



Severn Hospice

Annual Report and Group Financial Statements

Year Ended 31 March 2011

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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www.severnhospice.org.uk

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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 2011. 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 2010-11

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

- **Continue the upgrading of the Shrewsbury site, with the redesign and refurbishment of the Bradbury Day Hospice**
The redesign and refurbishment of the Bradbury Day Unit was completed on time and within budget in June 2010.
- **Publish a Quality Account for Severn Hospice in line with national guidance**
A Quality Account was developed and published by Severn Hospice in line with Government requirements. This is currently being updated in preparation for 2011-2012.
- **Review the Severn Hospice five year strategy**
The Hospice's five year strategy was reviewed and this included new plans for greater use of volunteers in the delivery of supportive services to patients and their families, the development of proposals for extending Hospice at Home services to North Powys, and the integration of the former Macmillan Nursing Service into a unified Clinical Nurse Specialist service along with the Hospice's own specialist nursing staff.
- **Bring forward strategies for developing volunteer support and for spiritual care.**
Severn Hospice led the establishment of community volunteer services for frail and vulnerable adults in Church Stretton as a pilot scheme in partnership with the Mayfair Community Centre and is leading similar developments in the communities of Clun and Cleobury Mortimer as part of a Compassionate Communities initiative.
- **Implement the medical staffing plan to place clinical services on a robust footing**
Clare Stockdale took up post as Consultant in Palliative Medicine for North Powys in August 2010 and Toria Stevens was recruited in spring 2011 and will take up post in July 2011.
- **Maintain the recurring financial balance of the Hospice**
Severn Hospice retained a balanced financial position.

Hospice Objectives for 2011-2012

- Bring forward and implement a phased plan for the development of accommodation on the Shrewsbury site to address future service needs.
- Expand day hospice care at Severn Hospice Telford.
- Introduce a Hospice at Home Service to North Powys.
- Introduce community volunteer services in Clun and Cleobury Mortimer, and bring forward plans for Compassionate Community developments in three other communities.
- Manage the formal integration of the former Macmillan Nursing Service and Hospice Outreach Team under one team to be called "Severn Hospice Clinical Nurse Specialists".
- Continue the implementation of the Hospice Medical Staffing plan.
- 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 is 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 creative 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 & 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. This provides a base for the specialist multi disciplinary team led by Dr. Clare Stockdale.

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

Severn Hospice manages an integrated team of community Clinical Nurse Specialists comprising the former Macmillan Nursing and Hospice Outreach teams, which provides specialist advice to general practitioners and other community-based staff on the care and treatment of patients living at home with life limiting illnesses.

In addition, 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.

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 has 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 at 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 was delighted to be able to donate £874,318 for the financial year 2010-11. This is due entirely to the loyal support of 24,000 lottery members with 40 volunteer collectors, four part-time employed collectors, one full-time and 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 Company

The sale of donated and new goods through the Hospice's shops, mail order and other outlets resulted in a contribution of £628,548 net profit to the Hospice, an increase of £162,446 on the 2009-10 figure, despite continued difficult trading conditions. This could not have been achieved without the very dedicated team of shop staff and over 300 volunteers who give their time on a regular basis.

Volunteer Support

A huge debt of thanks is due to the volunteers, 490 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

	2010-11	2009-10	Change %
Referrals	1,393	1,447	-3.7
Inpatients			
Admissions	457	475	-3.7
Deaths	289	302	-4.3
Discharges	169	174	-2.9
Day Hospice			
Attendances	3,678	4,025	-8.6
Hospice at Home		426	
	336		-21
Home Care & Hospital Support			
New Patients at Home	376	298	+2.6
Home Visits	1,780	1,873	-4.9
New Patients in Hospital	833	563	+48
Hospital Visits	1,461	1,799	-18

Referrals were slightly lower than in the previous year. This decrease was reflected in inpatient services. The smaller number of day unit attendances was, once again, due to the severe winter weather and record snow fall during January and February 2011. Hospice at Home referrals were down as a result of a change in referral criteria introduced by the local Primary Care Trusts to avoid demand-led overspends experienced in the previous year and, as such, represents an "over correction". New patients seen in their own home or in hospital did increase however and it is anticipated that this trend will continue in the future as people exercise their choice to receive care in their domicile.

