

**TRUST BOARD**  
**27<sup>th</sup> November 2014**

<b>TITLE</b>	<b>Charitable Funds Annual Report and Accounts 2013/14</b>
<b>EXECUTIVE SUMMARY</b>	<p>The Trust Board is required to approve the Annual Report and Accounts for the Trust's Charitable Funds prior to their submission to the Charity Commission by 31<sup>st</sup> January 2015.</p> <p>The Audit Committee have reviewed and approved the attached report and accounts, and the draft management representation letter. The draft management representation letter is a standard letter required by the Trust's external auditors and no specific points solely for this Trust.</p> <p>The external auditors KPMG have provided a draft unqualified audit opinion which they will sign off after Trust Board approval. The ISA260 report from KPMG to the Trustee is also attached.</p>
<b>BOARD ASSURANCE (Risk) / IMPLICATIONS</b>	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 20 <sup>th</sup> November 2014.
<b>STAKEHOLDER / PATIENT IMPACT AND VIEWS</b>	Stakeholders and patients contribute to the income of the Charity and so have an interest in ensuring that these funds are spent appropriately.
<b>EQUALITY AND DIVERSITY ISSUES</b>	None that we are aware of.
<b>LEGAL ISSUES</b>	<p>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 31<sup>st</sup> January 2015.</p> <p>Approve the 2013/14 Annual Report and Accounts of the Ashford and St. Peter's Hospitals Charitable Fund.</p>
<b>The Trust Board is asked to:</b>	Approve the signing of the management representations letter by the Director of Finance and Information.
<b>Submitted by:</b>	Simon Marshall, Director of Finance and Information
<b>Date:</b>	20 <sup>th</sup> November 2014
<b>Decision:</b>	For Approval

**THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE  
FUND**

**Charity No. 1058567**

**ANNUAL REPORT & ACCOUNTS**

**FOR THE YEAR ENDED**

**31 MARCH 2014**

**THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND**

**ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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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 2014 was the corporate body Ashford and St. Peter's Hospitals NHS Foundation 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, subsequently replaced by the Charities Act 2011, 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 2014 was the corporate body Ashford and St. Peter's Hospitals NHS Foundation Trust. The directors of the Trust throughout the year, and up to the date of approval of the annual report and accounts, were as follows:

Chairman	Aileen McLeish
Chief Executive	Andrew Liles (to August 2014)
Chief Executive	Suzanne Rankin (from September 2014)
Director of Finance & Information	Simon Marshall
Chief Nurse	Suzanne Rankin (to August 2014)
Interim Chief Nurse/Chief Nurse	Heather Caudle (from September 2014)
Director of Workforce & Organisational Development	Raj Bhamber (to April 2013)
Director of Workforce Transformation	Louise McKenzie (from April 2013)
Deputy Chief Executive	Valerie Bartlett
Medical Director	David Fluck
Non-Executive Director	Peter Taylor (to October 2013 and returned from September 2014)
Non-Executive Director	Carolyn Simons (from November 2013)
Non-Executive Director	Philip Beesley
Non-Executive Director	Terry Price
Non-Executive Director	Sue Ells
Non-Executive Director	Jim Gollan (to July 2014)
Non-Executive Director	Clive Goodwin
Non-Executive Director	Nadeem Aziz (from September 2014)

Non-executive members of the Trust Board are appointed by the Foundation Trust's Council of Governors. Executive members of the Board are subject to recruitment by the NHS Foundation Trust Board. Members of both the Trust Board and nominated sub-Committees are not individual Trustees under charity law but act as agents on behalf of the corporate Trustee.

# THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

## TRUSTEE'S ANNUAL REPORT (Continued)

<b>Principal Addresses</b>	Ashford Hospital London Road Ashford Middlesex TW15 3AA
	St. Peter's Hospital Guildford Road Chertsey Surrey KT16 OPZ
<b>Bankers</b>	The Royal Bank of Scotland PLC 10 North Street Guildford Surrey GU1 4AF
<b>Investment Advisors</b>	Barclays plc Gerrard Investment Management Limited 1 Churchill Place London E14 5HP
<b>Auditors</b>	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.

The Trustee set up a Charities Committee who has taken matters related to charitable funds and whose first meeting was held in November 2013. Meetings take place during the year, attended as necessary by the Fund's investment advisors, to allow the Charities Committee to review the Charitable Fund finances and investments in detail. The Charities Committee keep up to date with the responsibilities of the Trustee and with any changes in legislation at the Charities Committee meetings where papers are presented and any issues discussed.

