records maintained by the Corporate Trustee.

By Order of the Corporate Trustee

Signed:

Date:

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF THE SHREWSBURY AND TELFORD NHS TRUST CHARITIES

We have audited the financial statements of The Shrewsbury and Telford Hospital NHS Trust Charities for the year ended 31 March 2013 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees as a body, in accordance with section 144/145 of the Charities Act 2011 (or its predecessors) 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 its 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 Statement of Trustees' Responsibilities set out on page 9 the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144/145 of the Charities Act 2011 (or its predecessors) 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at <http://www.frc.org.uk/apb/scope/private.cfm>.

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 2013 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly 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
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Andrew Bostock

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Registered Auditor

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

January 2014

The Shrewsbury and Telford Hospital NHS Trust Charitable Funds
Statement of Financial Activities for the year ending 31 March 2013

| | Note | Unrestricted Funds | Restricted Funds | Total Funds 2013 | Total Funds 2012 |
|--|------|-----------------------|---------------------|------------------------|------------------------|
| | | £000 | £000 | £000 | £000 |
| Incoming resources | | | | | |
| Voluntary income | 3 | 42 | 430 | 472 | 583 |
| Investment income | 12 | 7 | 60 | 67 | 101 |
| Total incoming resources | | <u>49</u> | <u>490</u> | <u>539</u> | <u>684</u> |
| Resources expended | | | | | |
| Charitable activities | 6 | (53) | (1,071) | (1,124) | (1,054) |
| Governance costs | 5 | (8) | 0 | (8) | (10) |
| Total resources expended | | <u>(61)</u> | <u>(1,071)</u> | <u>(1,132)</u> | <u>(1,064)</u> |
| Net outgoing resources before other recognised gains and losses | | <u>(12)</u> | <u>(581)</u> | <u>(593)</u> | <u>(380)</u> |
| Other recognised gains and losses: | | | | | |
| Realised and unrealised gains on investment assets | 11 | 3 | 29 | 32 | 90 |
| Net Movement in funds | | <u>(9)</u> | <u>(552)</u> | <u>(561)</u> | <u>(290)</u> |
| <i>Reconciliation of Funds:</i> | | | | | |
| Total Funds brought forward | | <u>159</u> | <u>1,702</u> | <u>1,861</u> | <u>2,151</u> |
| Total Funds carried forward | | <u>150</u> | <u>1,150</u> | <u>1,300</u> | <u>1,861</u> |

The Shrewsbury and Telford Hospital NHS Trust Charitable Funds
Balance Sheet as at 31 March 2013

| | Note | Unrestricted Funds £000 | Restricted Funds £000 | Total Funds 2013 £000 | Total Funds 2012 £000 |
|---------------------------------------|------|-------------------------------|-----------------------------|--------------------------------|--------------------------------|
| <i>Fixed assets:</i> | | | | | |
| Investments | 11 | 141 | 1,093 | 1,234 | 1,880 |
| Total Fixed Assets | | 141 | 1,093 | 1,234 | 1,880 |
| <i>Current assets:</i> | | | | | |
| | 13 | | | | |
| Debtors | | 1 | 3 | 4 | 14 |
| Cash at bank and in hand | | 9 | 65 | 74 | 18 |
| Total Current Assets | | 10 | 68 | 78 | 32 |
| <i>Liabilities:</i> | | | | | |
| Creditors falling due within one year | 14 | (1) | (11) | (12) | (51) |
| Net Current assets | | 9 | 57 | 66 | (19) |
| Net assets | | 150 | 1,150 | 1,300 | 1,861 |
| <i>The funds of the charity:</i> | | | | | |
| Unrestricted funds: | 15 | 150 | - | 150 | 159 |
| Restricted funds | | - | 1,150 | 1,150 | 1,702 |
| Total charity funds | | 150 | 1,150 | 1,300 | 1,861 |

The notes at pages 15 to 21 form part of these accounts

Signed:

Name:

Date:

Notes to the Accounts

1. Accounting Policies

(a) **Basis of preparation**

The financial statements have been prepared under the historic cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005) issued in March 2005 and applicable UK Accounting Standards and the Charities Act 1993.

(b) **Cash Flow Statement**

A cash flow statement is not included as this is not required for charities which fall below the "small companies' threshold" as per FRS 1 (two of £5.8m gross turnover; £2.8m gross assets; 50 employees).

