
Issues for Consideration

The audit of the Airedale NHS FT Charitable Funds accounts for the financial year 2012/13 is complete, and the ISO 260 and Audit Opinion have been received and presented to the Audit Committee. PricewaterhouseCoopers, external auditor in presenting the accounts to the Audit Committee reported no issues.

The accounts show a total income of £273,000 for the year and expenditure totalling £343,000. Shown below are a few examples of the items of equipment purchased from charitable funds during 2012/13.

	£
• Mobile Ultrasound Machine	39,608
• Catheter Lab Upgrade	20,867
• Contribution towards a Urology Holmium Laser	24,953
• Chemotherapy chairs for HODU	16,794
• Bariatric patient trolley for HODU	10,648
• PCA pumps from the General use	10,481
• Contribution towards an Ultrasound Machine	08,848
• Vapotherm units for the Paediatric Unit	07,353
• Chairs for HODU	05,766
• 2 air mattresses from the Castleberg Hospital	04,619
• ECG machine from the Castleberg Hospital	04,254
• To turn a former clean utility room into an equipment room on ICU	04,195
• Fiber Channel Enhanced Disk Drives for Cardiology	03,840
• Work to turn EBME room in Radiology into a cannulation room	03,794
• Fixing grab rails and painting on wards 1, 2, 6, 10 and 15.	03,229
• Tables and chairs from the Castleberg Hospital	03,046
• Multidisciplinary Teaching Aid for Diabetics	02,417
• 10 respiratory monitors for the Paediatric Unit	02,303
• Elite Signs cardiac monitor for Stroke Support	02,188
• Dinamap BP machine for the Paediatric Unit	01,500
• Televisions/radios for Ward 5 for Stroke Support	01,370
• 2 electric recliner chairs for Haematology	01,256
• 2 Oximeters for the Paediatric Unit	01,034

The remainder of the annual expenditure was spent mainly on smaller items which individually were less than £1,000 in value.

Action required by the Board acting in its capacity as Corporate Trustee

- (i) To approve the 2012/2013 Annual Report and Accounts for the Airedale NHS Foundation Trust Charitable Funds as presented; and
- (ii) To delegate authority to Mr Colin Millar to sign the Letter of Representation on behalf of the Corporate Trustee

Airedale General Hospital
Skipton Road Steeton
KEIGHLEY West Yorkshire
BD20 6TD

Telephone: 01535 294815
email: jane.downes@anhst.nhs.uk

F.A.O. Ian Roberts
PricewaterhouseCoopers
Benson House
33 Wellington Street
Leeds, LS1 4JP

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Airedale NHS Foundation Trust Charitable Fund (the “charity”) for the year ended 31 March 2013 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), and have been prepared in accordance with the Charities Act 2011.

We confirm that the following representations are made on the basis of enquiries of management and staff of the charity with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy ourselves that we can properly make each of the following representations to you.

We confirm, for all Trustees at the time the Trustees’ report is approved, to the best of our knowledge and belief, and having made the appropriate enquiries, the following representations:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter for the preparation of the financial statements in accordance with UK GAAP and the Charities Act 2011; in particular the financial statements give a true and fair view in accordance therewith.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- All grants, donations and other income have been notified to you and where the receipt is subject to specific terms or conditions, we confirm that they have been recorded in restricted funds. There have been no breaches of terms or conditions during the period in the application of such income.
- We confirm that to the best of our knowledge all income receivable by the charity and the group during the accounting period has been included in the financial statements. Where

material, gifts in kind and intangible income have been included at a reasonable estimate of their value to the charity and the group or at the amount actually realised.

- Significant assumptions used by us in making accounting estimates, including those surrounding measurement at fair value, are reasonable.
- All events subsequent to the date of the financial statements for which UK GAAP requires adjustment or disclosure have been adjusted or disclosed.

Information Provided

- Each Trustee has taken all the steps that he or she ought to have taken as a Trustee in order to make himself or herself aware of any relevant audit information and to establish that you (the charity's auditors) are aware of that information.
- We have provided you with:
 - access to all information of which we are 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 us for the purpose of the audit; and
 - unrestricted access to persons within the charity from whom you determined it necessary to obtain audit evidence.
- So far as each Trustee is aware, there is no relevant audit information of which you are unaware.

Fraud and non-compliance with laws and regulations

- We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of 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.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the charity's financial statements communicated by employees, former employees, analysts, regulators or others.
- We 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 financial statements.