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 Charities Committee.

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 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 ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

### TRUSTEE'S ANNUAL REPORT (Continued)

The Charity Commissioners have directed, by virtue of section 96 of the Charities Act 2011, 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 objects of Special Trusts are narrower than those of the main Charity (see below).

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 and 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:

#### 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.

## THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

### TRUSTEE'S ANNUAL REPORT (Continued)

#### 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 it has 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.

# THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

## TRUSTEE'S ANNUAL REPORT (Continued)

### Risk Management

The Trustee is committed to reviewing 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.

Where appropriate 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 Charity accounts are also subject to external audit.

One of the most significant risks that the Charity faces is the fall in value of investments as a result of fluctuating 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 ongoing 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 Charities Committee 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 2013/14.

The income of £370,000 (2012/13: £554,000) includes donations from individuals, groups and companies of £113,000 (2012/13 £236,000) and legacy income of £165,000 (2012/13 £243,000).

Total expenditure in the year was £387,000 (2012/13: £317,000) of which £169,000 (2012/13 £86,000) was spent on the purchase of medical and surgical equipment.

### Financial Review

Pages 10 to 17 incorporate the Annual Accounts of the Charity for the year ended 31 March 2014. A summary of the accounts is as follows:-

Income	- Total income for 2013/14 is summarised as follows:		
		<u>2013/14</u>	<u>2012/13</u>
		<u>£'000</u>	<u>£'000</u>
	Donations and legacies	278	479
	Investment Income	30	29
	Other Income	62	46
	Total	<u>370</u>	<u>554</u>

## 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 2013/14 is summarised as follows:

	<u>2013/14</u> <u>£'000</u>	<u>2012/13</u> <u>£'000</u>
Contributions to the NHS	130	53
Patients welfare and amenities	88	76
Staff welfare and amenities	85	64
Research	8	16
Other	46	67
Total	<u>357</u>	<u>276</u>

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 2014 the market value of these investments was £2,179,000. There were six investments representing greater than 5% of the total market value of all investments as at 31 March 2014. These were a) Artemis Fund Managers valued at £159,261 (7.31%) b) Barclays Multi-Mgr valued at £114,813 (5.27%) c) Asia Pacific valued at £148,407 (6.81%) d) Findlay Park valued at £116,384 (5.34%) e) JP Morgan Asset Management valued at £130,130 (5.97%) and f) Robeco Capital Growth valued at £125,050 (5.74%).

Cash held as part of the investment portfolio totalled £27,168 (1.25%).

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-high 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 Charities 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 2014 the breakdown of reserves held are as follows:

	<u>2013/14</u>	<u>2012/13</u>
	<u>£'000</u>	<u>£'000</u>
Restricted funds	551	465
Unrestricted funds – Designated	1,084	1071
Unrestricted funds – Non-Designated Realised	437	427
Unrestricted funds – Non-Designated Unrealised	279	299
Total	<u>2,351</u>	<u>2,262</u>

The Trustee considers free reserves to be those unrestricted funds that are non-designated and have been realised. The level of realised free reserves (£437,000) is higher than that considered as required to comply with the reserves policy (which currently is £250,000 to cover three years general expenditure) and the Trustee is reviewing how the level of free reserves can be reduced whilst satisfying the objects of the charity. These free reserves have increased by just 2.3% during 2013/14.

### Plans for the Future

The Trustee has discussed with those responsible for the day to day management of the funds their responsibility not to accumulate funds unnecessarily and as set out above there was a net outgoing of resources in 2013/14. Expenditure plans will be reviewed again in 2014/15 as part of the remit of the Charities Committee.

The Charities Committee is currently reviewing what the next major appeal will be and when it will be launched.

### 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  
xx November 2014

S Rankin  
Trustee  
xx November 2014

## 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 2011, 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.

As far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware; and the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

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 10 to 17 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  
xx November 2014

S Rankin  
Trustee  
xx November 2014

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

We have audited the financial statements of the Ashford and St. Peter's Hospitals Charitable Fund (The Charity) for the year ended 31 March 2014 set out on pages 10 to 17.

