



Severn Hospice

Annual Report and Group Financial Statements

Year Ended 31 March 2010

Severn Hospice Limited
A Registered Charity No. 512394
A Company Limited by Guarantee No.1608025
Registered Office: Bicton Heath, Shrewsbury, SY3 8HS
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Report of the Directors

The Directors (the Trustees for Charity Law purposes) submit their annual report and the audited financial statements for the year ended 31 March 2010. The Directors have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in 2005 in preparing the annual report and financial statements of the Charity.

Statement of Public Benefit

The trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. The Mission Statement of Severn Hospice (below) sets out the activities which the charity undertakes for the public benefit. These services are provided free of charge to the residents of Shropshire, Telford & Wrekin and Mid-Wales and, when appropriate, to people living outside this catchment area e.g. when their families live locally.

Mission Statement

We undertake to:

- Care for patients and their families as individuals and strive to meet their unique needs.
- Provide appropriate choice to people in where they receive their treatment and care, whether this is in the home, as outpatients, in our day hospices or in our wards.
- Provide high quality and timely information about conditions, treatment and the range of services available.
- Provide high quality, evidence-based clinical services.
- Create care environments which are welcoming, attractive and homely.
- Provide care which neither hastens nor postpones death but which enables people to end their lives in peace and with dignity.
- Support families through bereavement following loss of a loved one.
- Nurture and support the skills, contribution and well being of our staff and volunteers as our most valuable resource.
- Provide all our services free of charge by raising sufficient income from charitable and non-charitable sources.
- Share knowledge and skills with other health care professionals at home and abroad.

Objectives

The general objectives of the Hospice are to promote the relief of sickness in Shropshire, Telford & Wrekin and Powys, in particular:

- ◆ By establishing, maintaining and conducting hospices for the reception and care of persons who are suffering from any terminal illness and by providing medical or other treatment or attention for any such persons in their own home;
- ◆ by conducting, promoting and encouraging research into the care and treatment of persons suffering from any such illness as aforesaid and particularly into the care and treatment of persons suffering from cancer or terminal illnesses and by providing for the dissemination of the results of such research;
- ◆ by promoting, encouraging and assisting in the teaching or training of Doctors, Nurses, Physiotherapists and other persons engaged in any branch of medicine, surgery, nursing or allied services, and in the teaching or training of students in any branch of medicine, surgery, nursing or allied services;
- ◆ by providing, assisting and encouraging the provision of such spiritual help and guidance for any persons resident (either as patients or otherwise) or working in any such hospice as aforesaid as those persons may request.

The Charity aims to meet these objectives by achieving a service provision which:

- ◆ Demonstrates a holistic approach to people with life-threatening illnesses and adopts the principles stated in the accepted definitions of palliative care.
- ◆ Offers a well co-ordinated, multi-professional and 'seamless' service which integrates Specialist Palliative Care Services with Primary, Secondary and Tertiary Health Care Services, Voluntary Agencies and Social Services.
- ◆ Offers a wide range of effective services that are both clinically and cost effective and are accessible to all residents in the area.
- ◆ Provides support and training to all members of staff involved in the care of people with life-threatening illnesses.

Objectives for 2009-10

In the reporting period concerned the Hospice achieved its objectives to:

- **Complete the repair of Breidden Ward roof and refurbish the remaining four bedded bay on Perry Ward**
The remaining four bedded bay was refurbished and the roof on Breidden Ward replaced within budget and on time. This work has significantly improved the environment for patients and their families.
- **Bring forward plans for augmented Consultant input to North Powys and pursue opportunities for introducing a Hospice at Home service**
Plans for a 0.7 whole time equivalent consultant has been approved and funded by the Welsh Assembly. It is anticipated that this appointment will take place in June 2010. Powys Local Health Board has begun "spot purchasing" Hospice at Home Care for its residents and discussions have commenced on how this service could be consolidated under a contract with the Hospice.
- **Develop a Joint Commissioning Framework for agreement with local NHS**
A Joint Funding Agreement, produced by Severn Hospice, has been adopted by both local PCTs in 2010-2011. This sets out the objectives that the NHS and the Hospice are pursuing in common and the levels of investment made by both organisations.
- **Maintain the recurring financial balance of the Hospice and implement the Contingency Plan to address longer term cash flow requirements**
At the end of the last financial year Severn Hospice achieved a surplus. This was designated, in line with Hospice policy, to support the specific medium-term cash flow requirement.
- **Bring forward a Medical Staffing plan to address the planned retirement of the Medical Director in 2010**
A staffing plan was approved by the Finance and Personnel Committee in October 2009. Unfortunately the Hospice has failed to appoint to the vacant posts after two rounds of recruitment due to national shortage of Consultant staff. The Medical Director has agreed to remain in post pending these appointments.

Hospice Objectives for 2010-2011

- **Continue the upgrading of the Shrewsbury site, with the redesign and refurbishment of the Bradbury Day Hospice**
- **Publish a Quality Account for Severn Hospice in line with national guidance.**
- **Review the Severn Hospice five year strategy**
- **Bring forward strategies for developing volunteer support and for spiritual care.**
- **Implement the medical staffing plan to place clinical services**
- **Maintain the recurring financial balance of the Hospice**

Scope of Service

The Charity provides specialist medical and nursing palliative care for the terminally ill in Shropshire, Telford & Wrekin and the district of Montgomeryshire in Mid Wales.

Palliative care is the active, total care of patients whose disease no longer responds to curative treatment and for whom the goal must be the best quality of life for them and their families.

Palliative care focuses on controlling pain and other symptoms, easing suffering and enhancing the life that remains. It integrates the psychological and spiritual aspects of care, to enable patients to live out their lives with dignity, as well as offering support to families both during the patients' illness and their bereavement.

Inpatients

In patient facilities are provided in purpose-built accommodation in Shrewsbury and Telford in peaceful surroundings with colourful landscaped grounds. Patients receive 24 hour expert nursing and medical care and, where appropriate, physiotherapy, occupational therapy and complementary therapy. Spiritual and emotional support are also provided.

Day Hospice

This service offers holistic care for patients and carers within a therapeutic setting, i.e. assessment by Palliative Care specialists; nursing care, e.g. baths, dressings, counselling, and individual diversional therapy. The service is provided at three locations:

Shrewsbury: The Bradbury Day Hospice facility provides places for 20 patients each day, three days a week.

Telford: A day hospice to serve Telford and Wrekin, open three days per week with places for up to fifteen patients each day.

Hafan, Montgomery County Infirmary, Newtown, Powys: This is a Day Hospice facility to serve Montgomeryshire which is a joint venture between the Hospice and the Powys Healthcare NHS Trust. This is open two days each week with places for up to 10 patients each day.