Related party transactions

We have disclosed to you the identity of the charity's related parties and all the related party relationships and transactions of which we are aware.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of FRS 8, "Accounting and Reporting by Charities: Statement of Recommended Practice" or other requirements, and the Charities Act 2011.

We confirm that we have identified to you all employees with emoluments over £60,000, as defined by "Accounting and Reporting by Charities: Statement of Recommended Practice", and included their emoluments in the financial statement disclosures.

Employee Benefits

We confirm that we have made you aware of all employee benefit schemes in which employees of the charity participate.

We also confirm the basis of apportioning trust employees' staff costs to the charitable fund is in accordance with their roles and that the percentages applied are appropriate to their time spent in those roles.

Contractual arrangements/agreements

All contractual arrangements (including side-letters to agreements) entered into by the charity have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.

Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and such matters have been appropriately accounted for and disclosed in accordance with UK GAAP.

Taxation

We have complied with the taxation requirements of all countries within which we operate and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any corporation or other direct tax or any indirect taxes. We are not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and we have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In managing the tax affairs of the charity, we have taken into account any special provisions such as transfer pricing, debt cap, tax avoidance disclosure and controlled foreign companies legislation as applied in different tax jurisdictions.

We confirm that to the best of our knowledge, throughout the year, the charity has acted within its charitable objectives and therefore there are no activities on which the charity should be accounting for direct taxes.

Assets and liabilities

- We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.

- In our opinion, on realisation in the ordinary course of the business the current assets in the balance sheet are expected to produce no less than the net book amounts at which they are stated.
- The charity has satisfactory title to all assets and there are no liens or encumbrances on the charity's assets, except for those that are disclosed in the financial statements.
- We confirm that we have carried out impairment reviews appropriately, including an assessment of when such reviews are required, where they are not mandatory. We confirm that we have used the appropriate assumptions with those reviews.
- Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the year end have been properly valued and that valuation incorporated into the financial statements. When appropriate, open positions in off-balance sheet financial instruments have also been properly disclosed in the financial statements.

Litigation

- We are not aware of any pending or threatened litigation, proceedings, hearings or claims negotiations which may result in significant loss to the charity which are not reflected in the financial statements.

As minuted by the Corporate Trustees at its meeting on [25 September 2013]

.....
Trustee

For and on behalf of Airedale NHS Foundation Trust Charitable Fund

Date.....

***Airedale NHS
Foundation Trust
Charitable Fund***

**ISA 260 (UK&I) report for
2012/13**

Year ended 31 March
2013

Report to the September 2013 meeting of the Audit Committee

Contents

1	<i>Introduction</i>	1
2	<i>Audit and accounting findings</i>	2
3	<i>Required communications</i>	4
	<i>Appendix 1 – Summary of adjusted misstatements</i>	5
	<i>Appendix 2 – Representation letter</i>	6

The matters raised in this and other reports that flow from the audit are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all matters arising and in particular we cannot be held responsible for reporting all risks in your business. This report has been prepared for and only for Airedale NHS Foundation Trust Charitable Fund in accordance with the terms of our engagement letter and for no other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

1 Introduction

We have pleasure in presenting this report relating to our audit of the financial statements of Airedale NHS Foundation Trust Charitable Fund (“the charitable fund”) for the year ended 31 March 2013.

We have discussed this report with management as part of our audit process. The purpose of this report is to update the members of the Audit Committee on the progress of the audit and of any significant matters that have arisen during the course of our work.

1.1 Audit status

We have completed our audit, subject to the following outstanding matters:

- receipt of investment confirmations for the £3k of the fixed asset investments;
- approval of the financial statements and letters of representation; and
- final review and completion procedures including subsequent events review.

1.2 Audit overview and conclusions

Subject to the satisfactory resolution of these matters, the finalisation of the financial statements and their approval by the Trustee, we expect to issue an unqualified audit opinion for the charitable fund.

1.3 Accounting and audit findings arising from the audit

Section 2 of this report summarises the audit and accounting findings arising from our audit. In summary the key accounting and audit findings we highlight in this report relate to:

- the financial performance of the charitable fund in light of the continued economic downturn;
- valuation of investments; and
- consolidation of NHS charitable funds from 2013/14.

1.4 Misstatements and significant deficiencies in internal control

We have not identified any significant deficiencies in internal control arising from our audit.

Appendix 1 contains details of the corrected misstatements in the financial statements, and to confirm there are no unadjusted misstatements in the financial statements.

