

**Whittington Health  
Trust Board Meeting Trust  
3<sup>rd</sup> December 2014**

<b>Title:</b>	The Whittington Hospital NHS Trust Charitable Funds Annual Account and Report 2013/14					
<b>Agenda item:</b>	<b>14/178</b>		<b>Paper</b>		<b>11</b>	
<b>Action requested:</b>	<p>Adopt and sign off the audited Accounts and Annual Report for the financial year 2013/14 for submission to the Charity Commission.</p> <p>Letter of Management Representations to be signed off by Chief Executive.</p>					
<b>Executive Summary:</b>	<p>The accounts and annual report of the Charity for the financial year 2013/14 have been finalised and audited.</p> <p>The accounts have been amended to address a few minor presentational issues as raised by the Auditors</p> <p>Key headlines include;</p> <ul style="list-style-type: none"> <li>- Total value of Fund balance as at March 2014 was £1,328k compared to £1263k as at March 2013. This is made up of fixed assets of £1,231k, current assets of £303k (this includes cash of £95k) and creditors of £206k.</li> <li>- Total investment portfolio as at March 2014 was £1,231k, compared to £1,042k in March 2013.</li> </ul>					
<b>Summary of recommendations:</b>						
<b>Reference to related / other documents:</b>						
<b>Date paper completed:</b>	26 <sup>th</sup> November 2014					
<b>Author name and title:</b>	Enitan Akinyemi Finance Manager		<b>Director name and title:</b>	Ursula Grueger Deputy Director of Finance		
<b>Date paper seen by EC</b>		<b>Equality Impact Assessment complete?</b>		<b>Risk assessment undertaken?</b>		<b>Legal advice received?</b>

# **The Whittington Hospital NHS Trust Charitable Funds**

## **Annual Report for the year ending 31 March 2014**



Registered Charity Number  
1056452

The Whittington Hospital NHS Trust  
Magdala Avenue  
London N19 5NF  
Tel. 020 7288 5641

## **The Whittington Hospital Charitable Funds**

The Whittington Hospital NHS Trust Charitable Fund is a registered charity. Its purpose is to accept, hold and administer any property on trust for all or any purposes relating to Whittington Health services, including education and research, or to any other part of the Health Service associated with the Whittington. The charity includes the Whittington Hospital Medical Education Charitable Fund, which transferred in 2001, and Haringey and Islington PCTs Charitable Funds which transferred from North Central London (Camden PCT) in 2011 when the Whittington became an Integrated Care Organisation.

### **Corporate Trustee**

The Board of the Whittington Hospital NHS Trust act as corporate trustee of the charitable funds and is accountable to the Charity Commission. Following the transfer of services from the Royal Northern Hospital, the main consolidated hospital funds were formally established by model declaration of trust in 1996, for any charitable purposes relating to the Trust. In 2001, The Whittington Hospital Medical Education Charitable Fund, which had been a separate entity, was brought under the same corporate trustee as the main funds. In July 2011 Statutory Instrument SI 2011 no.1552 transferred the former Haringey and Islington PCT funds held on trust from Camden PCT to the Whittington Hospital NHS Trust.

### **Delegation to fund-holders**

The Corporate Trustee delegate day-to-day administration of funds to relevant senior Whittington Health employees or people with joint contracts of employment with the health organisation and the university. These fund holders work within a framework of rules and policies set down by the Corporate Trustee. Fund holders are responsible for ensuring that the funds are used in accordance with the donors' wishes and the objectives of the charity.

### **Board Members acting during 2013/2014:**

Joe Liddane	Chairman (April – August 2013)
Steve Hitchins	Chairman (From January 2014)
Dr Yi Mien Koh	Chief Executive
Maria Da Silva	Chief Operating Officer (April- June 2013)
Lee Martin	Chief Operating Officer (From June 2013)
Martin Kuper	Executive Medical Director
Dr Greg Battle	Medical Director Integrated Care
Richard Martin	Director of Finance (April – August 2013)
Simon Wombwell	Chief Finance Officer (From August 2013)
Bronagh Scott	Director of Nursing and Patient Experience (April 2013 – February 2014)
Jill Foster	Director of Nursing and Patient Experience (From March 2014)
Robert Aitken	Deputy Chairman and Non-Executive Director (April 2013 – January 2014)
Jo Ridgeway	Director of Organisational Development
Anita Charlesworth	Non-Executive Director
Jane Dacre	Non-Executive Director
Sue Rubenstein	Non-Executive Director
Peter Freedman	Non-Executive Director
Paul Lowenberg	Non-Executive Director

Rob Whiteman                      Non-Executive Director (From February 2014)  
Tony Rice                              Non-Executive Director (From February 2014)

**The Chair of Corporate Trustee for 2013/2014:**

Joe Liddane                      April 2013 – August 2013  
Robert Aitken                      September 2013 – January 2014  
Steve Hitchins                      January 2014 – March 2014

**Bankers**

Lloyds TSB- City Office Gillingham, PO Box 72 Bailey Drive, Gillingham Business Park, Kent, ME8 0LS

**Investment Managers**

Investec Wealth & Investment Limited - 2 Gresham Street, London, EC2V 7QN, United Kingdom

CCLA Investment Management – 2 Fore Street, London, EC2Y 5AQ

Lloyds TSB- City Office Gillingham, PO Box 72 Bailey Drive, Gillingham Business Park, Kent, ME8 0LS

**External Auditors**

KPMG LLP, 15 Canada Square, London, E14 5GL

## Fundraising

In 2013/14 the charity is pleased to report that it raised just over £250,000 to support the Whittington Health charitable activities. This was below the income raised in the previous year but nonetheless we continue to strive to generate much needed income, especially through fundraising events. The corporate trustee recognises the increasingly challenging economic environment but through the efforts of our fundraisers and the generosity of our donors we continue to generate an income for the charitable trust.

This year the charity continued to raise money through the many opportunities available, but also deciding to create more awareness and focus for our maternity services. To this end, a new appeal was opened in June 2013.

Our aim for this Appeal is to enable the Whittington Health maternity team to create a more comfortable, home-like environment for both mother and baby and contribute towards improving further our well respected maternity service.

### Activities April 2013 to March 2014

There were various events in which participants decided which charitable fund their sponsorship would benefit.

In the spring of 2013 we had five **marathon** runners, raising over £12,000 for various causes. We also had seven **British 10k** runners who collectively raised £2,000 again for various funds.

The “**Sing for your Lungs**” project offers a free session to people with respiratory conditions. It was launched in May at The Whittington Hospital. Between 10 - 20 individuals who have respiratory conditions such as COPD, asthma, emphysema and chronic bronchitis show up for an hour every Thursday for a free lesson at the Physiotherapy Gym, which is led by experienced music therapists and singing facilitators.

It is believed that through singing, vocal exercise and postural work, those attending the group may see improvement in their symptoms. It is also a great chance to meet people suffering from the same condition. The project had a donation of £15k, from which a keyboard was purchased to help with rhythm and make it more professional.

In September 2013, the **Life Force Team**, the Paediatric Palliative Care and Bereavement service for Camden, Haringey and Islington, held a sponsored 10k walk around Regent's Canal in North London to celebrate the 10<sup>th</sup> anniversary of the Trust's Life Force services. The event raised over £5,000 to help the service continue to provide annual parties for the children, memory days and to fund the costs of the arts and craft activities, which are used on a day-to-day basis as part of the team's work with families with terminally ill children.

Our Christmas events included 15 runners participating in the **5k Santa Run**, which raised £1,000 for various causes. We also celebrated the festive period with various performances, from brass bands to school choirs, local community groups. These events, together with the help of volunteers going around with collection buckets, raised over £500.