Outpatients Services

The Bradbury Day Hospice and Severn Hospice Telford also offer medical, nursing and complementary therapy outpatient appointments. These are bookable for Hospice patients via the Day Unit Office.

Home Care Team

Four specialist nurses provide domiciliary support. This provides continuity of care at home and enables us to deal more promptly with referrals. Two nurses are based in Shrewsbury and two in Telford. The Hospice now line manages the Macmillan Nursing Service as part of an integrated service with its own specialist nurses.

The Hospice, acting in partnership with the local PCTs, also provides Hospice at Home services which aim to provide specialist end of life care to patients in their own homes. In April 2005 the service was integrated with the local Marie Curie Nursing Service to provide better continuity of care for patients during the whole of their illness.

Montgomeryshire Outpatient Clinic

The Medical Director provides an outpatient clinic one day per week at Hafan Day Hospice, Montgomery County Infirmary in Newtown. This clinic will be taken on by the newly appointed Consultant for North Powys. This service is provided for the Powys Healthcare NHS Trust and also links with our Day Hospice service, which operates on the same site.

Hospital Support

The Hospice employs Clinical Nurse specialists in both Royal Shrewsbury and Princess Royal Hospitals. They are experienced Registered Nurses who have completed a specialist course and offer expertise in pain and symptom control and emotional support of patients, relatives and carers. They also have an educational role, sharing their expertise with the hospital teams.

Bereavement and Family Counselling Support Services

A Social Work Team deals with patient advocacy, counselling, staff support, bereavement work and have established a Children's Bereavement Group. The Hospice employs a full time and a half time Chaplain who provide spiritual support on a non-denominational basis.

Teaching and Education

Teaching and education in palliative care remains a high commitment for the Hospice, with a programme of courses being organised for nurses, GPs, hospital doctors and other health care professionals during the year. Educational facilities are available at Shrewsbury and Telford and a full time tutor is funded jointly by the School of Health, Staffordshire University and the Hospice. A full prospectus for educational opportunities is available from the Education Office at the Hospice in Shrewsbury.

The Hospice Lottery

Severn Promotions Company Limited were delighted to be able to donate £837,529 for the financial year 2009-10. This is due entirely to the loyal support of 23,500 lottery members with 50 volunteer collectors, four part-time employed collectors, four part-time canvassers and an office team of three (of whom only two are full-time) under the leadership of the Lottery Director. The lottery helps raise our hospice profile publicly whilst providing reliable recurring income essential to maintaining the provision of care for local patients.

Hospice Charity Shops and Projects (i.e. Sales of New Goods in Shops)

Retail operations in 2009-10 totalled income of £1,214,957 in sales which compares to £1,064,721 in the previous year, achieved in a very difficult trading environment. This resulted in a contribution of £425,152 net profit to the Hospice and could not have been achieved without our very dedicated team of managers and over 300 volunteers who give their time on a regular basis.

Volunteer Support

A huge debt of thanks is due to the volunteers, 470 of whom generously donate many hours of their time and energy to services in our Hospice. Many individuals hold events for us, forwarding valued donations to the Hospice. This support is estimated at an annual value in excess of £1,500,000.

Activity Statement

	2009-10	2008-09	Change %
Referrals	1,447	1,307	+11
Inpatients			
Admissions	475	421	+13
Deaths	302	238	+27
Discharges	174	172	+1
Day Hospice			
Attendances	4,025	4,295	-6
Hospice at Home	426	373	+14
Home Care & Hospital Support			
New Patients at Home	298	197	+51
Home Visits	1,873	1,764	+6
New Patients in Hospital	563	514	+9
Hospital Visits	1,799	1,382	+30

2009-10 was a record year for referrals to Severn Hospice. This increase was reflected in all services except for attendances to the day units which were down due to the severe winter weather during January and February 2010. Admissions to the Hospice were up by 13% despite the disruption on the wards in Shrewsbury due to the refurbishment which was compensated for by the additional beds now available in Telford.

Financial Review

The Hospice provides all its services free of charge. The majority of the funding to enable it to do so comes from public donations and the NHS, with the balance generated by the Hospice's shops, lottery and trading company and from investment income on its reserves and working balances. Local people continue to be very generous to the Hospice. However in 2009-10 donations totalling £1,285,572 and legacies of £1,678,631 were received and in both cases this is less than in the previous year reflecting a general decrease in donations to charities arising from the economic downturn. The Hospice lottery and shops have continued to make their indispensable contribution.

2009-10 Sources of Income	Income £	Cost of Generating Income £	Income Net of Costs of Generation £	% of Total
Donations & Legacies	2,964,203	374,048	2,590,155	39
Shops, Projects & Lottery	2,659,539	1,370,187	1,289,352	19
Total Fundraising Activities	5,623,742	1,744,235	3,879,507	58
NHS Funding	2,596,852	-	2,596,852	39
Investment & Other	206,158	1,379	204,779	3
	8,426,752	1,745,614	6,681,138	100

The costs of generating income set out above reflect the costs of staffing and running our 17 shops distributed across our catchment area. The actual costs of fundraising administration are only 8p in the pound which compares very favourably with the administrative costs of other charities. This means that over 90p in every pound donated goes directly towards supporting Hospice services.

In 2009-10 58% of income (net of the cost of generation) came from donations, legacies and fundraising and 39% came from NHS funding of services. This is a change on last year's proportions of 56% and 40% respectively due to one-off NHS funding in the previous year. Behind these figures donations fell by 13% (£194,200) and legacies by 12% (£239,630), although this is compared to our highest ever year for legacy receipts in 2008-09.

Total charitable expenditure was up by 11% to £5,465,147. This was mainly due to the full opening of Telford hospice, inflationary pressures, particularly on salary costs, and to increased activity in terms of both inpatient referrals and providing palliative care at home. The cost of fundraising, net of the costs of shops and lottery, was again kept to under 10% of the amount raised, representing less than 10p in every £1 donated.

Capital expenditure during the year amounted to just under £360,000 mainly reflecting expenditure on the ongoing upgrade of facilities on the Shrewsbury site. Works included the completion of the upgrade of Perry Ward and the replacement of the roof on Breidden Ward.

Reserves are held to cushion the impact of fluctuations in income and also to build up provisions for future capital and equipment expenditure. Where the reserves are not required in the short term (i.e. within two years), the money may be invested.

The accounts that follow show that overall the Charity made a surplus in 2009-10 and was able to increase its reserves (see Reserves Policy) to give security to its existing operations and to support future developments, in particular the major expansion of Hospice services across the Hospice's catchment area. Once again, the local community, through the admirable dedication and efforts of so many individuals and groups, has enabled the Hospice, once more, to end the year in a strong position despite the prevailing economic conditions.

