

TRUST BOARD
29th November 2012

TITLE	Charitable Funds Annual Report and Accounts 2011/12
EXECUTIVE SUMMARY	<p>The Trust Board is required to approve the Annual Report and Accounts for the Trust's Charitable Funds prior to their submission to the Charity Commission.</p> <p>The Audit Committee have reviewed and approved the attached report and accounts, along with the draft management representation letter. The draft management representation letter is a standard letter required by the Trust's external auditors and there are no special items in that letter that need highlighting.</p> <p>The external auditors KPMG have provided a draft unqualified audit opinion which they will sign off after Trust Board approval. The ISA260 report from KPMG to the Trustee is also attached.</p> <p>The Trust Board should also note the following in relation to the management of charitable funds in the Trust: -</p> <ul style="list-style-type: none"> • to date no progress has been taken in implementing the recommendations of the review of the Fund considered by the Board in April 2012; and • the Department of Health has launched a review report <i>The regulation and governance of NHS Charities</i>. The Department is seeking feedback from the NHS and other interested parties on final proposals to revise the governance of their current NHS charities that will remove regulation by ministers, and enable them to operate more independently while preserving their close relationship with the providers of NHS services that they support. Responses are required back by 31st January 2013. <p>These issues will need to be considered further by the Trust.</p>
BOARD ASSURANCE (Risk) / IMPLICATIONS	The Board is assured by the scrutiny provided by the Audit Committee on matters of risk in relation to Charitable Funds. The Audit Committee reviewed and approved the Annual Report and Accounts and Management Representation letter at their meeting held on 17 th October 2012.
STAKEHOLDER / PATIENT IMPACT AND VIEWS	None obtained.
EQUALITY AND DIVERSITY ISSUES	None that aware of.
LEGAL ISSUES	The Annual Report and Accounts comply with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued by the Charity Commission. The Annual Report and

Paper 8.2

Accounts have to be submitted to the Charity Commission by 31st January 2013.

Approve the 2011/12 Annual Report and Accounts of the Ashford and St. Peter's Hospitals Charitable Fund.

The Trust Board is asked to:

Approve the signing of the management representations letter by the Director of Finance and Information.

Submitted by:

Paul Doyle, Deputy Director of Finance on behalf of Terry Price, Non-Executive Director and Audit Committee Chair.

Date:

21st November 2012

Decision:

For Approval.

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

Charity No. 1058567

ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2012

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012

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THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

TRUSTEE'S ANNUAL REPORT

Introduction and Background

The Trustee during the financial year ended 31 March 2012 was the corporate body Ashford and St. Peter's Hospitals NHS Foundation Trust.

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

The 1993 Charities Act, subsequently replaced by the Charities Act 2011, required the Trust, as Trustee of the charitable funds, to register those funds with the Charity Commission. In 2001, predecessor Charitable Funds were renamed and merged as The Ashford and St. Peter's Hospitals Charitable Fund (Charity No. 1058567). Charitable donations are allocated to funds according to the donors wishes.

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

Legal Status

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

Trustees

The Trustee during the financial year ended 31 March 2012 was the corporate body Ashford and St. Peter's Hospitals NHS Foundation Trust. The directors of the Trust throughout the year were as follows:

Chairman	Aileen McLeish
Chief Executive	Andrew Liles
Director of Finance & Information	John Headley (to May 2012)
Chief Nurse	Suzanne Rankin
Director of Workforce & Organisational Development	Raj Bhamber
Deputy Chief Executive	Valerie Bartlett
Medical Director	Mike Baxter (to January 2012)
Interim Medical Director	David Fluck (from January 2012)
Non-Executive Director	Peter Taylor
Non-Executive Director	Philip Beesley
Non-Executive Director	Terry Price
Non-Executive Director	Sue Ells
Non-Executive Director	Jim Gollan
Non-Executive Director	Clive Goodwin

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

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

TRUSTEE'S ANNUAL REPORT (Continued)

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

Structure, Governance and Management

The Trustee of the Charity, which acted on behalf of the Charity throughout the course of the financial year, was the corporate body Ashford and St. Peter's Hospitals NHS Foundation Trust.

During the course of the year the Trustee has had monthly Finance Committee meetings where financial matters relating to the Charitable Fund have been considered. Meetings take place during the year, attended as necessary by the Fund's investment advisors, to allow the Finance Committee to review the Charitable Fund finances and investments in detail. The Finance Committee keep up to date with the responsibilities of the Trustee and with any changes in legislation at the Finance Committee meetings where finance papers are presented and any issues discussed. All relevant meetings were quorate in the financial year.