The popular annual Rotary Club Quiz Night organised by the Rotary Club of Islington, Highgate and Muswell Hill was held in February 2014 and raised over £1,000 for the Whittington Hospital Charitable Funds, most of which was for the maternity appeal. It was a fun night with over 20 tables of keen quizzers.

Other sources of income generating activities included the selling of Whittington Health branded merchandise, which generated £7k this year, this included sales from Highgate Fair in the Square. Pennies from Heaven payroll giving continues to be popular with staff, as well as Zumba classes where £1.50 from the entry fees goes to the charity.

During 2013 the charitable funds were able to purchase a variety of equipment, which provided patients and staff within both hospital and community with better services.

Services which have benefited from the charity this year include Pharmacy, Resuscitation, Oncology, Colposcopy, and wards/units such as Neonatal Intensive Care, Chemotherapy, Montuschi, Ifor children's ward and the Care of Older People service.

The Chemotherapy unit purchased new equipment to help cancer patients live more normal lives. For the Chemotherapy unit, £30,000 was used to purchase two of the scalp cooling systems orbis II. This machine helps cancer patients going through chemotherapy to have a more normal life by reducing the adverse effects that chemotherapy has on a person.

Neonatal Unit Intensive Care Unit purchased equipment such as XLTCK ICU monitor that helps to monitor the baby's brain activity and helps treat them better, they also purchased two photo therapy 4000 machines which helps infant cleanse their blood.

The Islington Lymphoedema Service which deals with swelling of the limb received a new piece of equipment which helps to measure the limbs of lymphoedema patients faster and more accurately, thanks to the generosity of a Whittington Hospital patient. The donor is a local resident who, through her charitable foundation, made the £12,000 gift as a thank-you for the friendly and caring professionalism she has always received at Whittington Hospital.

Pupils from Channing School in Highgate visited the Whittington Hospital in 2013 and created a stunning wall mural in the Ifor children's ward outdoor play area of The Whittington Hospital. The Channing girls chose the hospital's paediatric ward as their charity of the year and raised a total of £7,000 for Ifor children's ward.

The Trustees would like to express their sincere thanks to all donors and fundraisers for their generous efforts in supporting our charity. It is this generosity that allows the Trustees to improve healthcare services for patients at Whittington Health.

## **Income and Expenditure: Overview of the 2013/14 Year**

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### Income

In total, incoming resources were £251,000 in 2013/14 (£190,000 lower than 2012/13).

### Expenditure

Expenditure on charitable activities and income-generating activities was £232,000 (slightly lower in comparison to £236,000 in 2012/13).

The major items of charitable expenditure this year are as follows:

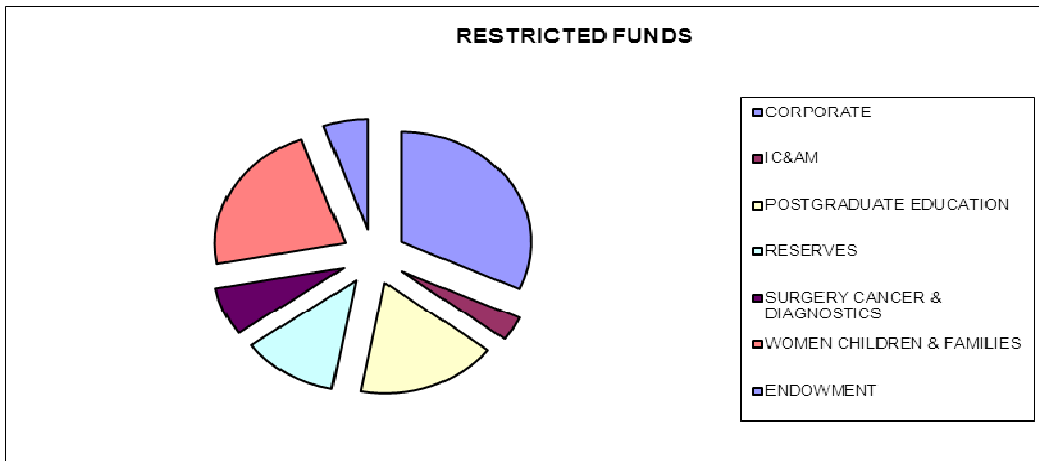
- Purchase of a paxman scalp cooler for chemo patients which costs £30,187
- Perometer System an infrared measuring device used to measure limbs £12,450
- XLTEK ICU monitor for Neonatal Intensive Care Unit £18,500

Governance costs were £48,000.

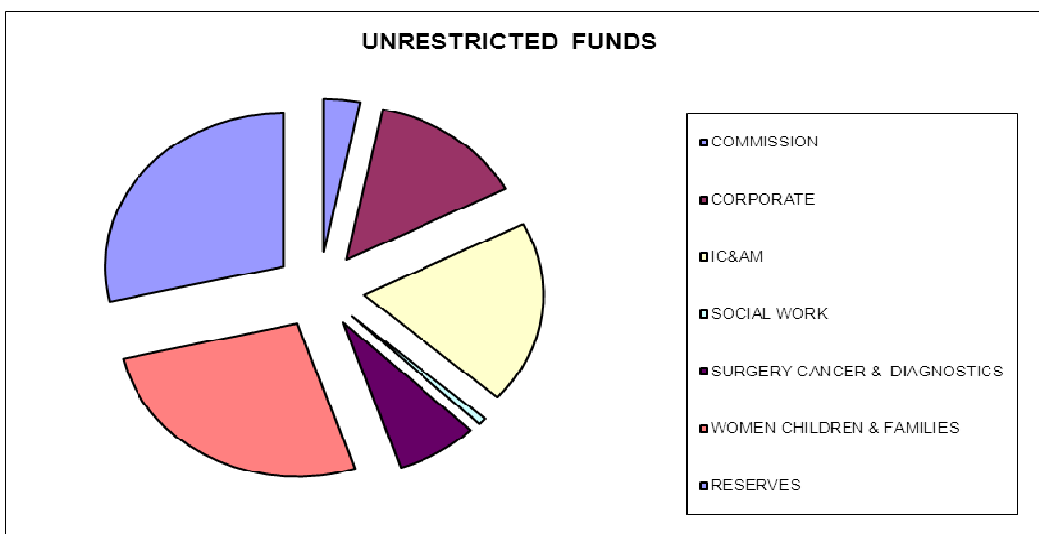
### Fund Balances

Type	Division	Amount
<b>Restricted Funds</b>	CORPORATE	153,909.23
	IC&AM	17,240.36
	POSTGRADUATE EDUCATION	84,201.78
	RESERVES	57,535.33
	SURGERY CANCER & DIAGNOSTICS	34,247.63
	WOMEN CHILDREN & FAMILIES	108,162.12
	ENDOWMENT	26,575.20
<b>Grand Total</b>		<b>481,871.65</b>

NB: Endowment Fund is classified as restricted in the above



Type	Division	Amount
<b>Unrestricted Funds</b>	COMMISSION	27,434.93
	CORPORATE	119,335.52
	IC&AM	163,351.03
	SOCIAL WORK	6,331.56
	SURGERY CANCER & DIAGNOSTICS	62,592.64
	WOMEN CHILDREN & FAMILIES	224,255.79
	RESERVES	242,813.35
<b>Grand Total</b>		<b>846,114.82</b>





