



**SOUTH TEES HOSPITALS CHARITY AND ASSOCIATED FUNDS
ANNUAL REPORT & ACCOUNTS**

1 April 2017 - 31 March 2018

Principal office:

Charities Office
The Murray Building
South Tees Hospitals NHS Foundation Trust
The James Cook University Hospital
Marton Road
Middlesbrough
TS4 3BW

Registered Charity No. 1056061

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1. Chairman's Statement

We are immensely grateful to the committed individuals, groups, local companies and staff who have helped to raise funds over the course of the year. Donations have supported a wide range of charitable and health-related activities, including the funding of specialist equipment, innovation, research and training as well as improvements to environments and patient comfort across our hospitals. On behalf of our service users, carers and staff we send our appreciation to everyone who has supported our work in 2017/18.

As the Trust continues to serve ever increasing numbers of people, the Charity is positioning itself to support that need to ensure the treatments delivered through our hospitals remain cutting-edge and are delivered within the best possible environments. Our aim is to provide those extras that can make a massive difference – whether that's providing a comfortable, positive, and welcoming environment or supporting the development of top quality treatment through the purchase of state-of-the-art equipment.

During the year we concluded the Charity's largest appeal to date, the Friarage MRI appeal. In the coming year, as we celebrate the NHS's 70th birthday, we will further articulate our next major capital appeal following the successful conclusion of the MRI appeal. However, we recognise the need to raise more general funds, with fewer restrictions attached, allowing us to support those services with a lower profile within our hospitals.

The Hospitals Charity serves two principal functions. Firstly, to oversee the good management of the funds, ensuring donations are acknowledged and spent in a way that reflects the donor's wishes. Secondly, the promotion of the Charity both internally and externally to encourage and support people raising vital funds. In the coming year we will review the Charity to ensure it is efficient and effective in its fundraising in order to capitalise on the good will of the communities we serve. We are ambitious in our outlook and need to ensure we are able to provide the best possible donor care to our supporters.

Finally, as Chair, I would like to take this opportunity once again to thank all the fundraisers, volunteers and our Friends organisations who contribute so much to the Trust. Their contribution to our work is hugely important. Their energy and passion has contributed so much to their local hospitals and community health services in providing excellent, patient-centred care throughout the year and has the potential to have an impact on people's lives every single day.

Thank you.



Alan Downey – Chairman

2. Aims and Objectives

Our Role

South Tees Hospitals Charity raises funds to enhance the services that South Tees Hospitals NHS Foundation Trust provides to more than one million people across the region.

The role of the Charity is not to fund patient care, but with the support of the communities we serve to improve it and help with those extras over and above what the NHS can provide.

Our Mission

To support and fund initiatives beyond the remit and the capacity of the NHS.

To achieve this we:

- Keep the hospitals of the Trust at the forefront of healthcare delivery by purchasing state of the art equipment and funding research.
- Enhance our teams' training to keep our staff at the leading edge of medical advances.
- Create the best possible environments for patients and staff.
- Grow the level of charitable giving to ensure that the work can continue by supporting staff and patients in their fundraising activities.

The hospitals that we support are:

- James Cook University Hospital
- The Friarage Hospital
- East Cleveland Primary Care Hospital
- Guisborough Primary Care Hospital
- Redcar Primary Care Hospital
- The Friary Community Hospital

Expenditure is made in accordance with charity law, our constitution and the wishes and direction of donors and with regard to the Charity Commission's guidance on public benefit. In 2017/18 the Charity made grants to a value of £1.962m (£3.816m in 2016/17) to achieve this.

Spend included:

Patient welfare amenities	£62,000
Staff welfare and amenities	£539,000
Equipment	£950,000
Raising funds	£238,000

During the financial year voluntary income from donations totalled £0.466m (£0.828m in 2016/17) and bequests totalled £0.401m (£0.210m in 2016/17). Investment income of £0.195m (£0.169m in 2016/17) was received as well as income from charitable activities totalling £0.025m (£0.389m in 2016/17). The significant drop in charitable activities was as a result of removing courses and conferences from the Charity back to the Trust and the conclusion of the MRI Scanner Appeal.

3. Some Highlights:

State-of-the-art ultrasound machines

Oliver Gatenby knows more than most about the vital work the NHS provides to help those affected. The teenager was born with a facial birthmark known as a venous malformation.

Thanks to his incredible efforts which included cycling an impressive 101km across North Yorkshire with his father, treatment on Teesside has been improved. Having raised £16,000 his donation led to the purchase of a second piece of vital equipment that means more patients with vascular birthmarks can now be treated using injection treatments, without the need for any surgery or scars, at a number of venues across the South Tees area.

The Vascular Birthmark Clinic, led by plastic surgeon Mr Tobian Muir, has performed more than 3,000 injection treatments to patients from all over the UK and as far afield as Sweden, Ireland and Bulgaria.

Mr Muir said: "State-of-the-art ultrasound machines are critical to ensure safe and more effective treatment for the many patients that come to our unit. They also allow us to perform ultrasound investigations at a first clinic visit to give immediate feedback on diagnosis and to plan treatments without delay."

We are also extremely proud of Oliver, not just for his incredible fundraising efforts but also as a young ambassador for the Charity, helping us to achieve one of our aims, which is to raise awareness and acceptance of birthmarks."

Fundraising in memory for the grandmother he never met

Harvey decided to raise money in memory of the grandmother he had never met. Elizabeth Clark sadly passed away the age of 33 after losing her battle with breast cancer.

Although they never met, Harvey's mum Cheryl said "We talk about her all the time and Harvey says he wishes he could have met her."

Harvey was inspired by his uncle Dale who once had his hair long, so following in his uncle's footsteps he grew his hair and donated it to The Little Princess Trust and raised money for ward 14 at the hospital. Harvey said "It must be the toughest time when going through cancer and I would love to make other people smile by giving them my hair." Cheryl said "We are so proud of him. He's an inspiration. He has a heart of gold I am beaming with pride."

Harvey had almost raised £1,000 before his friends at Acklam Whin school got behind his fundraising efforts and organised a special *hair raising day* where staff and children donated £1 to come into school with crazy hairstyles and then witness Harvey's hair being cut.

After enduring 18 months of growing his hair only to have it chopped off, ten-year-old Harvey Main has raised an incredible £2,443.00 to support cancer patients at The James Cook University Hospital.

Renal Patient benefits from living donor

In 2003, following renal failure, Kevin Musgrave's mother Edie donated her son a kidney. When he suffered renal failure for a second time, his wife of 27 years Julie did not think twice about giving him one of her kidneys in May 2017.

"Dr. Reaich and his team have been amazing from the day I was referred," said Kevin. "We can never repay the renal team for their personalised care. But we wanted to give back to those that had helped us in hope that our contribution will help others."

Julie, said "I was tested the first time but his Mam was better matched. She was amazing and inspirational. Kevin has always been my rock and I wanted to make him feel well again. Now I look at him every day and feel proud of his determination and positivity, even when he felt poorly. I believe that's a big part of our recovery, a positive mind-set".

