



Charity Annual Report 2013/14

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FOREWORD

This is the Annual Report and Audited Financial Statements of the Corporate Trustee of the Sandwell and West Birmingham Hospitals NHS Trust Charities (the Charity) for the financial year ending 31 March 2014 which the Corporate Trustee is required to produce in accordance with Part VI of the Charities Act 2011, the Charities (Accounts and Reports) regulations 2005 and The Statement of Recommended Practice (the Charities SORP 2008). The Audited Financial Statements are included at appendix 2. The report and accounts include all the separately established funds administered for the public benefit by Sandwell and West Birmingham Hospitals NHS Trust. All of the charitable funds held are for the benefit of patients, their carers, staff of the NHS Trust and the communities served.

On 1st April 2002, Sandwell Healthcare NHS Trust and City Hospital NHS Trust formally merged. As a result, the Charities associated with these former organisations also merged. The Charity registration number of the former City Hospital NHS Trust Charitable Fund was retained and the Charity was renamed Sandwell and West Birmingham Hospitals NHS Trust Charities. In addition, Sandwell Health Authority was dissolved on 1st April 2002 and, as a consequence, the charitable monies previously held by the Health Authority were transferred to the new Charity for administration in accordance with NHS Executive guidelines.



Richard Samuda
Chairman



Toby Lewis
Chief Executive

REFERENCE AND ADMINISTRATIVE INFORMATION

CHARITY NAME: SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST CHARITIES

CHARITY REGISTRATION NO.: 1056127

GOVERNING DOCUMENT: DECLARATION OF TRUST DATED 5 JUNE 1996
(Amended by Supplemental deed: 5th June 2003)

CHARITY TRUSTEES:

The Charity has a Corporate Trustee, the Sandwell and West Birmingham Hospitals NHS Trust (established by Statutory Instrument in March 2002 under the NHS and Community Care Act 1990). The NHS Trust Board comprises the Chairman, six Non-Executive members and five Executive members. Non-Executive members are appointed by the NHS Trust Development Agency and the Executive members are all Directors of the NHS Trust and comprise the Chief Executive, the Directors of Finance, Nursing and Medicine and the Chief Operating Officer.

The NHS Trust Board has devolved responsibility for the ongoing management of funds to a Charitable Funds Sub-Committee of the Board which administers the funds on behalf of the Corporate Trustee. The Committee meets four times a year. Representatives of the Charitable Fund Investment advisors are required to attend the Committee on a twice yearly basis to present appropriate investment reports.

Persons who have acted as agents of the Corporate Trustee at any time during the course of the financial year are:

Mrs G Hunjan
Dr S Sahota OBE
Ms O Dutton
Ms C Robinson
Mr R Samuda
Mr H Kang
Prof R Lilford
Mr T Lewis

Dr R Stedman
Ms R Overfield
Ms L Pascall
Mr C Ovington
Mr R White
Mr A Waite
Miss R Barlow

REGISTERED OFFICE:

Sandwell and West Birmingham Hospitals NHS Trust
City Hospital
Dudley Road
Birmingham
West Midlands
B18 7QH

Telephone: 0121 507 4871

See Appendix 1 for other legal and administrative data.



OBJECTIVES AND STRATEGY

All Charities must have charitable purposes or aims that are for the 'public benefit'. This is known as the 'public benefit requirement'. 'Public benefit' is the legal requirement that every organisation set up for one or more charitable aims must be able to demonstrate that its aims are for the public benefit if it is to be recognised, and registered, as a charity in England and Wales. There are two key principles, both of which must be met in order to show that an organisation's aims are for the public benefit. Firstly there must be an identifiable benefit or benefits and secondly the benefits must be to the public or section of the public. The Corporate Trustee confirms that it has had regard to the Charity Commission public benefit guidance where relevant.

The Charity has a main Umbrella Charity with five Special Funds and a Common Investment Fund registered as subsidiaries of the main Umbrella Charity. The Umbrella Charity is formally known as "Sandwell and West Birmingham Hospitals NHS Trust Charities." The objects of this fund are registered as being:

“To apply the income for any charitable purpose or purposes relating to the National Health Service wholly or mainly for the service provided by Sandwell and West Birmingham Hospitals NHS Trust.”

This main fund is considered to have NHS wide objectives and as such, the Corporate Trustee considers this to be for the public benefit and therefore complies with the Charity Commissions guidance on public benefit.

The five Special Funds are:

1. Sandwell and West Birmingham Hospitals NHS Trust General Research Fund

Objects: "For any charitable purpose or purposes principally (but not exclusively) at or in connection with Sandwell and West Birmingham Hospitals NHS Trust which will further the following aims:

- 1.1 the investigation of the causes of sickness and disability and the prevention, treatment, cure and defeat of sickness and disability in all its forms;
- 1.2 the advancement of scientific and medical education and research in topics related to sickness and disability; and
- 1.3 the furtherance of any other charitable purposes for the relief of persons suffering from sickness and disability in all its forms."

2. Sandwell and West Birmingham Hospitals NHS Trust Staff Fund

Objects: "For the relief of sickness at Sandwell and West Birmingham Hospitals NHS Trust by promoting the efficient performance of their duties by staff at the NHS Trust."