TYPE	DIVISION	FUND	Total	
RESTRICTED FUNDS	CORPORATE	General Purposes	38,165	
		Ghe Bequest	68	
		Islington General Fund	9,225	
		Northern Hc	91	
		Nursing Staff	2,912	
		Reginald Pywell Will Trust	1,728	
		Ringfenced Funds	101,720	
		Reserves	57,535	
		<b>CORPORATE Total</b>		<b>211,445</b>
		IC&AM	Care Of Older People Unit	292
	Mental Rehab Cntr Therapy Ipct		2,432	
Physiotherapy Education	14,516			
<b>IC&amp;AM Total</b>		<b>17,240</b>		
POSTGRADUATE EDUCATION	Colposcopy Postgraduate Fund	949		
	General Postgraduate Fund	81,492		
	Gp Study Days Postgrad Fund	1,760		
<b>POSTGRADUATE EDUCATION Total</b>		<b>84,202</b>		
SURGERY CANCER & DIAGNOSTICS	Community Dental Service	23,196		
	Oral Medicine M.Mkt	2,757		
	Radiography	8,295		
<b>SURGERY CANCER &amp; DIAGNOSTICS Total</b>		<b>34,248</b>		
WOMEN CHILDREN & FAMILIES	Chasers Education Fund	261		
	Colposcopy Womens Services	5,039		
	Islington Cfcs Amenity Fund	9,009		
	Madeline Coleman Fund Stl	66,929		
	Sickle Cell Fund	3,266		
	Simon Yudkin Paediatrics	23,466		
	Simon Yudkin Income Recipient	3,109		
	Stammering Children Research	23,658		
<b>WOMEN CHILDREN &amp; FAMILIES Total</b>		<b>134,737</b>		
<b>Restricted + Endowment Funds Total</b>		<b>481,872</b>		
UNRESTRICTED FUNDS	CORPORATE	Art Fund	809	
		Cancer Unit Appeal	22,949	
		Executive Office Fund	349	
		Finsbury Health Centre	5,674	
		G E Embery Bequest	380	
		Haringey General Fund	37,763	
		Highbury Grange Hc Social	1,671	
		History Project	9,071	
		Hornsey Rise Hc Social	5,633	
		Merchandise Fund	13,554	
		Investment Reval Reserve	242,813	
		Marathon 2014	3,173	
		River Place Hc Social	11,336	
		Spiritual & Pastoral Care Fund	2,177	
		Garden Project	1,890	
	<b>CORPORATE Total</b>		<b>359,244</b>	
	IC&AM	Cardiology Dept Fund	8,515	
		Cavell	2,059	
		Cloudesley	661	
		Diabetes Education Fund	962	
		Dorothy Warren Day Hosp Fund	96	
		Dragon	1,469	
		Emergency Department	2,040	
		Geriatric	29,383	
		Mau	100	
		Meyrick	343	
		Montuschi	1,329	
Neurology		577		
Nightingale	4,299			
Palliative Care	3,759			
Research Fund	125			
Thalassaemia Appeal	30,423			
Whittington Chest Clinic	445			
Speech and Language Fund	889			
Pharmacy	75,877			
<b>IC&amp;AM Total</b>		<b>163,351</b>		
SOCIAL WORK	City And Metro Welfare Charity	1,368		
	Mercers Company Charity	4,963		
<b>SOCIAL WORK Total</b>		<b>6,332</b>		
SURGERY CANCER & DIAGNOSTICS	Chemo Suite	-		
	Clinic 4a General Surgery	359		
	Coyle Ward	46,552		
	Ent Academic Fund	622		
	Fracture Clinic	87		
	Haematology	11,090		
	Intensive Care	3,425		
Surg Divisional General Fund	3,362			
<b>SURGERY CANCER &amp; DIAGNOSTICS Total</b>		<b>65,498</b>		
WOMEN CHILDREN & FAMILIES	Maternity General	2,862		
	Betty Mansell Training Fund	173		
	Betty Mansell Ward Fund	6,153		
	Ifor Ward	6,289		
	Maternity Appeal	3,606		
	Lifeforce Team	17,674		
	Maternity Bereavement Fund	7,856		
	Murray And Cellier	5,384		
	Neonatal Intensive Care Unit	13,591		
	Paed Emergency Dept	2,363		
	Paed Outpatients	748		
	Paediatric Oncology	18,521		
Womens Health Outpatients	90			
Womens Services Fund	10,005			
John Waldron Fund	128,942			
<b>WOMEN CHILDREN &amp; FAMILIES Total</b>		<b>224,256</b>		
CORPORATE Commission Restricted Fund	Haringey Genl Fund Commissioner	23,555		
	Trust Gen Fund Ipct Comisioner	3,880		
<b>CORPORATE Commission Restricted Funds Total</b>		<b>27,435</b>		
<b>Unrestricted Funds Total</b>		<b>846,115</b>		
<b>Grand Total</b>		<b>1,327,986</b>		

## Investment Review

The combined value of the investment portfolio as at March 2014 is £1,230,599, most of which is held in stocks. Within the portfolio is a cash balance of £49,230.

Of this total combined portfolio value, £139,960 relates to postgraduate funds, £351,049 relates to community funds and £739,590 relates to the hospital funds.

Over the course of the year, no cash withdrawal was made from the investment portfolio, but an additional £150,000 was placed in a high interest deposit (87% of this amount is from the Waldron Legacy income that currently has no approved spending plan in place).

### ***Investment - Acute***

- The value of the investment portfolio as at March is £739,590; out of this is £150,000 which is currently placed in a high interest deposit account with Lloyds and £2,586 in CCLA portfolio.
- Annual investment income is £20,000 which is in line with last year's total income.
- Portfolio Review: As the year has progressed, Investec continued the implemented asset allocation level which had helped performance and positive stock selection in many asset classes. The UK economy surpassed expectations and is now one of the fastest growing amongst leading developed nations, but this was barely reflected in the performances of local equity indices, which remain highly influenced by global forces.

UK gilts and bonds (21% of the portfolio): performance of the fixed interest bonds returned 2.6% less than the FTA Government All stock Index.

UK equities (49% of the portfolio) have been the largest asset class within the portfolio, performing over the last 12 months 4.4% better than FTSE All Share and 6.5% better than FTSE 100.

Overseas equities (23% of the portfolio) have been the best performing assets class this quarter, having a notable return as a result of good fund selection in US and emerging markets. Collectively over the 12 month period it performed 1.1% less than the FTSE World ex-UK index.

Cash: As at 31 March, 6.3% of the portfolio is currently held as cash.

Overall the total fund return performance has been 3% better than expected.

<b>MAIN</b>	<b>Fund %</b>	<b>Benchmark %</b>	
Last Quarter	0.5	0.4	
Last 12 months	8.4	5.4	
<b>Asset Class</b>	<b>31.03.14</b>	<b>Benchmark %</b>	<b>Diff</b>
Fixed Interest	20.6	25	-4.4
UK Equities	49.2	50	-0.8
Overseas Equities	22.9	20	2.9
Infrastructure	1	0	0
Cash	6.3	5	1
Total	100	100	1.3

### **Investment – Community**

- The value of the investment portfolio as at March is £351,049. The portfolio has decreased by almost £2000 from last quarter December 2012 of £353,002.
- Income of £12,000 was achieved over the course of the year.
- Portfolio Review: Same as the acute.

Overall the total fund has done 1.4% better than expected.

<b>COMMUNITY</b>	<b>Fund %</b>	<b>Benchmark %</b>		
Last Quarter	0.3	0.7		
Last 12 months	8.4	7		
<hr/>				
<b>Asset Class</b>	<b>31.03.14</b>	<b>Benchmark %</b>		<b>Diff</b>
Fixed Interest	13.4	16		-2.6
UK Equities	42.1	45		-2.9
Overseas Equities	24.1	21		3.1
Property	14.2	13		1.2
Infrastructure	2.7	0		2.7
Cash	3.6	5		-1.4
<b>Total</b>	<b>100</b>	<b>100</b>		

***The benchmark indices relate to the total return, including both capital return and income yield.***

**Post Graduate:** This portfolio has a value of £139,960. This portfolio is designated as a non-discretionary account and is a low risk portfolio as the return expected on the income has been more balanced (a combination of capital growth and income). This portfolio therefore has only been invested as cash deposits for yields.