And her message to others considering becoming a living donor?

"Do it! I didn't have to think twice but going through a timely process means you have support at every step of the way. Our transplant specialist nurse was amazing supporting us before and after the operation. It's an amazing thing to do and I feel proud to have been able to do this."

Now the couple have handed over another special donation – more than £1,800 to the renal team at James Cook who supported them throughout their treatment.

Friarage MRI Appeal

Having worked in partnership with the Friends of the Friarage to launch the Friarage MRI Scanner Appeal in 2013, the service opened in April 2017. The Charity would like to thank all those that contributed the total incoming resources of £1.746m needed to fund this brand new service.

"We have been looking forward to this important development for local people for many years. This is a great boost to the radiology service and the Friarage Hospital and will reduce the travel requirements for lots of local patients requiring an MRI scan."

Fiona Harker
Radiology Manager

Significant expenditure includes:

AMD module - £33,060
 Blood & chemo fridge - £5,983
 Breast board - £62,870
 Centrifuge - £3,730
 Chest x-ray equipment - £140,000
 CTG machines - £23,170
 Dash monitor - £6,246
 Decontamination equipment - £96,823
 Echo machines - £34,952
 Endoanal probe - £17,000
 Epsag boards - £162,947
 Footscan plate - £5,436
 Friarage MRI Appeal – £1,648,049
 Furniture for macular therapy suite - £2,924
 Furniture for MRI room - £6,174
 Healthcall licenses - £11,000
 Medical camera - £12,796
 Microscope - £13,292
 Niagra washer - £39,284
 Patient monitor - £5,424
 RA simulator - £7,226
 Reminiscence therapy software - £6,495
 Renal database upgrade - £73,527
 Scopes - £14,343
 Simman manikin - £57,046
 Slit lamps - £7,739
 Theatre equipment - £19,986
 TOE probe - £38,352
 Transnasal equipment - 1st year lease - £101,406
 Ultrasound machine - £25,000

In 2017/18 Our Friends organisations supported the following initiatives:

Friends of the Friarage gave:

Various donations totalling £120k some of which include £4.8k towards the purchase of a bladder scanner, £4.8k for the purchase of a site license to run additional features of the Medisoft Ophthalmology system, £4.6k towards a defibrillator, £58.6k towards a Simman manikin, £22.8k relating to the upgrade of an age related macular degeneration module and £8.3k towards lifecards and flashcards

South Cleveland Heart Fund gave:

£1.5k towards the purchase of a portable spirometer microloop

James Cook University Hospital Voluntary Services

Various donations totalling £57.5k including £50k towards the MRI Scanner Appeal, £1.5k towards soundproofing a bereavement room and £6k towards the purchase of 14 wooden cot sides

4. Financial Review

Assets

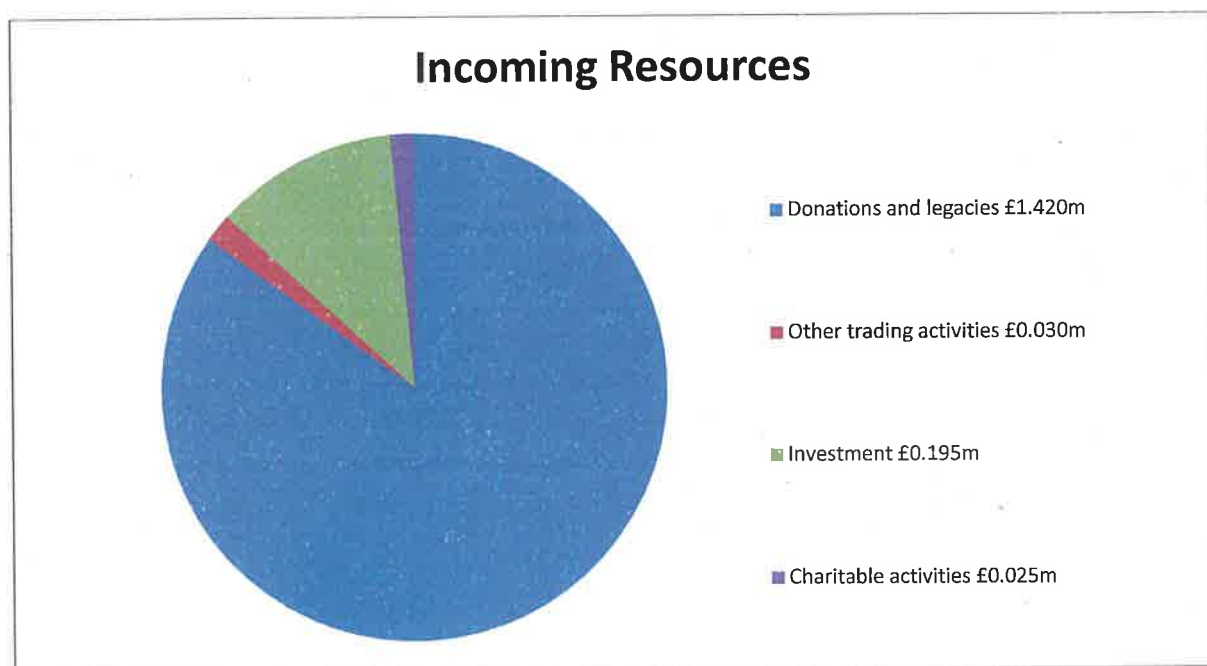
The net assets of South Tees Hospitals Charity as at 31 March 2018 were £6.264 million (£6.516 million 2016/17). There was a decrease in cash holdings from £2.987 million to £1.775 million, a decrease in debtors to £0.474 million and a decrease in creditors to £1.409 million; the significant decreases are due to the transactions regarding the purchase of the MRI scanner.

Income

The Charity relies on income received from the voluntary fundraising efforts of the general public who supported specific appeals or made gifts to support wards from which they or loved ones had received care. In 2017/18 income reduced from £2.107 million to £1.420 million, this can be partly attributed to the conclusion of the MRI scanner appeal and the transfer of some courses and conferences with effect from 1st April 2017.

During the financial year donations and legacies income totalled £1.420 million. This was represented by voluntary income donations which totalled £0.688 million (£1.114 million 2016/17), bequests totalled £0.401 million (£0.210 million 2016/17) and grants received totalled £0.331 million (£0.783 million 2016/17).

Investment income of £0.195 million (£0.169m 2016/17) was received as well as income from charitable activities of £0.025 million (£0.389 million 2016/17) which related primarily to income from the provision of training courses and holistic therapies. The decrease in charitable activities income was due to a large number of courses and conferences which were transferred back to South Tees Hospitals NHS Foundation Trust.