1.5 Other areas of feedback

Section 3 contains other matters for the attention of those charged with governance, including elements of communication required under Clarity International Standard on Auditing (UK and Ireland) specifically ISA 260 (revised and re-drafted) “Communication with those charged with governance”.

Our letter of representation attached in Appendix 2 is our standard wording applicable to the charitable fund.

We look forward to the opportunity to discuss the points raised in the report with you.

We would also like to take this opportunity to express our thanks for the co-operation and assistance we have received from management and staff throughout our work.

2 Audit and accounting findings

Our audit followed the strategy set out in our Audit Plan document. We confirm that there has been no cause for us to vary the planned scope of our work.

We have included a summary of our accounting and audit findings below.

Finding	Resolution
---------	------------

Financial performance

In performing our assessment of going concern as part of the broader audit, we consider the financial position of the charitable fund.

The Statement of Financial Activity (“SOFA”) shows net outgoing resources of £70k (2011/12: incoming resources of £25k), and a carried forward total funds balance of £528k (2011/12: £565k).

The balance sheet remains comparable to the prior year, showing fixed asset investments of £452k (2011/12: £471k), and a current ratio of 3.17 (2011/12: 2.88).

In considering the financial position of the charitable fund we have:

- tested all material income streams and accounts receivable balances;
- confirmed that the going concern principle properly applies to the charitable fund from discussion with management, and review of the accounts and in particular level of funds and reserves;
- performed targeted audit procedures to gain comfort over the recognition of revenue; and
- reviewed key areas of accounting judgment.

Our work on the above areas has not identified any significant threats to the going concern status or financial standing of the charitable Fund.

Management override of controls

ISA 240 requires that we plan our audit work to consider the risk of fraud. This includes consideration of management override of control as part of these procedures.

In our experience, management override typically relates to manipulation of the financial statements through manual journals, and as such we perform targeted work on those manual journals.

It can also relate to unusually aggressive or prudent accounting estimates, and accounting for income or expenditure in future periods rather than the current period.

We have considered management override of controls when testing internal controls as part of the interim audit visit, in particular through review of segregation of duties and testing of key controls.

We have also designed and performed final audit procedures to consider the risk of fraud, particularly in the following areas:

- the appropriateness of journal entries and other adjustments;
- accounting estimates; and
- the business rationale for significant transactions.

Having performed our final audit work around the above areas, we have not identified any exceptions in relation to them.

Finding

Resolution

Fixed asset investments valuation

In recent years the economic downturn placed adverse pressures on returns on investments and the investment values which have impacted on the Charitable Fund accounts.

In the financial statements there was a reduction in the value of investments of £21k. An analysis of the gains and losses on the investments is set out below:

	2013	2012
	Total	Total
	£000	£000
Market value at 31 March 2012	471	477
Less: Disposals at carrying value	(95)	(74)
Add: Acquisitions at cost	41	91
Net Gain on revaluation	33	(3)
Other cash payments	0	(20)
Market value at 31 March 2013	450	471

We carried out a substantive audit of investments to ensure that they have been made appropriately and effectively, particularly considering the valuation of the investments and the possession of the investments by the custodian.

Our work in this area has not identified any adverse issues which we need to bring to your attention.

Consolidation of charitable funds

HM Treasury announced on 30 June 2011 that NHS bodies will be required to consolidate NHS charities from 2013/14 under IAS 27.

This application had been deferred since the adoption of IFRS across the NHS, but subsequent announcements from Monitor means that the Foundation Trust will be required to produce group accounts in 2013/14.

We will continue to review the developments in this area, ensuring the accounting technical and logistical implications from consolidation are fully considered and planned for, working closely with management.

We will continue to update management and members of the Audit Committee on any further developments in this area.

Proper application of funds

Use of funds was included in our audit plan as an elevated risk, particularly around the inherent risk that funds may not be utilised appropriately in line with the Charitable Fund guidelines, specifically for restricted, designated and endowment funds. Having performed sample testing over expenditure items we have not found any instances where income has not been used for the intended purposes.

Governance costs

Within the governance costs total is £44k of expenditure which includes staff costs recharged from the foundation trust based on time spent working on the charitable fund administration. The percentages for apportionment of these staff costs is based on estimation as opposed to timesheets, and given the degree of estimation here we have requested a specific representation in our management representation letter.

3 Required communications

The following table contains communications required under ISA 260 (revised and re-drafted) “Communication with those charged with governance”.