3. Sandwell and West Birmingham Hospitals NHS Trust Patients Welfare Fund

Objects: "For the relief of sickness of patients who are or have been treated at Sandwell and West Birmingham Hospitals NHS Trust."

4. Sandwell and West Birmingham Hospitals NHS Trust Healthy Sandwell 2000 Fund

Objects: "For any charitable purpose relating to the promotion of health in Sandwell."

5. Sandwell and West Birmingham Hospitals NHS Trust Elderly Care Fund

Objects: "For any charitable purpose or purposes relating to the National Health Service wholly or mainly for the Sandwell and West Birmingham Hospitals NHS Trust Elderly Care Services."

In addition to these five Special Funds, formal approval to establish a pooling scheme for the purposes of investing surplus monies in respect of both the Umbrella Charity and the five subsidiaries was granted by the Charity Commissioners on the 10th June 1998, the objects being “to combine the investments and money belonging to the Charities and representing expendable funds into one pooled fund”. This fund is a common investment fund within the meaning of section 24 of the Charities Act 2011 and the Scheme is a common investment fund within the meaning of that Act. The fund is currently registered as “The Sandwell and West Birmingham Hospitals NHS Trust Charitable Fund (Expendable Fund) Common Investment Fund.”

The Corporate Trustee is also responsible for the administration of the Sandwell Children’s Helping Hand Charitable Trust on behalf of the former Sandwell Health Authority. The governing document is outlined in a set of rules dated 10 August 1996 and was formally registered with the Charity Commission on 7 January 2004 with the objects being:

“The Authority shall hold the fund on Trust for the following objects for the benefit of children for the time being in the area of the Authority:

1. Medical treatment, nursing, rehabilitation and after-care of children suffering from illness, disease or injuries of any kind (physical or mental);
2. The prevention of illness, disease and injury to children and the promotion of health, including the support of research by financial or other assistance.”

The Umbrella Charity, the Special Fund subsidiaries, the Sandwell Helping Hands Charitable Trust and the Common Investment Fund are, for the purposes of Section 3 and 4 of the Charities Act 2011 [Registration] and Part VI of that Act [Accounting], treated as a single Charity. The Trustee of the Special Trust subsidiaries, the Sandwell Children’s Helping Hands Charitable Trust and the Common Investment Fund is the Corporate Trustee of the Sandwell and West Birmingham Hospitals NHS Trust Charities (Umbrella Charity).



STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity's unrestricted fund was established using the model declaration of trust and all the funds held on trust as at the date of registration were either included as part of this unrestricted fund or registered as part of separate restricted funds under the main Umbrella Charity. Subsequent donations and gifts received by the Charity that are attributable to the original funds are added to those fund balances within the appropriate existing Charity.

Generally, donors are encouraged to make donations for the widest possible use for ease of spending. Where, however, the donor specifies that the donation is to be used for a particular purpose within one of the registered Charities, for example to benefit the patients on a particular ward, then these monies are initially allocated to the "Patient" Charity and a subsidiary fund is created to enable the spend to be monitored. For each of these subsidiary funds (of which there are in excess of 300 across all the Charities) there are fund manager(s) appointed whose responsibility it is to ensure that the funds are spent accordingly. Under a scheme of delegated authority approved by the Corporate Trustee, these fund managers have delegated authority for expenditure, excluding salaries, to spend up to £5,000 per request in conjunction with a nominated representative of the Director of Finance. Requests less than or equal to £20,000 require the authority of the Fund Manager and the Director of Finance; requests less than or equal to £50,000 require the authority of the Fund Manager, Director of Finance and the Executive Director responsible for the requesting department. Any request in excess of £50,000 requires the approval of the Charitable Funds Committee. In the case of any salary expenditure (including on costs) as part of a linked research programme, then this will always require the approval of the Fund Manager and the Director of Finance. This scheme is reviewed on an annual basis as part of a review of the NHS Trusts standing orders and standing financial instructions.

The Corporate Trustee fulfils its legal duty by ensuring that the funds are spent in accordance with the objectives of each fund and, by designating certain monies within the existing charities, the Corporate Trustee is able to respect the wishes of our generous donors to benefit patient care and advance the good health and welfare of patients, carers and staff.

Non-Executive members of the Trust Board are appointed by the NHS Trust's Development Agency and Executive members of the Board are subject to recruitment by the NHS Trust

Board. Members of the Trust Board and the Charitable Funds Committee are not individual trustees under Charity Law but act as agents on behalf of the Corporate Trustee.