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

The Trustee also has quarterly Audit Committee meetings where matters relating to the Charitable Fund may be considered. These meetings consider risk and audit reports and include attendance by both internal and external auditors. All of the meetings were quorate in the financial year.

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

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

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

TRUSTEE'S ANNUAL REPORT (Continued)

The Charity Commissioners have directed, by virtue of section 96 of the Charities Act 2011, that these Special Trusts shall be treated along with The Ashford and St. Peter's Hospitals Charitable Fund as a single Charity for the purposes of registration and accounting.

The Charity also has two Restricted Funds:-

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

The Special Trusts and Restricted Funds have more specific restrictions on the way in which funds in these areas may be used. The objects of Special Trusts are narrower than those of the main Charity (see below).

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

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

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

Objectives and Strategy

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

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

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

Ashford Hospital Post Graduate Medical Centre Fund

This fund is used for:

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

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

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

TRUSTEE'S ANNUAL REPORT (Continued)

Ashford and St. Peter's Hospitals Research Fund

This fund is used for:

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

- a) the investigation of the causes of sickness and disease in all its forms, and the prevention, treatment, cure and defeat of sickness and disease in all its forms;
- b) the advancement of scientific and medical education and research in topics related to sickness and disease in all its forms (provided that the useful results of any research be published); and
- c) the furtherance of any other charitable purposes for the relief of persons suffering from sickness and disease in all its forms."

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

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

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

Stephanie Marks Appeal

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

Other Funds

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

The Charity does not make any grants to third parties.

Public Benefit Statement

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

The Charity's objective is to support any NHS charitable purpose relating to the Ashford and St. Peter's Hospitals NHS Foundation Trust. The Trustee has ensured that this purpose is carried out for the public benefit by ensuring that money donated is used to best effect to support the hospitals' work and is in line with donors' wishes and the Charity's objectives.

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

TRUSTEE'S ANNUAL REPORT (Continued)

Risk Management

The Trustee is committed to reviewing the major strategic, business and operational risks which the Charity faces with a view to ensuring that appropriate systems and procedures are in place to minimise these risks. In April 2012 the Trustee considered a paper Review of Charitable Fund, Missions and Strategy, supporting Governance, Reserves and Investment policies, prepared by the Chair of the Finance Committee. The output from this review will be taken forward in 2012/13.

Where appropriate the Trustee's Audit Committee ensures that its internal audit plan tests these controls to ensure that they are effective. The Trustee has identified, monitored and reviewed the significant risks to the Charity and considers that the control framework in place is sufficient to manage and mitigate the identified risks. The Charity accounts are also subject to external audit.

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

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

Achievements and Performance

The Financial Review section that follows sets out an analysis of the income and expenditure in 2011/12.

The income of £297,000 (2010/11: £384,000) includes donations from individuals, groups and companies of £218,000 (2010/11 £230,000) and legacy income of £21,000 (2010/11 £86,000). The St. Peter's Mother and Children's Fund continued to be an area of significant fundraising, receiving income of £158,000.

Total expenditure in the year was £438,000 (2010/11: £679,000) of which £202,000 (2010/11 £389,000) was spent on the purchase of medical and surgical equipment. Expenditure during the year continues to reflect the discussions that the Trustee had in the previous financial years with those responsible for the day to day management of the funds about not accumulating funds unnecessarily. For the third year running the Charity had net outgoing resources.

Financial Review

Pages 11 to 18 incorporate the Annual Accounts of the Charity for the year ended 31 March 2012. A summary of the accounts is as follows:-

Income	- Total income for 2011/12 is summarised as follows:		
		<u>2011/12</u>	<u>2010/11</u>
		<u>£'000</u>	<u>£'000</u>
	Donations and legacies	239	316
	Investment Income	25	39
	Other Income	33	29
	Total	<u>297</u>	<u>384</u>

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

TRUSTEE'S ANNUAL REPORT (Continued)

Expenditure - Total direct expenditure, excluding fund-raising, management and administration, for 2011/12 is summarised as follows:

	<u>2011/12</u> <u>£'000</u>	<u>2010/11</u> <u>£'000</u>
Contributions to the NHS	116	329
Patients welfare and amenities	128	102
Staff welfare and amenities	61	82
Research	58	61
Other	49	78
Total	<u>412</u>	<u>652</u>

Investments - The Trustee has appointed Gerrard Investment Management Ltd (a subsidiary of Barclays Plc) as investment advisors. They hold the Charity's investments and at 31 March 2012 the market value of these investments was £2,061,000. There were four investments representing greater than 5% of the total market value of all investments as at 31 March 2012. These were a) Artemis Fund Managers valued at £117,359 (5.69%) b) Inst Cash Series valued at £200,000 (9.70%) c) Investec Fund Managers valued at £116,097 (5.63%) and d) JP Morgan Asset Management valued at £121,239 (5.88%).