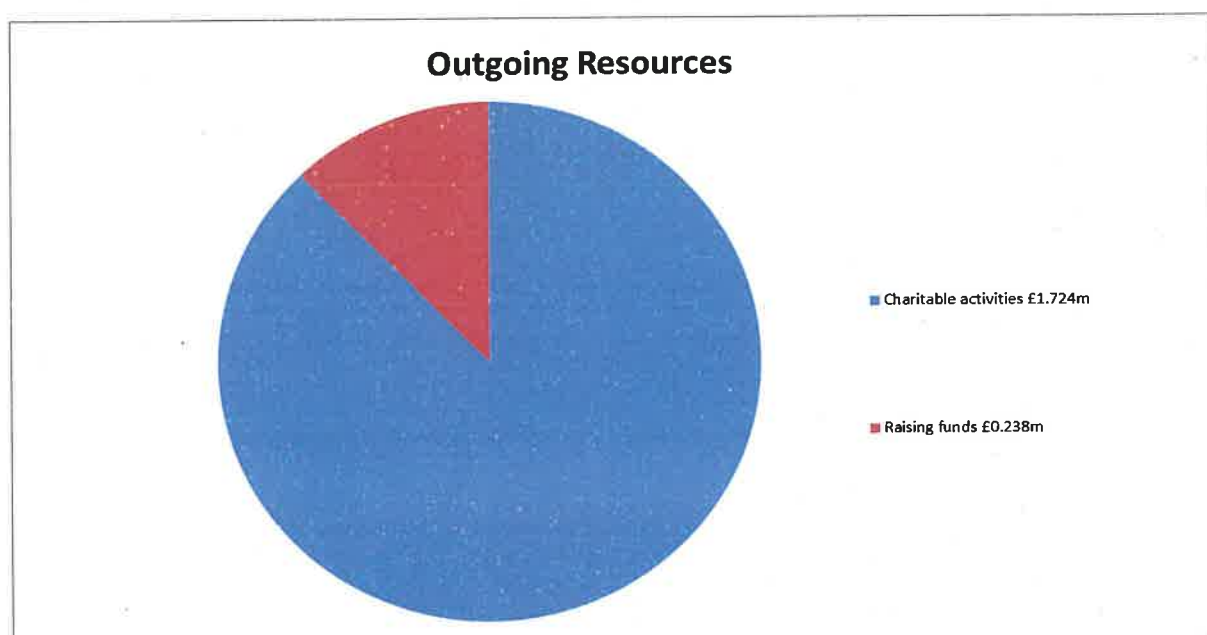


Expenditure

The Charity is a grant giving charity, rather than a service providing charity, in that it seeks to support the services provided by South Tees Hospitals NHS Foundation Trust. All equipment and services purchased by the Charity are donated to the Trust.

Expenditure from funds totalled £1.724 million, compared to expenditure of £3.579 million during the previous financial year.

Expenditure has largely been spent on capital (£0.950 million), patient welfare & staff (£0.719 million), support costs (£0.169 million), course running costs (£0.053 million) and investment management of the Charity amounted to £0.029 million.



Investments

The Charity's investments are held with Barclays Wealth with an aim of maximising income and longer term growth.

The performance of the investments is monitored by the Charitable Funds Committee which reports to the Board and reviews investment portfolio valuations provided at regular intervals by the advisers.

The investment policy is reviewed on an on-going basis.

The portfolio comprises investments largely in equity funds and fixed interests bonds. At the balance sheet date 78.9% (87.2% 2016/17) was invested in equities and 21.1% (23.6% 2016/17) in fixed interest bonds, other investments and cash.

Appeal funds and funds intended to be used to pay grants in the near future are held on deposit to minimise investment risk.

5. Structure, Governance and Management

The South Tees Hospitals Charity was established by Trust Deed and is registered with the Charity Commission (charity number 1056061).

As a body it is a member of the Association of NHS Charities.

All trust funds are registered with the Charity Commission under the umbrella registration of South Tees Hospitals Charity.

The Charity's funds were established using the model declaration of trust and all funds held as at the date of registration were either a part of this unrestricted fund or registered as separate restricted funds, for the Staff Lottery, under the main charity.

Each fund had been assigned to one of eight special purpose charities under the main charity umbrella but during the financial year work was undertaken with the Charity Commission to consolidate all funds under the South Tees Hospitals Charity and Associated Funds with its charitable activities stated as:

South Tees Hospitals Charity raises funds to enhance the services that South Tees Hospitals NHS Foundation Trust provides. The Charity supports the provision of general healthcare and staff welfare, the improvement of specialist clinical and clinical support services and the advancement of clinical knowledge. The role of the Charity is not to fund patient care but to improve it.

The Corporate Trustee fulfils its legal duty by ensuring that restricted funds are used in accordance with the objectives of each fund, and in designating funds the Trustee respects the wishes of the donor with due consideration made to the Charity Commission's published guidance on Public Benefit as specified under the Charities Act 2011.

At the end of March 2018 there were 285 funds (310 in 2016/17). Each has a designated fund manager with specialist knowledge of the area to which the fund relates. They are generally clinical directors, managers, clinical consultants, heads of departments, ward sisters and Operations Directors who have the delegated power to commit expenditure up to £5,000. For all grants over £5,000 there is an approved Scheme of Delegation based on the Charity's governance framework.

Charitable receipts are recorded in accordance with donors' wishes to registered funds and expenditure is made in accordance with the objectives of each designated trust fund, within the limits set by the Trust's Standing Orders, Standing Financial Instructions and Scheme of Delegation.

The accounting records and day-to-day administration of the funds are dealt with by the charities office, which is managed by the Head of Fundraising within the Trust's Chief Executive's department.

It is the responsibility of the Corporate Trustee to ensure that the legal and accounting requirements of the Charities Act 2011 and directives from the Charity Commission are adhered to and that surplus funds are invested in a manner suitable for the maximisation of income and to safeguard the capital sums therein.

The Charitable Funds Committee (formerly known as the Additional Resources Committee and extant as a title during the reporting period of this Annual Report and Accounts) supports and

advises the Corporate Trustee of South Tees Hospitals Charity in discharging its responsibilities and remains accountable to the board of directors, acting as Corporate Trustee, in every respect. In 2017/18 the Committee met on two occasions to consider a range of strategic issues within its remit.

Our purpose is to enhance the services that South Tees Hospitals NHS Foundation Trust provides, supporting the provision of general healthcare and staff welfare, the improvement of specialist clinical and clinical support services and the advancement of clinical knowledge. The role of the Charity is not to fund patient care but to improve it.

Strong governance is critical to our success and reputation. The Corporate Trustee has overall responsibility for our work, to ensure we are governed in accordance with the legal and regulatory requirements and we meet our aims and objectives as a charity.

The Corporate Trustee of the Charity is tasked with:

- Furthering our overall purpose and setting our direction and strategy.
- Ensuring our work is effective, responsible and legal.
- Safeguarding our finances, resources and property and ensuring they are used to further our purpose.
- Being 'accountable' to those with an interest or stake in us or those who regulate us.
- Establishing clear boundaries with the staff and volunteers who carry out our work between the governance role of the Trustees and operational or day-to-day matters.
- Ensuring the Charity operates effectively.