Acting for the Corporate Trustee, the Charitable Funds Committee is responsible for the overall management of the charitable funds. The duties of the Committee are:

- Monitor the safeguarding of those assets donated or bequeathed, in cash or other form, to the Trust's charitable funds;
- Ensure, as far as is practicable, that the expressed or intended wishes of donors or benefactors are met in the deployment of funds ensuring that the use of funds is for the public benefit having regard for the guidance issued by the Charity Commission;
- Monitor and review the banking, accounting and audit arrangements made in respect of charitable funds;
- Advise on the appointment of investment brokers to provide professional advice on the investment of charitable funds;
- Together with such brokers, recommend the investment strategy for such funds;
- Receive and consider regular reports on income and expenditure from the Trust's charitable funds, prior to submission and to review the regular investment reports supplied by the Trust's brokers;
- Monitor standing orders, standing financial instructions and operating procedures in so far as these cover the use of charitable funds within the Trust and, as far as practicable, ensure compliance with those standing orders, instructions and operating procedures;
- Ensure, as far as practicable, that the Trust complies with relevant legislation and formal Department of Health guidance on charitable funds;
- To consider all business cases involving the use of charitable funds prior to consideration by the Trust Board.

The accounting records and the day-to-day administration of charitable funds are dealt with by the NHS Trust Finance Department which is located in Brookfield House on the City Hospital Site, Dudley Road, Birmingham B18 7QH. The NHS Trust levies a charge for providing this service which is reviewed on an annual basis.



RISK ASSESSMENT

The major risks to which the Charity is exposed have been identified and the responsibilities for managing those risks and the control and security systems in place to alleviate these risks are identified in the table below.

RISK	RESPONSIBILITY	SYSTEM / CONTROL
Financial Risk		
1. Investments are not properly safeguarded, resulting in loss of funds.	Director of Finance, Charitable Funds Committee	Monitoring of investments, sound custodian arrangements, professional advice and management of investments.
2. Major assets are not properly safeguarded, resulting in loss or damage.	Secretary to the Corporate Trustee	Insurance arrangements where assets are owned by the charity (not currently applicable).
3. Expenditure is inappropriately high resulting in faster depletion of reserves than approved by the Corporate Trustee.	Director of Finance, Charitable Funds Committee	Regular monitoring and reporting of performance, appropriate authorisation process.
4. Expenditure is inappropriately low resulting in lost opportunities for charitable benefit.	Director of Finance, Charitable Funds Committee	Regular monitoring and reporting of performance, formal plans for utilisation of funds.
5. Expenditure is inappropriate, or inappropriately authorised or not spent for the purposes intended.	Director of Finance	Authorisation of expenditure. Controls on approval of expenditure requests.
6. Income is not encouraged with the result that future expenditure is compromised.	Director of Finance, Head of Fundraising	Guidance on how to make donations and receive grants.
7. Income is not appropriated to specific funds in accordance with the intention of the donor.	Director of Finance, Head of Fundraising	Procedures to identify intention of donor and monitoring and control of use of funds.
8. Donated income is not recognised when it is received.	Director of Finance, Head of Fundraising	Provision of adequate cashiering/receipting and accounting facilities in the Trust.
9. Accounting transactions are inappropriately or inadequately recorded.	Director of Finance	Review of transactions recorded and regularly reported to the Corporate Trustee, use of appropriately qualified auditors.
Operational Risk		
1. The charity is not operating within its objects.	Director of Finance	Authorisation of expenditure, reporting of performance to the Corporate Trustee.
2. The demand for the charity's objects or services will not be supported by public donations or other income streams in the long term.	Director of Finance, Charitable Funds Committee, Head of Fundraising	Production of guidance on giving donations, marketing of the charity and production of annual report to publicise the charity.

RISK	RESPONSIBILITY	SYSTEM / CONTROL
Operational Risk		
3. Risk of financial loss/inability to replace items if the charity does not have adequate insurance cover.	Director of Finance	Annual review of insurance arrangements where applicable.
4. Risks relating to the public profile of the charity, including the charitable objects, the Corporate Trustees, expenditure on management and administration, fraud risk and the quality of services provided by the charity.	Director of Finance	Production of annual report to publicise the charitable activities of the charity and production of statutory financial accounts. Provision of Internal and External Audit services.
5. Management or Corporate Trustee risk in terms of charity sector experience and the level of involvement in the management of the charity.	Director of Finance	Sound induction of members of the Corporate Trustees. Availability of sources of advice on management, financial and legal issues.
Compliance Risk		
1. Risk in relation to VAT, Corporate Tax and PAYE/NI from undertaking non-charitable activities.	Director of Finance	Monitoring of activities being undertaken by fund advisors. Provision of specialist VAT advice.
2. Risk in relation to contravening legislation e.g. Data Protection Act, Health Act, Human Rights, Health & Safety, Employment law etc.	Director of Finance Director of Human Resources	Registration for Data Protection Act, monitoring of activities being undertaken on behalf of funds.
3. Financial reporting risk in terms of statutory accounts, accounting standards and SORP compliance.	Director of Finance	Sound guidance on completion of statutory returns and regular updates on developments.

The Corporate Trustee is content that the controls described have operated effectively during the year and therefore that the risks outlined have been mitigated.

The most significant ongoing risk to the Charity is the potential losses arising from a fall in the value of the investments held and the level of reserves available to offset the impact of

any such losses. These have been carefully considered and there are procedures in place to review the investment policy and to ensure that both spending and financial commitments remain in line with income streams.