However, it is clear that, along with other charities, Severn Hospice is experiencing the continuing impact of the economic downturn with the value of general donations, in particular, having declined significantly during the year and being some cause for concern. A contingency plan has been developed to counter these recessionary influences.

Reserves Policy

At the end of 2009-10 the Charity's funds, explained in Notes 14 and 15, stood as follows:

	2009-10	2008-09
Restricted Funds	60,438	52,773
Designated Funds -		
Capital	600,369	602,829
Property Trading	390	-
In Patient Services Development	3,000,000	2,320,000
Fixed Assets Fund	6,956,226	7,055,348
Free Reserves	4,386,122	3,662,597
Total	<u>15,003,545</u>	<u>13,693,547</u>

To put these figures into perspective the Hospice's annual operating costs now stand at £7,041,000 (the budgeted Hospice spend for 2010-11).

In determining a prudent level of free reserves the Board takes into account firstly its total annual commitments (which have increased substantially since the recent expansion of services to include full use of the new Telford Hospice), and secondly the inevitable uncertainties that exist as a consequence of the Hospice's dependence upon voluntary giving and upon legacy income in particular. Given the current economic conditions the policy is that free reserves should normally be held of at least half the following year's estimated expenditure on running the Hospice (the equivalent of six months' operating costs). This figure was arrived at after reviewing the risks to each of the income sources, the potential impact over a five year period and the time estimated to effect measures to remedy them or to find new resources. The level of free reserves is kept under close review.

The designated fund for In Patient Services Development was established to respond to the Darzi Review (the national review of health services), the expansion of services at the Shrewsbury site and bringing the Telford site to 100% capacity. It is anticipated that a minimum of an ongoing additional £1m per year of voluntary income will be needed by 2012. This takes time to achieve. Fundraising targets have been raised on a stepped basis in anticipation and the Development Fund should ensure that this expansion can take place while maintaining the 50% free reserves policy. Due to the high income levels achieved in recent years contributions to this new fund, including £680,000 in 2009-10, have brought the balance to its target level of £3m ahead of schedule.

The 2009-10 contribution to the Designated Capital Fund was slightly higher than the normal amount equal to depreciation and was made to take forward a balance to cover estimated requirements in 2010-11 plus provision for unpredicted renewals or expansion required by current services.

Restricted Funds were slightly higher than last year due mainly to donations related to continuing to fully equip the Telford Hospice.

Investment Policy and Returns

When it is considered in the best interest of the Hospice, cash reserves can be invested for the medium/long term.

It is then the policy of the Board of Directors to hold no more than 75% of investment funds in equities and, where possible, to avoid investment in tobacco companies. Any investments are kept under review by the Investment Sub Committee.

Severn Hospice currently has no listed investments other than a shareholding left as a legacy in 2007-08 but will be setting up a limited discretionary fund in the next financial year to take advantage of the recent tentative recovery in the stock market. The Hospice was also left a property in a legacy, in 2008-09, which it decided in early 2009 -10 to keep as an investment property given the state of the housing market and the suitability of the property itself. The property has been rented out and will be re-valued on a yearly basis.

Governance & Internal Control

The roles, responsibilities and accountability of the Chairman, Directors and the five Managers are defined in a Scheme of Corporate Governance.

The Board of Directors is the custodian of the aims and objects of the Charity as set out in the Memorandum & Articles of Association. It is responsible for guiding and shaping policies by which these aims and objects are achieved, and of establishing the philosophy of care, which is at the heart of the work of the Hospice. The Directors act as the Trustees of the Charity. They are responsible for taking decisions on the strategic direction of the Charity, approving major developments and monitoring the work of its committees, advisory groups, the Managers and its subsidiary companies.

There are four formally constituted committees – Finance & Personnel, Investment Sub, Clinical Governance and Nominations. Each Committee has its decisions ratified by the full Board. The Finance & Personnel Committee also acts as an audit committee. All Committees operate under specific terms of reference which delegate certain functions from the Board. Various management working groups such as Health & Safety and Clinical Audit report into the appropriate formal sub-committees. Since 2004-05 a Staff Forum has existed to provide a formal arena for communication and consultation within the Hospice.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- ◆ A strategic plan and an annual budget approved by the Directors.
- ◆ Regular consideration by the Directors of financial results, variance from budgets, non-financial performance indicators and internal audit.

Statement of Trustees' Responsibilities

The trustees (who are also directors of Severn Hospice Ltd for the purposes of company law) 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).

Company law 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 judgements and estimates that are reasonable and prudent;
- State whether applicable UK 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 charitable company will continue in business

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as we are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Risk Management

The Directors have a formal risk management process to assess the major risks to which the Charity is exposed. This involves identifying the types of risks, prioritising them in terms of potential impact and likelihood of occurrence, and reviewing the systems established to mitigate those risks. The major risks, as identified by the Directors, have been reviewed in accordance with this process.

Directors' Interests

As the Company has no share capital, the question of shares held by Directors does not apply.

The Directors also act as Trustees of Severn Hospice Ltd. A register of all Directors' interests is kept at the hospice headquarters and declarations of general or related interests are made before commencing each formal meeting of the Directors.

Legal & Administrative Details

Name & Address

The full name of the "Charity" is Severn Hospice Limited. The name was changed from The Shropshire Hospice Limited on 19 April 2004 following a special resolution passed at an EGM on 1 April 2004. It is a company limited by guarantee, No. 1608025. It is registered with the Charity Commissioners of England & Wales, No. 512394. The address of the registered office is Bicton Heath, Shrewsbury, SY3 8HS.

Governing Document

This is the Memorandum & Articles of Association as incorporated on 15 January 1982 and altered by Special Resolutions on 13 January 1993, 24 September 1998, 25 March 1999, 26 September 2002, 20th May 2008 and 31st July 2008.

Group Accounts

The "group accounts" within these financial statements include the results of Severn Hospice Limited, the "Charity", and the results of its wholly owned subsidiary companies, Severn Promotions Company Limited which operates a fund raising lottery and Hospice Projects Limited which trades in new goods. Both companies donate their profits to the Charity.

President

Mr Algernon Heber-Percy, Lord Lieutenant of Shropshire

Board of Directors

The current Directors, and those who held office during the financial year to 31 March 2010, are listed below.