(c) **Funds structure**

Funds are a mixture of restricted and unrestricted. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor at the time the donation was made. Unrestricted funds comprise those funds which the Trustee is free to use for any purpose in furtherance of the charitable objects. The major funds held are disclosed in note 15.

(d) **Incoming resources**

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

(e) **Incoming resources from legacies**

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

(f) **Resources expended**

Expenditure is recognised when a liability is incurred. Grant commitments are recognised when a constructive obligation arises that result in payment being unavoidable.

Grants are only made to related or third party NHS bodies and non NHS bodies in furtherance of the charitable objects of the funds. A liability for such grants is recognised when approval has been given by the Trustee. The NHS Trust has full knowledge of the plans of the Trustee, therefore a grant approval is taken to constitute a firm intention of payment which has been communicated to the NHS Trust, and so a liability is recognised.

Contractual arrangements are recognised as goods or services supplied.

(g) **Taxation**

Income and gains received by the Charity are exempt from Income Tax and Corporation Tax provided that the money is used for charitable purposes only. The Charity claims basic rate tax back from HMRC on income received from individuals through Gift Aid donations.

(h) **Irrecoverable VAT**

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

- (i) **Allocation of overhead and support costs**
The support costs include salary recharges, computer software support and bank charges. These have been allocated between charitable activities and governance costs. The costs attributable to charitable activities are apportioned across those activities in proportion to the average fund balance.
- (j) **Costs of generating funds**
The costs of generating funds are the costs associated with generating income for the funds held on trust. There were no fundraising costs incurred for the period of these accounts.
- (k) **Charitable activities**
Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the charity.
- (l) **Governance costs**
Governance costs comprise all costs attributable to ensuring the public accountability of the charity and its compliance with regulation and good practice including internal and external audit.
- All governance costs are charged to unrestricted funds.
- (m) **Investments**
Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.
- The Common Investment Fund Units are included in the balance sheet at the closing dealing price at 31 March 2013.
- (n) **Realised gains and losses**
All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later).
- (o) **Pensions**
The Charity does not have any employees and therefore no pension contributions are payable.

2. Related party transactions

During the year none of the members of the NHS Trust Board or senior NHS Trust staff or parties related to them were beneficiaries of the charity.

Neither the Corporate Trustee nor any member of the NHS Trust Board has received honoraria, emoluments or expenses in the year and the Trustee has not purchased trustee indemnity insurance.

The Shrewsbury and Telford Hospital NHS Trust makes a number of administrative services, including accounts preparation, available to the charity by agreement with the trustees. These are included within support costs (note 5).

3. Analysis of voluntary income

| | Unrestricted funds £000 | Restricted funds £000 | 2013 Total £000 | 2012 Total £000 |
|--------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Donations | 18 | 352 | 370 | 335 |
| Legacies | 24 | 78 | 102 | 248 |
| Total | 42 | 430 | 472 | 583 |

4. Incoming resources from charitable activities

There are no incoming resources from charitable activities.

5. Allocation of support costs and overheads

| Allocation and apportionment to Governance Costs | 2013 Total £000 | Allocated to Governance Costs £000 | Allocated to Support Costs £000 |
|---|-----------------------|--|---------------------------------------|
| Salaries and related costs | 32 | - | 32 |
| External Audit | 8 | 8 | - |
| Membership fee | 1 | - | 1 |
| Cash carrier | 1 | - | 1 |
| Software Support | 1 | - | 1 |
| Total | 43 | 8 | 35 |

The support costs have all been apportioned proportionately to average fund balances. All governance costs are charged to unrestricted funds

6. Analysis of charitable expenditure

The charity undertook direct charitable activities for the benefit of both staff and patients at the Shrewsbury and Telford Hospital NHS Trust.

| | Activities undertaken directly £000 | Support Costs £000 | 2013 Total £000 | 2012 Total £000 |
|---|--|--------------------------|-----------------------|-----------------------|
| Patient welfare and amenities | 183 | 6 | 189 | 386 |
| Staff welfare and amenities | 2 | 0 | 2 | 29 |
| Staff education, training and development | 80 | 4 | 84 | 123 |
| Cancer Centre | 824 | 25 | 849 | 516 |
| Total | 1,089 | 35 | 1,124 | 1,054 |

7. Analysis of grants

There are no grants made to institutions or to individuals.