PARTNERSHIP WORKING AND NETWORKS

The Charity continues to be a member of the Association of NHS Charities. This organisation is for the larger NHS charitable organisations and ensures that the Charity is kept informed and fully updated on all current and developing issues in relation to charitable funds. Concerns are highlighted and the knowledge shared with similar organisations.

Sandwell and West Birmingham Hospitals NHS Trust is the main beneficiary of the Charity and is a related party by virtue of being the Corporate Trustee of the Charity. By working in partnership with the Trust, the charitable funds are used to the best effect for public benefit. When deciding upon the most beneficial way to use charitable funds, the Corporate Trustee has due regard to the main activities, objectives, strategies and plans of the NHS Trust.

ANNUAL REVIEW: OUR ACTIVITIES

During the year, the funds continued to support a wide range of charitable and health related activities benefiting both patients and staff. In general these funds are used to purchase additional goods and/or services that the NHS is unable to provide.

The Patients' Charity receives many donations specifically given by grateful members of the public usually in recognition of either the excellent care that they or a relative have received whilst a patient in the hospital or an identifiable lack of facilities. These funds are used to enhance patient facilities and provide additional comforts and aids to make their stay in hospital more comfortable.

Similarly, the Staff Charity receives donations from the general public usually in recognition of the excellent levels of care that they or a relative has received. These funds are used for charitable activities that will benefit staff and enhance their work performance. In particular these funds are often used to support staff attending courses and conferences not normally funded by the NHS, which enable staff to remain at the forefront of technology in their specific areas of work and therefore further enhance the service provided to patients.

The Charity makes available funds to sponsor non-commercial research in areas where the NHS Trust has considerable expertise and interest with a view to developing new treatments and therapies in caring for patients. This programme of research is approved and monitored

by the NHS Trusts Research Ethics Committee and is supported by way of legacies and grants from commercial and non-commercial organisations. The NHS Trust has close links with the University of Birmingham and the Charity uses this relationship to further enhance research work. Those staff who are employed to work on research projects actually hold contracts of employment with the NHS Trust and their salaries are recharged to the Charity on a regular basis. The Charity itself does not directly employ any staff.



REVIEW OF 2013/2014 – FINANCES

Income and Expenditure

The table below summarises the overall analysis of the income and expenditure position for 2013/2014 extracted from the Statement of Financial Activities as detailed in Appendix 2.

	Unrestricted Funds	Restricted Funds	Total
	£000's	£000's	£000's
OPENING FUND BALANCE (1 April 2013)	2,768	2,539	5,307
ADD:			
Donations / Legacies / Grants and other incoming resources for the year	938	9475	475
Interest and Dividends for the year	79	55	55
LESS:			
Expenditure for the year	(569)	(478)	(478)
Transfers in the year			
I&E SURPLUS / (DEFICIT) FOR YEAR	448	52	500
Investment gains (losses) recognised in the year	13	9	22
CLOSING FUND BALANCE (31 March 2014)	3,229	2,600	5,829

The net assets of the Charity as at 31 March 2014 were £5.829 million (2013: £5.307 million). Overall net assets increased during the year by £522,000 including a small increase in the valuation of our investments.

The past financial year has seen the value of charitable funds increase as a result of an increase in the level of income, including significant receipts from legacies, offset by a smaller increase in the value of expenditure. Of the total expenditure of £1,047,000 (2013:

£858,000), expenditure on direct charitable activity for the public benefit, including support costs, was £999,000 (2013: £808,000) across a range of programmes.

Improvements in the stock market have had some effect on the level of fund balances and a degree of cautious optimism remains for the medium to long term. However, it is recognised that this position can change speedily and dramatically and the Corporate Trustee continues to continually monitor the situation.

The Charity continues to be heavily dependent upon the generosity of the general public, grants from commercial and non-commercial organisations and income from investments held to fulfil its objectives. The considerations given by the public usually represent the excellent standard of care received from the staff of the Hospital whilst they, or a relative or a friend, were being treated in hospital, or to assist the Trust in providing additional facilities and comforts for patients. Grants from commercial organisations are usually given in support of essential ongoing charitable medical research in various clinical areas. The income received from investments (i.e. company dividends and bank interest) is apportioned annually over individual funds based on their proportion of the common investment fund. The resulting income is to be subsequently applied in accordance with the objectives of the fund.

Patients Welfare and Amenities

The majority of the £537,000 expenditure recorded in the accounts under the patients welfare and amenities heading was spent on medical and other equipment and consumables (including £41,000 for a UV detector, £33,000 for a gastroscope, £12,000 for a spectrophotometer and £12,000 for audiovisual surgical teaching equipment as well as other comforts to enhance patient treatment and to improve the patient environment and facilities within the Trust.

Staff Welfare and Amenities

Staff welfare and amenities expenditure of £234,000 includes payments in respect of various course and conference study fees and associated expenses for NHS Trust staff and for supporting valuable team building activities in various hospital departments and generally improving the working environment for staff.

WELCOME TO Rowley Regis Day Hospital



Income and Expenditure

The Charities SORP defines reserves as that part of a charity's income funds that is freely available to spend on any of the charity's purposes. This definition excludes restricted income funds which have particular restrictions on how the funds may be used and also certain unrestricted funds which have been designated or earmarked for future spending purposes.