By establishing good governance at South Tees Hospitals Charity, ensuring:

- Compliance with law and regulation.
- That our Charity is well run and efficient.
- That any problems are identified early and dealt with appropriately.
- That we make a difference and the objects of the Charity are advanced.

Appointments to the Board are in accordance with the Trust's Constitution, Terms of Authorisation and legal and regulatory requirements.

Members of the Corporate Trustee

Non-Executive Directors

Richard Carter-Ferris (Appointed 1 August 2015 for a three year term)

Alan Downey (Appointed Chair Designate from 1 January 2018 and Chairman from 1 April 2018)

Mike Ducker (Appointed 1 February 2018 for a three year term)

David Heslop (Appointed 1 August 2015 for a three year term)

Amanda Hullick (Acting Chair from 14 December 2016 to 31 March 2018)

Hugh Lang (Appointed 10 January 2011 for a three year term; re-appointed 10 January 2014 for second three year term; Final re-appointment 10 January 2017 for a one year term; left the Trust on 31 December 2017)

Mike Reynolds (Appointed 1 August 2015 for a three year term; left the Trust on 21 August 2017)

Maureen Rutter (Acting Deputy Chair from 14 December 2016 to 31 March 2018)

Jake Tompkins (Appointed 1 December 2016 for a three year term)

Executive Directors

David Chadwick, Medical Director for Planned Care (Appointed voting Director on 1 April 2016)

Adrian Clements, Deputy Chief Executive, Medical Director for Urgent and Emergency Care (Appointed voting Director on 1 April 2016; commenced as Deputy Chief Executive on 1 December 2017)

Maxime Hewitt-Smith, Director of Finance (on secondment from 1 April 2017; left the Trust on 31 December 2017)

Gill Hunt, Director of Nursing (Appointed voting Director of Nursing on 26 November 2015)

Ruth James, Director of Quality and Performance (Appointed voting Director on 23 February 2015; stood down from Board on 31 December 2017 following Board restructure and left the Trust on 31 March 2018)

Simon Kendall, Medical Director for Clinical Diagnostic and Support Services (Appointed voting Director on 1 April 2016 until 31 December 2017 following Board restructure)

Steven Mason, Director of Finance (voting Director from 1 October 2017)

Siobhan McArdle, Chief Executive (Appointed Interim Chief Executive on 1 October 2015; Appointed Chief Executive on 1 April 2016)

Sath Nag, Medical Director for Community Care (Appointed voting Director on 3 May 2016)

Mike Stewart, Medical Director for Specialist Care (Appointed voting Director on 1 April 2016 until 31 December 2017 following Board restructure)

The Charitable Funds Committee is supported by a number of professional advisers:

Bankers

Barclays Bank Plc
Leicester
LE87 2BB

External Auditor

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Investment Advisors

Barclays Wealth
Barclays House
5 St Ann's Street
Quayside
Newcastle upon Tyne
NE1 2BH

Additional expertise relating to training is drawn from being a member of the Association of NHS Charities that holds regular conferences and symposia for Directors of the Corporate Trustee.

Key management personnel remuneration

Members of the Corporate Trustee and Charitable Funds Committee are required to disclose relevant interest and register them with the Charity lead, withdrawing from decisions where conflict of interest may exist.

The daily management of the Charity is delegated to the Charity lead who is employed under the terms and conditions set out in the Agenda for Change. Remuneration is reviewed annually and is increased in accordance with the nationally agreed increases in pay scale.

Constitution and powers

Administration

The Corporate Trustee, under its Scheme of Delegation, has appointed the Director of Finance to be the officer responsible for implementation of procedures, to ensure all legislation and directives are adhered to and that expenditure from trust funds is appropriate for the purpose.

The Director of Finance maintains such accounts and records, as necessary, to record and protect all funds held in trust. He has responsibility for ensuring that the activities of each fund are within the regulations of the Charities Act 2011 and comply with the procedures adopted by the Trust.

Risk Management

The members of the Charitable Funds Committee periodically review the Charity's risk register.

The major external risk, to which the charity could be exposed, is a sudden fall in the value of the investment portfolio. However the Directors invest over the long term to ensure that the greatest returns are achieved. History has shown that over any 10 year period investment in a wide range of equity based investments will add greater value when compared to a fixed interest based portfolio.

Policies and procedures to mitigate risks including:

- The Charity has systems in place to ensure that all donations and legacies are accurately recorded, and that all expenditure is correctly authorised in accordance with the objects of the Charity.
- The internal controls of the Trust have been adopted by the Charity.
- The Charity is audited by the Trust's internal auditors, PricewaterhouseCoopers LLP, who review and test systems, and the Trust's external auditors, KPMG LLP, who audit the Charity's Annual Accounts and Report.
- The risks around investment balances have been mitigated through the holding of a balanced portfolio. The investment managers have adopted a policy to spread the investment of a range of holdings comprising bonds, UK and overseas shares, and cash deposits.
- Barclays Wealth was been appointed to manage the Charity's investments. There are procedures in place to review the investment policy and monitor its performance.
- Short term cash holdings are held in bank accounts to enable immediate access to funds. The level of short term cash holdings has been reviewed as part of the Charitable Funds Treasury Management Policy.

Partnership working

The patients of South Tees Hospitals NHS Foundation Trust are the main beneficiaries of the Charity and the Trust is a related party by virtue of the Board of Directors acting as Corporate Trustee. By working in partnership with the Trust, the Corporate Trustee has regard to the main activities taking place within its hospitals to ensure that funds are spent in accordance with the objects of each fund to support the health and welfare of patients and staff.

The Trust is well supported by groups and associated charities, including the South Cleveland Heart Fund, the Royal Voluntary Service, the Friends of the Friarage and The James Cook University Hospital Voluntary Services Organisation who over many years have raised hundreds of thousands of pounds to support the Trust.

Reserves

At the end of 2017/18 the charity held reserves of £6.264 million. All monies held in funds were unrestricted apart from £0.023 million which are held on a restricted basis for the Staff Lottery.

Reserves are built up to reinvest into the South Tees Hospitals NHS Foundation Trust and provide maximum benefit to the patients and staff. The classification of restricted and unrestricted reserves is reviewed on an annual basis.

There are no material recurring commitments for which it would be prudent to hold reserves against uncertainties; the main form of recurring expenditure is salary costs associated with the Trinity Holistic Centre and Charity administration. Commitments for other expenditure are only given to the level of resources available within the funds received and held.

Cash on hand balances of £1.775 million are held at the end of 2017/18.

6. Objectives – Moving Forwards

Our vision for South Tees Hospital Charity is that the quality of our projects, communications and fundraising makes us the first choice for people in the region wanting to support a healthcare charity. To move the Charity towards attaining this goal it strengthened its internal financial processes to add assurance and ensure the efficient management of donated funds.