8. Transfers between funds

There are no transfers between restricted and unrestricted funds.

9. Analysis of staff costs

The Charity does not have any employees. The administration of the funds is carried out by employees from the Shrewsbury and Telford Hospital NHS Trust. The employees' salary and related costs are recharged to the Charity from the Trust. These are analysed as follows:

| | 2013 Total £000 | 2012 Total £000 |
|-----------------------|-----------------------|-----------------------|
| Salaries and wages | 26 | 26 |
| Social security costs | 2 | 2 |
| Other pension costs | 4 | 3 |
| Total | <u>32</u> | <u>31</u> |

The average number of recharged full time equivalent employees during the year was 1.2 (2012: 1.2) with all employee time involved in providing support services to charitable activities.

No employees had emoluments in excess of £60,000 (2012: nil).

10. Auditor's remuneration

The external auditor's remuneration of £7,650 (2012: £7,650) related solely to the audit with no other additional work undertaken.

11. Fixed asset investments

| Movement in fixed asset investments | 2013 Total £000 | 2012 Total £000 |
|---------------------------------------|-----------------------|-----------------------|
| Market value brought forward | 1,880 | 2,140 |
| Add: additions to investments at cost | 117 | 500 |
| Less disposals at carrying value | (795) | (850) |
| Add net gain/loss on revaluation | 32 | 90 |
| Market value as at 31 March | <u>1,234</u> | <u>1,880</u> |

| Fixed asset investments : | | | 2013 Total £000 | 2012 Total £000 |
|---------------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------|
| Common investment funds | Units held as at 31 March 2013 | Units held as at 31 March 2012 | | |
| Deposit Fund | | | 144 | 323 |
| Fixed Interest Account | 812,338 | 1,185,028 | 1,090 | 1,557 |
| Total | | | <u>1,234</u> | <u>1,880</u> |

12. Total income from investments and cash on deposit

| | 2013 Total £000 | 2012 Total £000 |
|--|-----------------------|-----------------------|
| Quoted investments (fixed asset investments) | 67 | 101 |
| Total | <u>67</u> | <u>101</u> |

13. Analysis of current assets

| | 2013 | 2012 |
|----------------------|-----------------|------------------|
| Debtors under 1 year | Total | Total |
| | £000 | £000 |
| Accrued income | <u>4</u> | <u>14</u> |
| Total | <u>4</u> | <u>14</u> |

Debtors wholly represent any sums owed to the charity by a related party at 31 March.

| Analysis of cash and deposits | 2013 | 2012 |
|---------------------------------|------------------|------------------|
| | £000 | £000 |
| Royal Bank of Scotland Accounts | <u>74</u> | <u>18</u> |
| Total | <u>74</u> | <u>18</u> |

14. Analysis of current liabilities

| | 2013 | 2012 |
|------------------------|------------------|------------------|
| Creditors under 1 year | Total | Total |
| | £000 | £000 |
| Accruals | <u>12</u> | <u>51</u> |
| Total | <u>12</u> | <u>51</u> |

Creditors represent sums owed at 31 March by the charity.

15. Analysis of charitable funds

| | Balance b/fwd £000 | Incoming resources £000 | Resources expended £000 | Fund c/fwd £000 |
|--------------------------------|--------------------------|-------------------------------|-------------------------------|-----------------------|
| Restricted Funds | | | | |
| Shropshire Blood Research | 653 | 123 | -621 | 155 |
| Renal | 122 | 21 | -7 | 136 |
| Head and Neck | 271 | 10 | -206 | 75 |
| Vascular | 62 | 4 | -14 | 52 |
| Ward 21 | 24 | 33 | -5 | 52 |
| Neonatal Unit | 32 | 42 | -25 | 49 |
| Breast Cancer Fund | 36 | 18 | -9 | 45 |
| Cardiology PRH | 17 | 27 | -3 | 41 |
| Diabetes Centre | 17 | 28 | -7 | 38 |
| Cardiology RSH | 27 | 15 | -6 | 36 |
| Oncology Rainbow | 19 | 20 | -14 | 25 |
| Ward 22C | 23 | 2 | -1 | 24 |
| Respiratory Resource Centre | 10 | 14 | -2 | 22 |
| Colorectal | 18 | 4 | 0 | 22 |
| Other funds below £20K | 371 | 177 | -170 | 378 |
| Unrestricted Funds | | | | |
| SATH Development & Improvement | 111 | 46 | -57 | 100 |
| SATH Unrestricted Fund | 48 | 6 | -4 | 50 |
| Grand Total | 1,861 | 590 | -1,151 | 1,300 |