Restricted Funds

Individual fund managers are required to submit annual plans to the Corporate Trustee detailing how and on what the restricted funds are to be spent. The Corporate Trustee regularly monitors this spend against the available fund balance and takes appropriate action to ensure that funds are spent in a timely manner and in accordance with the donor's wishes.

Designated Funds

The Charity encourages donors to make donations to the Charities general unrestricted funds rather than make donations for restricted purposes.

Where general donations are received on behalf of individual wards or departments of Sandwell and West Birmingham Hospitals NHS Trust, the Corporate Trustee has agreed to transfer the donations received to a fund designated for that particular ward or department. By their very nature these funds are generally held for the purposes of satisfying needs on a day to day basis rather than for long term projects. Internal controls inherent in the accounting system prevent the possibility of these funds spending in excess of the outstanding balance.

Individual fund managers for these ward and departmental designated funds are required to submit annual spending plans to the Corporate Trustee setting out how they intend to spend the balance on their fund on an annual basis.

Other designated funds may be created from time to time by the Corporate Trustee in order to fund specific charitable activities.

It should be noted that the designation of funds does not commit the funds legally. Such designation may be cancelled by the Corporate Trustee if it is later decided that the Charity should not proceed or continue with the use or purpose for which the funds were originally designated.

Level of Reserves

The Charity has estimated that it needs reserves (target reserves) of £575,000 to meet ongoing running costs of the charity and to meet expected future commitments. This is based on £200,000 to cover the annual fundraising and administrative costs of the charity (including bank charges, audit fees, accounting arrangements and investment broker fees), £275,000 to provide a contingency against any downward movements in the value of investments and £100,000 in respect of future commitments that may arise on a day to day basis (including the potential redundancy costs for any staff employed directly on charitable fundraising activities by Sandwell & West Birmingham Hospitals).

The Charities actual reserves at 31 March 2014 were £613,000. This is based on the total value of unrestricted funds shown on the balance sheet of £3,229,000 less that element of the unrestricted funds which is designated for specific purposes of £2,615,000.

Investments

The Corporate Trustee is empowered under the declaration of trust to invest funds in stocks and shares. Following a re-tendering exercise in February 2008, the Corporate Trustee re-appointed Barclays Wealth to provide continuing advice in respect of the management of investments. The Charities holdings are held in "nominee" company with Barclays Wealth.

The market value of investments held at Barclays Wealth on 31 March 2014 was £4,511,000 (2013: £4,359,000). The performance of the portfolio for all categories of investments (including cash) against recognised benchmarks during the financial year is summarised in the table on the next page. The performance takes into account not only the rise or fall of an investment over the period but also transactions that may have increased or decreased the size of a holding which will be weighted to reflect when the change was actually made. Similarly it also takes into account the receipt of any dividends or income stream again, recognising when this was received.

Portfolio Performance 2013/14

Overall, the portfolio under performed slightly in year against the benchmark total return as is shown in the table below.

	2013/14 %	Last 3 Years %	Last 5 Years %
Investment Portfolio Total Return	3.11	5.08	10.56
Benchmark Total Return	1.89	6.40	10.87
Benchmark Indices			
Consumer Price Index	1.76	2.56	3.02
FTSE A British Govt All Stocks GBP TR	(2.56)	5.49	4.46
Barcap Global Corporate TR	4.14	5.27	9.39
FTSE All Share GBP TR	8.81	8.81	16.36
MSCI World ex UK (GBP) TR	9.28	9.60	15.42

Statement of Investment Policy

The Corporate Trustee has approved the following statement of investment policy:

1. The Charity shall appoint professional investment advisers to support the active implementation of its investment policy and their performance shall be reviewed annually.
2. The Charity shall adopt the objectives of:
 - 2.1 Maintaining and growing the capital value of its investments portfolio over time
 - 2.2 Generating income from its portfolio of investments
 - 2.3 A target income stream of £175,000 per annum shall be set. This shall be reviewed by the Corporate Trustee on at least an annual basis.

3. To achieve its objectives, in paragraph 2 above, the Charity shall, having taken into account the view of its brokers/advisers, maintain an appropriate balance in its investments portfolio between fixed interest investments and equities.

Portfolio target asset allocation ranges shall be set by the Corporate Trustee and reviewed, having taken into account the views of the investment advisors, on at least a biannual basis.

The ranges currently set are:

Asset	% Range
Fixed Interest	37% - 47%
UK Equities	35% - 45%
Overseas Equities	5% - 15%
Property Assets	0% - 10%
Cash	0% - 8%

4. The Charity's investment policy precludes the investment in companies with a significant interest in tobacco, alcohol or armaments.

The Corporate Trustee periodically reviews the way in which the portfolio is managed by the investment brokers with a view to exploring alternative options.

ACCOUNTING AND REPORTING RESPONSIBILITIES

Income and Expenditure

The Charities Act 2011 requires the Corporate Trustee to prepare accounts for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing these accounts, the Corporate Trustee is required to:

- apply accounting policies on a consistent basis;
- make judgements and estimates which are reasonable and prudent;
- follow applicable accounting standards and the Charities SORP, disclosing and explaining any material departures in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the Charity will continue in operation.