In 2017 the recruitment of a manager for the Hub began to pay dividends as a number of fundraising initiatives were driven by this new role. These included the promotion of the South Tees Lottery; the development of a new Christmas raffle for hospital visitors, and the promotion of challenge events such as the Great North Run and Gung-Ho. To achieve this ambition the following actions will be undertaken in the coming financial year:

- Launching of the next major fundraising appeal
- Work with Trust teams to define projects that can be fundraised for
- Recruiting to the Great North Run and delivering the Middlesbrough 10k as the coming year's lead charity.
- Promote digital giving and Gift Aid as efficient and effective methods of raising more funds
- Continue to streamline trust funds to ensure their best use
- Review the Charity's fundraising function to ensure effectiveness

Ultimately the Charity's ambition is to increase the impact it makes for patients each and every year. This can only be achieved by ensuring that the Charity builds genuine partnerships with NHS staff who clearly understand the needs of patients; achieves a sustained increase in the income; obtains feedback on the projects it funds to ensure that it is making a difference; increases the profile of South Tees Hospitals Charity within and outside the NHS, throughout the Tees Valley and the surrounding areas to ensure its funding is accessible, and most importantly targeted towards activities which will deliver the greatest benefit for patients.

7. Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

Under the trust deed of the charity and charity law, the Corporate Trustee is responsible for preparing the Charities Annual Report and the financial statements in accordance with applicable law and regulations. The Corporate Trustee have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*)

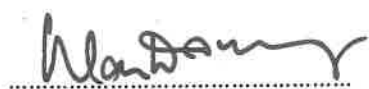
The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period. In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements; and
- assess the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

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

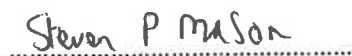
On behalf of the Corporate Trustee,
Signed:



Chairman

29 JANUARY 2019

Date



Director of Finance

29 JANUARY 2019

Date

8. Audit report

Independent auditor's report to the Trustees of South Tees Hospitals Charity

Opinion

We have audited the financial statements of South Tees Hospitals Charity ("the charity") for the year ended 31 March 2018 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charity in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Impact of uncertainty due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors such as valuation of investments and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the charities future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the charities future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a charity and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the charity or to cease its operations, and as they have concluded that the charity's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the charity's business model, including the impact of Brexit, and analysed how those risks might affect the charity's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charity will continue in operation.

Other information

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 17, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charity's trustees as a body, in accordance with section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.


Paul Moran

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Quayside House

110 Quayside

Newcastle upon Tyne

NE1 3DX

31 January 2019

9. South Tees Hospitals Charity Statement of Financial Activities for the year ending 31 March 2018

	Notes to financial statements	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2017/18 £'000	Total Funds 2016/17 £'000
Income and endowments from:					
Donations and legacies	4	1,301	119	1,420	2,107
Charitable activities - supply of goods or services	5	25	-	25	389
Other trading activities - charity events, lottery	6	2	28	30	27
Investments	8	195	-	195	169
Total Income		1,523	147	1,670	2,692
Expenditure on:					
Raising funds	9	197	41	238	237
Charitable activities	10	1,661	63	1,724	3,579
Total Expenditure		1,858	104	1,962	3,816
Net gains on investments	15	40	-	40	604
Net (Expenditure)/Income		(295)	43	(252)	(520)
Transfers between funds	20	34	(34)	-	-
Net movement in funds		(261)	9	(252)	(520)
Reconciliation of Funds					
Total funds brought forward	21	6,502	14	6,516	7,036
Total funds carried forward	21	6,241	23	6,264	6,516

10. South Tees Hospitals Charity Balance Sheet as at 31 March 2018

	Notes to financial statements	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 31 March 2018 £'000	Total Funds 31 March 2017 £'000
Fixed Assets;					
Investments	15	5,420	-	5,420	5,917
Total Fixed Assets		5,420	-	5,420	5,917
Current Assets;					
Debtors and accrued income	16	478	-	478	809
Cash and cash equivalents	17	1,752	23	1,775	2,987
Total Current Assets		2,230	23	2,253	3,796
Liabilities;					
Creditors falling due within 1 year	18	(1,409)	-	(1,409)	(3,197)
Net Current Assets		821	23	844	599
Total Net Assets		6,241	23	6,264	6,516
The funds of the charity;	21				
Restricted income funds		-	23	23	14
Unrestricted income funds		6,241	-	6,241	6,502
Total Charity Funds		6,241	23	6,264	6,516

The notes at pages 23 to 40 form part of these accounts and were approved by the Corporate Trustee on 4 December 2018.

And signed on its behalf by:

Signed Steven P Mason

Name STEVEN P MASON

Date 29 JANUARY 2019

22. South Tees Hospitals Charity Statement of Cash Flows for the year ending 31 March 2018

	Note	Total Funds 2017/18 £'000	Total Funds 2016/17 £'000
Cash flows from operating activities:			
Net cash (used in)/provided by operating activities	19	(1,944)	1,091
Cash flows from investing activities:			
Dividends, interest and rents from investments	8	195	169
Cash divested from investments	15	147	177
Proceeds from sale of investments	15	2,019	2,679
Purchase of investments & fees	15	(1,629)	(2,830)
Net cash provided by investing activities		732	195
Change in cash and cash equivalents in the reporting period		(1,212)	1,286
Cash and cash equivalents at the beginning of the reporting period	17	2,987	1,701
Cash and cash equivalents at the end of the reporting period	17	1,775	2,987

12. South Tees Hospitals Charity Notes to the accounts

Note 1	Accounting policies
Note 2	Prior year comparisons
Note 3	Related party transactions
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1. Accounting Policies

(a) Basis of preparation

The financial statements have been prepared under the historic cost convention, with the exception of investments which are included at fair value.

The financial statements have been prepared in accordance with the statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) issued on 16 July 2014 and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The Trustee considers that there are no material uncertainties about South Tees Hospitals Charity's ability to continue as a going concern. There are no material uncertainties affecting the current year's accounts.

In future years, the key risks to the Charity would be a fall in donations or a fall in the stock market and resulting losses and reduced investment income. The trustees have a risk management strategy and reserves policy in place to mitigate against such risks.

(b) Funds structure

South Tees Hospitals Charity has both restricted and unrestricted funds but has no endowment funds. The Charity has specific funds for each service area of its hospitals; each fund has its own objectives/purpose and are classified as unrestricted designated funds. If a general donation is made and no specific area is identified then the monies will be paid into the General Purpose Fund which is used to benefit patients and staff of the trust at the Trustees' discretion. Appeals for a specific purpose are classified as restricted.

The major funds held are disclosed in note 22.

(c) Income

All income is recognised once the Charity has entitlement, or is probable that the resources will be received and the monetary value can be measured with sufficient reliability.

Where there are terms and conditions attached to the income, particularly grants, then the terms of conditions must be met before the income is recognised as the entitlement condition will not be satisfied until that point. When the terms or conditions have not been met or uncertainty exists as to whether they can be met then the relevant income is not recognised in the year.

(d) Income from legacies

Legacies are accounted for as income either upon receipt or where the receipt of the legacy is probable. Receipt is probable when;

- confirmation has been received from the representatives of the estate(s) that probate has been granted
- the executors have established that there are sufficient assets in the estate to pay the legacy and
- all conditions attached to the legacy have been fulfilled or are within the charity's control.