Requirement	Delivery of requirement
1) Significant accounting principles and policies	Significant accounting principles and policies are disclosed in the notes to the financial statements. We will ask Trustees to represent to us that they have considered the accounting policies and that there have not been any material changes in the accounting principles and policies used during the year.
2) Significant qualitative aspects of the charitable fund’s accounting practices and financial reporting , management’s judgments and accounting estimates	No significant judgments or accounting estimates were required in the preparation of the financial statements.
3) Deficiencies in the internal control environment	<p>The purpose of the audit was to express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.</p> <p>The matters being reported are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to you.</p> <p>We have no such deficiencies in internal controls to report.</p>
4) Details of material uncertainties related to events and conditions that may cast significant doubt on the entity’s ability to continue as a going concern	We have not identified any material uncertainties or concerns in connection to the going concern assumption underpinning the charitable fund and its financial statements.
5) Significant difficulties encountered during the audit	We have not encountered any such difficulties in connection with this audit.
6) Confirmation of audit independence	We confirm that, in our professional judgment, as at the date of this document, we are independent auditors with respect to the charitable fund and its related entities, within the meaning of UK regulatory and professional requirements and that the objectivity of the audit engagement leader and the audit staff is not impaired.

Appendix 1 – Summary of adjusted misstatements

There were no unadjusted misstatements we need to bring to your attention.

There were also no adjusted misstatements in the financial statements other than corrections in relation to casting and rounding differences, as well as additional disclosure being added following our check against the charity SORP requirements.

Appendix 2 – Representation letter

[TRUST LETTERHEAD]

F.A.O. Ian Roberts
PricewaterhouseCoopers
Benson House
33 Wellington Street
Leeds, LS1 4JP

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Airedale NHS Foundation Trust Charitable Fund (the “charity”) for the year ended 31 March 2013 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), and have been prepared in accordance with the Charities Act 2011.

We confirm that the following representations are made on the basis of enquiries of management and staff of the charity with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy ourselves that we can properly make each of the following representations to you.

We confirm, for all Trustees at the time the Trustees’ report is approved, to the best of our knowledge and belief, and having made the appropriate enquiries, the following representations:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter for the preparation of the financial statements in accordance with UK GAAP and the Charities Act 2011; in particular the financial statements give a true and fair view in accordance therewith.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- All grants, donations and other income have been notified to you and where the receipt is subject to specific terms or conditions, we confirm that they have been recorded in restricted funds. There have been no breaches of terms or conditions during the period in the application of such income.
- We confirm that to the best of our knowledge all income receivable by the charity and the group during the accounting period has been included in the financial statements. Where material, gifts in kind and intangible income have been included at a reasonable estimate of their value to the charity and the group or at the amount actually realised.
- Significant assumptions used by us in making accounting estimates, including those surrounding measurement at fair value, are reasonable.
- All events subsequent to the date of the financial statements for which UK GAAP requires adjustment or disclosure have been adjusted or disclosed.

Information Provided

- Each Trustee has taken all the steps that he or she ought to have taken as a Trustee in order to make himself or herself aware of any relevant audit information and to establish that you (the charity’s auditors) are aware of that information.

- We have provided you with:
 - access to all information of which we are 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 us for the purpose of the audit; and
 - unrestricted access to persons within the charity from whom you determined it necessary to obtain audit evidence.
- So far as each Trustee is aware, there is no relevant audit information of which you are unaware.

Fraud and non-compliance with laws and regulations

- We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of 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.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the charity's financial statements communicated by employees, former employees, analysts, regulators or others.
- We 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 financial statements.

Related party transactions

We have disclosed to you the identity of the charity's related parties and all the related party relationships and transactions of which we are aware.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of FRS 8, "Accounting and Reporting by Charities: Statement of Recommended Practice" or other requirements, and the Charities Act 2011.

We confirm that we have identified to you all employees with emoluments over £60,000, as defined by "Accounting and Reporting by Charities: Statement of Recommended Practice", and included their emoluments in the financial statement disclosures.

Employee Benefits

We confirm that we have made you aware of all employee benefit schemes in which employees of the charity participate.

We also confirm the basis of apportioning trust employees' staff costs to the charitable fund is in accordance with their roles and that the percentages applied are appropriate to their time spent in those roles.

Contractual arrangements/agreements

All contractual arrangements (including side-letters to agreements) entered into by the charity have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.

Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and such matters have been appropriately accounted for and disclosed in accordance with UK GAAP.