**Lloyds:** £150,000 placed in a high interest deposit for a period of 9 months.

**Fees:** As agreed, this still remains 0.6% of the portfolio as the portfolio total value still remains under £2,000,000.

### **Investec's Investment Outlook**

On the global stage there are three primary factors that have influenced market: the path to normal monetary policy in US, Russia's annexation of Crimea and the slowdown in China; although all these are now well recognised by markets their outcome remains unclear, raising the possibility of yet more uncertainty.

From past experience, markets have had a strong start to the year only for volatility to increase towards the summer months, whether this will be the case again remains to be seen, market believe that underlying recovery remains robust and proof hopefully should be seen in the spring data.

## **Future income and expenses**

### **Income:**

With thanks to M.B.M Legacy – We have now received confirmation that the charity can expect circa £124,000 before the end of 2014/15 financial year. It's also confirmed that the executor have given authority to use the money to support the wider cardiac service provision.

With thanks to J.E.L Legacy - The Charity has been notified of a legacy of £10,000 (unrestricted) and a 16.66 percent residual share of this estate. Solicitors are dealing with this currently and will update the charity as they make any progress is made.

### **Expenses:**

With the exception of general expenses no other major expenditure is currently planned for 2014/15.

<b>Summary Accounts</b>	<b>2013/14</b>	<b>2013/14</b>	<b>2013/14</b>	<b>2013/14</b>	<b>2012/213</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Statement of Financial Activities</b>	<b>Hospital</b>	<b>Postgrad</b>	<b>Community</b>	<b>Total</b>	<b>Total</b>
Charitable donations	168	0	1	169	228
Legacy	3	0	5	8	105
Income from activities	36	0	5	41	86
Investment income	19	1	13	33	22
<b>Total incoming resources</b>	<b>226</b>	<b>1</b>	<b>24</b>	<b>251</b>	<b>441</b>
Charitable Expenditure	128	1	15	144	139
Costs of generating income	26	3	11	40	55
Governance costs	28	5	15	48	42
<b>Total resources expended</b>	<b>182</b>	<b>9</b>	<b>41</b>	<b>232</b>	<b>236</b>
<b>Net incoming (outgoing) resources</b>	<b>44</b>	<b>-8</b>	<b>-17</b>	<b>19</b>	<b>205</b>
Gain/ (Loss) on revaluation of investments	29	0	17	46	88
Fund balance brought forward	846	97	320	1,263	970
<b>Fund balance carried forward</b>	<b>919</b>	<b>89</b>	<b>320</b>	<b>1,328</b>	<b>1,263</b>

<b>Balance Sheet</b>	<b>31.3.14</b>	<b>31.3.13</b>
	<b>£'000</b>	<b>£'000</b>
Fixed Assets: investments	1,231	1,042
Debtors	201	188
Stock	7	6
Cash	95	212
Creditors	-206	-185
Net current assets	1,328	221
<b>Net assets</b>	<b>1,328</b>	<b>1,263</b>
<b>Fund Balances</b>	<b>1,328</b>	<b>1,263</b>

**Finance Department**  
Highgate Wing, Level 2  
Magdala Avenue  
London  
N19 5NF  
Tel: 020 7288 3190  
Fax: 020 7288 5020

Tamas Wood  
Director  
KPMG LLP  
15 Canada Square  
London  
E14 5GL

December 3<sup>rd</sup> 2014

Dear Tamas,

This representation letter is provided in connection with your audit of the financial statements of the Whittington Hospital NHS Trust Charitable Funds (“The Charity”), for the year ended 31 March 2014, 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 2014 and of its surplus or deficit for the financial year then ended;
- ii. whether these 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.

These financial statements comprise the Balance Sheet, the Statement of Financial Activities, and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Trustee confirms that the representations it makes in this letter are in accordance with the definitions set out in Appendix 1 to this letter.

The Trustee confirms, to the best of its knowledge and belief, having made such enquiries as it considered necessary for the purpose of appropriately informing itself:

#### Financial statements

1. The Trustee has fulfilled its responsibilities 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 (“UK GAAP”); and
- have been prepared in accordance with the Charities Act 2011.

The financial statements have been prepared on a going concern basis.



2. Measurement methods and significant assumptions used by the Trustee in making accounting estimates, including those measured at fair value, are reasonable. 3

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 Trustee has 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 Trustee 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 Trustee acknowledges its 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 Trustee acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

7. The Trustee has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

8. The Trustee has 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.

9. The Trustee has 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.



Established as The Whittington Hospital NHS Trust

Chair designate: Mr Steve Hitchins    Chief Executive: Simon Pleydell

10. The Trustee has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with FRS 12 Provisions, Contingent Liabilities and Contingent Assets, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

11. The Trustee has disclosed to you the identity of the Charity's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with FRS 8 Related party disclosures.

12. The Trustee confirms 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 meeting of the Trust Board Meeting on 3 December 2014.

Yours faithfully,

.....  
Simon Pleydell  
Chief Executive Officer, on behalf of the Trustee





## Appendix 1 to the Trustee Representation Letter of the Whittington Hospital NHS Trust Charitable Funds: 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**

Certain representations in this letter are described as being limited to matters that are material.

The ASB's *Statement of Principles for Financial Reporting* states that:

“An item of information is material to the financial statements if its misstatement or omission might reasonably be expected to influence the economic decisions of users of those financial statements, including their assessments of management's stewardship.”

### **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.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

a) was available when financial statements for those periods were authorised for issue; and



b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

### **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 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 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 the entity related to the reporting entity. If the reporting entity is itself such a scheme, the sponsoring employees 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.



Established as The Whittington Hospital NHS Trust

Chair designate: Mr Steve Hitchins    Chief Executive: Simon Pleydell

## **Statement of Trustee's responsibilities in respect of the Trustee's annual report and the financial statements**

Under charity law, the Trustee is responsible for preparing the Trustee's Annual Report and the financial statements for each financial year which show a true and fair view of the state of affairs of the Charity and of the excess of income over expenditure for that period.

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

- Selects suitable accounting policies and then applies them consistently;
- Makes judgements and estimates that are reasonable and prudent;
- States whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- States whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements;
- Prepares the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

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

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

The Trustee is responsible for assessing the major risks to which the charity may be exposed to. The key policies to aid mitigation of such risks are the investment policy and effectiveness of the system of internal control.

The Charity's transaction takes places within the controlled environment of the Trust and are subject to internal and external audit scrutiny

The Trustee confirms that it has met the responsibilities set out above and complied with the requirements for preparing the accounts. The financial statements comprising the Statement of Financial Activities, Balance Sheet and related notes have been compiled from and are in accordance with the financial records maintained by The Charity.