Cash held as part of the investment portfolio totalled £57,776 (2.80%).

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

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

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

Financial Position

The Charity's financial position at the balance sheet date is considered to be satisfactory in the context of their future plans. The Trustee confirms that on a fund by fund basis, assets are readily available and adequate to fulfil the needs of the Charity, and that there are sufficient liquid resources to meet their immediate requirements.

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

TRUSTEE'S ANNUAL REPORT (Continued)

Reserves Policy

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

- i) current stock market performance and levels of unrealised gains on investments held;
- ii) number and longevity of special campaigns and appeals, the level of income required and the likelihood of any surplus or deficit arising; and
- iii) the type of specialist equipment and amenities provided by the Charity are costly and funds must be accumulated over time.

As at 31 March 2012 the breakdown of reserves held are as follows:

	£'000
Restricted funds	427
Unrestricted funds – Designated	984
Unrestricted funds – Non-Designated Realised	253
Unrestricted funds – Non-Designated Unrealised	171
Total	<u>1,835</u>

The Trustee considers free reserves to be those unrestricted funds that are non-designated and have been realised. The level of realised free reserves (£253,000) is higher than that considered as required to comply with the reserves policy (which currently is £150,000 to cover three years general expenditure) and the Trustee is reviewing how the level of free reserves can be reduced whilst satisfying the objects of the charity. These free reserves have remained static during 2011/12.

Plans for the Future

In both the previous and current financial years the Trustee has discussed with those responsible for the day to day management of the funds their responsibility not to accumulate funds unnecessarily. As set out above there is evidence of some of the major funds utilising a significant proportion of their funds during 2011/12. Overall, funds balances reduced by £189k in 2011/12, but the total fund balance still remains high at £1,835k. Expenditure plans will be reviewed again in 2012/13 as part of the recommendations out of the review that has been carried out.

The Charity is currently considering whether to launch a major Appeal in 2012/13.

Summary

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

A McLeish
Trustee
xx November 2012

A Liles
Trustee
xx November 2012

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

STATEMENT OF TRUSTEE RESPONSIBILITIES

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

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

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustee confirms that they have met the responsibilities set out above and complied with the requirements for preparing the accounts. The financial statements set out on pages 11 to 18 attached have been compiled from, and are in accordance with, the financial records maintained by the Trustee.

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

A McLeish
Trustee
xx November 2012

A Liles
Trustee
xx November 2012

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

We have audited the financial statements of the Ashford and St. Peter's Hospitals Charitable Fund (The Charity) for the year ended 31 March 2012 set out on pages 11 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Trustee, in accordance with section 144 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Charity and its Trustee, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at <http://www.frc.org.uk/apb/scope/private.cfm>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of The Charity's affairs as at 31 March 2012 and of its incoming resources and application of resources for the year then ended;
- have been prepared in accordance with UK Generally Accepted Accounting Practice; and have been properly prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- The Charity has not kept sufficient accounting records; or

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

- the financial statements are not in agreement with the accounting records and returns;
or
- we have not received all the information and explanations we require for our audit.

Ross Tudor
For and on behalf of KPMG LLP,
Statutory Auditor
15 Canada Square
London E14 5GL

[TBC] 2012

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED
31 MARCH 2012

	Note	Unrestricted Funds £'000	Restricted Income Funds £'000	Total Funds 2012 £'000	Total Funds 2011 £'000
Incoming Resources					
Incoming resources from generated funds					
Voluntary income:					
Donations		56	162	218	230
Legacies		21	-	21	86
Investment income		19	6	25	39
Other incoming resources	2	30	3	33	29
Total Incoming Resources		<u>126</u>	<u>171</u>	<u>297</u>	<u>384</u>
Resources Expended					
Costs of generating funds		9	3	12	10
Costs of charitable activities	3, 4	258	163	421	664
Governance costs		5	-	5	5
Total Resources Expended		<u>272</u>	<u>166</u>	<u>438</u>	<u>679</u>
Net incoming/(outgoing) resources		(146)	5	(141)	(295)
Gains on revaluation of investment assets		(41)	(7)	(48)	123
Net movement in funds		<u>(187)</u>	<u>(2)</u>	<u>(189)</u>	<u>(172)</u>
Reconciliation of Funds					
Fund balances at 31 March 2011		1,595	429	2,024	2,196
Fund balances at 31 March 2012		<u>1,408</u>	<u>427</u>	<u>1,835</u>	<u>2,024</u>

The notes at pages 13 to 18 form part of these accounts.