Taxation

We have complied with the taxation requirements of all countries within which we operate and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any corporation or other direct tax or any indirect taxes. We are not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and we have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In managing the tax affairs of the charity, we have taken into account any special provisions such as transfer pricing, debt cap, tax avoidance disclosure and controlled foreign companies legislation as applied in different tax jurisdictions.

We confirm that to the best of our knowledge, throughout the year, the charity has acted within its charitable objectives and therefore there are no activities on which the charity should be accounting for direct taxes.

Assets and liabilities

- We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.
- In our opinion, on realisation in the ordinary course of the business the current assets in the balance sheet are expected to produce no less than the net book amounts at which they are stated.
- The charity has satisfactory title to all assets and there are no liens or encumbrances on the charity's assets, except for those that are disclosed in the financial statements.
- We confirm that we have carried out impairment reviews appropriately, including an assessment of when such reviews are required, where they are not mandatory. We confirm that we have used the appropriate assumptions with those reviews.
- Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the year end have been properly valued and that valuation incorporated into the financial statements. When appropriate, open positions in off-balance sheet financial instruments have also been properly disclosed in the financial statements.

Litigation

- We are not aware of any pending or threatened litigation, proceedings, hearings or claims negotiations which may result in significant loss to the charity which are not reflected in the financial statements.

As minuted by the Board of Trustees at its meeting on [date]

.....
Trustee

For and on behalf of Airedale NHS Foundation Trust Charitable Fund

Date.....

This document has been prepared for the intended recipients only. To the extent permitted by law, PricewaterhouseCoopers LLP does not accept or assume any liability, responsibility or duty of care for any use of or reliance on this document by anyone, other than (i) the intended recipient to the extent agreed in the relevant contract for the matter to which this document relates (if any), or (ii) as expressly agreed by PricewaterhouseCoopers LLP at its sole discretion in writing in advance.

© 2012 PricewaterhouseCoopers LLP. All rights reserved. 'PricewaterhouseCoopers' refers to PricewaterhouseCoopers LLP (a limited liability partnership in the United Kingdom) or, as the context requires, other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF AIREDALE NHS FOUNDATION TRUST CHARITABLE FUND

We have audited the financial statements of Airedale NHS Foundation Trust Charitable Fund for the year ended 31 March 2013 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of financial statements which give a true and fair view.

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.

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 27 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

The maintenance and integrity of the Airedale NHS Foundation Trust Charitable Fund website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013, and of its incoming resources and application of resources and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 8 of The Charities (Accounts and Reports) Regulations 2008.

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 Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; 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.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

Date:

PricewaterhouseCoopers LLP is eligible to act, and has been appointed, as auditor under section 144(2) of the Charities Act 2011.

Analysis of Debtors		2013	2012
		£000	£000
Amounts falling due within one year:			
	Other debtors	4	9
	Total debtors falling due within one year	4	9

Analysis of Cash		2013	2012
		£000	£000
	Citibank Account	70	103
	Barclays Current Account	38	32
	Total	108	135

Analysis of Creditors		2013	2012
		£000	£000
Amounts falling due within one year:			
	Other creditors	34	50
	Total creditors falling due within one year	34	50

Other creditors represent sums owed at the year end by the charity to a related party, Airedale NHS Foundation Trust, for costs incurred by the Trust on behalf of the charity in the furtherance of the charity's objectives.

Analysis of Funds		Balance	Transfer	Incoming Resources	Resources	Transfers	Gains and	Balance
		1 April 2012	between		Expended		Losses	31 March
		£000	funds 12/13	£000	£000	£000	£000	2013
								£000
10.1	Endowment Funds							
	W.N. Allen	3	0	0	0	0	0	3
	Total	3	0	0	0	0	0	3

10.2 Analysis of Unrestricted Funds		Balance	Transfers	Incoming Resources	Resources	Transfers	Gains	Balance
		1 April 2012	between		Expended			31 March
		£000	Funds 12/13	£000	£000	£000	£000	2013
								£000
	Diabetic Fund	57	3	3	6		3	57
	Pharmacy research	12	0	0	1		0	11
	X-ray/Radiology	13	0	0	4		1	10
	Paediatric Fund	24	0	20	30		2	16
	Cardiac Disbursement	93	0	103	84		6	118
	Gastroenterology Fund	32	0	1	4		2	31
	Oncology Research	22	0	8	6		1	25
	HODU Trust Fund	31	0	35	46		2	22
	Urgent Care	10	0	5	15		1	1
	Medicine and Elderly	13	0	5	6		1	13
	Physiotherapy	8	0	0	2		1	7
	Other	247	0	90	139	3	13	214
	Total	562	0	270	343	3	33	525

There was a transfer of £3k from Bradford District Care Trust relating to Community Services.