Description, nature and purpose of the fund

Name of Fund

| | |
|--------------------------------|---|
| Shropshire Blood Research | This fund is for the benefit of staff and patients within the Haematology Unit. |
| Renal | This fund is for the benefit of staff and patients within the Renal Unit. |
| Head and Neck | This fund is for the benefit of staff and patients in the Head and Neck Unit. |
| Vascular | This fund is for the benefit of staff and patients within Vascular. |
| Ward 21 | This fund is for the benefit of staff and patients within Ward 21 (Cancer). |
| Neonatal Unit | This fund is for the benefit of staff and patients within the Neonatal Unit. |
| Breast Cancer | This fund is for the benefit of staff and patients within the Breast Cancer Unit. |
| Cardiology PRH | This fund is for the benefit of staff and patients within the Cardiology Unit at PRH. |
| Diabetes Centre | This fund is for the benefit of staff and patients within the Diabetes Hummingbird Centre. |
| Cardiology RSH | This fund is for the benefit of staff and patients within the Cardiology Unit at RSH. |
| Oncology Rainbow | This fund is for the benefit of staff and patients on the Oncology Rainbow Ward. |
| Ward 22C | This fund is for the benefit of staff and patients within Ward 22C. |
| Respiratory Resource Centre | This fund is for the benefit of staff and patients within the Respiratory Resource Centre. |
| Colorectal | This fund is for the benefit of staff and patients within the Colorectal Unit. |
| SATH Development & Improvement | This fund has general objects for any charitable purpose relating to the NHS for use by all departments/wards within the hospitals. |
| SATH Unrestricted Fund | This fund is for the benefit of staff and patients in all wards and departments within the hospitals. |

16. Material Legacies

Legacy income is only included in incoming resources where receipt is reasonably certain and the amount is known with certainty, or the legacy has been received. As at 31 March 2013 (31 March 2012: nil) the charity had not accrued any legacies as the amount of the notified legacies was not certain.



cutting through complexity™

The Shrewsbury and Telford Hospital NHS Trust charitable funds

Audit highlights memorandum and management letter for the year
ended 31 March 2013

January 2014

The contacts at KPMG in connection with this report are:

Andrew Bostock

Engagement Partner
(Charity Accredited)

Tel: 0121 232 3215

Andrew.bostock@kpmg.co.uk

Simon Stanyer

Manager
(Charity Accredited)

Tel: 0121 232 3694

simon.stanyer@kpmg.co.uk

| | Page |
|--------------------------------------|-------------|
| Executive summary | 2 |
| Audit status and observations | 3 |
| Appendices | 5 |
| 1. Summary of audit differences | |
| 2. Accounting update | |
| 3. Tax Update | |
| 4. Auditor independence | |

This report is addressed to The Shrewsbury and Telford Hospital NHS Trust as the corporate Trustee of The Shrewsbury and Telford Hospital NHS Trust Charitable Funds, and has been prepared for the use of the Trustee only. We accept no responsibility towards any member of staff acting on their own, or to any third parties.

External auditors do not act as a substitute for the Trustee own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that charitable money is safeguarded and properly accounted for, and used in line with the intentions of the donors.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Bostock who is the engagement partner to the Charity, telephone 0121 232 3215 or email andrew.bostock@kpmg.co.uk who will try to resolve your complaint.