Signed on behalf of the Corporate Trustee of the Whittington Hospital NHS Trust Charitable Funds

**Chief Executive Officer**

**Date**

The Whittington Hospital NHS Trust Charitable Funds

Registered Charity 1056452

Statement of Financial Activities for the Year Ended 31 March 2014

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2013/14 Total Funds £'000	2012/13 Total Funds £'000
Donations		79	91	0	170	228
Legacies		5	2	0	7	105
<b>Voluntary income</b>		<b>84</b>	<b>93</b>	<b>0</b>	<b>177</b>	<b>333</b>
<b>Activities for generating funds</b>		<b>31</b>	<b>11</b>	<b>0</b>	<b>42</b>	<b>86</b>
<b>Investment income</b>		<b>21</b>	<b>11</b>	<b>0</b>	<b>32</b>	<b>22</b>
<b>Total incoming resources</b>		<b>136</b>	<b>115</b>	<b>0</b>	<b>251</b>	<b>441</b>
Costs of generating voluntary income	2	1	0	0	1	18
Fundraising trading costs	2	20	11	0	31	32
Investment management costs		5	2	0	7	5
<b>Costs of generating funds</b>		<b>26</b>	<b>13</b>	<b>0</b>	<b>39</b>	<b>55</b>
Other charitable activities		117	28	0	145	139
<b>Charitable activities</b>	3	<b>117</b>	<b>28</b>	<b>0</b>	<b>145</b>	<b>139</b>
<b>Governance costs</b>		<b>30</b>	<b>18</b>	<b>0</b>	<b>48</b>	<b>42</b>
<b>Total resources expended</b>		<b>173</b>	<b>59</b>	<b>0</b>	<b>232</b>	<b>236</b>
<b>Net incoming resources before other gains or losses</b>		<b>(37)</b>	<b>56</b>	<b>0</b>	<b>19</b>	<b>205</b>
Gains/(losses)		30	16	0	46	88
<b>Net movement in funds</b>		<b>(7)</b>	<b>72</b>	<b>0</b>	<b>65</b>	<b>293</b>
Funds brought forward		853	383	27	1,263	970

The Whittington Hospital NHS Trust Charitable Funds

Registered Charity 1056452

Balance Sheet as at 31 March 2014

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2013/14 Total Funds £'000	2012/13 Total Funds £'000
Investments	7	802	429	0	1,231	1,042
<b>Total fixed assets</b>		<b>802</b>	<b>429</b>	<b>0</b>	<b>1,231</b>	1,042
Debtors	9	7	194	0	201	188
Cash		54	14	27	95	212
Stock		1	6	0	7	6
<b>Total current assets</b>		<b>62</b>	<b>214</b>	<b>27</b>	<b>303</b>	406
Creditors: amounts falling due within one year	10	18	188	0	206	185
<b>Net assets</b>		<b>846</b>	<b>455</b>	<b>27</b>	<b>1,328</b>	1,263
Endowment funds	11	0	0	27	27	27
Restricted income funds	11	0	455	0	455	383
Unrestricted income funds		846	0	0	846	853
<b>Total charity funds</b>		<b>846</b>	<b>455</b>	<b>27</b>	<b>1,328</b>	1,263

Signed on behalf of The Whittington Hospital NHS Trust Charitable Funds

Signed

Name

Position

Date

## **The Whittington Hospital NHS Trust Charitable Funds**

**Registered Charity 1056452**

### **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) and applicable UK Accounting Standards and the Charities Act 2011.

##### **(b) Funds structure**

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as an endowment fund, where the donor has expressly provided that only the income of the fund may be expended, or as a restricted income fund where the donor has provided for the donation to be spent in furtherance of a specified charitable fund.

The Trust has one endowment fund, where the capital is held to generate income for charitable purposes.

Unrestricted income funds which are sub analysed between designated funds where the trustees have set aside amounts to be used for specific purposes, often reflecting the non-binding wishes of the donors and unrestricted funds which are applicable for any purpose of the charity.

##### **(c) 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.

##### **(d) 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 and once all conditions have been fulfilled and it is virtually certain that the amount of incoming resources is known.

##### **(e) Incoming resources from endowment funds**

The incoming resources receivable from the investment of endowment funds are unrestricted but have been earmarked in accordance with the donor's stated wishes.

##### **(f) Resources expended**

constructive obligation committing the charity to the expenditure.

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.

Contractual arrangements are recognised as goods or services supplied.

## **The Whittington Hospital NHS Trust Charitable Funds**

**Registered Charity 1056452**

**Notes to the Accounts (cont.)**

### **1. Accounting policies**

#### **(g) Irrecoverable VAT**

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

#### **(h) Allocation of overhead and support costs**

Overhead and support costs have been allocated between charitable activities and governance costs. Costs which are not wholly attributable to an expenditure category have been apportioned. The analysis of overhead and support costs and the bases of apportionment applied are shown in note 2. Where costs are shared by two or more charitable activities, support costs have been apportioned between categories, for example financial administration costs, on the basis of fund value.

#### **(i) Costs of generating funds**

The costs of generating funds are those costs attributable to generating incoming resources for the charity

#### **(j) Charitable activities**

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objectives of the charity. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to the direct costs. The total costs of each category of charitable expenditure therefore include support costs and an apportionment of overheads, as shown in note 3.

#### **(k) Governance costs**

Governance costs comprise all costs attributable to ensuring the public accountability of the charity and its compliance with regulation and good practice. These costs include those related to statutory audit.

#### **(l) Fixed asset 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.

Quoted stocks and shares are included in the balance sheet at mid-market price, excluding dividend.

#### **(m) 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 carrying value at the year end and opening market value.

#### **(n) Pensions**

All staff charged to charitable funds are on the payroll of the Whittington Hospital NHS Trust, which deducts any pension contributions due. The gross cost including pension contributions is charged to charitable funds.

## **The Whittington Hospital NHS Trust Charitable Funds**

**Registered Charity 1056452**  
**Notes to the Accounts (cont.)**

### **1. Accounting policies**

#### **(o) Risk**

Acceptable risk - A “medium risk” approach is to be adopted in the management of the charity’s investment assets. This is also noted on the Trust Risk register.

#### **(p) Investment Strategy**

The aim of the portfolio structure is to provide both long term growth in capital values and income to maintain those values in real terms. This is achieved through a balance between fixed assets securities, UK equities and collective funds such as unit trust and investment trusts. As there have been significant draw downs over the years, its been necessary to take a gradually lower risk The Trustee has made the following ethical provisions within their instructions to the investment managers such as no investment in tobacco companies, no investment in businesses whose primary role is the manufacture of armaments and investments in alcohol producers and related The trustee aims to maintain sufficient liquid cash resources available to meet six months’

#### **(q) Going Concern**

The accounts were prepared on a going concern basis

#### **(r) Consolidation of Charity accounts with linked NHS Body**

For 2013-14, the divergence from the FReM that NHS Charitable Funds are not consolidated with NHS Trust's own returns is removed. Under the provisions of IAS 27 *Consolidated and Separate Financial Statements*, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. In accordance with IAS 1 *Presentation of Financial Statements*, restated prior period accounts are presented where the adoption of the new policy has a material impact. As charitable income during the year is less than 0.1% of the Trust's revenue (£251k compared to £297,397k), the funds are not considered sufficiently material for



Notes to the Accounts

2. Costs of generating voluntary income

	2013/14 £'000	2012/13 £'000
Salaries	0	0
Other	1	18
	<u>1</u>	<u>18</u>

**Merchandise Trading**

	2013/14 £'000	2012/13 £'000
Opening Stock	6	0
Purchases	8	0
Sales	-7	0
Closing Stock	<u>7</u>	<u>0</u>

Merchandise trading breakdown is new for 2013/14 hence no 2012/13 comparatives

3. Analysis of charitable activities

	2013/14 £'000	2012/13 £'000
Staff (education, research & other)	25	16
Patients	120	123
Institutions	0	0
Grant	0	0
	<u>145</u>	<u>139</u>

4. Related party transactions

The Corporate Trustee consisted of either employees of the Whittington Hospital NHS Trust or non executive directors of Whittington Hospital NHS Trust

During the year none of the employees or non-executive directors acting as Corporate Trustees or members of the key management staff or parties related to them has undertaken any transactions with Whittington Hospital NHS Trust Charitable Funds

The Charity provides a season ticket travel loan scheme which staff of Whittington Hospital NHS Trust are entitled to apply for.

5. Staff costs

No staff are directly employed by the Charity, The Charity currently pays a charge to the Trust for services provided by relevant Trust's employees

No employee earned more than £60,000.

6. Auditor's remuneration

The auditor's remuneration of £3024 (same as 2012/13) is related solely to the audit.