AIREDALE NHS FOUNDATION TRUST CHARITABLE FUND

Registered Charity No. 1050730

2012/13 Annual Report & Accounts

DRAFT

Trustees Annual Report for Airedale NHS Foundation Trust Charitable Funds for the year ending 31 March 2013

Foreword

The Corporate Trustee presents the Airedale NHS Foundation Trust Charitable Funds Annual Report together with the Audited Financial Statements for the year ended 31 March 2013.

The Charity's annual report and accounts for the year ended 31 March 2013 have been prepared by the Corporate Trustee in accordance with part VI of the Charities Act 1993 and the Charities (Accounts & Reports) Regulations 2005. The Charity's report and accounts include all the separately established funds for which Airedale NHS Foundation Trust is the sole beneficiary.

The Charity has a corporate trustee: Airedale NHS Foundation Trust. The members of the Board of Directors who served during the financial year were as follows:

Colin Millar	-	Chairman
Bridget Fletcher	-	Chief Executive
Dr Andrew Catto	-	Medical Director
Mr Andrew Copley	-	Director of Finance (from 1 January 2013)
Mr Robert Dearden	-	Director of Nursing
Sheenagh Powell	-	Director of Finance (to 31 December 2012)
Ann Wagner	-	Director of Strategy and Business Development
David Adam	-	Non Executive Director & Senior Independent Director
Ronald Drake	-	Non Executive Director & Deputy Chairman
Jeff Colclough	-	Non Executive Director (to 31 January 2013)
Prof Anne Gregory	-	Non Executive Director (from 1 June 2012)
Sally Houghton	-	Non Executive Director
Alan Sutton	-	Non Executive Director (to 31 May 2012)
Dr Michael Toop	-	Non Executive Director (from 1 February 2013)

The Charitable Funds are registered with the Charity Commission (no. 1050730) in accordance with the Charities Act 2011.

Reference and Administrative details

The charity - Airedale NHS Foundation Trust Charitable Funds, registered Charity no. 1050730 was entered on the Central Register of Charities on the 15 November 1995. The Charity was formed under the umbrella charity model with a number of subsidiaries but following structural changes within the NHS, the subsidiaries were removed in 2008.

Charitable funds received by the charity are accepted, held and administered as funds and property held on trust for purposes relating to the health service in accordance with the National Health Service Act 1977 and the National Health Service and Community Care Act 1990 and these funds are held on trust by the corporate body.

The charity changed its name to Airedale NHS Foundation Trust Charitable Funds following Airedale NHS Trust achieving Foundation Trust status on 1st June 2010.

Trustee

Airedale NHS Foundation Trust is the Corporate Trustee of the charitable funds governed by the law applicable to Trusts, principally the Trustee Act 2000 and the Charities Act 2011.

The Foundation Trust's Board of Directors devolved responsibility for the ongoing management of funds to the Charitable Funds Sub-Committee which administers the funds on behalf of the Corporate Trustee. This committee was formed on 20 December 2007.

The names of those people who served as agents for the corporate trustee during the financial year, as permitted under regulation 16 of the NHS Trusts (Membership and Procedures) Regulations 1990 were as follows:

Sally Houghton	-	Non Executive Director (Committee Chair)
Andrew Copley	-	Director of Finance (from 1 January 2013)
Philip DaCosta	-	Consultant Histopathologist
Robert Dearden	-	Director of Nursing (to 24 May 2012)
Christine Miles	-	Director of Operations
Sheenagh Powell	-	Director of Finance (to 31 December 2012)
Karen Walker	-	Senior Matron

Principal Charitable Fund Adviser to the Board

The Chief Executive and the Director of Finance of the Foundation Trust who, under a scheme of delegated authority approved by Corporate Trustee, have day to day responsibility for the management of the Charitable Fund and must personally approve, on behalf of the Corporate Trustee, all expenditure over £1,000 with an upper limit of £7,500 using their delegated authority. The sub-committee approves expenditure over £7,500 with an upper limit of £24,999. Expenditure of £25,000 and above requires approval by the Board of Directors.

Mr Mark Walsh acted as the principal officer overseeing the day to day financial management and accounting for the charitable funds during the year to 31 March 2013.