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

| Audit conclusions | | |
|----------------------------|---|--------------|
| ✓ | <ul style="list-style-type: none"> An unqualified audit opinion is proposed on the financial statements. | |
| Accounting matters | | |
| ✓ | <ul style="list-style-type: none"> No material audit differences were identified during the course of the audit. We identified a small number of presentational issues during our audit and we understand that Management have adjusted for all of these matters. | Appendix 1 |
| ✓ | <ul style="list-style-type: none"> Accounting policies appropriate for the annual report and the financial statements are in accordance with disclosure requirements of relevant charities legislation, UK GAAP and the Statement of Recommended Practice. | |
| Auditing matters | | |
| ✓ | <ul style="list-style-type: none"> We have completed the audit subject to receipt of the signed management representations letter. | Page 3 and 4 |
| ✓ | <ul style="list-style-type: none"> No significant audit issues arose during the course of our audit of the Charity. The total charitable funds fell by £0.561m in the year from £1.861m to £1.300m primarily as a result of the new Cancer Centre. | |
| Systems and controls | | |
| ✓ | <ul style="list-style-type: none"> No major weaknesses in the financial systems were identified. | |
| Regulatory and tax matters | | |
| ✓ | <ul style="list-style-type: none"> No significant regulatory or tax matters came to our attention during the course of our normal audit work. | |

The purpose of this document is to set out certain matters which came to our attention during the course of our audit of the accounts of the Shrewsbury and Telford Hospital NHS Trust charitable funds (the Charity) for the year ended 31 March 2013.

The purpose of our audit

The main purpose of our audit, carried out in accordance with the Clarified International Auditing Standards issued by the Auditing Practices Board, is to issue a report to the Trustee of The Shrewsbury and Telford Hospital NHS Trust charitable funds. This expresses in our opinion, whether the Charity financial statements:

- **give a true and fair view**, in accordance with UK Generally Accepted Accounting Practice, of the state of the Charity's affairs as at 31 March 2013 and of its incoming resources and application of resources for the year then ended; and
- **have been properly prepared** in accordance with the SORP 2005.

Our audit objectives

Our audit objectives go beyond the delivery of the statutory requirements of audit (the provision of an opinion) and reflect our desire to meet and exceed the Charity's expectations. Our audit objectives are to:

- deliver a high quality, efficient audit, focusing on key issues and risks, with an appreciation of operational sensitivities and of the overall environment in which the Charity operates;
- provide added value commentary on current issues, control recommendations and accounting and regulatory developments in our management reporting;
- report effectively within agreed timescales.

In delivering these objectives, we worked closely with finance staff to ensure that our work was undertaken with the minimum of disruption to the Trust.

Acknowledgements

- We would like to take this opportunity to thank the Charitable Funds accountant and finance team for their co-operation and assistance with our audit.

We set out below details of the required communications to the Trustee:

| | |
|---|---|
| Disagreement with management | There have been no disagreements with management on financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our auditors' report on the financial statements. |
| Consultation with other accountants | To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year that were subject to the requirements of Statement 1.213 of the Institute of Chartered Accountants in England and Wales Guide of Professional Ethics. |
| Difficulties encountered in performing the audit | We encountered no fundamental difficulties in dealing with management in performing the audit. |
| Material written communications | In accordance with the communication requirements of Clarified International Standard on Auditing (UK and Ireland) 260, we provide the following material written communications to the Trustee: <ul style="list-style-type: none"> ■ Report to the Charitable Fund Committee – this is the main body of this report; and ■ KPMG Independence communication (appendix 3). |

Audit status and observations

| | |
|-----------------------------------|---|
| Management Representations | In accordance with Clarified ISA 580 <i>Written representations</i> , we will request written representations from those charged with governance. |
| Audit misstatements | Under the requirements of Clarified ISA 260 <i>Communication of audit matters with those charged with governance</i> , we are required to report any adjusted audit misstatements arising from our work. There are no material unadjusted misstatements (see Appendix 1) |

Audit of the Shrewsbury and Telford Hospital NHS Trust charitable funds

Our audit work on the financial statements is now substantially complete and we plan to issue an unqualified audit opinion for the year ended 31 March 2013 (based on our position at the date of this report), following our receipt of the management representations letter.

There were no significant issues identified during our audit as reported in this document in appendix 1.

Management Report

Our objective is to use our knowledge of the Charity gained during our routine audit work to make useful comments and suggestions for you to consider. However, you will appreciate that our routine audit work is designed to enable us to form the above audit opinion on the annual financial statements of the Shrewsbury and Telford Hospital NHS Trust charitable funds. It should not be relied upon to disclose errors or irregularities which are not material in relation to those financial statements.