Mrs S Broomhead	Mr M Lowe	Mr M Tudor
Mr J Fairclough (Vice Chair)	Mrs M Rydström	Dr W-J Walton
Mrs D Hawkins	Mr D Sear (Chairman)	Mrs G de Wet
Mr V Hogg	Mr P Stewart (Vice Chair)	Mr F Yates
Mr C Johnson	Mrs S Trevor	

Management Team

Chief Executive	Mr P Cronin
Medical Director	Dr J R Johnson
Nursing Director	Mrs H Palin (appointed 1.7.09)
Nursing Director	Mrs A Rushton (retired 31.5.09)
Appeals Director	Mrs N Ross
Telford Hospice Manager	Ms M Lamb

Vice Presidents

Miss S Astbury	Mrs H McPhail
Mr P Bevan	Mr P Paulson
Mr M Davis	Mr H Scurfield
Dr D Griffiths	Mr J Tancock
Mr A Hollings (dec'd May 2010)	Dr W Watson
Mrs J Jenkinson	

Bankers

National Westminster Bank plc, 8 Mardol Head, Shrewsbury
Barclays Bank plc, 44/46 Castle Street, Shrewsbury

Solicitors

Lanyon Bowdler, Chapter House North, Abbey Lawn, Abbey Foregate, Shrewsbury, SY2 5DE

Investment Advisers

Smith & Williamson, 9 Colmore Row, Birmingham, B3 2BJ

Auditors

haysmacintyre, Fairfax House, 15 Fulwood Place, London, WC1 6AY.

Membership of the Company

A member may be an individual or a body corporate. Applications for membership are determined by the Board of Directors.

Appointment of Directors

The Board of Directors shall consist of not less than three nor more than twenty members of the Company. It may appoint any Member of the Company as a Director either to fill a casual vacancy or by way of addition to the Board of Directors, provided that the prescribed maximum be not thereby exceeded. Any Member so appointed shall retain office only until the next Annual General Meeting but he or she shall then be eligible for re-election.

Severn Hospice seeks to ensure that an appropriate range of professional skills are maintained at Board level to fulfil both the governance and business requirements of the Hospice. New Directors are appointed following regular analysis of skill requirements and sympathy to the Charity's principles undertaken by the Nominations Committee, a formal sub committee of the Board. Prospective Directors may apply to the Hospice or may be identified by the Board, and they are interviewed by the Nominations Committee who then make their recommendations to the Board. New Directors are prepared for their role through supply of key documents and through a formal process of induction during which they meet key staff and sit as observers at meetings at the Hospice. Ongoing training is provided on an ad hoc basis through external and in-house training programmes.

Auditors

A proposal to re-appoint haysmacintyre as auditors for the forthcoming year will be put forward at the Annual General Meeting.

This report was approved by the Board of Directors on 29 July 2010 and signed on its behalf by:

D Sear
Chairman

Independent Auditors' Report to the Members of Severn Hospice Limited

We have audited the financial statements of Severn Hospice Ltd for the year ended 31 March 2010 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

The responsibilities of the Trustees, who are also the directors of the company for the purposes of company law, for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view, are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with those financial statements. In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of Information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the group's and charitable company's affairs as at 31 March 2010 and of its incoming resources and application of resources, including the income and expenditure of the group, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees' Report is consistent with the financial statements.

Murtaza Jessa
Senior Statutory Auditor
for and on behalf of haysmacintyre
Chartered Accountants and Statutory Auditor
Fairfax House, 15 Fulwood Place
London, WC1V 6AY

29 July 2010

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2010

		Unrestricted Funds 2010 £	Restricted Funds 2010 £	Total Funds 2010 £	Total Funds 2009 £
Incoming Resources					
	Note				
Incoming Resources from Generated Funds					
Voluntary income	3	2,759,704	204,499	2,964,203	3,398,035
Activities for generating funds:					
Lottery income	6a	1,295,383	-	1,295,383	1,175,935
Projects income	6b	149,199	-	149,199	129,413
Shops income	6c	1,214,957	-	1,214,957	1,064,721
Investment income	5	203,290	-	203,290	309,866
Incoming Resources from Charitable Activities					
NHS service agreements for hospice care	4a	2,006,418	590,434	2,596,852	2,975,759
Other income	4b	2,868	-	2,868	4,243
Total Incoming Resources		7,631,819	794,933	8,426,752	9,057,972
Resources Expended					
Cost of Generating Funds					
Cost of generating voluntary income	8	374,048	-	374,048	366,885
Fundraising trading:					
Lottery costs	6a	472,103	-	472,103	435,746
Projects costs	6b	108,279	-	108,279	98,668
Shops costs	6c	789,805	-	789,805	727,233
Investment management costs	8	1,379	-	1,379	1,316
		1,745,614	-	1,745,614	1,629,848
Charitable Activities					
Cost of care	8,14	4,639,253	770,703	5,409,956	4,868,508
Governance Costs	8	55,191	-	55,191	54,785
		4,694,444	770,703	5,465,147	4,923,293
Total Resources Expended	8	6,440,058	770,703	7,210,761	6,553,141
Net Incoming Resources					
		1,191,761	24,230	1,215,991	2,504,831
Transfers between funds	14	16,565	(16,565)	-	-
Net Incoming Resources for the Year		1,208,326	7,665	1,215,991	2,504,831
Unrealised gain/(loss) on investments	10	93,739	-	93,739	(117,590)
Net Movement in Funds		1,302,065	7,665	1,309,730	2,387,241
Fund Balances Brought Forward from Previous Year					
		13,648,557	52,773	13,701,330	11,314,089
Fund Balances Carried Forward to Next Year					
		14,950,622	60,438	15,011,060	13,701,330

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

CHARITY STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2010

		Unrestricted Funds 2010 £	Restricted Funds 2010 £	Total Funds 2010 £	Total Funds 2009 £
Incoming Resources					
Incoming Resources from Generated Funds					
		2,746,808	204,499	2,951,307	3,387,650
	Voluntary income				
	Lottery donation	837,529	-	837,529	762,509
	Projects donation	40,950	-	40,950	35,517
	Activities for generating funds:				
	Shops income	1,214,957	-	1,214,957	1,064,721
	Investment income	202,175	-	202,175	297,665
Incoming Resources from Charitable Activities					
	NHS service agreements for hospice care	2,006,418	590,434	2,596,852	2,975,759
	Other income	2,868	-	2,868	4,243
	Total Incoming Resources	7,051,705	794,933	7,846,638	8,528,064
Resources Expended					
Cost of Generating Funds					
	Cost of generating voluntary income	374,048	-	374,048	366,885
	Fundraising trading:				
	Shops costs	789,805	-	789,805	727,233
	Investment management costs	1,379	-	1,379	1,316
		1,165,232	-	1,165,232	1,095,434
Charitable Activities					
	Cost of care	4,639,253	770,703	5,409,956	4,868,508
	Governance Costs	55,191	-	55,191	54,785
		4,694,444	770,703	5,465,147	4,923,293
	Total Resources Expended	5,859,676	770,703	6,630,379	6,018,727
Net Incoming Resources					
		1,192,029	24,230	1,216,259	2,509,337
	Transfers between funds	16,565	(16,565)	-	-
	Net Incoming Resources for the Year	1,208,594	7,665	1,216,259	2,509,337
	Unrealised gain/(loss) on investments	93,739	-	93,739	(117,590)
	Net Movement in Funds	1,302,333	7,665	1,309,998	2,391,747
Fund Balances Brought Forward from Previous Year					
		13,640,774	52,773	13,693,547	11,301,800
Fund Balances Carried Forward to Next Year					
		14,943,107	60,438	15,003,545	13,693,547