If there is uncertainty as to the amount of the legacy and it cannot be reliably estimated then the legacy is shown as a contingent asset until all of the criteria for income recognition are met.

(e) Expenditure and irrecoverable VAT

All expenditure has been accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities. Expenditure is recognised when the following criteria are met:

- There is a present legal or constructive obligation resulting from a past event
- It is more likely than not that a transfer of benefits (usually a cash payment) will be required in settlement
- The amount of the obligation can be measured or estimated reliably.

Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

The Charity reimburses the Trust for expenditure they have incurred on the Charity's behalf; this is as a result of the grants awarded by the Charity. Reimbursement is made when the liabilities have been settled and payment made. Any goods received prior to 31 March but not yet settled are accounted for as accruals in year.

(f) Recognition of expenditure and associated liabilities as a result of a grant

Grants payable are payments made to linked, related party or third party NHS bodies and non NHS bodies, in furtherance of the charitable objectives of the funds held on trust, primarily relief of those who are sick.

Grant payments are recognised as expenditure when the conditions for their payment have been met or where there is a constructive obligation to make a payment. A constructive obligation arises when:

- We have communicated our intention to award a grant to a recipient who then has a reasonable expectation that they will receive the grant
- We have made a public announcement about a commitment which is specific enough for the recipient to have a reasonable expectation that they will receive a grant
- There is an established pattern of practice which indicates to the recipient that we will honour the commitment.

The Trustee has control over the amount and timing of grant payments and consequently where approval has been given by them and any of the above criteria have been met then a liability is recognised. When grants are awarded with conditions attached then those conditions have to be met, or expected to be met, before the liability is recognised.

Where an intention has not been communicated, then no expenditure is recognised but an appropriate designation is made in the appropriate fund. If a grant has been offered but there is uncertainty as to whether it will be accepted or whether conditions will be met then no liability is recognised but a contingent liability is disclosed.

(g) Allocation of support costs

Support costs are those which do not relate directly to a single activity. These include some staff costs, costs of administration, internal and external audit costs and IT support. Support costs have been apportioned between fundraising costs and charitable activities on an appropriate basis. The analysis of support costs and the bases of apportionment applied are shown in note 11.

(h) Fundraising costs

The costs of generating funds are those costs attributable to generating income for the Charity, other than those costs incurred in undertaking charitable activities or the costs incurred in undertaking trading activities in furtherance of a charity's objects. The costs of generating funds represent fundraising costs together with investment management fees. Fundraising costs include expenses for fundraising activities.

(i) Charitable activities

Costs of charitable activities comprise all the costs incurred in the pursuit of the charitable objects of the Charity. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to the direct costs. The total costs of each category of charitable expenditure include an apportionment of support costs as shown in note 9.

(j) Fixed asset investments

Investments are a form of basic financial instrument. Fixed asset investments are initially recognised at their transaction value and are subsequently measured at their fair value (market value) as at the balance sheet date. The statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year. Quoted stocks and shares are included in the Balance Sheet at the current market value quoted by the investment analyst, excluding dividend. Other investments are included at the Trustees' best estimate of the market value.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors. Further information on the investments can be found in note 15.

(k) Debtors

Debtors are amounts owed to the Charity. They are measured on the basis of their recoverable amount.

(l) Cash and cash equivalents

Cash at bank and in hand is held to meet the day to day running costs of the charity as they fall due. Cash equivalents are short term, highly liquid investments, usually in less than 90 day notice interest bearing savings accounts.

(m) Creditors

Creditors are amounts owed by the Charity. They are measured at the amounts that the Charity must to pay to settle the debt.

Those amounts which are owed in more than one year are shown as long term creditors.

(n) Realised gains and losses

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

2. Prior year comparatives by type of fund

The primary statements provide prior year comparatives in total; this note provides prior year comparatives for the Statement of Financial Activities and Balance Sheet for each type of fund that South Tees Hospitals Charity manages.

2a Unrestricted funds - Statement of Financial Activity for the year ended 31 March 2018

	2018 £'000	2017 £'000
Income and endowments from:		
Donations and legacies	1,301	1,454
Charitable activities - supply of goods or services	25	389
Other trading activities - charity events, lottery	2	2
Investments	195	169
Total Income	1,523	2,014
Expenditure on:		
Raising funds	197	195
Charitable activities	1,661	1,920
Total Expenditure	1,858	2,115
Net gains on investments	40	604
Net Income	(295)	503
Transfers between funds	34	(527)
Net movement in funds	(261)	(24)
Reconciliation of Funds		
Total funds brought forward	6,502	6,526
Total funds carried forward	6,241	6,502

Unrestricted funds - Balance Sheet as at 31 March 2018

	2018 £'000	2017 £'000
Fixed Assets;		
Investments	5,420	5,917
Total Fixed Assets	5,420	5,917
Current Assets;		
Stocks	4	-
Debtors and accrued income	474	309
Cash and cash equivalents	1,752	1,814
Total Current Assets	2,230	2,123
Liabilities;		
Creditors falling due within 1 year	(1,409)	(1,538)
Net Current Assets	821	585
Total Net Assets	6,241	6,502
The funds of the charity;		
Restricted income funds	-	-
Unrestricted income funds	6,241	6,502
Total Charity Funds	6,241	6,502

2b Restricted funds - Statement of Financial Activity for the year ended 31 March 2018

	2018 £'000	2017 £'000
Income and endowments from:		
Donations and legacies	119	653
Charitable activities - supply of goods or services	-	-
Other trading activities - charity events, lottery	28	25
Investments	-	-
Total Income	147	678
Expenditure on:		
Raising funds	41	42
Charitable activities	63	1,659
Total Expenditure	104	1,701
Net gains/(losses) on investments	-	-
Net Income	43	(1,023)
Transfers between funds	(34)	527
Net movement in funds	9	(496)
Reconciliation of Funds		
Total funds brought forward	14	510
Total funds carried forward	23	14

Restricted funds - Balance Sheet as at 31 March 2018

	2018 £'000	2017 £'000
Fixed Assets;		
Investments	-	-
Total Fixed Assets	-	-
Current Assets;		
Debtors and accrued income	-	500
Cash and cash equivalents	23	1,173
Total Current Assets	23	1,673
Liabilities;		
Creditors falling due within 1 year	-	(1,659)
Net Current Assets	23	14
Total Net Assets	23	14
The funds of the charity;		
Restricted income funds	23	14
Unrestricted income funds	-	-
Revaluation reserve	-	-
Total Charity Funds	23	14

3. Related party transactions

South Tees Hospitals NHS Foundation Trust patients are the main beneficiary of the Charity and the trust is a related party by virtue of being Corporate Trustee of the Charity. The charity has provided funding to the Trust for approved expenditure made on behalf of the charity. During the current financial year this expenditure amounted to £1.962 million (£3.816 million 2016/17) with £0.691 million owed by the charity to the Trust at 31 March 2018.