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 and in 2010-11 donations totalling £1,435,978 were received, a recovery compared to 2009-10 but still less than 2008-9 levels. Legacies however were reduced even further, totalling £1,059,649 in 2010-11. In both cases these levels reflect a general decrease in donations to charities arising from the economic down turn. The Hospice lottery, events and shops have continued to make their indispensable contribution.

2010-11 Sources of Income	Income £	Cost of Generating Income £	Income Net of Costs of Generation £	% of Total Income
Donations & Legacies	2,495,627	486,681	2,008,946	31
Shops, Projects & Lottery	3,228,319	1,734,618	1,493,701	23
Total Fundraising Activities	5,723,946	2,221,299	3,502,647	54
NHS Funding	2,675,503		2,675,503	41
Investment & Other	308,314	4,320	302,455	5
	8,707,763	2,225,619	6,480,605	100

The costs of generating income set out above reflect the costs of staffing and running our 19 shops distributed across our catchment area. The actual costs of fundraising administration are just over 12p in the pound which compares very favourably with the administrative costs of other charities. This means that 88p in every pound donated goes directly towards supporting Hospice services.

In 2010-11 54% of income (net of the cost of generation) came from donations, legacies and fundraising and 41% came from NHS funding of services, compared to 57% and 39% respectively in 2009-2010. This is due to a higher level of 'one-off' funding from the NHS in 2010-2011. As mentioned previously donations rose by 12% (£150,406) but are still under the 2009 level while legacies fell by 37% (£618,982), although this is compared to one of our highest years for legacy receipts.

Total charitable expenditure was up by 8% to £5,860,275. This was mainly due healthcare inflationary pressures which are higher than household inflation. To increase fundraising capacity in difficult economic conditions, a planned expansion of the appeals team had led to a temporary increase in the costs of generating voluntary income to 12p in the pound. This higher figure still compared very favourably with other local and national charities.

Capital expenditure during the year amounted to just under £280,000 mainly reflecting expenditure on the refurbishment of the Bradbury Day Hospice; replacement mattresses in all three wards; replacement equipment and the refurbishment of Hospice shops.

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 2010-11 and was able to increase its reserves (the Reserves Policy is set out below) 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 some impact from the economic downturn. Although the support from the NHS increased in total, this increase was to meet additional Hospice services. The main NHS grants were held at 2009-10 cash amounts. The possibility of further decline and the impact of public sector cuts on the ability of the public to continue their support at existing levels is a cause for concern when looking four or five years ahead and a contingency plan has been developed. For example, as a precautionary measure, Hospice staff gave their support to a freeze on pay increases in 2011-12.

Reserves Policy

At the end of 2010-11 the Charity's funds, explained in Notes 14 and 15, stood as follows:

	2010-11	2009-10
Restricted Funds	190,788	60,438
Designated Funds -		
Capital	599,997	600,369
Property Trading	1,392	390
In Patient Services Development	3,000,000	3,000,000
Fixed Assets Fund	6,882,855	6,956,226
Free Reserves	4,867,696	4,386,122
Total	<u>15,542,728</u>	<u>15,003,545</u>

To put these figures into perspective the Hospice's annual operating costs now stand at £7,120,070, (the budgeted Hospice spend for 2011-12).

In determining a prudent level of free reserves the Board takes into account firstly its total annual commitments 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 planned expansion of services at the Shrewsbury site and bringing the Telford site to 100% capacity. A commensurate increase in recurring voluntary income to match these demands 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 brought the balance to its target level of £3m ahead of schedule.

The Designated Capital Fund covers estimated requirements in 2010-11 plus provision for unpredicted renewals or expansion required by current services.

Restricted Funds are higher than last year due principally to advance receipt of funding for the Specialist Palliative Care at Home service.

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. In 2010-11 the Hospice set up a Discretionary Fund to be managed with risk levels and objectives set in line with the Hospice's investment policies by an independent investment management firm selected by competitive tendering. This should result in better rates of return than current cash deposit rates and spreads the risk over different financial holdings. Severn Hospice currently has no listed investments outside this Discretionary Fund.