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

CONSOLIDATED AND CHARITY BALANCE SHEET
As At 31 March 2010

		Group		Charity	
	Note	2010	2009	2010	2009
		£	£	£	£
Fixed Assets					
Tangible assets	9	6,958,755	7,059,094	6,956,226	7,055,348
Intangible assets	9	2,349	1,548	-	-
Investments	10	381,128	157,389	381,328	157,589
		<u>7,342,232</u>	<u>7,218,031</u>	<u>7,337,554</u>	<u>7,212,937</u>
Current Assets					
Stocks	11	65,279	52,151	29,018	22,581
Debtors	12	822,232	987,552	1,039,584	1,143,678
Cash at bank & building societies		7,534,289	6,570,398	7,102,077	6,210,265
		<u>8,421,800</u>	<u>7,610,101</u>	<u>8,170,679</u>	<u>7,376,524</u>
Current Liabilities					
Creditors: Amounts falling due within one year	13	(752,972)	(1,126,802)	(504,688)	(895,914)
Net Current Assets		<u>7,668,828</u>	<u>6,483,299</u>	<u>7,665,991</u>	<u>6,480,610</u>
Total Assets Less Current Liabilities/Net Assets		<u>15,011,060</u>	<u>13,701,330</u>	<u>15,003,545</u>	<u>13,693,547</u>
Funds					
Restricted funds	14	60,438	52,773	60,438	52,773
Unrestricted Funds:					
Designated funds	15	10,556,985	9,978,177	10,556,985	9,978,177
General funds	15	4,393,637	3,670,380	4,386,122	3,662,597
		<u>15,011,060</u>	<u>13,701,330</u>	<u>15,003,545</u>	<u>13,693,547</u>

These accounts were approved and authorised for issue by the Board of Directors on 29 July 2010.

D Sear
Chairman
Severn Hospice Ltd
Registered No. 1608025

CASH FLOW STATEMENT - GROUP
For The Year Ended 31 March 2010

	2010	2009
	£	£
Cash Flow Statement		
Net cash inflow from operating activities	1,122,825	2,200,655
Returns on investments	203,290	309,866
Capital Expenditure: purchases of tangible fixed assets	(361,099)	(687,020)
purchases of intangible fixed assets	(1,125)	-
Increase in Cash	<u>963,891</u>	<u>1,823,501</u>

Notes to the Cash Flow Statement

Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

Net incoming resources	1,215,991	2,504,831
Depreciation charges	331,762	314,134
Increase in stocks	(13,128)	(14,515)
Increase in debtors	178,196	(84,404)
Decrease in creditors	(386,706)	(209,525)
Investment income	(203,290)	(309,866)
Net Cash Inflow from Operating Activities	<u>1,122,825</u>	<u>2,200,655</u>

Reconciliation of Net Cash to Movement in Net Debt

Increase in cash in the period	<u>963,891</u>	<u>1,823,501</u>
---------------------------------------	-----------------------	-------------------------

Analysis of Changes in Net Debt

	At 1.4.09	Cashflows	At 31.3.10
Cash at bank	<u>6,570,398</u>	<u>963,891</u>	<u>7,534,289</u>

NOTES TO THE ACCOUNTS

1 Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Charity's financial statements.

- (a) Basis of Accounting
The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and in accordance with the Statement of Recommended Practice (SORP 2005), Accounting and Reporting by Charities and applicable accounting standards. They incorporate the results of the continuing operational activities described in the directors' report. The comparative figures in these financial statements relate to the year ended 31 March 2009.
- (b) Basis of Consolidation
The group statement of financial activities and group balance sheet include the financial statements of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.
- (c) Depreciation and Amortisation of Tangible and Intangible Assets
Depreciation/amortisation is calculated so as to write off the valuation of the relevant assets over their estimated useful lives as follows:

Class of Asset		Class of Asset	
Furnishings & Equipment:		Leasehold premises	Over the duration of the lease
General	Over 5 years	Freehold property	Over 50 years
Computer	Over 4 years	Artwork copyright	Over expected useful economic life
Motor vehicles	Over 3 or 4 years		

Generally, capital assets or projects are valued at cost and those amounting to less than £500 are not capitalised.

- (d) Investments
Investments are included at their market value at the year-end. Investment properties are not depreciated in accordance with Statement of Standard Accounting Practice no 19. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the year of disposal. Unrealised gains and losses represent the movement in market values during the year, and are credited or charged to the Statement of Financial Activities based on the market value at the year-end.
- (e) Incoming Resources
Voluntary income in the form of covenants and gift aid is recorded when received. Legacies are included when the Charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.
- (f) Resources Expended
All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Premises overheads have been allocated on a floor area basis, staff related overheads have been allocated on the basis of staff time and other overheads on the basis of direct staff costs. These costs are support costs, necessary to the delivery of Hospice services while not being part of the direct service to patients and their families. Governance costs relate to the running of the charity as an entity as opposed to the running of hospice services or fundraising activities and include, for example, audit costs and costs of constitutional and statutory requirements.
- (g) Restricted Funds
Funds subject to specific conditions imposed by the donors are initially dealt with as restricted funds. When those funds are expended a similar amount is transferred from restricted funds to unrestricted funds.
- (h) Designated Funds
The Capital Fund is used to meet capital expenditure and to build up a balance to meet future major capital projects. Generally, an amount equal to the charity's annual depreciation charge is added to the fund, but Directors may make variations to this, taking into account the balance on the fund and future projects.

The In Patient Services Development Fund is used to build up a designated reserve to fund the development of in patient services in response to the Darzi Review. This will involve expansion at the Shrewsbury site and full opening, on an equivalent basis to the Shrewsbury Hospice, of the Telford site. It is anticipated that at least £1m p.a. additional voluntary fundraising will be needed by 2012. The push to make this increase has already started and Directors plan to make contributions to the Fund according to what the Hospice can afford and with the aim of keeping a balance of a minimum of six months' normal running costs in undesignated, unrestricted reserves.

The Property Trading Fund reflects the need to provide for repairs to our property portfolio (currently one dwelling), and will be built up on an annual basis.

The Fixed Asset Fund represents the reserves tied up in fixed assets, substantially the two Hospice buildings, which the Hospice cannot operate without and which therefore cannot, in the way of normal business, be realised.