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 Trustee, in accordance with section 144 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Trustee 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 Trustee, for our audit work, for this report, or for the opinions we have formed.

**Respective Responsibilities of Directors and Auditor**

As explained more fully in the Statement of Trustee's Responsibilities set out on page 8, the Trustee is responsible for the preparation of financial statements that give a true and fair view. We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the Audit of the Financial Statements**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board'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 2014 and of its incoming resources and application of resources for the year then ended;
- have been prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

**Matters on Which we are Required to Report by Exception**

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

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- The Charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Philip Johnstone**  
For and on behalf of KPMG LLP,  
Statutory Auditor  
15 Canada Square  
London E14 5GL

xx November 2014

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED  
31 MARCH 2014

	Note	Unrestricted Funds £'000	Restricted Income Funds £'000	Total Funds 2014 £'000	Total Funds 2013 £'000
<b>Incoming Resources</b>					
Incoming resources from generated funds					
Voluntary income:					
Donations		27	86	113	236
Legacies		165	-	165	243
Investment income		24	6	30	29
Other incoming resources	2	59	3	62	46
<b>Total Incoming Resources</b>		<u>275</u>	<u>95</u>	<u>370</u>	<u>554</u>
<b>Resources Expended</b>					
Costs of generating funds					
Costs of charitable activities	3, 4	326	39	365	296
Governance costs		6	-	6	5
<b>Total Resources Expended</b>		<u>345</u>	<u>42</u>	<u>387</u>	<u>317</u>
<b>Net incoming/(outgoing) resources</b>		(70)	53	(17)	237
Gains on revaluation of investment assets		73	33	106	190
Net movement in funds		<u>3</u>	<u>86</u>	<u>89</u>	<u>427</u>
<b>Reconciliation of Funds</b>					
Fund balances at 31 March 2013		1,797	465	2,262	1,835
<b>Fund balances at 31 March 2014</b>		<u>1,800</u>	<u>551</u>	<u>2,351</u>	<u>2,262</u>

The notes at pages 12 to 17 form part of these accounts.

**THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND**

**BALANCE SHEET  
AS AT  
31 MARCH 2014**

	Note	31 March 2014		31 March 2013	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Investments	6		<u>2,179</u>		<u>2,064</u>
<b>CURRENT ASSETS</b>					
Debtors	7	78		38	
Cash at bank and in hand		<u>262</u>		<u>208</u>	
<b>TOTAL CURRENT ASSETS</b>			340		246
Creditors: Amounts falling due Within one year	8		(168)		(48)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>172</u>		<u>198</u>
<b>NET ASSETS</b>			<u>2,351</u>		<u>2,262</u>
<b>FUNDS OF THE CHARITY</b>					
<b>Capital Funds:</b>					
Endowment Funds			-		-
<b>Income Funds:</b>					
Restricted	9		551		465
Unrestricted	10		1,800		1,797
<b>TOTAL FUNDS</b>			<u>2,351</u>		<u>2,262</u>

Approved by the Corporate Trustee xx November 2014 and signed on its behalf by

**S Rankin**                      **Trustee**

The notes at pages 12 to 17 form part of these accounts.

# THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

## NOTES TO THE ACCOUNTS 31 MARCH 2014

### 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 2011 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.

# THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

## NOTES TO THE ACCOUNTS (Continued) 31 MARCH 2014

### 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.

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

NOTES TO THE ACCOUNTS  
(Continued)  
31 MARCH 2014

2. Other Incoming Resources

	Unrestricted Funds	Restricted Income Funds	Total 2014 Funds	Total 2013 Funds
	£'000	£'000	£'000	£'000
Other	<u>59</u>	<u>3</u>	<u>62</u>	<u>46</u>

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

3. Analysis of Support Costs and Overheads

	Governance Costs	Charitable Activities	Costs of Generating Funds	Total 2014	Total 2013
	£'000	£'000	£'000	£'000	£'000
Management charge	-	8	-	8	20
External audit	6	-	-	6	6
Other	-	-	16	16	15
	<u>6</u>	<u>8</u>	<u>16</u>	<u>30</u>	<u>41</u>

**Audit Liability Cap**

An engagement letter was signed on 24 September 2011 with KPMG. Currently the liability of KPMG, its members, partners and staff (whether in contract, negligence or otherwise) in respect of services provided in connection with or arising out of the audit shall in no circumstances exceed £500,000 in the aggregate in respect of all such services.