Principal Office

Airedale NHS Foundation Trust
Airedale General Hospital
Skipton Road
Steeton
Keighley
BD20 6TD

Principal Professional Advisers

Bankers

Barclays Bank plc
77 North Street
Keighley
West Yorkshire
BD21 5BD

Investment Fund Managers

Castlefield Investments
1 Portland Street
MANCHESTER
M1 3BE

Auditors

PricewaterhouseCoopers
Benson House
33 Wellington Street
LEEDS
LS1 4JP

During the year, Airedale NHS Foundation Trust appointed a new external auditor – PricewaterhouseCoopers in place of the Audit Commission.

Structure, Governance and Management

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

The Corporate Trustee fulfils its legal duty by ensuring that funds are spent in accordance with the objects of each fund and, by designating funds, the Trustee respects the wishes of our generous donors to benefit patient care and advance the good health and welfare of patients, carers and staff.

Where funds have been received which have specific restrictions set the by donor, these have been managed accordingly.

The charitable funds available for spending are allocated to specialties within the NHS Foundation Trust's directorate management structure. Each allocation is managed by use of a designated fund within the general unrestricted fund. For example, there are charitable funds for medicine which include allocations for each of the wards and for example, Cardiology and Oncology. The charitable funds within surgery include Ophthalmology, Cardiac and Theatres.

Prior to Airedale NHSFT achieving Foundation Trust status, Non Executive Directors of the Trust Board were subject to appointment by the NHS Appointments Commission, and Executive Directors of the Board were subject to recruitment by the NHS Trust Board. Following Foundation Trust status, Airedale NHSFT has established separate appointments committees in line with the Monitor Code of Governance – the Board Appointments, Remuneration & Terms of Service Committee dealing with the appointment of Executive Directors, and an Appointments and Remuneration Committee dealing with the appointment of Non Executive Directors. Members of the Board of Directors and the Charitable Funds Sub-Committee are not individual trustees under Charity Law but act as agents on behalf of the Corporate Trustee.

The charity has adopted the Institute of Chartered Secretaries and Administrators guidance for the production of an induction pack for newly appointed members of the Board of Directors and Charitable Funds Sub-Committee. This pack provides information about the charity, including the governing document, the Charitable Funds Committee terms of reference, trustees' annual report and accounts, budgets and minutes, and information about trusteeship, including Charity Commission booklet CC3, *The Essential Trustee*.

Acting for the Corporate Trustee, the Charitable Funds Sub-Committee is responsible for the overall management of the Charitable Fund. The Sub Committee is required to:

- Control, manage and monitor the use of the fund's resources;
- Manage and monitor the receipt of all income;
- Ensure that 'best practice' is followed in the conduct of all its affairs fulfilling all of its legal responsibilities;
- Ensure that the approved Investment Policy approved by the Board as Corporate Trustee is adhered to and that performance is continually reviewed whilst being aware of ethical considerations; and
- Keep the Board fully informed on the activity, performance and risks of the charity.

The accounting records and the day-to-day administration of the funds are dealt with by the Finance Department located at Airedale General Hospital, Skipton Road, Steeton, Keighley, BD20 6TD.

Risk Management

The risks to which the charity is exposed have been identified and are logged on a risk register. The risk register is reviewed on a regular basis and systems established to mitigate those risks. The most significant risks identified during the year related to the external economic recession and the financial impact on the charity's investment portfolio. These were carefully considered and measures taken to mitigate all identified risks.

PricewaterhouseCoopers (Airedale NHSFT's external auditor) undertook an audit of the financial statements for the charitable funds, for which an unqualified audit opinion has been issued.

Partnership Working and Networks

Airedale NHS Foundation Trust is the main beneficiary of the charity and is a related party by virtue of being Corporate Trustee of the charity. By working in partnership with the Foundation Trust, the charitable funds are used to best effect. When deciding upon the most beneficial way to use charitable funds, the corporate trustee has regard to the main activities, objectives, strategies and plans of the Foundation Trust.

In addition, the Trust is fortunate to receive a considerable number of individual donations as well as donations from other charitable and community organisations.

We remain indebted to the work of the volunteers of Friends of Airedale and the Airedale New Venture who raise thousands of pounds of funds each year for Airedale Hospital. Fundraising activities range from small events to raising substantial funds through the shops sited within Airedale General Hospital.

Objectives and Strategy

The charity's main fund has NHS wide objectives as follows:

"The Trustee shall hold the trust fund upon trust to apply the income, and at their discretion, so far as may be permissible, the capital, for any charitable purpose or purposes relating to the National Health Service (hereinafter referred to as "the objects).