The Corporate Trustee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the accounts comply with charity law. The Corporate Trustee is also responsible for establishing and monitoring a system of internal control and establishing arrangements for the prevention and detection of fraud and corruption.

The Corporate Trustee confirms that they have met the responsibilities set out above and complied with the requirement for preparing the accounts on a going concern basis.

Management and Administration of Charitable Funds

On a day to day basis, the management of the 300+ subsidiary funds within the overall charities umbrella rests with nominated managers from the areas for which the subsidiary funds are established. Authorisation of expenditure for individual subsidiary funds is controlled within the Trust's charitable fund policies and as described earlier in this document.



APPENDIX 1

SANDWELL AND WEST BIRMINGHAM HOSPITALS NHS TRUST CHARITIES OTHER LEGAL AND ADMINISTRATIVE DATA

INVESTMENT ADVISORS:

Barclays Wealth
(A subsidiary of Barclays Bank PLC)
1 Colmore Square
Birmingham
B4 6ES

BANKERS:

National Westminster Bank PLC
309 High Street
West Bromwich
West Midlands
B70 8ND

AUDITORS:

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

SOLICITORS:

Browne Jacobson LLP
Victoria Square House
Victoria Square
Birmingham
West Midlands
B2 4BU

BY ORDER OF THE CORPORATE TRUSTEE

APPENDIX 2

SANDWELL AND WEST BIRMINGHAM HOSPITALS NHS TRUST CHARITIES ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

STATEMENT OF FINANCIAL ACTIVITIES

		Unrestricted Funds	Restricted Funds	Total Funds	2012/2013
Note	£000	£000	£000	£000	£000
INCOMING RESOURCES					
Incoming resources from generated funds:	2				
Voluntary Income:					
Donations		577	375	952	560
Legacies		361	100	461	592
Investment income	6	79	55	134	123
TOTAL INCOMING RESOURCES					
TOTAL INCOMING RESOURCES		1,017	530	1,547	1,275
RESOURCES EXPENDED					
Costs of generating funds:					
Investment management costs		4	3	7	8
Charitable activities:					
	4				
Patients welfare and amenities		370	167	537	278
Staff welfare and amenities		173	61	234	243
Research		0	228	228	287
Total Charitable Activities		543	456	999	808
		22	19	41	
Governance costs	3				42
TOTAL RESOURCES EXPENDED		569	478	1,047	858

	Unrestricted Funds	Restricted Funds	Total Funds	2012/2013	
Note	£000	£000	£000	£000	
NET INCOMING / (OUTGOING) RESOURCES BEFORE OTHER RECOGNISED GAINS OR LOSSES					
	448	52	500	417	
Other recognised gains and losses:					
Gains/(losses) on revaluation and disposal of investment assets	13	9	22	265	
NET MOVEMENT IN FUNDS					
NET MOVEMENT IN FUNDS		461	61	522	682
RECONCILIATION OF FUNDS					
Total funds brought forward		2,768	2,539	5,307	4,625
TOTAL FUNDS CARRIED FORWARD		3,229	2,600	5,829	5,307

The notes on pages 20 to 24 form part of these financial statements.

**SANDWELL AND WEST BIRMINGHAM HOSPITALS NHS TRUST CHARITIES
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014**

BALANCE SHEET

		Unrestricted Funds	Restricted Funds	Total at 31 March 2014	Total at 31 March 2013
FIXED ASSETS					
Investments	6	2,470	2,041	4,511	4,359
TOTAL FIXED ASSETS		2,470	2,041	4,511	4,359
CURRENT ASSETS					
Debtors	7	110	4	114	54
Cash at bank and in hand		708	584	1,292	905
TOTAL CURRENT ASSETS		818	588	1,406	959
LIABILITIES					
Creditors falling due within one year	8	59	29	88	11
NET CURRENT ASSETS / (LIABILITIES)		759	559	1,318	948
NET ASSETS		3,229	2,600	5,829	5,307
THE FUNDS OF THE CHARITY					
Restricted Income Funds	9	0	2,600	2,600	2,539
Unrestricted Income Funds		3,229	0	3,229	2,768
TOTAL CHARITY FUNDS		3,229	2,600	5,829	5,307

SANDWELL AND WEST BIRMINGHAM HOSPITALS NHS TRUST CHARITIES ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

1. Accounting Policies

1.1 Accounting Convention

The financial statements have been prepared under the historic cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP 2008); "Accounting and Reporting by Charities" issued by the Charities Commissioners in 2005 and applicable UK Accounting Standards and the Charities Act 2011.

1.2 Incoming Resources

All incoming resources are included in full in the Statement of Financial Activities once the charity has entitlement to the resources, it is reasonably certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

1.2.1 Gifts in kind

- i) Assets given for distribution by the funds are included in the Statement of Financial Activities only when distributed.
- ii) Assets given for use by the funds (e.g. property for its own occupation) 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 funds 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 funds or the amount actually realised. The basis of the valuation is disclosed in the annual report.