4. Analysis of Charitable Activities

	Direct Costs	Support Costs	Total 2014 Funds	Total 2013 Funds
	£'000	£'000	£'000	£'000
Grants to Ashford and St. Peter's Hospitals NHS Foundation Trust				
– Medical and surgical equipment	130	-	130	53
Patients welfare and amenities	88	3	91	83
Staff welfare and amenities	85	3	88	70
Research	8	-	8	17
Miscellaneous	46	2	48	73
	<u>357</u>	<u>8</u>	<u>365</u>	<u>296</u>

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

NOTES TO THE ACCOUNTS  
(Continued)  
31 MARCH 2014

5. Analysis of Net Assets Between Funds

	Unrestricted Funds	Restricted Income Funds	Total 2014 Funds	Total 2013 Funds
	£'000	£'000	£'000	£'000
Investments	1,670	509	2,179	2,064
Current assets	259	81	340	246
Current liabilities	(129)	(39)	(168)	(48)
	<u>1,800</u>	<u>551</u>	<u>2,351</u>	<u>2,262</u>

6. Fixed Asset Investments

There were no investments held outside the UK.

6.1 Analysis of Fixed Asset Investments

	Total 2014 £'000	Total 2013 £'000
Market value at 1 April 2013	2,064	2,061
Disposals at carrying value	(1,507)	(2,496)
Acquisitions at cost	1,487	2,274
Net gain / (loss) on revaluation	135	225
Market value at 31 March 2014	<u>2,179</u>	<u>2,064</u>
Historic cost at 31 March 2014	<u>1,790</u>	<u>1,667</u>

6.2 Market Value as at 31 March 2014

	Total 2014 £'000	Total 2013 £'000
Investments listed on Stock Exchange	2,152	2,053
Cash held as part of the investment portfolio	27	11
Total market value of fixed asset investments	<u>2,179</u>	<u>2,064</u>

6.3 Analysis of Gross Income from Investments

	Total 2014 £'000	Total 2013 £'000
Investments listed on Stock Exchange	28	28
Bank interest	2	1
	<u>30</u>	<u>29</u>

**THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND**

**NOTES TO THE ACCOUNTS**

**(Continued)**

**31 MARCH 2014**

**6.4 Significant Investments**

There were six investments representing greater than 5% of the total market value of all investments as at 31 March 2014. These were: -

- Artemis Fund Managers £159,261 (7.31%)
- Barclays Multi-Mgr £114,813 (5.27%)
- Asia Pacific Leaders £148,407 (6.81%)
- Findlay Park £116,384 (5.34%)
- JP Morgan Asset Management £130,130 (5.97%)
- Robeco Capital Growth £125,050 (5.74%)

Cash held as part of the investment portfolio totalled £27,168 (1.25%)

**7. Debtors**

	<b>2014</b>	<b>2013</b>
	£'000	£'000
Amounts falling due within one year:		
Accrued income	67	22
Prepayments	11	16
	<u>78</u>	<u>38</u>
No amounts fall due after more than one year.		

**8. Creditors**

	<b>2014</b>	<b>2013</b>
	£'000	£'000
Amount falling due within one year:		
Trade creditors	8	8
Other creditors	144	14
Accruals	16	26
	<u>168</u>	<u>48</u>
No amounts fall due after more than one year.		

**9. Restricted Funds**

	<b>Balance</b>	<b>Incoming</b>	<b>Resources</b>	<b>Transfers</b>	<b>Gains</b>	<b>Balance</b>
	<b>31 March</b>	<b>Resources</b>	<b>Expended</b>	<b>Between</b>	<b>and</b>	<b>31 March</b>
	<b>2013</b>			<b>Funds</b>	<b>Losses</b>	<b>2014</b>
	£'000	£'000	£'000	£'000	£'000	£'000
Research Fund	258	12	(22)	-	9	257
Post Graduate						
Medical Centre Fund	2	-	-	-	-	2
Stephanie Marks						
Appeal	10	2	(1)	-	-	11
Mother & Children's						
Fund	195	81	(19)	-	24	281
Total restricted funds	<u>465</u>	<u>95</u>	<u>(42)</u>	<u>-</u>	<u>33</u>	<u>551</u>

**THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND**

**NOTES TO THE ACCOUNTS  
(Continued)  
31 MARCH 2014**

**10. Unrestricted Funds**

	<b>Balance 31 March 2013</b>	<b>Incoming Resources</b>	<b>Resources Expended</b>	<b>Gains and Losses</b>	<b>Balance 31 March 2014</b>
	£'000	£'000	£'000	£'000	£'000
Designated Funds:					
Orthopaedic	65	1	(11)	4	59
Fracture Treatment	190	3	(2)	12	203
Haematology	198	4	(2)	12	212
Breast Care	104	26	(78)	6	58
Ophthalmology	15	41	(3)	2	55
Ultrasound	64	33	(39)	4	62
Other designated funds	435	53	(80)	27	435
	<u>1071</u>	<u>161</u>	<u>(215)</u>	<u>67</u>	<u>1,084</u>
Non-designated funds	726	114	(130)	6	716
Total unrestricted funds	<u>1,797</u>	<u>275</u>	<u>(345)</u>	<u>73</u>	<u>1,800</u>

**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 2014.

**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 Trustees or Related Parties**

The Charity has made revenue payments to the Corporate Trustee, Ashford and St. Peter's Hospitals NHS Foundation Trust for expenses incurred on its behalf in the year. There was also a management charge made by the NHS Foundation Trust for the administration (excluding audit fee) of the charity of £8,000 (£20,000 for 2012/13).

As at 31 March 2014 £144,000 (31 March 2013 £14,000) was owed by the charity to Ashford and St. Peter's Hospitals NHS Foundation Trust in respect of payments made by the Trust on behalf of the Charity.

Philip Johnstone  
Director  
KPMG LLP  
15 Canada Square  
London  
E14 5GL

27 November 2014

Dear Philip,

This representation letter is provided in connection with your audit of the financial statements of the Ashford and St. Peter's Hospitals Charitable Fund ("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 the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- iii. whether the financial statements have been prepared in accordance with the Charities Act 2011.

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

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

#### Financial statements

1. The Trustees have fulfilled their responsibilities, as set out in the terms of the audit engagement dated 24 September 2011, for the preparation of financial statements that:
  - i. 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;
  - ii. have been properly prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"); and
  - iii. have been prepared in accordance with the Charities Act 2011.
2. The financial statements have been prepared on a going concern basis
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.

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.

9. The Trustees have disclosed to you and have 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.

10. 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. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with FRS 8 Related Party Disclosures.

11. 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 27<sup>th</sup> November 2014.

Yours faithfully,

Director of Finance and Information , Ashford and St. Peter's Hospitals NHS Foundation Trust,  
On behalf of the Board of Trustees, the Ashford and St. Peter's Hospitals Charitable Fund



*cutting through complexity*

# Ashford and St. Peter's Hospitals Charitable Fund

Audit highlights memorandum and management letter

Year ended 31 March 2014

11 November 2014

This report is presented under the terms of our audit engagement letter.

- Circulation of this report is restricted.
- 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 audit engagement letter dated 24 September 2011.

### Purpose of this report

This Report is made to the Charitable Trust's Audit 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.

### Restrictions on distribution

This Report is subject to disclosure restrictions as set out in our engagement letter.

### Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Charity's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors reporting to the Charity's members 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 Charity'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 Trustees' 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

We are pleased to report that our fieldwork is complete and only closing procedures following the Audit Committee remain.

The contacts at KPMG in connection with this report are:

**Philip Johnstone**

*Director*

Tel: 020 7311 2091

[philip.johnstone@kpmg.co.uk](mailto:philip.johnstone@kpmg.co.uk)

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*Assistant Manager*

Tel: 020 7694 2848

[jennifer.garven@kpmg.co.uk](mailto:jennifer.garven@kpmg.co.uk)

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<b>Significant risks, significant risks that ISAs require us to raise, other areas of audit focus and our approach to them</b>	4
<b>Overview assessment</b>	5
<b>Appendices</b>	

This report is made solely to the Trustees of Ashford and St. Peter's Hospitals Charitable Fund, in accordance with the terms of our engagement. 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 Charity and its Trustees, 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 Trustees and this firm. Any disclosure of this report beyond what is permitted above will prejudice this firm's commercial interests. A request for our consent to any such wider disclosure may result in our agreement to these disclosure restrictions being lifted in part. If the Trustees receive a request for disclosure of this report under the Freedom of Information Act 2000, having regard to these actionable disclosure restrictions you must let us know and you must not make a disclosure in response to any such request without our prior written consent.

