

CHARITY COMMITTEE BRIEFING PAPER

DRAFT ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

Background

The Brighton and Sussex University Hospitals Trust NHS Charitable Funds comprises 253 individual funds which have been established to support the services provided by Brighton and Sussex University Hospitals NHS Trust (“the Trust”). These funds, which can be restricted, unrestricted or endowment in nature, are brought together for reporting purposes under the umbrella charity, the Brighton and Sussex University Hospitals Trust NHS Charitable Funds (“the Charity”).

Review of Accounts

The following paragraphs highlight some of the key areas in the accounts and specific changes from last year’s accounts together with the relevant page or accounting note reference.

Page 3 - Statement of Financial Activities

The Statement of Financial Activities shows the summarised income and expenditure for the year, together with the accumulated funds balance.

The cumulative funds balance has increased by £1.1m, from £9.0m to £10.1m. This relates primarily to a surplus of income over expenditure of £0.7m and unrealised gains on investments of £0.4m.

Incoming resources (income) has increased by £39,000 compared to the previous year’s income and is analysed between legacies, donations, investment income and other incoming resources. The Charity has benefited from several material legacies notified and paid during the year (three of the legacies account for £484,000). Legacies include income from legacies notified but not yet received at the year end.

Resources expended (expenditure) has increased by 11.0% from £1.5m to £1.6m. Expenditure on capital grants of £179,000 is lower than in previous years but this has been more than offset by an increase in patient welfare expenditure of £354,000.

The net balance before transfers and investment gains and losses was a surplus of income over expenditure of £762,000. The Charity has spent less money than it has received in year but a significant proportion of the legacy income accounted for as received included those notified but not yet received at the year end.

The internal transfer between funds relates to the transfer of income from the general hospital fund to support specific staff welfare funds such as the annual star awards.

Realised and unrealised gains show the value of gains on investments sold in the year and the gains from the valuation of investments held at the year end to market value. The Charity had historically held several investment portfolios which were sold during the previous financial year realising a gain of £872,000; these investments are now held in Newton’s Global Growth and Income Fund for Charities which returned an unrealised gain on revaluation of £411,000.

Page 4 - Balance Sheet

The balance sheet shows the net worth of the Charity at the end of the financial year.

Fixed assets (investments) have increased by £1.8m to £9.5m because of the increase in market value during the year and the investment of £1.4m from accumulated cash reserves. Since the year end the value of the Charity's investments has increased to £10m (31 December 2014).

Current assets have decreased slightly overall. Debtors have increased because of an increase in legacies notified but not yet received at the year end, but this has been offset by a decrease in cash holdings. Current liabilities have increased by £590,000 to £1.2m. This includes the provision for repayment of a £1m donation which was received in year and repaid in 2014/15. The balance of creditors relates to the intercompany account with the Trust.

Pages 5 to 11 - Notes to the Accounts

There have been no changes to the accounting policies.

Pages 7 to 8 - Income and Expenditure Notes to the Accounts

These pages analyse and provide detailed information about income and expenditure.

There has been an overall increase in charitable activities expenditure (note 3.1) of £180,000.

Expenditure on capital grants decreased by £179,000, staff welfare by £104,000 and salaries by £30,000, but these cost decreases have been offset by an increase in patient welfare of £297,000, staff training of £37,000 and miscellaneous expenditure of £102,000.

Grants made to the Trust for capital expenditure totalling £451,000 are analysed under note 3.2. The level of expenditure this is unusually low which is disappointing in view of the pressure on the Trust's capital expenditure programme.

Pages 8 to 11 - Notes to the Balance Sheet Accounts

Fixed asset investments (note 8.1) show the dealings in investments in the year. An additional £1.4m was invested during the year from cash balances not deemed to be required in the short term. The year end valuation of the investments and additional cash invested has resulted in a £1.8m (23.4%) increase in the overall holding value.

Notes 8.2 and 8.3 show the spread of investments and the annual income generated from the investments.

Note 9 provides a breakdown of debtors due within one year where accrued legacies of £1.4m account for the majority of the balance.

Creditors, note 10, provides a breakdown of amounts due and payable within one year which comprise amounts owed to the Trust for costs incurred on behalf of the Charity, the annual audit fee accrual and the HMRC accrual for benefits in kind provided to staff.

Note 11 analyses the fund balances between unrestricted, restricted and endowment.