7. Fixed asset investments

	£'000	£'000
Market value brought forward	1,042	654
Additional investment	150	306
Transfer to current assets	0	0
Net gain (loss) on revaluation	46	88
Fees	(7)	(6)
	<u>1,231</u>	<u>1,042</u>

**Market value as at 31 March 2014**

**Analysis of fixed asset investments**

	2013/14 £'000	2012/13 £'000
Investments listed on the Stock Exchange	892	874
Investments in a common deposit fund or common investment fund	140	140
Investment in High Interest Deposit	150	0
Cash held as part of the investment portfolio	49	28
	<u>1,231</u>	<u>1,042</u>

All fixed interest securities and equities were quoted on a Recognised Investment Exchange and unit trusts, and OIECs (open ended investment companies) were authorised under the Financial Services and Markets Act 2000, with the exception of the holdings of the Charities Property Fund and the COIF Charities Property Fund, which are Common Investment Funds, authorised by the Charity Commission

The Whittington Hospital NHS Trust Charitable Funds

Registered Charity 1056452

Notes to the Accounts

8. Post Balance Sheet Events

None

9. Debtors

All debtors are of a miscellaneous nature.

10. Creditors

All creditors are of a miscellaneous nature.

11. Specific purpose fund balances

The following funds have their own governing instruments and are registered as specific purpose funds within the overall charitable fund. All are restricted funds, except the Simon Yudkin Fund, which is an endowment fund.

		2013/14 £'000	2012/13 £'000
General Purpose Fund	Created for any Charitable purpose/s relating to the NHS-'wholly or	38	54
GHE Bequest	mainly for the services provided by the Whittington Hospital NHS Trust The Primary object is to provide facilities and amenities to patients to relieve suffering, anxiety and aid recovery.	0	0
The Whittington NHS Trust Radiology Fund	Created for any charitable purpose/s relating to the NHS for services provided by the Radiology Dept of the Whittington	8	9
Building for Babies	Appeal setup in aid of sick and premature babies	0	0
General Prize Fund	Comprises of consolidated CFC Meeting 30 April 1997, PO6 & PR6 Whittington Prize Fund, PO8 & PR8 Whittington Nurse of the year and S66 School of Nursing Prize	0	0
Simon Yudkin Fund	Endowment Fund to be used for equipment for the Paediatric department, interest to be used by dept to purchase toys, books and other educational matters inclusive of clothes, computer software as well as beds	27	27
Postgraduate Medical Education Fund	Post Graduate medication Educational center use	89	97
Nursing Staff Fund	To provide amenities for nursing staff at the Whittington- 'For use by nursing staff - 'For the benefit and education of the nursing staff	3	3
Care of the Older Reople Unit	Appeal In aid of the care of older people	0	1
Reginald Pywell Will Trust	For the purpose of endowing a bed or beds	2	2
Islington General Fund	Departmental Fund transferred from Haringey and Islington PCT	9	15
Northern Hc	Departmental Fund transferred from Haringey and Islington PCT	0	0
Mental Rehab Cntr Therapy Ipct	Departmental Fund transferred from Haringey and Islington PCT	2	3
Physiotherapy Education	Departmental Fund transferred from Haringey and Islington PCT	15	16
Investment Reval Community	Departmental Fund transferred from Haringey and Islington PCT	58	40
Community Dental Service	Departmental Fund transferred from Haringey and Islington PCT	23	24
Oral Medicine M.Mkt	Departmental Fund transferred from Haringey and Islington PCT	3	3
Islington Cfcs Amenity Fund	Departmental Fund transferred from Haringey and Islington PCT	9	10
Madeline Coleman Fund Stil	Departmental Fund transferred from Haringey and Islington PCT	67	73
Sickle Cell Fund	Departmental Fund transferred from Haringey and Islington PCT	3	4
Stammering Children Research	Departmental Fund transferred from Haringey and Islington PCT	24	28
Ringfenced Fund	Created for all specified purchase or use	102	0
		<b>482</b>	<b>409</b>



*cutting through complexity*

# The Whittington Hospital NHS Trust Charitable Funds

Audit highlights memorandum and management report

Year ended 31 March 2014

November 2014

This report is presented under the terms of our appointment by the Audit Commission.

- The content of this report is based solely on the procedures necessary for our audit.

### Basis of preparation

We have prepared this Audit Committee Report (Report) in accordance with our appointment by the Audit Commission.

### Purpose of this report

This Report is made to the Trust's Audit and Risk Committee in order to communicate matters of interest as required by ISAs (UK and Ireland), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

### Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Charitable Fund's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors reporting to the Charitable Fund's Corporate Trustee in accordance with the Charity Act 2011.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

Our responsibility for other information in the Charitable Fund's Annual Report and Financial Statements does not extend beyond the financial information identified in our auditor's report. We have no obligation to perform any procedures to corroborate other information contained in those documents. However, prior to approval and signing we will continue to read the other information included in the Trustee's Report, and confirm that the information given, and the manner of its presentation, is materially consistent with the information, and its manner of presentation, with the consolidated financial statements.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

### Status of our audit

Our audit work on the financial statements is now almost complete and we expect to issue an unqualified audit opinion for the year ended 31 March 2014 (based on our position at the date of this report), following the approval of the accounts by the Trustee and the receipt of management representations (to be provided by the Trustee on the date the accounts are signed).

We will provide an oral update on the status of our audit at the Audit and Risk Committee meeting.

The contacts at KPMG in connection with this report are:

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<b>Executive summary</b>	3
<b>Significant risks that ISAs require us to raise and our approach to them</b>	4
<b>Appendices</b>	5

This report is made solely to the Corporate Trustee of the Whittington Hospital NHS Trust Charitable Funds. It has been released to the Trustees on the basis that this report shall not be copied, referred to or disclosed, in whole (save for the Trustee's own internal purposes) or in part, without our prior written consent. Matters coming to our attention during our audit work have been considered so that we might state to the Trustees those matters we are required to state to the Trustees in this 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 Charitable Funds and its Corporate Trustee, for our work referable to this report, for this report, or for the opinions we have formed.

Please note that that this report is confidential between the Corporate Trustee 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 Corporate Trustee receives 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.

The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at [www.auditcommission.gov.uk](http://www.auditcommission.gov.uk).

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tamas Wood who is the engagement lead to the Charitable Funds, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to [trevor.rees@kpmg.co.uk](mailto:trevor.rees@kpmg.co.uk), who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3<sup>rd</sup> Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to [complaints@audit-commission.gsi.gov.uk](mailto:complaints@audit-commission.gsi.gov.uk). Their telephone number is 0303 4448 330.

Audit conclusions		
✓	<ul style="list-style-type: none"> <li>Unqualified audit opinion proposed on financial statements.</li> </ul>	
Accounting matters		
✓	<ul style="list-style-type: none"> <li>No significant accounting issues arose during the course of our audit.</li> </ul>	
✓	<ul style="list-style-type: none"> <li>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.</li> </ul>	
Auditing matters		
✓	<ul style="list-style-type: none"> <li>No significant audit issues arose during the course of our audit of the Whittington Hospital NHS Trust Charitable Funds.</li> </ul>	
Systems and controls		
✓	<ul style="list-style-type: none"> <li>We have noted that there were only two meetings of the Charitable Funds Committee in 2013/14. We are therefore concerned that there is potentially a lack of strategic leadership, forward planning and overall governance for the Charitable Funds and there is therefore a risk that these are not being managed and used as effectively as they could be.</li> <li>No major weaknesses in the financial systems were identified. We have one governance and one non-significant control recommendation as set out in Appendix 3.</li> </ul>	Appendix 3
Regulatory and tax matters		
✓	<ul style="list-style-type: none"> <li>No significant regulatory or tax matters came to our attention during the course of our normal audit work.</li> </ul>	

## Acknowledgements

We would like to take this opportunity to thank the Trust staff for their co-operation and assistance with our audit of the Charitable Funds.