1.2.2 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.

1.2.3 Legacies

Legacies are accounted for as incoming resources once the receipt of the legacy becomes reasonably 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.

1.3 Resources Expended

The funds held on trust accounts are prepared in accordance with the accruals concept. All expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party.

1.3.1 Cost of generating funds

The cost of generating funds is the costs of Common Investment Fund management fees.

1.3.2 Grants payable

Grants payable are payments made to third parties (including NHS bodies) in the furtherance of the fund's charitable objectives to relieve those who are sick. They are accounted for on an accruals basis where the conditions for their payment have been met or where a third party has a reasonable expectation that they will receive the grant. This includes grants paid to NHS bodies.

1.4 Structure of funds

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified in the accounts as a restricted fund. Funds where the capital is held to generate income for charitable purposes and cannot themselves be spent are accounted for as endowment funds. Other funds are classified as unrestricted funds. Funds which are not legally restricted but which the Corporate Trustee has chosen to earmark for set purposes are designated funds. The major funds held within these categories are disclosed on notes 9.2 and 9.3.

1.5 Investment Fixed Assets

Investment fixed assets are shown at market value as at the balance sheet date.

1.6 Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (or date of purchase if later). Unrealised gains and losses are calculated as the difference between market value at the year-end and opening market value (or date of purchase if later).

1.7 Intangible Fixed Assets

The Corporate Trustee holds no intangible fixed assets.

1.8 Change in the Basis of Accounting

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

1.9 Prior Year Adjustments

There has been no change to the accounts of prior years.

1.10 Pooling Scheme

An official pooling scheme is operated for investments relating to all the Charities Funds. The scheme was approved by the Corporate Trustee in March 2003 and registered with the Charity Commission on 5th June 2003.

1.11 Irrecoverable Value Added Tax

Irrecoverable VAT is included in the relevant cost headings on the face of the Statement of Financial Activities and is not disclosed as a separate item.

1.12 Transfers between Restricted and Unrestricted Funds

The Corporate Trustee policy in respect of transfers between charitable funds is:

- (i) Transfers from restricted to unrestricted funds are not permissible without the prior approval of the Charity Commission and / or after consultation with the original donor.
- (ii) Transfers from unrestricted to restricted funds are allowable where the Corporate Trustee has agreed that donations originally given for the general purposes of the charity are to be subsequently earmarked for a specific purpose.

1.13 Corporate Trustee and Connected Persons

As part of the normal course of business, the charitable funds undertake a small number of transactions with the Sandwell and West Birmingham Hospitals NHS Trust. These are included in the 2013/2014 Statement of Financial Activities and balance sheet. Members of the Corporate Trustee are also members of the Sandwell and West Birmingham Hospitals NHS Trust Board, however appropriate controls exist to ensure individual transactions are undertaken independently of these members.

1.14 Investment Income

Investment income is allocated between the unrestricted and restricted funds based on a twelve month rolling average balance of each fund.

1.15 Investment Management Fees

Portfolio fees are treated as an investment management cost. Costs are allocated between unrestricted and restricted funds based on the relative values of the fund investment portfolios.

2. Analysis of Voluntary Income

	Unrestricted Funds	Restricted Funds	Total 2014 Funds	Unrestricted Funds
	£000	£000	£000	£000
Donations from individuals	206	375	581	90
Corporate donations	371		371	392
Corporate donations earmarked for research				76
Legacies	361	100	461	594
TOTAL	938	475	1,413	1,152

3. Allocation of support costs and overheads

Allocation and apportionment to Governance costs	2014 Total	Allocated to Governance	Residual for Apportionment	Basis of Apportionment
	£000	£000	£000	
Salaries and related costs	108	25	83	Number of transactions
Audit fees	9	9	7	Expenditure
Software maintenance	7	0	1	
Other Support costs	8	7		
TOTAL	132	41	91	

Apportionment of support costs across Charitable activities	Unrestricted Funds	Restricted Funds	Total 2014 Funds
	£000	£000	£000
Patients welfare and amenities	38	13	51
Staff welfare and amenities	17	5	22
Research	0	18	18
TOTAL	55	36	91

4. Analysis of expenditure on Charitable Activities

	Charitable Activities	Support Costs Support	Total 2014	Total 2013
	£000	£000	£000	£000
Patients welfare and amenities	486	51	537	278
Staff welfare and amenities	212	22	234	243
Research	210	18	228	287
TOTAL	938	91	999	808

There were no costs incurred on staff during 2013/14 (£NIL 2012/13).

5. Auditor's remuneration

The auditor's remuneration for the year was £8,700 (2013: £8,700), which related solely to the audit with no other additional work undertaken.