During the year, no members of the Charitable Funds Committee, the key management staff or parties related to them has undertaken any material transaction within the South Tees Hospitals Charity and Associated Funds.

The South Tees Hospitals NHS Foundation Trust makes a number of services available to the Charity; these include the use of the general ledger system, a cashiering function and office accommodation.

Board members and directors

Declarations of interests, completed on an annual basis by Executive and Non-Executive Directors, have been reviewed to identify any related party relationships requiring disclosure within this note. In the year transactions have been undertaken with the University of Durham, the University of Teesside and Macmillan Cancer Care. These are as follows:

The table below details the charity's related party transactions connected with Directors of the Corporate Trustee and their associated interests.

	2017/18				2016/17			
	Income £'000	Expenditure £'000	Receivables £'000	Payables £'000	Income £'000	Expenditure £'000	Receivables £'000	Payables £'000
Macmillan Cancer Care	-	-	-	-	(23)	-	-	-

- Maureen Rutter is a member of Macmillan Cancer Care.

4. Income from donations and legacies

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2017/18 £'000	Total Funds 2016/17 £'000
Donations from individuals	322	28	350	461
Fundraising income generated by donors	211	11	222	286
Gift Aid	24	1	25	28
Corporate Donations	90	1	91	339
Legacies	373	28	401	210
Grants receivable	281	50	331	783
Total	1,301	120	1,420	2,107

Donations from individuals are gifts from members of the public, relatives of patients and staff. Grateful patients and family members express their gratitude for the care received; supporters often undertake fundraising activities and collect sponsorship.

Other grants receivable include £120k from Friends of the Friarage towards the purchase of various pieces of equipment, £1.5k from South Cleveland Heart Fund towards the purchase of a portable spirometer microloop, various donations from the James Cook Voluntary Services including £50k towards the MRI Scanner Appeal, £1.5k from towards soundproofing a bereavement room and £6k towards the purchase of 14 wooden cot sides, £124.5k from Novartis as part of a joint working agreement for the retinal therapy unit, £1.7k from Walk the Walk Worldwide towards the maintenance of scalp cooling equipment, £2k from Grunenthal towards the Pain Awards conference 2017, £5.6k from The Ickle Pickle Partnership, £13.3k from The League of Friends of Whitby Hospital towards the purchase of a microscope and £5k from Allergan Ltd towards retina support in Ophthalmology.

5. Analysis of income from charitable activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2017/18 £'000	Total Funds 2016/17 £'000
Income from training courses	4	-	4	231
Income from hire of space	6	-	6	20
Payment for holistic treatments provided	7	-	7	121
Other trading income	8	-	8	17
Total	25	-	25	389

Trading income was primarily from the provision of training courses in furtherance of the Charity's objectives. The Trinity Holistic Centre provides therapy treatments to patients of South Tees Hospitals and the Charity also earned income from renting out room space at the Trinity Holistic Centre.

6. Analysis of income from other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2017/18 £'000	Total Funds 2016/17 £'000
Staff lottery deductions	-	28	28	25
Miscellaneous income	2	-	2	2
Total	2	28	30	27

7. Role of volunteers

The Charity is reliant on a team of volunteers. In accordance with the SORP, due to the absence of any reliable measurement basis, the contribution of these volunteers is not recognised in the accounts.

8. Gross investment income

	2017/18 Held in UK Total £'000	2016/17 Held in UK Total £'000
Investments listed on a Stock Exchange	194	165
Short term investments and deposits	-	4
Instant access investments	1	-
Total	195	169

All investment income is recognised within unrestricted funds

9. Analysis of expenditure on raising funds

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017/18 £'000	Total 2016/17 £'000
Fundraising events	22	-	22	24
Investment management	29	-	29	28
Lottery winnings paid	-	20	20	20
Support costs	146	21	167	165
Total	197	41	238	237

10. Analysis of charitable expenditure

The Charity did not undertake any direct charitable activities on its own account during the year.

Expenditure is incurred in favour of South Tees Hospitals NHS Foundation Trust to carry out activities which will benefit NHS patients, their families and staff. The Charity incurred expenditure with third parties in pursuance of those grants or reimbursed expenditure incurred by them or their staff.

The Charity reimburses the Trust once the expenditure is recognised, this is when liabilities have been settled and payment made with obligations committing the Charity to expenditure by fund-holders to whom power to expend Charity funds has been delegated, any goods or services received prior to 31 March but not yet settled are accounted for as accruals in year.

	Unrestricted Funds		Restricted Funds		Total Funds	Total Funds
	Grant funded activity £'000	Support costs £'000	Grant funded activity £'000	Support costs £'000	2017/18 £'000	2016/17 £'000
Analysis Category						
Patient welfare	60	3	-	-	63	234
Staff salaries, education and welfare	518	23	-	-	541	587
Capital	844	39	63	-	946	2,065
Goods and equipment	114	5	-	-	119	226
Research and development	-	-	-	-	-	6
Course running costs	51	2	-	-	53	460
Volunteer support costs	2	-	-	-	2	1
Grand Total	1,589	72	63	-	1,724	3,579

11. Allocation of support costs and overheads

	Raising funds £'000	Charitable activities £'000	Total 2017/18 £'000	Total 2016/17 £'000
External audit	5	-	5	5
Other professional fees	-	-	-	17
Governance	5	-	5	22
Salaries and related costs	152	67	219	250
Bank Charges	-	5	5	5
Office rent	1	-	1	-
Telephone / postage / stationery	1	-	1	1
Insurance	1	-	1	-
Miscellaneous	7	-	7	16
Total	167	72	239	294

12. Directors of the Corporate Trustee remuneration, benefits and expenses

The members of the governing committee give their time freely but are able to claim expenses to reimburse them for costs that they incur in fulfilling their duties.

Committee members have received no remuneration, benefits or expenses during 2017/18 nor in 2016/17 in relation to their support of the charity.

13. Analysis of staff costs, remuneration of key management personnel and redundancy payments

Staff costs

	2017/18 £'000	2016/17 £'000
Salaries and wages	178	203
Social security costs	18	18
Employers pension contribution	23	22
Total	219	243

The staff of the charity are employed by South Tees Hospitals NHS Foundation Trust. Salaries are recharged to the charity.

The average number of employees working for the charity was 6.0 Whole Time Equivalents (WTE) (5.85 WTE in 2016/17). 2.0 employees provided support services to charitable activities and the governance of the charity (2.85 WTE in 2016/17), 3.0 employees engaged in raising funds (2.0 in 2017/18). Of which 0.2 WTE focused on the current MRI scanner appeal with 2.8 WTE supporting general fundraising for the charity with the Head of Fundraising (1.0 WTE) overseeing both elements.

The charity considers its key management personnel to be the Directors of the Corporate Trustee and the Head of Fundraising.