The committee in applying the objects ensure that funds are used for the benefit of, and enhancement to, the care of patients and well-being of staff.

Annual Review

During the year, Airedale NHS Foundation Trust recruited a part-time fundraiser on a fixed term contract basis to help raise awareness about the charity in the local community and also focus on raising funds for large capital projects already underway within the hospital.

The charitable funds continued to support a wide range of health related activities benefiting both patients and staff. In general, they are used to purchase a variety of additional goods and services that the NHS is unable to provide. For example, charitable funds were used to purchase much needed items relating to patient welfare and amenities totalling over £49k.

The Ward charitable funds receive many donations specifically given to thank the nursing staff, and these are used for charitable activities that will benefit staff. The charitable funds also enable Consultants and other medical staff to attend courses, not funded by the NHS, which will update them on the new ideas and modern techniques in their specialities. They can then apply these new skills for the benefit of patients across the Foundation Trust.

The charity makes funds available to sponsor non-commercial research in areas where the Foundation Trust has considerable expertise with a view to developing new therapies for treating and caring for patients.

Expenditure incurred during 2012/13 was made up of:

Grants Payable - £283k

Activities in furtherance of the charity's objectives - £11k

Governance Costs - £49k

Reserves Policy

The Trustee has a target for reserves to fund up to three years of expenditure. This is to allow freedom to make grants when they are needed in anticipation of investment returns and donations. Reserves at this level will also permit the timely realisation of expendable endowments to make grants, on an exceptional basis, where required. No target figure was set. The level of unrestricted funds, which are neither designated nor earmarked, decreased from £562k to £525k.

Our Future Plans

The charity is mindful of the many changes in the NHS, including national, regional and local developments eg the Charities Act 2011, and the fact that the future direction of the charity will be shaped by changes in the wider health economy. The reconfiguration of services and the plans for redesigning patient care to meet the needs of the future will therefore influence the priorities for spending charitable funds.

The review of achievements, performance and finances should be seen in the context of our vision to provide patient centred care and excellence in training, education and research.

A Review of our Finances, Achievements and Performance

The net assets of the Charitable Fund as at 31st March 2013 was £528k. Overall net Assets fell by £37k made up of a net gain on the valuation of our investments of £33k and an excess of expenditure over income of £70k.

The charity continues to rely on donations and legacies and investment income as the main sources of income.

Of the total expenditure of £343k (2011/12: £333k), charitable expenditure on direct charitable activity, including support costs, was £294k (2011/12: £286k) across a range of programmes.

Medical Research

Research and development activity is split between the general department of research and development fund and a number of earmarked speciality based funds, for example Oncology.

Patient Welfare and Other Expenditure

The total spend on patient welfare and amenities of £54k represents a vital and valuable contribution to enhancing the provision of clinical care. Purchases ranged from patient information booklets to volunteers travel expenses.

A total of £87k was spent on ward environment and office supplies, including an upgrade to the Cardio Catheter Lab.

A total of £103k was spent on medical equipment which included a contribution towards a Urology Holmium Laser.

The remaining balance of was made up of £5k on staff welfare, £21k on staff training, and £13k on IT equipment.

Performance Management

The charity does not employ any staff and so in order to keep transaction costs to a minimum and to simplify the approval processes; the charity relies on the Foundation Trust to identify the appropriateness of funding requests.

For expenditure totalling more than £1,000 the applicant must advise what difference the proposal will make and what benefit it will provide.

Investments

The Corporate Trustee invests a proportion of its charitable funds with Castlefield Investment LLP in their Common Investment Funds with a view to obtaining a return higher than a bank deposit interest bearing account.

The Trustee continues to balance the greater risk posed by equity based investment with the potential for higher returns.

The Charity has an investment policy that was approved in April 1994, which was reviewed in 2009 and again in 2011. The Trustee seeks to balance 'ethical and socially responsible investment' and risk. Investment in companies manufacturing and distributing alcoholic and tobacco products and any other which may bring criticism to the Trust in its health and promotion and education roles is not permitted.

The investment policy requires that any funds beyond those required to maintain ongoing activity are invested with a view to increasing the level of income available to the fund.

The performance of the investments is continuously monitored and reported on a quarterly basis using the Mellon quarterly charity funds survey.

A Big Thank You

On behalf of the staff and patients who have benefited from improved services due to donations and legacies, the Corporate Trustee would like to thank all patients, relatives and staff who have made charitable donations.

Approved on behalf of the Corporate Trustee
Colin Millar, Chair of Airedale NHS Foundation Trust