6. Analysis of Fixed Asset Investments

6.1 Fixed Asset Investments

	2014	2013
	£000	£000
Market Value at 31 March	4,359	4,251
Less: Disposals at carrying value	(443)	(1,203)
Add: Acquisitions at Cost	573	1,018
Net Gain (loss) on revaluation	22	293
		594
Market Value at 31 March	4,511	4,359
Historic Cost at 31 March	5,588	5,355

6.2 Fixed Asset Investments

	Held in UK	Held outside UK	Total 2014	Total 2013
	£000	£000	£000	£000
Investments listed on Stock Exchange	3,368	1,143	4,511	4,359
TOTAL	3,368	1,143	4,511	4,359

6.3 Fixed Asset Investments

	Held in UK	Held outside UK	Total 2014	Total 2013
	£000	£000	£000	£000
Investments listed on Stock Exchange	100	34	134	122
Cash held as part of the Investment portfolio				1
TOTAL	100	34	134	123

7. Analysis of Debtors

	31 MARCH 2014	31 MARCH 2014
	£000	£000
Amounts falling due within one year:		
Prepayments	114	54
Total debtors falling due within one year	114	54

8. Analysis of Creditors

	31 MARCH 2014	31 MARCH 2014
	£000	£000
Amounts falling due within one year:		
Accruals	88	11
Total creditors falling due within one year	88	11

9 Analysis of Funds

9.1 Endowment Funds

The Charity held no endowment funds at the balance sheet date (NIL at 31 March 2013).

9.2 Restricted Funds

The Charity held no endowment funds at the balance sheet date (NIL at 31 March 2013).

	Balance 31 March 2013	Incoming Resources	Resources Expended	Transfers	Gains and Losses	Balance 31 March 2014
	£000	£000	£000	£000	£000	£000
A. Patients	1,034	252	(168)	0	3	1,121
B. Staff	323	48	(65)	0	1	307
C. Research	1,160	230	(239)	0	5	1,156
D. Helping Hands	13	0	(2)	0	0	11
E. Elderly Care	9	0	(4)	0	0	5
TOTAL	2,539	530	(478)	0	9	2,600

9.3 Details of material funds – restricted funds

Name of Fund	Description of nature and purpose of each fund
Patients Fund	Relief of sickness of patients at SWBH NHS Trust.
Staff Fund	Relief of sickness by enhancing staff performance.
Research Fund	Investigate / prevent / treat / cure sickness and disability.
Sandwell Children's	Relief of sickness of children in the Sandwell area.
Helping Hands	
Elderly Care	Relief of sickness in elderly people at SWBH NHS Trust

9.4 Details of material designated Funds with a balance greater than £75,000 as at 31 March – unrestricted charity

	2014	2013
	£000	£000
X-ray department fund	93	105
Mary Hall legacy	148	152
New Eye Hospital Fund	190	110
Biochemistry Contingency	325	237
Pharmacy Research Fund	76	72
CHT Heart Disease and Stroke Fund	76	76
St. Chad's Unit Outpatient Fund	128	131

10. Transfers between funds

There were no transfers between funds during 2013/14 (£NIL 2012/13).

11. Contingencies

There are no contingent gains or losses included in the accounts (£NIL 2012/13).

12. Commitments, Liabilities and Provisions

12.1 The Charity had no outstanding commitments at the balance sheet date (£NIL at 31 March 2013).

12.2 The Corporate Trustee recognises liabilities in the accounts once they have incurred either a legal or constructive obligation to expend funds.

12.3 The Corporate Trustee has no provisions at the balance sheet date (NIL at 31 March 2013).

13. Corporate Trustee and Connected Persons

During the year no expenses were reimbursed to members of the Corporate Trustee nor did any Corporate Trustee receive any remuneration for their role (£NIL 2012/13).

13.1 Details of transactions with Corporate Trustee or connected persons
The only organisation connected with the Charity is Sandwell and West Birmingham Hospitals NHS Trust. The Sandwell and West Birmingham Hospitals NHS Trust (members of the Corporate Trustees are also members of the NHS Trust Board) had a turnover in 2013/14 of £439,022,000 with a reported deficit of £2,505,000. In 2012/13, the turnover was £433,007,000 with a reported deficit of £3,441,000.

The charitable funds reimbursed Sandwell and West Birmingham Hospitals NHS Trust £114,909 (£135,492 in 2012/13) for the costs of staff employed by the Trust but working on behalf of the Charities and for the purposes of the Charities.

The charitable funds has an amount owing to Sandwell and West Birmingham Hospitals NHS Trust at 31 March 2014 of £85,807 (£24,825 was owed to the Trust at 31 March 2013).

There were no other Corporate Trustee or connected persons transactions.

13.2 Corporate Trustee Indemnity Insurance

Corporate Trustee indemnity insurance cover has not been required in 2013/14 (£NIL 2012/13).

STATEMENT OF CORPORATE TRUSTEE RESPONSIBILITIES

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

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

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

The Corporate Trustee is required to act in accordance with the trust deed of the charity, within the framework of trust law. It is responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Corporate Trustee to ensure that, where any statements of accounts are prepared by it under section 42(1) of the Charities Act 2006, those statements of accounts comply with the requirements of regulations under that provision. It has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

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

The Corporate Trustee confirms that it has met the responsibilities set out above and complied with the requirements for preparing the accounts on a going concern basis. The financial statements set out on pages 18 – 24 attached have been compiled from and are in accordance with the financial records maintained by the Corporate Trustee.

By Order of the Corporate Trustee



Dated: 4th September 2014

