Ashford and St. Peter's Hospitals NHS
NHS Foundation Trust

TRUST BOARD
24th November 2011

TITLE	**Charitable Funds Annual Report and Accounts 2010/11**
EXECUTIVE SUMMARY	The Trust Board are required to approve the Annual Report and Accounts for the Trust's Charitable Funds prior to their submission to the Charity Commission. The Audit Committee have reviewed and approved the attached report and accounts, along with the draft management representation letter. The draft management representation letter is a standard letter required by the Trust's external auditors and there are no special items in that letter that need highlighting. The external auditors KPMG have provided a draft unqualified audit opinion which they will sign off after Trust Board approval.
BOARD ASSURANCE (Risk) / IMPLICATIONS	The Board is assured by the scrutiny provided by the Audit Committee on matters of risk in relation to Charitable Funds. The Audit Committee reviewed and approved the Annual Report and Accounts and Management Representation letter at their meeting held on 19th October 2011.
STAKEHOLDER / PATIENT IMPACT AND VIEWS	None obtained.
EQUALITY AND DIVERSITY ISSUES	None that I am aware of.
LEGAL ISSUES	The Annual Report and Accounts comply with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued by the Charity Commission. The Annual Report and Accounts have to be submitted to the Charity Commission by 31st January 2012.
The Trust Board is asked to:	Approve the 2010/11 Annual Report and Accounts of the Ashford and St. Peter's Hospitals Charitable Fund. Approve the signing of the management representations letter by the Director of Finance and Information.
Submitted by:	Paul Doyle, Deputy Director of Finance Terry Price, Audit Committee Chair
Date:	15th November 2011
Decision:	For Approval

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

Charity No. 1058567

ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2011

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THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

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THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

TRUSTEE'S ANNUAL REPORT

Introduction and Background

The Trustee during the financial year ended 31 March 2011 was the corporate body Ashford and St. Peter's Hospitals NHS Foundation Trust (formerly Ashford and St. Peter's Hospitals NHS Trust).

Ashford and St. Peter's Hospitals NHS Foundation Trust provides acute hospital services to the residents of West Surrey, Spelthorne and its surrounding areas. The Trust has traditionally received charitable donations for the relief of people who are ill or handicapped and also for the benefit of staff, as this is seen by the Charity Commission as being conducive to the furtherance of the charitable purpose.

The 1993 Charities Act required the Trust, as Trustee of the charitable funds, to register those funds with the Charity Commission. In 2001, predecessor Charitable Funds were renamed and merged as The Ashford and St. Peter's Hospitals Charitable Fund (Charity No. 1058567). Charitable donations are allocated to funds according to the donors wishes.

The attached annual accounts comply with current statutory requirements, the Charity's governing document and the recommendations set out within the Statement of Recommended Practice (SORP) 2005.

Legal Status

The Ashford and St. Peter's Hospitals Charitable Fund was established by a supplemental deed dated 19 November 2001 on Registered Charity 1058567.

Trustees

The Trustee during the financial year ended 31 March 2011 was the corporate body Ashford and St. Peter's Hospitals NHS Foundation Trust which was licensed as a Foundation Trust by Monitor on 1st December 2010. Prior to this date the Trust was known as Ashford and St. Peter's Hospitals NHS Trust. The directors of the Trust throughout the year were as follows:

Chairman	Aileen McLeish
Chief Executive	Andrew Liles
Director of Finance & Information	John Headley
Chief Nurse	Caroline Becher (to July 2010)
Interim Chief Nurse	Susan Osborne (from August 2010 to December 2010)
Chief Nurse	Suzanne Rankin (from December 2010)
Director of Workforce & Organisational Development	Raj Bhamber
Deputy Chief Executive	Valerie Bartlett
Medical Director	Mike Baxter
Non-Executive Director	Peter Taylor
Non-Executive Director	Philip Beesley
Non-Executive Director	Terry Price
Non-Executive Director	Sue Ells
Non-Executive Director	Nadeem Aziz (from June 2010 to December 2010)
Non-Executive Director	Jim Gollan (from March 2011)
Non-Executive Director	Clive Goodwin (from March 2011)

Non-executive members of the Trust Board are appointed by the Foundation Trust's Council of Governors but prior to Foundation Trust status being granted this was carried out by the NHS Appointments Commission. Executive members of the Board are subject to recruitment by the NHS Foundation Trust Board. Members of both the Trust Board and the Finance Committee

are not individual Trustees under charity law but act as agents on behalf of the corporate Trustee.