Audit conclusions		
✓	<ul style="list-style-type: none"> <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>■ Subject to internal quality review procedures, we have successfully completed out testing on the financial statements and related notes.</li> </ul>	
✓	<ul style="list-style-type: none"> <li>■ No significant audit issues arose during the course of our audit of Ashford and St. Peter's Hospitals Charitable Fund. Three errors were identified, all of which have been amended by management. These are set out in more detail in Appendix 2.</li> <li>■ We identified some minor presentational issues. All of these presentational issues have been adjusted by management.</li> </ul>	Appendix 2
Systems and controls		
✓	<ul style="list-style-type: none"> <li>■ No major weaknesses in the financial systems were identified.</li> <li>■ We have two areas for improvement and as such have raised two recommendations as set out in Appendix 3. These are with regards to the frequency of the Charitable Funds Committee, and the accounting methodology for Governance Costs.</li> <li>■ We raised four recommendations as a result of the 2012/13 audit. We report that two of these have been addressed by management, one has been re-raised and one has been superseded. Our review of prior year recommendations is set out in Appendix four.</li> </ul>	Appendix 3  Appendix 4
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>	



## Significant risks, significant risks that ISAs require us to raise, other areas of audit focus and our approach to them

We highlight significant findings in respect of significant risks and other areas of focus for our audit, as identified in our discussion with you at the audit planning and strategy stage.

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.	We do not consider this to be a significant risk as there is unlikely to be an incentive to fraudulently recognise revenue.  As we have been able to rebut this presumed risk as part of our planning processes, there is 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 a sample of year end and journal transactions and any transactions outside the normal course of business, no instances of fraud were identified.  We note that there are no material estimates in the 2013-14 financial statements.
<b>Completeness of legacies</b>	We have determined that there is a significant risk over the accounting for legacies, as this should be realised when there is sufficient certainty that the amounts will be received. There may be some judgment involved in this that could result in error. There is also potential for error in classifying between restricted and unrestricted funds.	Our testing identified one legacy received post year end, which should have been accrued for as of 31 March 2014. This was for the value of £5,000. Management have agreed to make this amendment. Further detail can be found in Appendix 2.

# Appendices

1. Mandatory Communications
2. Adjusted Audit Differences
3. Recommendations arising from our audit
4. Follow up of prior year Control Observations
5. Draft Management Representations Letter

Area	Key content	Reference
<b>Unadjusted audit differences</b>	There were no unadjusted audit differences.	
<b>Adjusted audit differences</b>	There were three adjusted audit differences made as a result of our audit. These are detailed further in Appendix 3	Appendix 3
<b>Other information in documents containing audited financial statements</b>	Our responsibility for other information in the Charity 's Annual Report and Financial Statements does not extend beyond the financial information identified in our auditors' 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 Trustees' 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.	
<b>Draft management representation letter</b>  Proposed draft of letter to be issued by the Company to KPMG prior to audit sign-off	In accordance with Clarified ISA 580 <i>Written representations</i> , we request written representations from those charged with governance. Written representations are necessary information we require in connection with the audit of the Charity.  The draft written representations required has been provided to Management and are detailed within Appendix 5 to this report.	Appendix 5
<b>Related parties</b>	There were no significant matters that arose during the audit in connection with the entity's related parties.	
<b>Other matters warranting attention by those charged with governance</b>	There were no matters to report in respect of material weaknesses or questions of management integrity or fraud involving management.	
<b>Disagreement with management</b>	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 Charity 's financial statements. We encountered no fundamental difficulties in dealing with management in performing the audit.	
<b>Consultation with other accountants</b>	To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year that were subject to the requirements of Statement 1.213 of the Institute of Chartered Accountants in England and Wales Guide of Professional Ethics.	-

Under UK auditing standards (ISA UK&I 260) we are required to provide the Audit 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 Ashford and St. Peter's Hospitals Charitable Fund for the year ended 31 March 2014.