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

**BALANCE SHEET
AS AT
31 MARCH 2012**

	Note	31 March 2012		31 March 2011	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments	6		<u>2,061</u>		<u>2,098</u>
CURRENT ASSETS					
Debtors	7	14		10	
Cash at bank and in hand		<u>83</u>		<u>191</u>	
TOTAL CURRENT ASSETS			97		201
Creditors: Amounts falling due Within one year	8		(323)		(275)
NET CURRENT ASSETS/(LIABILITIES)			<u>(226)</u>		<u>(74)</u>
NET ASSETS			<u>1,835</u>		<u>2,024</u>
FUNDS OF THE CHARITY					
Capital Funds:					
Endowment Funds			-		-
Income Funds:					
Restricted	9		427		429
Unrestricted	10		1,408		1,595
TOTAL FUNDS			<u>1,835</u>		<u>2,024</u>

Approved by the Corporate Trustee xx November 2012 and signed on its behalf by

A Liles **Trustee**

The notes at pages 13 to 18 form part of these accounts.

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

NOTES TO THE ACCOUNTS 31 MARCH 2012

1. Accounting Convention

- 1.1 The financial statements have been prepared under the historic cost convention, with the exception of investments which are included at market value, and in accordance with applicable United Kingdom accounting standards, the Charities Act 2011 and the Statement of Recommended Practice "Accounting and Reporting by Charities" issued by the Charities Commissioners in 2005.

1.2 Incoming Resources

- a) All incoming resources are included in full in the Statement of Financial Activities as soon as the following three factors can be met:
- i) entitlement - arises when a particular resource is receivable or the charity's right becomes legally enforceable;
 - ii) certainty - when there is reasonable certainty that the incoming resource will be received; and
 - iii) measurement – when the monetary value of the incoming resources can be measured with sufficient reliability.
- b) Gifts in kind
- (i) Assets given for distribution by the Charity are included in the Statement of Financial Activities only when distributed.
 - (ii) Assets given for use by the Charity are included in the Statement of Financial Activities as incoming resources when receivable.
 - (iii) Gifts made in kind but on trust for conversion into cash and subsequent application by the Charity are included in the accounting period in which the gift is sold.

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

c) Legacies

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is virtually certain. This will be once confirmation has been received from the representatives of the estate(s) that payment of the legacy will be made or property transferred and once all conditions attached to the legacy have been fulfilled.

d) Intangible Income

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

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

NOTES TO THE ACCOUNTS (Continued) 31 MARCH 2012

1.3 Resources Expended

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

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

1.4 Allocation of overheads and support costs

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

1.5 Governance costs

Governance costs comprise all costs attributable to ensuring the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to audit together with an apportionment of overhead and support costs.

1.6 Intangible and Tangible Fixed Assets

These funds have no such retained assets.

1.7 Investment Fixed Assets

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

1.8 Change in the Basis of Accounting

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

1.9 Cashflow Statement

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

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

NOTES TO THE ACCOUNTS
(Continued)
31 MARCH 2012

2. Other Incoming Resources

	Unrestricted Funds	Restricted Income Funds	Total 2012 Funds	Total 2011 Funds
	£'000	£'000	£'000	£'000
Other	<u>30</u>	<u>3</u>	<u>33</u>	<u>29</u>

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

3. Analysis of support costs and overheads

	Governance costs	Charitable activities	Costs of generating funds	Total 2012	Total 2011
	£'000	£'000	£'000	£'000	£'000
Management charge	-	9	-	9	12
External audit	5	-	-	5	5
Other	-	-	12	12	10
	<u>5</u>	<u>9</u>	<u>12</u>	<u>26</u>	<u>27</u>

Audit Liability Cap

An engagement letter was signed on 30th September 2011 with KPMG. Currently the liability of KPMG, its members, partners and staff (whether in contract, negligence or otherwise) in respect of services provided in connection with or arising out of the audit shall in no circumstances exceed £500,000 in the aggregate in respect of all such services.

4. Analysis of Charitable Activities

	Direct costs	Support costs	Total 2012 Funds	Total 2011 Funds
	£'000	£'000	£'000	£'000
Grants to Ashford and St. Peter's Hospitals NHS Foundation Trust				
– Medical and surgical equipment	116	-	116	294
– Computer software	-	-	-	35
– IT equipment	-	-	-	-
Patients welfare and amenities	128	4	132	106
Staff welfare and amenities	61	2	63	84
Research	58	2	60	65
Miscellaneous	49	1	50	80
	<u>412</u>	<u>9</u>	<u>421</u>	<u>664</u>

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

NOTES TO THE ACCOUNTS
(Continued)
31 MARCH 2012

5. Analysis of Net Assets Between Funds

	Unrestricted Funds	Restricted Income Funds	Total 2012 Funds	Total 2011 Funds
	£'000	£'000	£'000	£'000
Investments	1,582	479	2,061	2,098
Current assets	74	23	97	201
Current liabilities	(248)	(75)	(323)	(275)
	<u>1,408</u>	<u>427</u>	<u>1,835</u>	<u>2,024</u>

6. Fixed Asset Investments

There were no investments held outside the UK.