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THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

TRUSTEE'S ANNUAL REPORT
(Continued)

Principal Addresses	Ashford Hospital London Road Ashford Middlesex TW15 3AA St. Peter's Hospital Guildford Road Chertsey Surrey KT16 OPZ
Bankers	The Royal Bank of Scotland PLC 10 North Street Guildford Surrey GU1 4AF
Investment Advisors	Gerrard Investment Management Limited 1 Churchill Place London E14 5HP
Auditors	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

Structure, Governance and Management

The Trustee of the Charity, which acted on behalf of the Charity throughout the course of the financial year, was the corporate body Ashford and St. Peter's Hospitals NHS Foundation Trust which was licensed as a Foundation Trust by Monitor on 1st December 2010.

During the course of the year the Trustee has had monthly Finance Committee meetings. Historically these have been where matters relating to the Charitable Fund have been considered with extended meetings taking place twice a year, attended by the Fund's investment advisors, to allow the Finance Committee to review the Charitable Fund finances and investments in detail. The Finance Committee keep up to date with the responsibilities of the Trustee and with any changes in legislation at the Finance Committee meetings where finance papers are presented and any issues discussed.

At the beginning of 2010/11 this Governance Structure was reviewed and the Trustee decided that separate Charitable Funds Committee meetings should take place in order to provide a clear separation from the normal business of the Foundation Trust. Two separate Charitable Fund Committee meetings took place during 2010/11 but following a further review of the Governance Structure in May 2011 the Trustee decided that the Finance Committee would continue to oversee the Charitable Fund for the next twelve months. All relevant meetings were quorate in the financial year.

As part of their induction programme through the corporate body, the Trustees of the Ashford and St. Peter's Hospitals Charitable Fund are made aware of their responsibilities as members of the corporate trustee. This induction includes an introduction to the objectives, scope and policies of the Charitable Funds and outlines trustee responsibilities, liabilities, powers and accountability. The same information is provided for new members of the Finance Committee (which includes Charitable Funds).

The Trustee also has quarterly Audit Committee meetings where matters relating to the Charitable Fund may be considered. These meetings consider risk and audit reports and

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

TRUSTEE'S ANNUAL REPORT
(Continued)

include attendance by both internal and external auditors. All of the meetings were quorate in the financial year.

The Charity contains numerous funds in order to ensure that donations are spent according to donors' wishes and these include two Special Trusts:-

- Ashford Hospital Post Graduate Medical Centre Fund
- Ashford and St. Peter's Hospitals Research Fund

The Charity Commissioners have directed, by virtue of section 96 of the Charities Act 1993, that these Special Trusts shall be treated along with The Ashford and St. Peter's Hospitals Charitable Fund as a single Charity for the purposes of registration and accounting.

The Charity also has two Restricted Funds:-

- St. Peter's Mother and Child Fund
- Stephanie Marks Appeal

The Special Trusts and Restricted Funds have more specific restrictions on the way in which funds in these areas may be used.

The Charity has delegated the administration of all funds to the Ashford and St. Peter's Hospitals NHS Foundation Trust who are responsible for the day to day controls and for the preparation of the Annual Report and Accounts. The day to day management of these funds is delegated to the relevant Executive Director or the ward, department or General Manager as appropriate.

The Director of Finance & Information, (see page 1) is responsible for internal procedures and the day to day administration of the Charity's investment portfolio which is managed by Gerrard Investment Management Ltd.

The Charity obtains any legal advice that it requires through the Trustee who has arrangements in place with legal advisers.

Objectives and Strategy

The objects of the Charity are for the Trustee to hold the funds upon trust to apply the income, and at its discretion, so far as may be permissible, the capital, for any charitable purpose or purposes relating to the National Health Service wholly or mainly for the services provided by the Ashford and St. Peter's Hospitals National Health Service Foundation Trust.

Each fund within the Charity, designated or otherwise, has its own objective which can include, for example, equipment for wards and departments and funding for staff and patients benefit. Those responsible for the day to day management of funds have a responsibility not to accumulate funds unnecessarily.