NOTES TO THE ACCOUNTS

(Continued)

- (i) Stocks
Stocks are stated at the lower of cost and net realisable value.
- (j) Support Groups
There were 20 official Support Groups operating bank accounts in the name of the Hospice at 31 March 2010. The majority of these currently prepare accounts to 31 March. Regular fundraising income within these accounts includes gross income raised by the Support Groups during the year. The expenses they incur are included with fundraising and publicity costs.
- (k) Pension Scheme
Hospice staff who were members of the National Health Service Pension Scheme are allowed to continue their membership while employed by the Hospice. Contributions are made by both employee and employer. It is not possible to identify any one institution's share of the underlying liabilities. The scheme is therefore accounted for as a defined contribution scheme, with the cost of the scheme being equal to the actual contributions payable to it in the accounting period. The scheme accounts can be viewed on the NHS Pension Agency website at www.phspa.gov.uk or obtained from The Stationery Office.

The Hospice's current employer contribution rate is 14%, part of which is met by the Department of Health. The rate is set on the advice of the Government Actuary.

For non qualifying staff, i.e. those who are not members of the NHS Pension Scheme, the Charity operates a group personal (money purchase) pension scheme. Contributions are made in accordance with the rules of the scheme and are charged to the Statement of Financial Activities as they are paid. The assets of both schemes are held separately from those of the Charity in independently administered funds.

2 Company Status and Members' Liability

The Charity is a private company limited by guarantee and does not have a share capital. The extent of the liability of the members of the charity on a winding up is limited to a maximum of £1.00 each.

3 Donations and Legacies (Group)

Funds	Unrestricted	Restricted	2010	2009
			£	£
			Total	Total
Donations	1,081,073	204,498	1,285,572	1,479,772
Legacies	1,678,631	-	1,678,631	1,918,263
	<u>2,759,704</u>	<u>204,498</u>	<u>2,964,203</u>	<u>3,398,035</u>

4a NHS Service Agreements

	2010	2009
	£	£
Amount of funding received in year	2,170,604	2,701,329
Deferred income brought forward being the unspent part of the amount received in the previous year	523,278	797,708
	<u>2,693,882</u>	<u>3,499,037</u>
Deferred income carried forward at 31 March 2010 being advanced earmarked funding received and unspent in the current year	(97,030)	(523,278)
	<u>2,596,852</u>	<u>2,975,759</u>

4b Other Income

Miscellaneous items of income received for non-staff training provided in-house, wayleaves, fuel duty rebate etc.

5 Investment Income

	2010	2009
	£	£
Dividends receivable on shares held	7,051	12,666
Interest receivable on cash balances	196,239	297,200
	<u>203,290</u>	<u>309,866</u>

NOTES TO THE ACCOUNTS

(Continued)

6a Lottery

Severn Promotions Company Ltd, a wholly owned trading subsidiary company incorporated in the UK, operates a weekly lottery. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2010.

	2010 £	2009 £
Lottery income	1,295,383	1,175,935
Donations	12,896	10,385
Investment income	1,109	11,756
Total income	<u>1,309,388</u>	<u>1,198,076</u>
Prizes awarded	172,000	170,762
Staff costs	171,080	149,680
Other costs	129,023	115,304
Total expenditure	<u>472,103</u>	<u>435,746</u>
Net lottery income	837,285	762,330
Gift Aid payments to Severn Hospice Ltd	837,529	762,509
(Deficit)	<u>(244)</u>	<u>(179)</u>
Total assets	412,808	327,296
Total liabilities	409,007	323,251
Funds (representing share capital and reserves)	<u>3,801</u>	<u>4,045</u>

6b Hospice Projects Ltd

This is a wholly owned trading subsidiary company incorporated in the UK. All new goods are sold through this company via the Hospice shops. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2010.

	2010 £	2009 £
Projects income	149,199	129,413
Investment income	6	445
Total income	<u>149,205</u>	<u>129,858</u>
Cost of goods sold	84,412	65,563
Operating costs	23,867	27,923
Total costs	<u>108,279</u>	<u>93,486</u>
Net trading profit	40,926	36,372
Gift Aid payments to Severn Hospice Ltd - prepaid in 2008/09	-	5,182
- provisional amount due for year	40,950	35,517
(Deficit)	<u>(24)</u>	<u>(4,327)</u>
Total assets	95,962	83,773
Total liabilities	(92,048)	(79,835)
Funds (representing share capital and reserves)	<u>3,914</u>	<u>3,938</u>

6c Hospice Shops

	2010 £	2009 £
Shop income	1,214,957	1,064,721
Less Shops costs	789,805	727,233
Net Shops Income	<u>425,152</u>	<u>337,488</u>

NOTES TO THE ACCOUNTS (Continued)

7 Staff Costs & Pensions

	2010 £	2009 £
Salaries	4,569,936	4,013,255
Social security costs	341,752	303,011
Pension costs	237,185	216,225
	<u>5,148,873</u>	<u>4,532,491</u>

(Note 1(k) and Note 19 give further information on the pension schemes.)

	2010	2009
The average number of full time equivalent employees during the year is estimated as follows:		
Administration	9	8
Fundraising	15	16
Patient care	136	129
Shops	25	28
	<u>185</u>	<u>181</u>

The number of employees whose emoluments for the year were greater than £60,000 were as follows:-

£60,000 to £70,000	-	1
£70,000 to £80,000	1	-
£100,000 to £110,000	-	1
£110,000 to £120,000	<u>1</u>	<u>-</u>

The number of employees whose emoluments for the year were greater than £70,000 and to whom retirement benefits are accruing under a defined benefits scheme were:

<u>2</u>	<u>2</u>
----------	----------

No remuneration or expenses were paid to the directors of the company.

8 Total Resources Expended (Group)

	Direct Costs £	Support Costs £	Total 2010 £	Total 2009 £
Charitable Activities:				
Cost of care	3,990,334	1,419,622	5,409,956	4,868,508
Costs of Generating Funds:				
Voluntary income	319,926	54,122	374,048	366,885
Fundraising trading				
Hospice shops	781,279	8,526	789,805	727,233
Lottery	462,486	9,617	472,103	435,746
Projects	106,996	1,283	108,279	98,668
Investment management	-	1,379	1,379	1,316
Governance costs	22,740	32,451	55,191	54,785
Total Resources Expended	<u>5,683,761</u>	<u>1,527,000</u>	<u>7,210,761</u>	<u>6,553,141</u>

Support costs include:

	Basis of Allocation	£	
Premises & stewarding services	Floor area and estimated time	636,776	675,544
Central Services - reception, admin, finance, HR	Estimated time	415,601	410,950
IT Support	Work stations and estimated time	99,127	96,054
Catering	Estimated time & specific costings	347,708	318,845
Vehicles	Estimated time	27,788	20,078
		<u>1,527,000</u>	<u>1,521,471</u>

Included within these costs are:

Amounts paid or payable to Auditors (plus VAT):			
External annual audit of accounts		11,500	11,645
Other external audit services		750	750
Depreciation		<u>329,233</u>	<u>311,213</u>

NOTES TO THE ACCOUNTS

(Continued)

	Freehold Property £	Short Leasehold Property £	Furnishings & Equipment £	Vehicles £	Total £
9 Tangible Fixed Assets (Charity)					
Cost					
At 1 April 2009	7,495,311	13,860	1,082,808	113,301	8,705,280
Additions	212,948	-	147,164	-	360,112
Disposals	-	-	(15,368)	-	(15,368)
Transfer to investments	(130,000)	-	-	-	(130,000)
At 31 March 2010	7,578,259	13,860	1,214,604	113,301	8,920,024
Depreciation					
At 1 April 2009	1,019,867	13,860	557,333	58,872	1,649,932
Charge for year	149,246	-	160,113	19,875	329,234
Disposals	-	-	(15,368)	-	(15,368)
At 31 March 2010	1,169,113	13,860	702,078	78,747	1,963,798
Net Book Value					
At 1 April 2009	6,475,444	-	525,475	54,429	7,055,348
At 31 March 2010	6,409,146	-	512,526	34,554	6,956,226

Tangible Fixed Assets (Group)

Cost					
At 1 April 2009	7,495,311	13,860	1,106,037	113,301	8,728,509
Additions	212,948	-	148,151	-	361,099
Disposals	-	-	(19,573)	-	(19,573)
Transfer to investments	(130,000)	-	-	-	(130,000)
At 31 March 2010	7,578,259	13,860	1,234,615	113,301	8,940,035
Depreciation					
At 1 April 2009	1,019,867	13,860	576,815	58,872	1,669,415
Charge for year	149,246	-	162,318	19,875	331,438
Disposals	-	-	(19,573)	-	(19,573)
At 31 March 2010	1,169,113	13,860	719,560	78,747	1,981,280
Net Book Value					
At 1 April 2009	6,475,444	-	529,222	54,429	7,059,094
At 31 March 2010	6,409,146	-	515,055	34,554	6,958,755

Intangible Fixed Assets (Group)

	Artwork copyright £
Cost	
At 1 April 2009	1,720
Additions	1,125
Disposals	-
At 31 March 2010	2,845
Depreciation	
At 1 April 2009	172
Charge for year	324
Disposals	-
At 31 March 2010	496
Net Book Value	
At 1 April 2009	1,548
At 31 March 2010	2,349

Contingent Assets: The Hospice is aware of a property portfolio that will, any time prior to 2037, be sold with a percentage of the proceeds being received by the Hospice. In view of the long timescale and uncertainty concerning this case it is not possible to predict the value of such receipt. There are also a number of properties subject to a 'life tenant' condition prior to the residue being paid to Severn Hospice, neither is it possible to predict the value of these receipts.

NOTES TO THE ACCOUNTS (Continued)

10 Investments – Group

In 2007 the Hospice was given shares valued at £247,979 on handover as part of a legacy. In the current economic climate independent advice was to keep these shares since the dividend income represented a good return and, in the long term, their value could reasonably be expected to increase significantly.

All Investment Assets were within the UK.

	2010 Listed Investments	2010 Investment Properties	2010 Total £	2009 Total £
(a) Movements in the Year				
At 1 April 2009 investments at market value	157,389	-	157,389	274,979
Transfer from fixed assets	-	130,000	130,000	-
Net investment (losses)/gains - unrealised	63,739	30,000	93,739	(117,590)
Group Balance as at 31 March 2010 at market value	<u>221,128</u>	<u>160,000</u>	<u>381,128</u>	<u>157,389</u>
Historic cost of investment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(b) Analysis of Listed Investments:				
Listed Investments held at 31 March 2010 comprise the following:				
UK equities			221,128	157,389
Group balance			<u>221,128</u>	<u>157,389</u>

Investments – Charity

The investments held by the charity at 31 March 2010 comprise the following:

	2010 £	2009 £
Listed investments and property investments from (a) above	381,128	157,389
Investments in group undertakings:		
Hospice Projects Ltd	100	100
Severn Promotions Company Ltd	100	100
	<u>381,328</u>	<u>157,589</u>

All the listed investments were listed on a UK Stock Exchange. Hospice Projects Ltd and Severn Promotions Company Ltd are wholly owned subsidiaries incorporated in England. Severn Promotions Company Ltd operates a weekly lottery. Hospice Projects Ltd is currently used for the sale of all new goods, mainly cards.

In late 2008/09 the Hospice received a property in a legacy which, due to the state of the housing market and the details of the property in question, it was decided to keep as an investment property. It has therefore been transferred from Fixed Assets to Investments in these accounts and has been rented out. At 31 March 2010 the property was revalued for the Hospice by Sahim Zaza, MNAEA, of Zaza Johnson & Bath, Estate Agents at open market value

11 Stocks

	Group		Charity	
	2010 £	2009 £	2010 £	2009 £
Goods purchased for resale through				
Hospice Projects Ltd	36,261	29,570	-	-
Consumable stores	29,018	22,581	29,018	22,581
	<u>65,279</u>	<u>52,151</u>	<u>29,018</u>	<u>22,581</u>

NOTES TO THE ACCOUNTS
(Continued)

12 Debtors

	Group		Charity	
	2010 £	2009 £	2010 £	2009 £
Trade debtors	30,998	30,503	26,707	22,724
Sundry debtors	228,168	617,790	228,168	617,790
Amounts due from subsidiary undertakings	-	-	221,643	163,905
Legacies & grants	468,667	241,047	468,667	241,047
Prepayments	66,749	61,245	66,749	61,245
Income tax recoverable	13,950	31,133	13,950	31,133
VAT recoverable	13,700	5,834	13,700	5,834
	<u>822,232</u>	<u>987,552</u>	<u>1,039,584</u>	<u>1,143,678</u>

No amount is included in the case of 25 legacies notified by 31.3.10. In more than one of these a third party has a life interest in the estate and another constitutes a contingent asset (see Note 9). No value can be placed with any certainty on these legacies and in several cases it will be many years before the assets fall to the Hospice.

The amount due from subsidiary undertakings includes a loan of £34,900 to Hospice Projects Ltd, to provide working capital to purchase stock and capital assets, that is payable on demand or as otherwise agreed in writing from time to time.