6.1 Analysis of fixed asset investments

	Total 2012 £'000	Total 2011 £'000
Market value at 1 April 2011	2,098	1,952
Disposals at carrying value	(2,092)	(1,725)
Acquisitions at cost	1,949	1,740
Net gain / (loss) on revaluation	106	131
Market value at 31 March 2012	<u>2,061</u>	<u>2,098</u>
Historic cost at 31 March 2012	<u>1,724</u>	<u>1,792</u>

6.2 Market value as at 31 March 2012

	Total 2012 £'000	Total 2011 £'000
Investments listed on Stock Exchange	2,003	2,084
Cash held as part of the investment portfolio	58	14
Total market value of fixed asset investments	<u>2,061</u>	<u>2,098</u>

6.3 Analysis of gross income from investments

	Total 2012 £'000	Total 2011 £'000
Investments listed on Stock Exchange	<u>24</u>	<u>35</u>

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

**NOTES TO THE ACCOUNTS
(Continued)
31 MARCH 2012**

6.4 Significant investments

There were four investments representing greater than 5% of the total market value of all investments as at 31 March 2012. These were: -

- Artemis Fund Managers £117,359 (5.69%)
- Inst Cash Series £200,000 (9.70%)
- Investec Fund Managers £116,097 (5.63%)
- JP Morgan Asset Management £121,239 (5.88%)

Cash held as part of the investment portfolio totalled £57,776 (2.80%)

7. Debtors

	2012	2011
Amounts falling due within one year:	£'000	£'000
Accrued income	6	3
Prepayments	8	7
	<u>14</u>	<u>10</u>

No amounts fall due after more than one year.

8. Creditors

	2012	2011
Amount falling due within one year:	£'000	£'000
Trade creditors	6	7
Other creditors	305	245
Accruals	12	23
	<u>323</u>	<u>275</u>

No amounts fall due after more than one year.

9. Restricted Funds

	Balance 31 March 2011	Incoming Resources	Resources Expended	Transfers between funds	Gains and Losses	Balance 31 March 2012
	£'000	£'000	£'000	£'000	£'000	£'000
Research Fund Post Graduate	290	11	(46)	-	(11)	244
Medical Centre Fund Stephanie Marks Appeal	4	-	(2)	-	-	2
	8	2	-	-	-	10
Mother & Children's Fund	127	158	(118)	-	4	171
Total restricted funds	<u>429</u>	<u>171</u>	<u>(166)</u>	<u>-</u>	<u>(7)</u>	<u>427</u>

THE ASHFORD AND ST. PETER'S HOSPITALS CHARITABLE FUND

NOTES TO THE ACCOUNTS
(Continued)
31 MARCH 2012

10. Unrestricted Funds	Balance 31 March 2011	Incoming Resources	Resources Expended	Gains and Losses	Balance 31 March 2012
	£'000	£'000	£'000	£'000	£'000
Designated Funds:					
Orthopaedic	63	3	(2)	-	64
Fracture Treatment	184	3	(2)	1	186
Haematology	191	4	(2)	1	194
Rheumatology	64	3	(22)	-	45
Ophthalmology	33	1	(15)	-	19
Ultrasound	65	18	(26)	-	57
Diabetic Clinic	50	1	-	-	51
Other designated funds	474	68	(177)	3	368
	<u>1,124</u>	<u>101</u>	<u>(246)</u>	<u>5</u>	<u>984</u>
Non-designated funds	471	25	(26)	(46)	424
Total unrestricted funds	<u>1,595</u>	<u>126</u>	<u>(272)</u>	<u>(41)</u>	<u>1,408</u>

11. Post balance sheet event

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

12. Contingencies

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

13. Commitments

There are no material expenditure commitments as at 31 March 2012.

14. Trustee and Related Parties Transactions

14.1 Trustee expenses reimbursed

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

14.2 Trustee remuneration

No Trustees received remuneration during the year from the Charity.

14.3 Details of transactions with Trustee's or related parties

The Charity has made revenue payments to the Corporate Trustee, Ashford and St. Peter's Hospitals NHS Foundation Trust for expenses incurred on its behalf in the year. There was also a management charge made by the NHS Foundation Trust for the administration (excluding audit fee) of the charity of £9,000 (£12,000 for 2010/11).