The specific objectives of the Charity's Special Trusts and Restricted Funds are as follows:

<u>Ashford Hospital Post Graduate Medical Centre Fund</u>

This fund is used for:

"any charitable purpose or purposes relating to the National Health Service wholly or mainly for the Post Graduate Medical Centre at Ashford Hospital"

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

TRUSTEE'S ANNUAL REPORT
(Continued)

Ashford Hospital Post Graduate Medical Centre Fund

This fund is used for:

"any charitable purpose or purposes relating to the National Health Service wholly or mainly for the Post Graduate Medical Centre at Ashford Hospital"

with the aim of improving medical education and facilities at the hospital.

Ashford and St. Peter's Hospitals Research Fund
This fund is used for:

"any charitable purpose or purposes principally (but not exclusively) at or in connection with the Ashford and St. Peter's Hospitals, which will further the following aims:-

a) the investigation of the causes of sickness and disease in all its forms, and the prevention, treatment, cure and defeat of sickness and disease in all its forms;

b) the advancement of scientific and medical education and research in topics related to sickness and disease in all its forms (provided that the useful results of any research be published); and

c) the furtherance of any other charitable purposes for the relief of persons suffering from sickness and disease in all its forms."

The St. Peter's Mother and Children's Fund

The St. Peter's Mother and Children's Fund was set up to raise funds to be applied for the charitable purposes relating wholly or mainly to the maternity, neonatal and paediatric services provided at St. Peter's Hospital.

More specifically, the fund is used to assist paediatric staff development and welfare and to provide additional equipment and facilities in connection with the hospital treatment of children and their mothers.

Stephanie Marks Appeal

The Stephanie Marks Appeal was set up to raise funds to provide for Diabetes treatment, education and management in a way that is consistent with the National Service Framework for Diabetes. Fundraising for the Appeal was brought to a close in 2008/09 and the Stephanie Marks Diabetes Research Building was officially opened in May 2010.

Other Funds

All other funds are deemed to be General funds for the purpose of furthering the Charity's objects, within the remaining departments of the hospital.

The Charity does not make any grants to third parties.

Public Benefit Statement

The Trustee confirms that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities.

The Charity's objective is to support any NHS charitable purpose relating to the Ashford and St. Peter's Hospitals NHS Foundation Trust. The Trustee has ensured that this purpose is carried

out for the public benefit by ensuring that money donated is used to best effect to support the hospitals' work and is in line with donors' wishes and the Charity's objectives.

Risk Management

The Trustee is committed to a regular review of the major strategic, business and operational risks which the Charity faces with a view to ensuring that appropriate systems and procedures are in place to minimise these risks. The Trustee's Audit Committee ensures that its internal audit plan tests these controls to ensure that they are effective. The Trustee has identified, monitored and reviewed the significant risks to the Charity and considers that the control framework in place is sufficient to manage and mitigate the identified risks.

The most significant risk the Charity faces is the fall in value of investments as a result of adverse stock market conditions. This risk has been mitigated by ensuring that Charity's investments are spread over a wide portfolio comprising equity funds, fixed income stock and cash and by taking advice from professional investment advisers.

Expenditure is closely monitored to ensure fund administrators are observing the authorisation limits delegated by the Trustee. The Trustee's Finance Committee regularly reviews the movement on the different funds to satisfy itself that funds are being spent, and for the purpose for which they were raised.

Achievements and Performance

The Financial Review section that follows sets out an analysis of the income and expenditure in 2010/11.

The income of £384,000 (2009/10: £403,000) includes donations from individuals, groups and companies of £230,000 (2009/10 £217,000) and legacy income of £86,000 (2009/10 £86,000). The St. Peter's Mother and Children's Fund continued to be an area of significant fundraising, receiving income of £75,000. The Breast Care Fund also received income of £61,000.

Total expenditure in the year was £679,000 (2009/10: £1,478,000) of which £389,000 (2009/10 £274,000) was spent on the purchase of medical and surgical equipment. Expenditure during the year to some extent reflects the discussions that the Trustee had in the previous financial year with those responsible for the day to day management of the funds about not accumulating funds unnecessarily. Three of the five major funds identified in 2009/10, namely Fracture and Treatment, St. Peter's Mother and Children's Fund and Ophthalmology, spent a total of £295,000 during 2010/11 compared to income of £82,000 in the same period.