Key management personnel remuneration:

	2017/18 £'000	2016/17 £'000
Salary	49	48
Social security costs	6	5
Employers pension contribution	6	7
Total	61	60

No redundancy payments were made during 2017/18 compared to two compulsory redundancy payments made in 2016/17 totalling £0.026m. These were included within administration costs of the Charity and were apportioned across the fund portfolio on an average fund balance basis.

Redundancy and other departure costs are paid in accordance with NHS Agenda for Change terms and conditions. Exit costs are accounted for in full in the year of departure.

14. Auditor's remuneration

The auditor's remuneration for the 2017/18 financial year was £4,800 (£4,800 2016/17) related solely to the audit with no additional work being undertaken.

15. Fixed asset investments

	Total Funds 31 March 2018 £'000	Total Funds 31 March 2017 £'000
Movement in fixed asset investments		
Market value brought forward	5,917	5,339
Add: additions to investments at cost	1,629	2,830
Less: disposals on carrying value	(2,019)	(2,679)
Movement in cash	(147)	(177)
Net gain on revaluation	40	604
Market Value as at 31st March	5,420	5,917
Historic Cost	4,941	5,039

Investments are held in an unrestricted fund

Individual investments which represent over 5% of the investment portfolio are:

	% of Investment Portfolio	Market Value 31 March 2018 £'000
Robeco Luxembourg SA QI Emrg Conservative EQG	7.7	379

	Total Funds 31 March 2018 £'000	Total Funds 31 March 2017 £'000
Fixed asset investments by type		
UK Equities	2,357	2,645
Overseas Equities	1,746	1,807
Bonds	600	732
Collectives	175	203
Alternative Assets	522	363
Cash held as part of the Investment Portfolio	20	167
	5,420	5,917

16. Analysis of current debtors

	Total Funds 31 March 2018 £'000	Total Funds 31 March 2017 £'000
Stocks	4	-
Debtors under 1 year		
Other debtors - unrestricted	383	147
Prepayments and accrued income - unrestricted	91	162
Prepayments and accrued income - restricted	-	500
	474	809
Total	478	809

Other debtors represent sums owed to the Charity by a related party, South Tees Hospitals NHS Foundation Trust, at the year-end for income collected by the Trust on behalf of the Charity.

17. Analysis of cash and cash equivalents

	Total Funds 31 March 2018 £'000	Total Funds 31 March 2017 £'000
Cash in hand - unrestricted	1,594	657
Cash in hand - restricted	23	1,173
Notice Deposits (90 days)	158	1,157
Total	1,775	2,987

The notice deposit is held on interest bearing deposit with Barclays and represent the unrestricted designated funds held to facilitate cash flow and the fulfilment of obligations in the furtherance of the charities objectives. The funds are in a 90 day notice account and are therefore classified as cash and cash equivalents.

The unrestricted cash in hand represents the balance in the charity's current account as at 31 March and the restricted cash in hand represents the cash held for the MRI Scanner appeal £0.072 million (£1.173 million 2016/17) and the lottery account £0.014m (£0.011 million 2016/17).

No cash or cash equivalents or current asset investments were held in non-cash investments or outside of the UK.

18. Analysis of liabilities

	Total Funds 31 March 2018 £'000	Total Funds 31 March 2017 £'000
Creditors under 1 year		
Other Creditors - unrestricted	1,104	1,307
Other Creditors - restricted	-	929
Accruals - unrestricted	287	163
Accruals - restricted	-	731
Deferred Income - unrestricted	18	67
Total	1,409	3,197

19. Reconciliation of net income to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income for the reporting period (as per the statement of financial activities)	(252)	(520)
Adjustments for:		
(Gains) on investments	(40)	(604)
Dividends, interest and rents from investments	(195)	(169)
(Increase) in stocks	(4)	-
Decrease/ (increase) in debtors	335	(500)
(Decrease)/ increase in creditors	(1,788)	2,884
Net cash (used in)/provided by operating activities	(1,944)	1,091

20. Transfers between funds

A transfer of £34,000 from restricted to unrestricted funds represents a repayment of contributions from other unrestricted reserves to the Friarage Hospital MRI Scanner appeal.

21. Analysis of charitable funds

a) Analysis of restricted fund movements

	Fund balance at 1 April 2017 brought forward £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Gains / carry forward £'000	Fund Balance at 31 March 2018 £'000
MRI Scanner Appeal and Staff Lottery	14	147	(104)	(34)	-	23
Restricted Funds Total	14	147	(104)	(34)	-	23

b) Analysis of unrestricted and material designated fund movements

	Fund balance at 1 April 2017 brought forward £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Gains / carry forward £'000	Fund Balance at 31 March 2018 £'000
South Tees Hospital Charity and Associated Funds	6,502	1,523	(1,858)	34	40	6,241
Unrestricted Funds Total	6,502	1,523	(1,858)	34	40	6,241
Total	6,516	1,670	(1,962)	-	40	6,264

£100,000 or above is set as an opening or closing balance as the threshold for the separate reporting of material designated funds.

Other designated funds relate to assisting patients of services provided by the South Tees Hospitals NHS Foundation Trust for which donors have indicated their non-binding wishes when making their generous gifts.

The general funds included donations where donors have not expressed any preference as to how the funds shall be spent and the unrestricted income accruing to the charity. These funds are applied for any charitable purpose to the benefit of the patients of South Tees Hospitals NHS Foundation Trust at the absolute discretion of the Corporate Trustee.

22. Funds over £100,000 for disclosure

Name	Objective	2018 £'000	2017 £'000
Breast Cancer Fund (Surgery)	Developments in breast care unit.	118	115
Cardiothoracic	For the benefit of staff and patients within the cardiothoracic division.	115	109
Cardiothoracic Research & Development Fund	To purchase and support research and development in the division of Cardiothoracic Medicine, both clinical and non clinical.	130	120
Discretionary expenditure fund	Capital fund to purchase items of equipment	494	-
Endocrinology	To support diabetes and endocrinology related education; staff training; to help purchase equipment for patient care and any other charitable services to improve patient care in JCUH	156	187
Friary Hospital	Patient service improvement & staff improvement	-	163
General Fund	Any charitable purposes relating to the NHS, wholly or mainly for the services provided by South Tees NHS Foundation Trust.	155	12
Haematology	To support research and facilities for Haematology service.	233	157
Oncology / Radiotherapy / Ward 14 (was Ward 14 Oncology)	For the benefit of patients and staff.	578	262
Renal Unit	For the benefit of patients and staff.	240	256
Rheumatology	For the benefit of staff and patients as well as for training and education of staff and patients	148	140
Rutson Hospital	To support the equipment needs of patients/services at Rutson, to support staff training/education in addition to support any other staff and patient benefit	106	101
South Cleveland Cancer Research Fund (merged with Oncology / Radiotherapy / Ward 14)	To promote and increase cancer clinical trial activity and research across the radiotherapy and oncology directorate and the hospitals we serve.	-	285
South Tees Post Graduate Medical Centre	To fund post graduate medical education.	128	122
Special Care Baby Unit	For the benefit of patients and staff.	155	95
Spinal Injuries	To benefit Spinal Injuries patients and staff	186	137