As at 31 March 2012 £305,000 (31 March 2011 £245,000) was owed by the charity to Ashford and St. Peter's Hospitals NHS Foundation Trust in respect of payments made by the Trust on behalf of the Charity.

St Peter's Hospital

Guildford Road
Chertsey
Surrey
KT16 0PZ

DX 119775, Chertsey 2

Tel 01932 872000

Web www.ashfordstpeters.nhs.uk

Ross Tudor
Director
KPMG LLP
15 Canada Square
London
E14 5GL

xx November 2012

Dear Ross

This representation letter is provided in connection with your audit of the financial statements of Ashford and St. Peter's Hospitals Charitable Fund ("the Charity"), for the year ended 31 March 2012, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the state of the Charity's affairs as at 31 March 2012 and of its surplus or deficit for the financial year then ended;
- ii. whether the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- iii. whether the financial statements have been prepared in accordance with the Charities Act 2011.

These financial statements comprise the balance sheet as at 31 March 2012, the statement of financial activities for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes.

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

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

Financial statements

1. The Trustees have fulfilled their responsibilities, as set out in the terms of the audit engagement dated 24 September 2011, for the preparation of financial statements that:
 - give a true and fair view of the state of the Charity's affairs as at the end of its financial year and of its surplus or deficit for that financial year;
 - have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the Charities Act 2011.

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Trustees in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which FRS 21 *Events*

after the balance sheet date requires adjustment or disclosure have been adjusted or disclosed.

Information provided

4. The Trustees have provided you with:

- access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
- additional information that you have requested from the Trustees for the purpose of the audit; and
- unrestricted access to persons within the Charity from whom you determined it necessary to obtain audit evidence.

5. All transactions have been recorded in the accounting records and are reflected in the financial statements.

6. The Trustees acknowledge their responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Trustees acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

The Trustees have disclosed to you the results of their assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

7. The Trustees have disclosed to you all information in relation to:

(a) Fraud or suspected fraud that it is aware of and that affects the Charity and involves:

- management;
- employees who have significant roles in internal control; or
- others where the fraud could have a material effect on the financial statements; and

(b) allegations of fraud, or suspected fraud, affecting the Charity's financial statements communicated by employees, former employees, analysts, regulators or others.

8. The Trustees have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements. Further, the Trustees have disclosed to you and have appropriately accounted for and/or disclosed in the financial statements in accordance with UK Generally Accepted Accounting Practice all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

9. The Trustees have disclosed to you the identity of the Charity's related parties and all the related party relationships and transactions of which it is aware and all related party relationships and transactions have been appropriately accounted for and disclosed in accordance with FRS 8 *Related party disclosures*.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as the Trustees understand them and as defined in FRS 8.

10. The Trustees confirm that:

- (a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the charity's ability to continue as a going concern as required to provide a true and fair view.
- (b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Charity to continue as a going concern.

This letter was tabled and agreed at the meeting of the Trustees on 29th November 2012.

Yours sincerely,

Simon Marshall
On behalf of the Trustees of Ashford and St. Peter's Hospitals Charitable Fund

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

Financial Statements

A complete set of financial statements comprises:

- a balance sheet as at the end of the period;
- a statement of financial activities for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information.

Material Matters

Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related party

A party is related to an entity if:

- (a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the entity that gives it significant influence over the entity; or
 - (iii) has joint control over the entity;
- (b) the party is an associate (as defined in IAS 28 *Investments in Associates*) of the entity;
- (c) the party is a joint venture in which the entity is a venturer (see IAS 31 *Interests in Joint Ventures*);
- (d) the party is a member of the key management personnel of the entity or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for

- which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Related party transaction

A transfer of resources, services or obligations between related parties, regardless of whether a price is charged.



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Ashford and St. Peter's Hospitals Charitable Funds

ISA260 Audit Highlights
Memorandum

October 2012

The contacts at KPMG in connection with this plan are:

Ross Tudor

Director, KPMG LLP (UK)
Tel: 020 7311 1542
ross.tudor@kpmg.co.uk

John Lester

Manager, KPMG LLP (UK)
Tel: 0207 311 6661
John.lester@kpmg.co.uk

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This report is addressed to Ashford and St. Peter's Hospitals NHS Foundation Trust as the corporate Trustee of Ashford and St. Peter's Hospitals Charitable Fund and has been prepared for the sole use of the Trustee only. We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

External auditors do not act as a substitute for the Trustee own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that charitable money is safeguarded and properly accounted for, and used in line with the intentions of the donors.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Ross Tudor who is the engagement lead to the Charity, telephone 0207 311 6661 or email ross.tudor@kpmg.co.uk who will try to resolve your complaint.