Financial Review

Pages 11 to 19 incorporate the Annual Accounts of the Charity for the year ended 31 March 2011. A summary of the accounts is as follows:-

Income - Total income for 2010/11 is summarised as follows:

	2010/11 £'000	2009/10 £'000
Donations and legacies	316	303
Investment Income	39	48
Non-Charitable Trading	-	-
Other Income	29	52

Total	384	403

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

TRUSTEE'S ANNUAL REPORT
(Continued)

Expenditure - Total direct expenditure, excluding fund-raising, management and administration, for 2010/11 is summarised as follows:

	2010/11 £'000	2009/10 £'000
Contributions to the NHS	329	245
Patients welfare and amenities	102	887
Staff welfare and amenities	82	145
Research	61	94
Other	78	75
Total	652	1,446

Investments - The Trustee has appointed Gerrard Investment Management Ltd (a subsidiary of Barclays Plc) as investment advisors. They hold the Charity's investments and at 31 March 2011 the market value of these investments was £2,098,000. There were four investments representing greater than 5% of the total market value of all investments as at 31 March 2011. These were a) HSBC 3YR FTSE Autocall valued at £124,331 (5.93%) b) Investec Fund Managers American Fund valued at £124,751 (5.95%) c) JP Morgan Asset Management valued at £116,109 (5.53%) and Lazard Fund Mgrs valued at £105,675 (5.04%).

Cash held as part of the investment portfolio totalled £14,025 (0.67%).

The Charity has Investment Management Agreements with Gerrard Investment Management Ltd which set out the investment objectives, risk profile and restrictions to be applied to their investment portfolios. The Charity adopts a medium risk profile and seeks a balanced portfolio with no investments to be made in single equities. Only investments in equity funds are permitted to ensure that risk is minimised. The Finance Committee meets with and reviews the performance of the investment advisors. Performance is benchmarked and in the financial year performance was considered by the Trustee to be satisfactory.

The Committee considers annually the ethical restrictions that are made to the type of investment that it believes are appropriate for the Charitable Fund to be involved in. Currently these restrictions relate to significant interests in tobacco, alcohol and armaments.

Fund Balances - the balances of funds are shown in notes 9 and 10 to the Annual Accounts.

Financial Position

The Charity's financial position at the balance sheet date is considered to be satisfactory in the context of their future plans. The Trustee confirms that on a fund by fund basis, assets are

readily available and adequate to fulfil the needs of the Charity, and that there are sufficient liquid resources to meet their immediate requirements.

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

TRUSTEE'S ANNUAL REPORT
(Continued)

Reserves Policy

It is the policy of the Charity to hold reserves at a prudent level, adequate to fulfil its anticipated future needs and objectives and which takes into account the following considerations, risks and constraints:

i) current stock market performance and levels of unrealised gains on investments held;

ii) number and longevity of special campaigns and appeals, the level of income required and the likelihood of any surplus or deficit arising; and

iii) the type of specialist equipment and amenities provided by the Charity are costly and funds must be accumulated over time.

As at 31 March 2011 the breakdown of reserves held are as follows:

	£'000
Restricted funds	429
Unrestricted funds – Designated	1,124
Unrestricted funds – Non-Designated Realised	253
Unrestricted funds – Non-Designated Unrealised	218
Total	2,024

The Trustee considers free reserves to be those unrestricted funds that are non-designated and have been realised. The level of realised free reserves (£253,000) is higher than that considered as required to comply with the reserves policy (which currently is £180,000 to cover three years general expenditure) and is reviewing how the level of free reserves can be reduced whilst satisfying the objects of the charity. These free reserves have increased from a balance of £208,000 as at 31 March 2010.

Plans for the Future

In both the previous and current financial years the Trustee has discussed with those responsible for the day to day management of the funds their responsibility not to accumulate funds unnecessarily. As set out above there is evidence of some of the major funds utilising a significant proportion of their funds during 2010/11. This will be reviewed again in 2011/12 with major funds being asked to submit reports on progress with their expenditure plans.

Summary

The Trustee would like to thank all those individuals and organisations who have and continue to contribute funds as well as time and effort in order to support the charitable funds.

A McLeish
Trustee

November 2011

A Liles
Trustee
November 2011

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

STATEMENT OF TRUSTEE RESPONSIBILITIES

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

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee confirms that they have met the responsibilities set out above and complied with the requirements for preparing the accounts. The financial statements set out on pages 11 to 19 attached have been compiled from, and are in accordance with, the financial records maintained by the Trustee.