13 Creditors: Amounts Falling Due Within One Year

	Group		Charity	
	2010 £	2009 £	2010 £	2009 £
Trade creditors	497,209	473,832	225,666	236,606
Taxation & social security costs	111,945	99,427	106,212	97,612
Accruals	12,100	13,020	12,100	13,020
Amounts due to subsidiary undertakings	2,137	-	31,129	8,292
Deferred income	98,671	524,920	98,671	524,920
Other creditors	30,910	15,603	30,910	15,464
	<u>752,972</u>	<u>1,126,802</u>	<u>504,688</u>	<u>895,914</u>

Creditors: Deferred Income

	Balance b/fwd 1.4.09 £	Released £	New Deferred £	Balance c/fwd 31.3.10 £
Amounts Falling Due Within One Year				
Cancer Network	3,206	3,206	-	-
End of Life Team strategy	6,023	-	-	6,023
Delivery of education strategy	18,039	-	-	18,039
PCT care home education funding	28,010	704	-	27,306
Compassionate Communities	60,000	29,884	-	30,116
Principles & Practice of Palliative Care	20,000	4,455	-	15,545
Shaw Trust Access for Work	1,642	-	-	1,642
Shropshire PCT funding	388,000	388,000	-	-
	<u>524,920</u>	<u>426,249</u>	<u>-</u>	<u>98,671</u>

NOTES TO THE ACCOUNTS (Continued)

14 Restricted Funds

The Group and Charity Funds include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

		Balance b/fwd at 1.4.09	Incoming Resources	Resources Expended	Resources Transferred to General Funds	Balance c/fwd at 31.3.10
		£	£	£	£	£
New Telford Hospice project	a	13,456	12,017	558	5,253	19,662
Specific Items	b					
Chapel fund		12,490	434	-	-	12,924
Perry lounge / signage		10,000	-	-	-	10,000
New windows & heating		5,204	-	-	-	5,204
Nurses' uniforms		445	-	-	445	-
Individual specified Items of less than £5,000 each		9,519	13,037	3,818	10,867	7,871
Donations received for the Day Units		-	150,175	150,175	-	-
PCT & other funding received for the Care at Home Services		-	334,372	334,372	-	-
PCT funding for specifically negotiated services	c	-	276,023	276,023	-	-
Grants given and used for education & training		-	3,195	3,195	-	-
Hospice Garden Fund	d	1,659	5,680	2,562	-	4,777
		<u>52,773</u>	<u>794,933</u>	<u>770,703</u>	<u>16,565</u>	<u>60,438</u>

- a) This includes donations received for the Telford Hospice project. They have been used in building, fitting out and equipping the new Hospice, together with funds held in the Designated Capital Reserve and in General Reserves.
- b) There are no current plans to rebuild the Hospice Chapel. It is planned to use these funds in any future relocation or refurbishment of the Chapel. Individual Specific Items are too many to detail and cover donations for such items as commodes, DVD players, supplies for particular Hospice services, etc.
- c) This includes funding for services negotiated with and by the Primary Care Trusts and the Welsh Assembly, for example at the Hafan Day Unit and the Hospital Support Team, and is spent as negotiated with the PCTs and the Welsh Assembly.
- d) Funds built up by the former Friends of the Hospice Gardens and being used to finance the upkeep of the gardens; in particular the ongoing costs of the gardener.

Resource Transfers: Once the restrictions on a resource have been met and there are no continuing restrictions as to the use of the asset acquired, the funds are transferred to unrestricted funds.

15 Unrestricted Funds

The Group and Charity Funds include the following designated and general funds:

		Balance b/fwd at 1.4.09	New Designations/ Incoming Resources & Gains	Utilised/ Released/ Outgoing Resources & Losses	Resources Transferred To/From General Funds	Balance c/fwd at 31.3.10
		£	£	£	£	£
Designated Funds:						
Capital Fund	a	602,829	339,489	(349,433)	7,484	600,369
In Patient Services Development	b	2,320,000	680,000	-	-	3,000,000
Property Trading Fund	c	-	390	-	-	390
Fixed Asset Fund	d	7,055,348	344,743	(313,865)	(130,000)	6,956,226
Total Designated Funds		<u>9,978,177</u>	<u>1,364,622</u>	<u>(663,298)</u>	<u>(122,516)</u>	<u>10,556,985</u>
Group General Funds		<u>3,670,380</u>	<u>6,360,936</u>	<u>(5,776,760)</u>	<u>139,081</u>	<u>4,393,637</u>
Total Group Unrestricted		<u>13,648,557</u>	<u>7,725,558</u>	<u>(6,440,058)</u>	<u>16,565</u>	<u>14,950,622</u>
Total Designated Funds		9,978,177	1,364,622	(663,298)	(122,516)	10,556,985
Charity General Funds		3,662,597	5,780,822	(5,196,378)	139,081	4,386,122
Total Charity Unrestricted		<u>13,640,774</u>	<u>7,145,444</u>	<u>(5,859,676)</u>	<u>16,565</u>	<u>14,943,107</u>

NOTES TO THE ACCOUNTS (Continued)

- a) The Capital Fund which has been set up by the Directors for the purpose of funding capital expenditure and building up a reserve for major capital projects in the future.
- b) The In Patient Services Development Fund set up by the Directors to manage the cash flow risk associated with the service expansion plan more effectively without putting existing services under pressure. This fund will be capped at a target level of £3m.
- c) The Property Trading Fund reflects the need to provide for repairs to our property portfolio, and will be built up on an annual basis.
- d) The Fixed Asset Fund represents the reserves tied up in fixed assets, substantially the two Hospice buildings, which the Hospice cannot operate without and which therefore cannot, in the way of normal business, be realised.

16 Allocation of Group Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	2010 Total £	2009 Total £
Fund balances at 31 March 2010 are represented by:				
Tangible fixed assets	7,088,755	-	7,088,755	7,059,094
Intangible fixed assets	2,349	-	2,349	1,548
Investments	251,128	-	251,128	157,389
Current assets	8,348,486	60,438	8,408,924	7,609,962
Current liabilities	(740,096)	-	(740,096)	(1,126,663)
Total Net Assets	14,950,622	60,438	15,011,060	13,701,330

17 Operating Lease Commitments

At March 2010, the charity had annual commitments under non-cancellable operating leases for land and buildings as follows:

	2010 £	2009 £
Within 1 year	31,200	26,250
Between 2 and 5 years	59,960	59,936
Over 5 years	125,150	52,750

18 Controlling Party

The company, having no share capital, is under the control of the Directors who also act as Trustees.

19 Pension Commitments

The company and its subsidiaries operate a defined contribution scheme available to the majority of its permanent employees. The company and its subsidiaries also make contributions to the National Health Service Pension Scheme for certain employees. The NHS Pension Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. As a consequence it is not possible for Severn Hospice to identify its share of the underlying scheme and it has been treated as a defined contribution scheme.

Contributions are charged in the financial statements as they are incurred and there were no outstanding contributions as at the balance sheet date. Pension costs charged in the year were £237,070 consisting of £ 200,373 paid to the NHS Scheme and £36,697 paid to the defined contribution scheme (2009: £186,057 and £30,168 respectively).