Section one: Introduction

As your external auditor we have a requirement to comply with International Standards of Auditing (ISA or Auditing Standards) when carrying out the audit of the Ashford and St. Peter's Hospitals Charitable Fund Accounts. The purpose of this letter is to inform you of the requirements of ISA 260 Communication of Audit Matters to Those Charged with Governance ('ISA 260') and to seek the Trustee Board representations required by ISA 260, as well as the other Trustee Board representations we are required to seek by other relevant Auditing Standards.

ISA 260 defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In the case of Charitable bodies we consider that the appropriate addressee of communications is the Trustee Board. We would therefore be grateful if this letter could be presented formally to the next Trustee meeting as appropriate.

ISA 260 requires that we formally communicate to those charged with governance:

- any misstatements we are aware of within the accounts which have not been corrected
- our views on the qualitative aspects of the body's accounting practices and financial reporting processes
- material weaknesses in the accounting and internal control systems identified during the audit where they have been corrected by management without the knowledge of those charged with governance
- any expected modifications to the auditors' report on the financial statements

We will discharge these responsibilities through our attendance at the Trust Audit Committees, commentary within this document and, in the case of unadjusted audit differences, through our request for Trustee Board representations.

This document summarises the findings from our audit of the 2011-12 Ashford and St. Peter's Hospitals Charitable Fund financial statements and provides the information we are required to communicate under ISA 260 to the Trustee, who is charged with governance.

Respective responsibilities of the auditor and the Trustee

The Trustee is responsible for putting into place systems of internal control to ensure the lawfulness of transactions, to maintain proper accounting records and to prepare financial statements that give a true and fair view of the charity.

We audit the financial statements and give our opinion as to whether they give a true and fair view of the Charity's state of affairs and of its incoming resources and application of resources in the year. In addition we report to you if the Trustee's report is inconsistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

Acknowledgements

We would like to take this opportunity to thank the trust staff for their co-operation and assistance with our audit.

Section two: Audit Highlights and Required Communications

We set out below details of the required communications to the Trustee.

Status of the Audit	<ul style="list-style-type: none"> ■ We have completed our core audit field work. Upon final checks of the revised financial statements and receipt of the representation letter (see below), we will issue our unqualified audit opinion. ■ Our draft unqualified audit opinion is presented at Appendix 1.
Representations and Opinions	<ul style="list-style-type: none"> ■ The Trustee is required to provide us with representations on specific matters such as financial standing and whether the transactions in the accounts are legal and unaffected by fraud. We have issued a proposed draft of this representation letter to the Trustee Board on 8 October 2012.
Adjustments to the Accounts	<ul style="list-style-type: none"> ■ We are required by ISA 260 to communicate all uncorrected misstatements, other than those that we believe are clearly trivial, to those charged with governance. There are no such uncorrected misstatements. ■ We are also required to report all material misstatements that management has corrected, but that we believe should be communicated to the Trustee to assist it in fulfilling its governance responsibilities. There were no material misstatements identified. ■ We identified one immaterial adjustment in relation to legacy income which was not accrued, and presentational adjustments to the financial statements and disclosure notes, all of which have been adjusted by Management.
Independence and Objectivity	<ul style="list-style-type: none"> ■ ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors. We have provided this declaration at Appendix 2.
Material weaknesses	<ul style="list-style-type: none"> ■ We are also required to communicate any material weaknesses we identify in the system of internal control as a result of our work. There are no such weaknesses to report.
Next Steps	<ul style="list-style-type: none"> ■ Following consideration of these issues, a representative of the Trustee Board will need to sign the management representations letter. Once we have received the final version of the accounts, updated for adjustments and representations, we will issue our audit opinion. The Trustee must then submit the audited accounts to the Charities Commission by the 31 January 2012 deadline.
Fees	<ul style="list-style-type: none"> ■ Our budgeted fee for the audit was £5,000 excluding VAT. We have charged £5,000 excluding VAT.

Appendix One

Summary of audit misstatements

We are required by *Clarified ISA (UK and Ireland) 260 Communication of Audit Matters to Those Charged with Governance* to communicate all uncorrected misstatements, other than those that we believe are clearly trivial, to the Trustee Board. We are also required to report all material misstatements that management has corrected but that we believe should be communicated to the Trustee Board to assist it in fulfilling its governance responsibilities. This appendix sets out the audit differences that we identified during the course of our audit for the year ended 31 March 2012.

Material misstatements that management have corrected

We did not identify any material misstatements as a result of our audit.