By Order of the Corporate Trustee, the Board of Ashford and St. Peter's Hospitals NHS Foundation Trust

A McLeish
Trustee
November 2011

A Liles
Trustee
November 2011

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

We have audited the financial statements of the Ashford and St Peters' Charitable Funds for the year ended 31 March 2011 set out in 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 43 of the Charities Act 1993 and regulations made under section 44 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 **8** 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 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 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 2011 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 1993.

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 1993 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 ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND (Continued)

- 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.

Neil Thomas

For and on behalf of KPMG LLP
Statutory Auditor
Chartered Accountants
15 Canada Square
London
November 2011

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED
31 MARCH 2011

	Note	Unrestricted Funds	Restricted Income Funds	Total Funds 2011	Total Funds 2010
		£'000	£'000	£'000	£'000
Incoming Resources					
Incoming resources from generated funds					
Voluntary income:					
Donations		112	118	230	217
Legacies		65	21	86	86
Investment income		31	8	39	48
Other incoming resources	2	25	4	29	52
Total Incoming Resources		233	151	384	403
Resources Expended					
Costs of generating funds		8	2	10	15
Costs of charitable activities	3, 4	468	196	664	1,459
Governance costs		5	-	5	4
Total Resources Expended		481	198	679	1,478
Net incoming resources		(248)	(47)	(295)	(1,075)
Gains on revaluation of investment assets		94	29	123	425
Net movement in funds		(154)	(18)	(172)	(650)
Reconciliation of Funds					
Fund balances at 31 March 2010		1,749	447	2,196	2,846
Fund balances at 31 March 2011		1,595	429	2,024	2,196

The notes at pages 13 to 19 form part of these accounts.

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THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

BALANCE SHEET
AS AT
31 MARCH 2011

	Note	31 March 2011		31 March 2010	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments	6		2,098		1,952
CURRENT ASSETS					
Debtors	7	10		13	
Cash at bank and in hand		191		831	
			201		844
TOTAL CURRENT ASSETS					
Creditors: Amounts falling due Within one year	8		(275)		(599)
NET CURRENT ASSETS/(LIABILITIES)			(74)		245
NET ASSETS			2,024		2,196
FUNDS OF THE CHARITY					
Capital Funds:					
Endowment Funds			-		-
Income Funds:					
Restricted	9		429		447
Unrestricted	10		1,595		1,749
TOTAL FUNDS			2,024		2,196

Approved by the Corporate Trustee on November 2011 and signed on its behalf by

A Liles **Trustee**

The notes at pages 13 to 19 form part of these accounts.

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THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

NOTES TO THE ACCOUNTS
31 MARCH 2011

1. Accounting Convention

1.1 The financial statements have been prepared under the historic cost convention, with the exception of investments which are included at market value, and in accordance with applicable United Kingdom accounting standards, the Charities Act 1993 and the Statement of Recommended Practice "Accounting and Reporting by Charities" issued by the Charities Commissioners in 2005.

1.2 Incoming Resources

a) All incoming resources are included in full in the Statement of Financial Activities as soon as the following three factors can be met:

i) entitlement - arises when a particular resource is receivable or the charity's right becomes legally enforceable;

ii) certainty - when there is reasonable certainty that the incoming resource will be received; and

iii) measurement – when the monetary value of the incoming resources can be measured with sufficient reliability.

b) Gifts in kind

(i) Assets given for distribution by the Charity are included in the Statement of Financial Activities only when distributed.

(ii) Assets given for use by the Charity are included in the Statement of Financial Activities as incoming resources when receivable.

(iii) Gifts made in kind but on trust for conversion into cash and subsequent application by the Charity are included in the accounting period in which the gift is sold.

In all cases the amount at which gifts in kind are brought into account is either a reasonable estimate of their value to the Charity or the amount actually realised. The basis of the valuation is disclosed in the annual report.

c) 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 attached to the legacy have been fulfilled.

d) Intangible Income

Intangible income (e.g. the provision of free accommodation) is included in the accounts with an equivalent amount in outgoing resources, if there is a financial cost borne by another party. The value placed on such income is the financial cost of the third party providing the resources.