Summary of audit differences

We are required by ISA (UK and Ireland) 260 Communication of Audit Matters to Those Charged with Governance to communicate all uncorrected misstatements, other than those that we believe are clearly trivial, to the Charitable Funds Committee. We are also required to report all material misstatements that management has corrected but that we believe should be communicated to the Charitable Funds Committee to assist it in fulfilling its governance responsibilities.

Audit differences

We identified no material audit difference during the course of our audit for the year ended 31 March 2013.

Appendix 1 Summary of control weaknesses

We have sought to rely wherever possible on the systems and internal controls operating at the Charity and in doing so we have identified a number of recommendations for control improvements that are set out below.

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

| Grade | Observation | Recommendation | Management response |
|--|--|----------------|---------------------|
|  | <p>The IAS27 exemption for Charities not to be consolidated with the main Trust accounts no longer applies from 2013/4. However, individual charities can be excluded on materiality ground or due to local governance arrangements if applicable.</p> <p>If the Trust is proposing to not consolidate the charity accounts, it needs to set out its approach and rationale for not consolidating.</p> | | |

New UK GAAP

In March 2013, the Financial Reporting Council (FRC) issued FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. This is the main part of the new UK GAAP regime and follows the issue in November 2012 of FRS 100 (overview of the framework) and FRS 101 (reduced disclosure framework that is not applicable to charities).

Charities will apply FRS 102, or, if eligible the FRSSSE. They are not allowed to apply EU-IFRS or FRS 101. FRS 102 is based on the IFRS for Small and Medium Sized Enterprises (IFRS for SMEs) although amendments were made specifically for the UK market. There is a reduced disclosure framework under FRS 102 which, if certain criteria are met, exempts a charity's subsidiaries from preparing a cash flow statement, and certain other disclosures.

New UK GAAP is applicable for accounting periods beginning on or after 1 January 2015. This will require a transition balance sheet to be prepared as at 1 April 2014. Early adoption is permitted for periods ending on or after 31 December 2012 once the Charities SORP has been issued.

| Accounting regime | Applicable to: | Example: |
|---|---|---|
| FRS 102 | <ul style="list-style-type: none"> Large and medium sized entities | <ul style="list-style-type: none"> Large and medium private companies Larger charities |
| FRS 102 with reduced disclosures | <ul style="list-style-type: none"> Individual accounts of qualifying parent and subsidiary entities* | <ul style="list-style-type: none"> Parent company and subsidiaries in a group Company subsidiaries in a charitable group |
| FRSSSE | <ul style="list-style-type: none"> Eligible small entities | <ul style="list-style-type: none"> Small** private companies Small** charities |

* A qualifying parent or subsidiary is a member of a group that prepares publicly available financial statements intended to give a true and fair view, in which it is consolidated. Fewer exemptions are available for financial institutions.

** As defined by company law

Statement Of Recommended Practice (SORP) 2005

The SORP applies to all UK charities that prepare accruals-based accounts to give a true and fair view of a charity's financial activities and financial position. The SORP provides guidance on the application of accounting standards by charities.

The SORP Committee is now drafting the next SORP to reflect the new UK accounting framework. The new SORP is likely to take the form of online modules rather than be a single published book to provide guidance on the application of FRS 102 including the PBE specific requirements. A draft SORP in modular form will be made available for public consultation in due course and it is anticipated the consultation will commence in summer 2013, aiming to launch the SORP mid-2014.

FRS 102 GAAP differences

Differences between FRS 102 and current UK GAAP that may impact charities are set out in the table below. As you can see, the charity is not likely to be significantly affected by these changes.