## Independence

- KPMG conforms to the highest governance standards at all times and ensures that any additional services are approved by the Audit and Risk Committee as part of agreeing any engagement to ensure transparency.
- ISA 260 “*Communication of Audit Matters to Those Charged with Governance*” requires us to communicate at least once a year regarding all relationships between KPMG and the Charitable Funds that may be reasonably thought to have bearing on our independence.
- There are no matters that have occurred during the financial year to date on which we are required to report – see Appendix 4 for our formal independence confirmation.

We highlight significant findings in respect of significant risks that ISAs require us to raise.

We have dealt with them as set out in the right hand column.

Significant risks	Why	Our findings from the audit
<b>Fraud risk from revenue recognition</b>	Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.	In our External Audit Plan 2013/14 we reported that we do not consider this to be a significant risk for NHS bodies (including NHS Charitable Funds) as there is unlikely to be an incentive to fraudulently recognise revenue. This is still the case. Since we have rebutted this presumed risk, there has been no impact on our audit work.
<b>Fraud risk from management override of controls</b>	Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.  We have not identified any specific additional risks of management override relating to this audit.	We have considered management override of controls as a significant fraud risk. As a result of our procedures, including testing of journal entries, accounting estimates and significant transaction outside the normal course of business, no instances of fraud were identified.

# Appendices

1. Mandatory Communications
2. Unadjusted and Adjusted Audit Differences
3. Recommendations
4. Independence Confirmation
5. Accounting Developments



Area	Key content	Reference
<p><b>Adjusted audit differences</b></p> <p>Adjustments made as a result of our audit</p>	<p>There were no adjusted audit differences.</p>	<p>Appendix 2</p>
<p><b>Unadjusted audit differences</b></p> <p>Audit differences identified that we do not consider material to our audit opinion</p>	<p>There were no unadjusted audit differences.</p>	<p>Appendix 2</p>
<p><b>Draft management representation letter</b></p> <p>Proposed draft of letter to be issued by the Corporate Trustee to KPMG prior to audit sign-off</p>	<p>We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2014.</p>	<p>Provided to management</p>
<p><b>Related parties</b></p>	<p>There were no significant matters that arose during the audit in connection with the entity's related parties.</p>	
<p><b>Other matters warranting attention by those charged with governance</b></p>	<p>We have noted that there were only two meetings of the Charitable Funds Committee in 2013/14. We are therefore concerned that there is potentially a lack of strategic leadership, forward planning and overall governance for the Charitable Funds and there is therefore a risk that these are not being managed and used as effectively as they could be.</p> <p>There were no other matters to report in respect of material weaknesses or questions of management integrity or fraud involving management.</p>	<p>Appendix 3</p>
<p><b>Disagreement with management</b></p>	<p>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 Charitable Funds' financial statements. We encountered no fundamental difficulties in dealing with management in performing the audit.</p>	

### Unadjusted audit differences

Under UK auditing standards (ISA (UK&I) 260) we are required to provide the Audit and Risk Committee with a summary of unadjusted audit differences identified during the course of our audit, other than those which are 'clearly trivial', which are not reflected in the financial statements. ISA (UK&I) 450 requires us to request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor's report, individually or in aggregate. As communicated previously with the Audit and Risk Committee, details of all adjustments greater than £2,000 are shown below:

#### Unadjusted audit differences (£)

**No adjusted audit differences were noted from the audit.**

### Adjusted audit differences

Under UK auditing standards (ISA UK&I 260) we are required to provide the Audit and Risk Committee with a summary of adjusted audit differences identified during the course of our audit. The adjustments below have been included in the financial statements for the Charitable Funds for the year ended 31 March 2014.

#### Adjusted audit differences (£)

**No adjusted audit differences were noted from the audit.**

### Presentational issues

We identified a few minor presentational issues during our audit and these have all been amended by the Charitable Funds.

### 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 our audit opinions on the annual financial statements of the Charity and should not be relied upon to disclose errors or irregularities which are not material in relation to those financial statements.

All issues raised in the report have been discussed with management and we have included responses where appropriate.

In order to provide an indication of the level of importance of the recommendations made, we have prioritised our recommendations into the following categories:

- **High** - matters that are considered fundamental, against which management should take action as soon as possible;
- **Medium** - matters that are considered significant, that should be addressed within three months; and
- **Low** - matters that merit attention and would improve overall control.

No	Priority	Issue, impact and recommendation	Status as at November 2014
1	Medium	<p><b>Overall strategy and governance of Charitable Funds</b></p> <p>We have noted that there were only two meetings of the Charitable Funds Committee in 2013/14. We are therefore concerned that there is potentially a lack of strategic leadership, forward planning and overall governance for the Charitable Funds and there is therefore a risk that these are not being managed and used as effectively as they could be.</p> <p>We therefore recommend that the Charitable Funds Committee is reviewed and a regular programme of meetings arranged to ensure there is clear and effective strategic leadership and governance.</p>	<p>A provisional date of December 10<sup>th</sup> has now been set for the restart the Charitable Fund Committee meetings and Tony Rice one of the NEDs will be the Chair.</p>
2	Low	<p><b>Preparation and approval of journals</b></p> <p>We noted that two journals relating to audit fees governance costs (audit fees) had not been signed as authorised.</p> <p>We recommend that the staff be reminded of the importance of ensuring that journals authorised formally.</p>	<p>Controls have now been put in place to make sure all journals are authorised formally.</p>

### To the Corporate Trustee

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 judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Director and the audit team. This letter is intended to comply with this requirement.

We have considered the fees paid to us by the Charitable Funds and its related entities for professional services provided by us during the reporting period.

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

### General procedures to safeguard 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 partners 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 reviews.

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 Audit and Risk Committee.

### Confirmation of audit independence

We confirm that as of 10 November 2014 in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Director and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee and should not be used for any other purposes.

### 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 FRSSE. 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 (both charities and companies), and the parent charity itself, 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 for the charity to be prepared as at 1 April 2014.

Accounting regime	Applicable Charities SORP	Example:
<b>FRS 102</b>	<ul style="list-style-type: none"> <li>Charities SORP (FRS 102)</li> </ul>	<ul style="list-style-type: none"> <li><b>Larger charities</b></li> </ul>
<b>FRS 102 with reduced disclosures,</b>	<ul style="list-style-type: none"> <li>Charities SORP (FRS 102)</li> </ul>	<ul style="list-style-type: none"> <li><b>Qualifying* parent charity and subsidiaries (both charities and companies) in a charitable group</b></li> </ul>
<b>FRSSE</b>	<ul style="list-style-type: none"> <li>Charities SORP (FRSSE)</li> </ul>	<ul style="list-style-type: none"> <li><b>Small** charities</b></li> </ul>

\* 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 (see following slides)

**FRS 102 GAAP differences**

Differences between FRS 102 and current UK GAAP that may impact charities include:

	Current UK GAAP	FRS 102
Defined benefit pension plans	<ul style="list-style-type: none"> <li>Multi-employer plans (including group) off balance sheet in individual accounts</li> <li>Expected return on assets reflects returns expected on assets held</li> </ul>	<ul style="list-style-type: none"> <li>Group plans must be on at least one balance sheet. For non-group multi-employer plans, provision is made for agreed deficit funding</li> <li>One net interest charge/credit based on net balance sheet asset/liability i.e., return on asset element calculated using liability discount rate</li> </ul>
Goodwill	<ul style="list-style-type: none"> <li>Rebuttable presumption that amortised over maximum life of 20 years</li> <li>Intangibles generally subsumed within goodwill</li> </ul>	<ul style="list-style-type: none"> <li>Amortised over a presumed life of five years unless has longer life</li> <li>Intangibles recognised separately</li> </ul>
Derivatives	<ul style="list-style-type: none"> <li>Generally off balance sheet (non-FRS 26)</li> </ul>	<ul style="list-style-type: none"> <li>On balance sheet</li> </ul>
Intercompany payables and receivables	<ul style="list-style-type: none"> <li>Recognised at face value (non-FRS 26)</li> </ul>	<ul style="list-style-type: none"> <li>Recognised at fair value</li> <li>If the loan is for a fixed term (&gt;12 months) and not at a commercial rate then fair value will not equal face value.</li> </ul>

**FRS 102 Public benefit entity requirements**

Under FRS 102 charities are public benefit entities (PBEs) and therefore follow the PBE requirements given for:

- Property held for the provision of social benefits
- Funding commitments
- Concessionary loans – loans between a PBE and a third party at below market rate that are not repayable on demand
- Incoming resources from non-exchange transactions – donated goods & services
- Public benefit entity combinations – combinations that are in substance a gift, or are a merger

**Statement Of Recommended Practice (SORP)**

In July 2014 (following consultation in November 2013) the SORP Committee issued the two new Charity SORPs to reflect the new UK accounting framework.

The new SORPs provide a comprehensive framework for charity accounting that all charities that prepare accrual accounts must follow. The new SORPs apply to financial years beginning on or after 1 January 2015.

Responding to sector feedback the new framework provides a SORP to support each of the accounting standards from which charities can choose, depending on their size:

- 1) Charities SORP for the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 SORP)
- 2) Charities SORP for the Financial Reporting Standard for Smaller Entities (FRSSE SORP)

The separation of the SORP means that users of the FRS 102 SORP will not be disrupted by the withdrawal and revision of the FRSSE as a result of the 2013 Accounting Directive. Broadly speaking, in order to use the FRSSE, charities must meet two out of three of the following criteria:

- an annual income of less than £6.5million;
- total assets of less than £3.26million;
- or fewer than 50 employees.

FRS 102 may be followed by any charity.

The two SORPs are modular in format and have the same structure and order of modules. However the requirements differ significantly due to underlying differences in terminology, accounting policies and disclosures required by the FRSSE and FRS 102. The FRSSE SORP and FRS 102 SORP share the same requirements for the form and contents of the trustees' annual report, fund accounting and common formats for the balance sheet, however there are many areas of difference including a different treatment for realised and unrealised gains and losses on investments in the statement of financial activities. Charities following the FRSSE will have reduced disclosures and the cash flow statement is optional, but will have to follow the FRS 102 SORP where accounting for a transaction is not covered by the FRSSE or FRSSE SORP, and will have to transition to the new FRSSE once available. It is therefore expected that many charities eligible to follow the FRSSE will opt to follow the FRS 102 SORP, and we refer only to the FRS 102 SORP in the slides that follow.

The new SORPs can be viewed on the SORP microsite <http://www.charitySORP.org/>. The SORPs use the terms “must”, “should” and “may” to distinguish between those requirements that must be followed in order to comply with the SORP from other recommendations which charities can opt to follow when preparing their accounts.

There are additional requirements in the FRS 102 SORP for “larger” charities defined as those charities requiring an audit, i.e. with gross income >£500k, or gross assets >£3.26m and gross income >£250k.

Charities SORP (FRS 102) – summary of key changes from current SORP (2005)

Summary of key differences	
	FRS 102 SORP
Trustees' Report	<ul style="list-style-type: none"> <li>■ Risk management – expanded for larger charities who must include a description of the principal risks and uncertainties faced by the charity and plans and strategies to manage these risks.</li> <li>■ Achievements and performance – the trustees should provide a balanced picture of progress against objectives and may include the effect or impact of results on beneficiaries and wider society.</li> <li>■ Remuneration – larger charities must disclose the pay arrangements of key management personnel including any benchmarks or criteria used to set their pay.</li> <li>■ Going concern – nature of any uncertainties should be explained (required by Auditing Standards).</li> <li>■ Reserves policy – the trustees must disclose the reserves policy; a policy to hold nil reserves must be explained.</li> <li>■ Pension liability – disclose the impact of any material pension liability.</li> <li>■ Trustee names – the concession allowing only 50 trustee names to be given has been removed so that now all trustee names must be reported.</li> <li>■ Social investment policy – larger charities must explain how programme related investments contribute to charitable aims and objectives.</li> </ul>
SoFA	<ul style="list-style-type: none"> <li>■ The number of headings within the SoFA has been reduced and a “plain English” style adopted to describe the nature of the income or expenditure included within each heading of the SoFA.</li> <li>■ Governance costs is no longer a separate heading but are included in support costs.</li> <li>■ The treatment of investment gains and losses has changed to reflect FRS 102 requirements. These will be recognised within the “Income and Expenditure” part of the SoFA instead of the “STRGL” part where they currently sit, i.e. will now be “above the line”.</li> <li>■ Comparatives are required for all SOFA columns, either on the face of the SOFA or in a note.</li> </ul>
Cash flow statement	<ul style="list-style-type: none"> <li>■ The statement of cash flows required by FRS 102 is different to the current format but still allows either the direct or indirect method to be used.</li> <li>■ The new SORP gives more guidance than the current SORP with examples of cash flows that fall within the three mandatory headings – operating, investing and financing activities.</li> </ul>



**Charities SORP (FRS 102) – summary of key changes from current SORP (2005) (continued)**

Summary of key differences	
	FRS 102 SORP
Income	<ul style="list-style-type: none"> <li>■ Income is recognised when it is probable (previously virtually certain). The FRS 102 SORP includes guidance as to when legacies are recognised, using a three-point test, and a portfolio approach.</li> <li>■ Income from donated goods for sale or distribution is recognised at time of receipt at fair value unless impractical or too costly. Otherwise it is recognised as income when the goods are sold or distributed.</li> <li>■ Possible that in certain circumstances income from contracts could be classified as restricted income.</li> </ul>
Expenditure	<ul style="list-style-type: none"> <li>■ Liabilities and provisions should be discounted where settlement is delayed for more than 12 months and the effect is material.</li> <li>■ A liability for paid annual leave and sick leave is recognised if material.</li> <li>■ FRS 102 SORP does not permit details of institutional grants to be made in a separate publication but these may be detailed on the charity website or in the trustees' annual report rather than a note to the accounts.</li> </ul>
Trustee and management remuneration	<ul style="list-style-type: none"> <li>■ The total remuneration paid to key management personnel must be disclosed. The charity may disclose the employee benefits received by its CEO or highest paid staff member, or all key management personnel on an individual basis.</li> <li>■ Any benefits or expenses paid to trustees are disclosed on an individual basis, including expenses waived by trustees.</li> <li>■ Donations made by trustees to the charity must be disclosed in total where no conditions apply to those donations.</li> <li>■ Details of redundancy and termination payments for staff must be disclosed.</li> </ul>
Balance sheet	<ul style="list-style-type: none"> <li>■ Social investments include programme related investments and the new “mixed motive investments”, which is an investment made both to generate an investment return and to further the investing charity’s purposes. Social investments are recognised at fair value, if this can be measured reliability, or else at cost less impairment.</li> <li>■ Transition opportunity to revalue tangible fixed assets and treat this as deemed cost going forwards.</li> </ul>
Accounting for groups	<ul style="list-style-type: none"> <li>■ FRS 102 SORP provides guidance clarifying the treatment for charity combinations, e.g. mergers and acquisitions of interests in charities and non-charitable entities.</li> <li>■ Incorporated charities are excluded from the definition of branches and are accounted for as subsidiaries.</li> </ul>



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