Adjusted audit differences (£)				
No.	Detail	Statement of Financial Position Dr/(Cr)	Balance sheet Dr/(Cr)	Comments
1	Dr Debtors Cr Legacies	(£5,000)	£5,000	The audit identified one legacy which was received post year end for the value of £5,000. This was not accounted for in the draft financial statements. However, as notification was received prior to year end, this legacy should be accrued for.
2	Dr Donations Cr Legacies	£1,000 (£1,000)		Substantive testing of donations identified one item of revenue which was a legacy. This was accounted for as a donation in the draft accounts.
3	Dr Debtors Cr Cost of charitable activities	(£3,000)	£3,000	An invoice was paid in 2012/13 which covered a 24 month period commencing 01 July 2012. Therefore, 1/8th of this invoice was required to be accounted for as a prepayment.

## Recommendations arising from our audit

We have set out here two recommendations regarding issues that we found during the course of this year's audit.

### Priority rating for recommendations

- |  |  |  |
|--|--|--|
| <p>❶ <b>High Priority</b>: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.</p> | <p>❷ <b>Medium Priority</b>: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p> | <p>❸ <b>Low Priority</b>: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p> |
|--|--|--|

Grade	Observation & Recommendation	Management response
<p>● <b>Medium Priority</b></p>	<p><b>Charitable Funds Committee</b> In November 2013, the Charity set up a Charitable Fund Committee. The first meeting took place in November 2013. During this meeting, the Committee agreed that the next Committee meeting should take on a quarterly basis.</p> <p>From discussions with management, we understand that the next meeting took place in April 2014, however, minutes not been circulated to attendees.</p> <p>We recommend that all meetings are minuted, with the minutes being approved in a timely manor. In addition, we recommend that this Committee meets quarterly as per the terms of reference, to ensure timely and effective communication and to ensure that fund holders can be effectively held to account for the delivery of the charities objectives.</p>	<p><b>Accepted</b> <b>Officer:</b> Miriam Bateson <b>Comment:</b> Quarterly meetings have already been scheduled for 2015; 19th March, 18th June, 17th September and 17th December</p>

## Recommendations arising from our audit (continued)

Grade	Observation & Recommendation	Management response
<p style="text-align: center;">● <i>Medium Priority</i></p>	<p><b>Accounting for management charge</b></p> <p>As part of the audit, we performed substantive procedures over the allocation of administrative expenses. For 2013/14, we note that an £8,000 management charge was recognised as a expenses on the Statement of Financial Activities.</p> <p>The charity's methodology for charging this expense is calculated on 5% of total income less investment income, accrued legacy income and audit fee.</p> <p>The charities main income sources are legacies and donations, both of which are subject to significant volatility. We therefore recommend that management re-consider the methodology used in calculating the management charge, to ensure that it more accurately reflects the cost of charitable administration costs on a continuous basis.</p>	<p><b>Noted</b></p> <p><b>Officer:</b> Miriam Bateson</p> <p><b>Comment:</b> This will be raised as an item for discussion at the March 2015 Charitable Funds Committee meeting.</p>

## Follow up of prior year control observations

We have set out here the progress that the Charity has made in implementing the recommendation raised in the prior year ISA260.

Grade	Observation & Recommendation	Managements response	2013/14 update
<p>●</p> <p><b>Medium Priority</b></p>	<p><b>Allocation of donations received</b></p> <p>Through our sample testing we noted a number of donations received that appeared to be intended for a specific cause but had been allocated to designated funds. These funds are unrestricted in nature and could technically be moved to other forms of expenditure.</p> <p>Whilst we have been able to conclude from an accounting perspective that the income can be classified as unrestricted (due to very specific wording requirements for the income to be mandated as restricted), there remains an issue of whether the Trustee is comfortable that funds may be used for purposes that the donor had not intended.</p> <p>We therefore recommend that a standard form is introduced for donations which will facilitate the donor's decision to provide restricted or unrestricted funding and ensure that these wishes are met.</p> <p>This needs to be supplemented by a monitoring process for ensuring that funds are spent by managers in the way dictated by donors.</p>	<p><b>Accepted</b></p> <p><b>Officer:</b> Miriam Bateson, Head of Financial Services</p> <p><b>Due date:</b> 30/06/2014</p>	<p><b>Not implemented – re-raised</b></p> <p>Our testing of donations did not demonstrate that a standard form is introduced for donations which will facilitate the donor's decision to provide restricted or unrestricted funding and ensure that these wishes are met. As such, we have re-raised this recommendation.</p> <p><b>Noted</b></p> <p><b>Officer:</b> Miriam Bateson</p> <p><b>Comment:</b> This will be raised as an item for discussion at the March 2015 Charitable Funds Committee meeting</p>
<p>●</p> <p><b>Medium Priority</b></p>	<p><b>'Just Giving' website</b></p> <p>We identified through our testing of donations that there are two restricted funds donors can donate to via the Just Giving website. These are "The Early Births Fund (Neonatal unit)" and "The Children's &amp; Young Peoples Fund". For both of these funds, the website sets out the cause and where the money will be spent.</p> <p>We determined however that the "Early Births Fund (Neonatal unit)" objectives were achieved in 2005. As per enquires with staff, all income received since 2005 to this fund, has been spent on the objectives of the "The Children's &amp; Young Peoples Fund", and donors are therefore potentially being misled as to the destination of their funds.</p> <p>We recommend that the Trust update the Just Giving website to give a clear indication to donors of where funds will be spent.</p>	<p><b>Accepted</b></p> <p><b>Officer:</b> Miriam Bateson, Head of Financial Services</p> <p><b>Due date:</b> 30/06/2014</p>	<p><b>Implemented</b></p> <p>Our review of the 'Just Giving' website, confirmed there is one fund to which donors can donate, giving a clear indication to donors of where funds can be spent.</p>