| Selected GAAP differences | | | |
|---------------------------------------|---|---|---|
| | Current UK GAAP | FRS 102 | EU-IFRS* |
| Defined benefit pension plans | <ul style="list-style-type: none"> Multi-employer plans (including group) off balance sheet in individual accounts Expected return on assets reflects returns expected on assets held | <ul style="list-style-type: none"> Group plans must be on at least one balance sheet. For non-group multi-employer plans, provision is made for agreed deficit funding One net interest charge/credit based on net balance sheet asset/liability i.e., return on asset element calculated using liability discount rate | <ul style="list-style-type: none"> Group plans must be on at least one balance sheet. For non-group multi-employer plans, provision is made for agreed deficit funding One net interest charge/credit based on net balance sheet asset/liability i.e., return on asset element calculated using liability discount rate (for periods commencing 1 January 2013) |
| Goodwill | <ul style="list-style-type: none"> Rebuttable presumption that amortised over maximum life of 20 years Intangibles generally subsumed within goodwill | <ul style="list-style-type: none"> Amortised over a presumed life of five years unless has longer life Intangibles recognised separately | <ul style="list-style-type: none"> No amortisation, but reviewed annually for impairment Intangibles recognised separately |
| Derivatives | <ul style="list-style-type: none"> Generally off balance sheet (non-FRS 26) | <ul style="list-style-type: none"> On balance sheet | <ul style="list-style-type: none"> On balance sheet |
| Intercompany payables and receivables | <ul style="list-style-type: none"> Recognised at face value (non-FRS 26) | <ul style="list-style-type: none"> Recognised at fair value If the loan is for a fixed term and not at a commercial rate then fair value will not equal face value. | <ul style="list-style-type: none"> Recognised at fair value If the loan is for a fixed term and not at a commercial rate then fair value will not equal face value. |
| Borrowing / Development costs | <ul style="list-style-type: none"> May capitalise when criteria met | <ul style="list-style-type: none"> May capitalise when criteria met | <ul style="list-style-type: none"> Must capitalise when criteria met |

* Under company and charity law a charity cannot apply EU-IFRS. The accounting treatment is given here for completeness.

Gift Aid – Charities Online

Charities Online is a new service through which HMRC will administer electronic repayment claims for Gift Aid, the Gift Aid Small Donations Scheme and repayment of tax on other income. Charities Online went live on 22 April 2013. HMRC guidance regarding the new system can be found at:

<http://www.hmrc.gov.uk/charities/online/index.htm>

The new system is intended to make it quicker and easier for charities to submit repayment claims and it is expected that claims should be processed and paid within 15 working days under the new system. In addition built-in checks are designed to help reduce errors and limit the risk of claims being rejected by HMRC. There are three options for charities to make their repayment claims under the new system:

- 1) Use HMRC online form – for a claim with up to 1,000 donors (there is no limit to the number of online forms that can be submitted);
- 2) Use own internal database – for a claim with up to 500,000 donors (one claim can be submitted per day);
- 3) Use a new paper form ChR1 – for those charities that do not have internet access.

In addition there are transitional provisions which will allow charities to make claims using the old paper form R68(i) until 30 September 2013.

Gift Aid Small Donations Scheme (GADS)

GADS became effective on 6 April 2013 and is intended for small cash donations received in collection boxes/bucket collections. GADS enables eligible charities to receive a Gift Aid style repayment on small (up to £20) cash donations without the need to obtain Gift Aid declarations from donors for those donations.

A charity is eligible under the GADS if it has been in existence for at least three years and made two valid Gift Aid claims in the previous four years. A matching rule applies so that for every £10 of donations claimed in a tax year under GADS an eligible charity must also claim £1 of donations under Gift Aid. The scheme is subject to an overall cap of £5,000 of small donations per year, although this cap may be increased in certain circumstances.

Gift Aid – Audits

HMRC are increasingly carrying out audits on Gift Aid reclaims made by charities to ensure that the correct amount of Gift Aid is being claimed. If in the course of an audit HMRC are unable to validate the basis of a Gift Aid claim then the charity will be considered to have been overpaid in relation to its Gift Aid repayment. HMRC will therefore seek to recover overpaid tax for all relevant years plus interest and possibly penalties. The charity will also be required to undertake remedial action, during which period Gift Aid claims could be suspended.

The charity should review its systems, procedures and documentation surrounding Gift Aid reclaims to ensure that the correct amount of Gift Aid is being claimed and thereby reduce the risk of repayment, penalties or a possible suspension.

Professional ethical standards require us to communicate to you in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgment, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of Andrew Bostock and the audit team. This letter is intended to comply with this requirement. We have summarised below the fees paid to us by the charity for significant professional services provided by us during the reporting period.

We are satisfied that our general procedures support our independence and objectivity.

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP Audit Partners, Directors and staff annually confirm their compliance with our Ethics and Independence Manual including in particular that they have no prohibited shareholdings. Our Ethics and Independence Manual is fully consistent with the requirements of the APB Ethical Standards. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent review.

Please inform us if you would like to discuss any of these aspects of our procedures in more detail.