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THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

NOTES TO THE ACCOUNTS
(Continued)
31 MARCH 2011

1.3 Resources Expended

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

Resources expended are split into two main categories, being the costs of generating funds and the actual costs of charitable activities. The costs of generating funds are the costs associated with generating income for the Charity. A grant is any payment that is made voluntarily to any institution or to an individual in order to further the Charity's objectives, without receiving goods or services in return. Costs of activities in the furtherance of charitable activities is expenditure incurred on the provision of goods and services.

1.4 Allocation of overheads and support costs

Overheads and support costs have been allocated between charitable activities and governance costs. The analyses of overhead and support costs are shown in Note 3.

1.5 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 costs related to audit together with an apportionment of overhead and support costs.

1.6 Intangible and Tangible Fixed Assets

These funds have no such retained assets.

1.7 Investment Fixed Assets

Investment fixed assets consist of quoted stocks and shares and cash held within the investment portfolio and are included in the balance sheet at market value. Valuation gains and losses are recorded in the Statement of Financial Activities with the balance sheet reflecting the revalued amounts.

1.8 Change in the Basis of Accounting

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

1.9 Cashflow Statement

The charity is exempt from preparing a cashflow statement as required by Financial Reporting Standard 1 as the size of its operations falls short of the criteria set out for a "large" charity.

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THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

NOTES TO THE ACCOUNTS
(Continued)
31 MARCH 2011

2. Other Incoming Resources

	Unrestricted Funds	Restricted Income Funds	Total 2011 Funds	Total 2010 Funds
	£'000	£'000	£'000	£'000
Other	25	4	29	52

None of the other incoming resources was of sufficient materially value to require separate disclosure.

3. Analysis of support costs and overheads

	Governance costs	Charitable activities	Costs of generating funds	Total 2011	Total 2010
	£'000	£'000	£'000	£'000	£'000
Management charge	-	12	-	12	13
External audit	5	-	-	5	4
Other	-	-	10	10	15
	5	12	10	27	32

4. Analysis of Charitable Activities

	Direct costs	Support costs	Total 2011 Funds	Total 2010 Funds
	£'000	£'000	£'000	£'000
Grants to Ashford and St. Peter's Hospitals NHS Foundation Trust				
– Medical and surgical equipment	294	-	294	193
– Computer software	35	-	35	-
– IT equipment	-	-	-	52
Patients welfare and amenities	102	4	106	896
Staff welfare and amenities	82	2	84	147
Research	61	4	65	95
Miscellaneous	78	2	80	76
	652	12	664	1,459

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THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

NOTES TO THE ACCOUNTS
(Continued)
31 MARCH 2011

5. Analysis of Net Assets Between Funds

	Unrestricted Funds	Restricted Income Funds	Total 2011 Funds	Total 2010 Funds
	£'000	£'000	£'000	£'000
Investments	1,654	444	2,098	1,951
Current assets	158	43	201	844
Current liabilities	(217)	(58)	(275)	(599)
	1,595	429	2,024	2,196

6. Fixed Asset Investments

6.1 Analysis of fixed asset investments

	Total 2011	Total 2010
	£'000	£'000
Market value at 1 April 2010	1,952	1,496
Disposals at carrying value	(1,725)	(1,889)
Acquisitions at cost	1,740	2,019
Net gain / (loss) on revaluation	131	326
Market value at 31 March 2011	2,098	1,952
Historic cost at 31 March 2011	1,792	1,712

6.2 Market value as at 31 March 2011

	Held in UK	Held outside UK	Total 2011	Total 2010
	£'000	£'000	£'000	£'000
Investments listed on Stock Exchange	2,084	-	2,084	1,911
Cash held as part of the investment portfolio	14	-	14	41
Total market value of fixed asset investments	2,098	-	2,098	1,952

6.3 Analysis of gross income from investments

	Held in UK	Held outside UK	Total 2011	Total 2010
	£'000	£'000	£'000	£'000
Investments listed on Stock Exchange	35	-	35	40

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THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

NOTES TO THE ACCOUNTS
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31 MARCH 2011

6.4 Significant investments

There were four investments representing greater than 5% of the total market value of all investments as at 31 March 2011. These were: -

- HSBC 3YR Autocall £124,331 (5.93%)
- Investec Fund Managers American Fund £124,751 (5.95%)
- JP Morgan Asset Management £116,109 (5.53%)
- Lazard Fund Mgrs £106,675 (5.04%)

Cash held as part of the investment portfolio totalled £14,025 (0.67%)

7. Debtors

	2011	2010
Amounts falling due within one year:	£'000	£'000
Accrued income	3	13
Prepayments	7	-
	10	13

No amounts fall due after more than one year.