Presentational issues

We identified minor presentational issues during our audit which management have adjusted for. These mainly related to disclosure requirements set out in the Charities SORP, and a classification issue relating to expenditure.

Uncorrected audit misstatements

There were no misstatements identified during the course of the audit for which the financial statements have not been adjusted.

Appendix Two

Audit Opinion

Independent auditor's report to the Trustee of the Ashford and St. Peter's Hospitals Charitable Fund

We have audited the financial statements of the Ashford and St. Peter's Hospitals Charitable Fund (The Charity) for the year ended 31 March 2012 set out on pages 16 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). This report is made solely to the Trustee, in accordance with section 144 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Charity and its Trustee, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on pages 11 to 12, the Trustee is responsible for the preparation of financial statements that give a true and fair view. We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at <http://www.frc.org.uk/apb/scope/private.cfm>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of The Charity's affairs as at 31 March 2012 and of its incoming resources and application of resources for the year then ended;
- have been prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

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

Ross Tudor

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

[TBC] 2012

Appendix Three

Independence confirmation

To the Trustee

Professional ethical standards require us to communicate to you in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of Ross Tudor and the audit team. This letter is intended to comply with this requirement.

We have considered the fees paid to us by the Charity and its related entities for professional services provided by us during the reporting period.

We are satisfied that our general procedures support our independence and objectivity.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners and staff annually confirm their compliance with our Ethics and Independence Manual including in particular that they have no prohibited shareholdings. Our Ethics and Independence Manual is fully consistent with the requirements of the APB Ethical Standards. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

Please inform us if you would like to discuss any of these aspects of our procedures in more detail.

There are no other matters that, in our professional judgement, bear on our independence which need to be disclosed to the Trustee Board.

Confirmation of audit independence

We confirm that as of 8 October 2012 in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Partner and audit staff is not impaired.

This report is intended solely for the information of Trustee Board and should not be used for any other purposes.

Any additional services provided by KPMG to you are approved by management under delegated authority from the Board of Trustees to ensure transparency. In addition to the audit of the financial statements, during 2011-12 KPMG has not undertaken any other work.

Appendix Four

Accounting Update – The Future of UK GAAP

The end of UK GAAP is a foregone conclusion, however the reporting structure that will replace it is in a state of flux. Recently FREDS 46 to 48 were released. We summarise here the current proposals.

At present the expectation is still that the Charity Sector will move to IFRS in line with the UK Accounting Standards Board's convergence programme for UK GAAP. This has however been pushed back to accounting periods starting on or after 1 January 2015. **The first year for which this will apply to the your charity will therefore be the year ending 31 March 2015 although early adoption will be permitted.**

On 30 January 2012 the Accounting Standards Board (ASB) issued its latest Financial Reporting Exposure Drafts (FREDS 46 to 48) which outline the revised proposals for the future of financial reporting in the UK. These no longer include a tiered approach to financial reporting based upon public accountability.

The proposed replacement for UK GAAP continues to be based on the IASB's IFRS for Small and Medium Sized Entities (IFRS for SMEs). However, in response to comments on the previous FRED, the ASB now proposes new accounting policy choices, simpler tax disclosure requirements and clarification of proposals in certain key areas. **The overall effect should be to simplify the transition process for many UK entities compared with the proposals issued in 2010.**

It is proposed that entities not following EU-IFRS or the FRSSE will follow FRED 48 (draft FRS102) *The Financial Reporting Standard applicable in the UK and Republic of Ireland (no longer to be known as the FRSME)*. This standard will be based on the IFRS for SMEs although amendments will be made specifically for the UK market.

Accounting regime	Applicable to:	Example:
EU-IFRS	<ul style="list-style-type: none"> ■ Those required by law or regulation ■ Optional for others 	<ul style="list-style-type: none"> ■ Group accounts of EU listed entities ■ Group accounts of AIM listed entities
FRS 102 <i>(no longer known as the FRSME)</i>	<ul style="list-style-type: none"> ■ Large and medium sized entities 	<ul style="list-style-type: none"> ■ Parent company in a listed group ■ Subsidiaries in a listed group ■ Large and medium private companies ■ Larger charities
FRSSE	<ul style="list-style-type: none"> ■ Qualifying small entities 	<ul style="list-style-type: none"> ■ Small private companies ■ Smaller charities

The future of the Charity SORP

All charities are required to prepare accounts. The regulations require financial statements to present a true and fair view of incoming resources, application of resources and to be prepared in accordance with the SORP.

The ASB requires the application of accounting standards, clarifying how they apply to accounting by charities. The SORP will be updated to reflect the requirements of FRS 102.

The format of the financial statements and fund accounting will be clarified with the advent of the new SORP.



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