There are no other matters that, in our professional judgement, bear on our independence which need to be disclosed to the Charitable Funds Committee or the Trust Board.

We confirm that as of 16 January 2014, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Director and audit staff is not impaired.

This report is intended solely for the information of the Charitable Funds Committee of the Trust Board and should not be used for any other purposes.

Any additional services provided by KPMG to you are approved by management under delegated authority from the Corporate Trustee to ensure transparency. In addition to the audit of the financial statements, during 2012/13 KPMG has also undertaken no other work for the Corporate Trustee in respect of the Charity.



cutting through complexity™

© 2014 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International.

Royal Shrewsbury Hospital
Mytton Oak Road
Shrewsbury
Shropshire
SY3 8XQ

Tel: 01743 261114

Fax: 01743 261006

Private & confidential

Andrew Bostock
Partner, KPMG LLP
One Snow Hill
Snowhill Queensway
Birmingham
B4 6GH

28th January 2014

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of The Shrewsbury and Telford Hospital NHS Trust Charity (“the Charity”), for the year ended 31 March 2013 for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the state of the Charity’s affairs as at 31 March 2013 and of its surplus or deficit for the financial year then ended;
- ii. whether the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- iii. whether the financial statements have been prepared in accordance with the Charities Act 2011(or its predecessors).

These financial statements comprise the balance sheet as at 31 March 2013, the statement of financial activities for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Trustees confirm that the representations they make in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Trustees confirm that, to the best of their knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing themselves:

Financial statements

1. The Trustees have fulfilled their responsibilities, as set out in the terms of the audit engagement letter for the preparation of financial statements that:
 - give a true and fair view of the state of the Charity’s affairs as at the end of its financial year and of its surplus or deficit for that financial year;
 - have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the Charities Act 2011(or its predecessors).The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Trustees in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which FRS 21 *Events after the balance sheet date* requires adjustment or disclosure have been adjusted or disclosed.

Information provided

4. The Trustees have provided you with:
 - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from the Trustees for the purpose of the audit; and
 - unrestricted access to persons within the Charity from whom you determined it necessary to obtain audit evidence.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. The Trustees acknowledge their responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Trustees acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

The Trustees have disclosed to you the results of their assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

7. The Trustees have disclosed to you all information in relation to:
 - a) Fraud or suspected fraud that it is aware of and that affects the Charity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements; and
 - (b) allegations of fraud, or suspected fraud, affecting the Charity's financial statements communicated by employees, former employees, analysts, regulators or others.
8. The Trustees have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements. Further, the Trustees have disclosed to you and have appropriately accounted for and/or disclosed in the financial statements in accordance with UK Generally Accepted Accounting Practice all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
9. The Trustees have disclosed to you the identity of the Charity's related parties and all the related party relationships and transactions of which it is aware and all related party relationships and transactions have been appropriately accounted for and disclosed in accordance with FRS 8 *Related party disclosures*.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as the Trustees understand them and as defined in FRS 8.

10. The Trustees confirm that:

- (a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the charity's ability to continue as a going concern as required to provide a true and fair view.
- (b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Charity to continue as a going concern.

This letter was tabled and agreed at the Finance Committee meeting on 28 January 2014.

Yours faithfully,

Neil Nisbet
Finance Director

Appendix A to the Trustees' Representation Letter of The Shrewsbury and Telford Hospital NHS Trust Charity: Definitions

Financial Statements

A complete set of financial statements comprises:

- a balance sheet as at the end of the period;
- a statement of financial activities for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information.

Material Matters

Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related party

A party is related to an entity if:

- (a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the entity that gives it significant influence over the entity; or
 - (iii) has joint control over the entity;
- (b) the party is an associate (as defined in FRS 9 *Associates and Joint Ventures*) of the entity;
- (c) the party is a joint venture in which the entity is a venturer (as defined in FRS 9 *Associates and Joint Ventures*);
- (d) the party is a member of the key management personnel of the entity or its parent;

- (e) the party is a close member of the family of any individual referred to in subparagraph (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Related party transaction

A transfer of assets, or liabilities or the performance of services by, to or for a related party irrespective of whether a price is charged.

Related party

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 8 *Related Party Disclosures* as the “reporting entity”).

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a retirement benefit scheme for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a scheme, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Related party transaction

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.