## Follow up of prior year control observations (continued)

We have set out here the progress that the Charity has made in implementing the recommendation raised in the prior year ISA260.

Grade	Observation & Recommendation	Managements response	2013/14 update
<p>●</p> <p><i>Low Priority</i></p>	<p><b>Accounting for gift aid</b></p> <p>From our review of 'other income' we identified that all gift aid is credited to the restricted Mother and Child fund. It is not necessary to restrict this income, and this is therefore reducing flexibility in how funds can be spent.</p> <p>We therefore recommend that the charity review the accounting for gift aid and consider whether this income would be better held in an unrestricted fund.</p>	<p><b>Accepted</b></p> <p><b>Officer:</b> Miriam Bateson, Head of Financial Services</p> <p><b>Due date:</b> 30/06/2014</p>	<p><b>Superseded</b></p> <p>In January 2014, when Management agreed this recommendation, it was thought that would be taken forward and considered by the Charitable Fund Committee as part of a wider review of how funds are classified and utilised.</p> <p>However, despite this review not yet having taken place, and until it does, the responsible officer has confirmed that this issue is not of particular concern to the Charity as currently it is more likely to be spent if it stays in the Mother and Child fund as this is one of the more active funds.</p>
<p>●</p> <p><i>Low Priority</i></p>	<p><b>Petty cash documentation</b></p> <p>The Petty Cash Certificates for Ashford cashiers and St Peter's Hospital cashiers were not countersigned.</p> <p>The certificate should be signed by the float holder, and then certified correct and countersigned by a manager to ensure independent review of the float's contents.</p>	<p><b>Accepted</b></p> <p><b>Officer:</b> Miriam Bateson, Head of Financial Services</p> <p><b>Due date:</b> 31/03/2014</p>	<p><b>Implemented</b></p> <p>We note that during the course of our testing we did not identify and instances where Petty Cash Certificates were not countersigned.</p>

We provide below our a draft management representations letter:

Philip Johnstone  
KPMG LLP,  
15 Canada Square  
Canary Wharf,  
London  
E14 5GL

[Date],

Dear Philip,

This representation letter is provided in connection with your audit of the financial statements of the Ashford and St. Peter's Hospitals Charitable Fund ("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 the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- iii. whether the financial statements have been prepared in accordance with the Charities Act 2011

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

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

### Financial statements

1. The Trustees have fulfilled their responsibilities, as set out in the terms of the audit engagement dated 26 November 2013, for the preparation of financial statements that:
  - i. 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;
  - ii. have been properly prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"); and
  - iii. have been prepared in accordance with the Charities Act 2011.
2. The financial statements have been prepared on a going concern basis
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.
  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.
  9. The Trustees have disclosed to you and have 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.
  10. 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. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with FRS 8 *Related Party Disclosures*.
  11. 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 Ashford and St. Peter's Hospitals Charitable Fund Committee on *[date]*.

Yours faithfully,

*[Signature]*

XXX, Director of Finance, Ashford and St. Peter's Hospitals NHS Foundation Trust,  
On behalf of the Board of Trustees, the Ashford and St. Peter's Hospitals Charitable Fund



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