8. Creditors

	2011	2010
Amount falling due within one year:	£'000	£'000
Trade creditors	7	23
Other creditors	245	576
Accruals	23	-
	275	599

No amounts fall due after more than one year.

9. Restricted Funds

	Balance 31 March 2010	Incoming Resources	Resources Expended	Transfers between funds	Gains and Losses	Balance 31 March 2011
	£'000	£'000	£'000	£'000	£'000	£'000
Research Fund	282	65	(80)	-	23	290
Post Graduate Medical Centre Fund	4	3	(3)	-	-	4
Stephanie Marks Appeal	-	8	-	-	-	8
Mother & Children's Fund	161	75	(114)	-	5	127
Total restricted funds	447	151	(197)	-	28	429

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THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

NOTES TO THE ACCOUNTS
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10. Unrestricted Funds

	Balance 31 March 2010	New designation	Utilised / Realised	Transfer Between Funds	Recogn Gains & Losses	Balance 31 March 2011
	£'000	£'000	£'000	£'000	£'000	£'000
Designated Funds:						
Orthopaedic	65	2	(7)	-	3	63
Fracture Treatment	227	4	(56)	-	9	184
Haematology	184	6	(7)	-	8	191
Rheumatology	82	8	(29)	-	3	64
Ophthalmology	148	2	(122)	-	5	33
Ultrasound	62	42	(48)	-	3	59
Diabetic Clinic	96	1	(50)	-	3	50
Other designated funds	485	98	(126)	-	23	480
	1,349	163	(445)	-	57	1,124
Non-designated funds	400	70	(36)	-	37	471
Total unrestricted funds	1,749	233	(481)	-	94	1,595

11. Post balance sheet event

There were no post balance sheet events having a material effect on the accounts.

12. Contingencies

There are no contingent gains/(losses) included in the accounts.

13. Commitments

There are no material expenditure commitments as at 31 March 2011.

14. Trustee and Related Parties Transactions

14.1 Trustee expenses reimbursed

No Trustees were reimbursed expenses during the year for carrying out their duties as Trustees of the Charity.

14.2 Trustee remuneration

No Trustees received remuneration during the year from the Charity.

14.3 Details of transactions with Trustee's or related parties

The Charity has made revenue payments to the Corporate Trustee, Ashford and St. Peter's Hospitals NHS Trust for expenses incurred on its behalf in the year. There was also a management charge made by the NHS Trust for the administration (excluding audit fee) of

the charity of £13,000 (£13,000 for 2009/10).

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

NOTES TO THE ACCOUNTS
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15. Change in Trusteeship

From 1st April 2010 to 30th November 2010 the Trustee was the corporate body Ashford and St. Peter's Hospitals NHS Trust but on 1st December 2010 Ashford and St. Peter's Hospitals NHS Trust was licensed as a Foundation Trust by Monitor. From that date the Trustee is therefore the corporate body Ashford and St. Peter's Hospitals NHS Foundation Trust.

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Ashford and St. Peter's Hospitals NHS
NHS Foundation Trust

Neil Thomas
Partner
KPMG LLP
15 Canada Square
London
E14 5GL

24 November 2011

Dear Neil,

This representation letter is provided in connection with your audit of the financial statements of Ashford and St. Peter's Hospitals Charitable Fund ("the Charity"), for the year ended 31 March 2011, 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 2011 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 1993.

These financial statements comprise the balance sheet as at 31 March 2011, 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 makes 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 dated 24 September 2011, 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 1993.

   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 meeting of the Trustees on 24 November 2011.

Yours sincerely,

John Headley – Director of Finance and Information, and Trustee
On behalf of the Trustees of Ashford and St. Peter's Hospitals Charitable Fund

Appendix A to the Trustees' Representation Letter of Ashford and St. Peter's Hospitals 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

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 IAS 28 *Investments in Associates*) of the entity;
(c) the party is a joint venture in which the entity is a venturer (see IAS 31 *Interests in 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 (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 resources, services or obligations between related parties, regardless of whether a price is charged.