The Hospice has one investment property in the form of property received in a legacy in 2008-09, which it decided on advice to keep as an investment property given the state of the housing market and the suitability of the property itself. The property is been rented out and is 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. A Staff Forum exists 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 2011, 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 (Resigned 16.6.10)	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
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 makes its 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 28 July 2011 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 Limited for the year ended 31 March 2011 which comprise the Group's and Parent Charitable Company's Statement of Financial Activities, the Group and Parent Charitable Company's Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, Section 43 of the Charities Act 1993 and regulations made under Section 44 of that act. 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 auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 43 of the Charities Act 1993 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2011, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 1993.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 1993 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Murtaza Jessa (Senior Statutory Auditor)
for and on behalf of haysmacintyre, Statutory Auditors
28 July 2011

Fairfax House
15 Fulwood Place
London WC1V 6AY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2011

		Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Incoming Resources					
	Note				
Incoming Resources from Generated Funds					
Voluntary income	3	2,206,359	289,268	2,495,627	2,964,203
Activities for generating funds:					
Lottery income	6a	1,355,908	-	1,355,908	1,295,383
Projects income	6b	165,177	-	165,177	149,199
Shops income	6c	1,707,234	-	1,707,234	1,214,957
Investment income	5	215,212	-	215,212	203,290
Incoming Resources from Charitable Activities					
NHS service agreements for hospice care	4a	2,007,385	668,118	2,675,503	2,596,852
Department of Health capital grant		-	83,273	83,273	-
Other income	4b	9,829	-	9,829	2,868
Total Incoming Resources		7,667,104	1,040,659	8,707,763	8,426,752
Resources Expended					
Cost of Generating Funds					
Cost of generating voluntary income	8	486,681	-	486,681	374,048
Fundraising trading:					
Lottery costs	6a	498,173	-	498,173	472,103
Projects costs	6b	116,759	-	116,759	108,279
Shops costs	6c	1,119,686	-	1,119,686	789,805
Investment management costs	8	4,320	-	4,320	1,379
		2,225,619	-	2,225,619	1,745,614
Charitable Activities					
Cost of care	8,14	5,093,049	767,226	5,860,275	5,409,956
Governance Costs	8	73,960	-	73,960	55,191
		5,167,009	767,226	5,934,235	5,465,147
Total Resources Expended	8	7,392,628	767,226	8,159,854	7,210,761
Net Incoming Resources					
		274,476	273,433	547,909	1,215,991
Transfers between funds	14	143,083	(143,083)	-	-
Net Incoming Resources for the Year		417,559	130,350	547,909	1,215,991
Unrealised (loss)/gain on investments	10	(1,439)	-	(1,439)	93,739
Net Movement in Funds		416,120	130,350	546,470	1,309,730
Fund Balances Brought Forward from Previous Year					
		14,950,622	60,438	15,011,060	13,701,330
Fund Balances Carried Forward to Next Year					
		15,366,742	190,788	15,557,530	15,011,060

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 2011

		Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Incoming Resources					
Incoming Resources from Generated Funds					
		2,191,444	289,268	2,480,712	2,951,307
	Voluntary income				
	Lottery donation	874,318	-	874,318	837,529
	Projects donation	41,000	-	41,000	40,950
	Activities for generating funds:				
	Shops income	1,707,234	-	1,707,234	1,214,957
	Investment income	213,674	-	213,674	202,175
Incoming Resources from Charitable Activities					
	NHS service agreements for hospice care	2,007,385	668,118	2,675,503	2,596,852
	Department of Health capital grant	-	83,273	83,273	-
	Other income	9,829	-	9,829	2,868
	Total Incoming Resources	7,044,884	1,040,659	8,085,543	7,846,638
Resources Expended					
Cost of Generating Funds					
	Cost of generating voluntary income	486,681	-	486,681	374,048
	Fundraising trading:				
	Shops costs	1,119,686	-	1,119,686	789,805
	Investment management costs	4,320	-	4,320	1,379
		1,610,687	-	1,610,687	1,165,232
	Charitable Activities				
	Cost of care	5,093,049	767,226	5,860,275	5,409,956
	Governance Costs	73,960	-	73,960	55,191
		5,167,009	767,226	5,934,235	5,465,147
	Total Resources Expended	6,777,696	767,226	7,544,922	6,630,379
	Net Incoming Resources	267,188	273,433	540,621	1,216,259
	Transfers between funds	143,083	(143,083)	-	-
	Net Incoming Resources for the Year	410,271	130,350	540,621	1,216,259
	Unrealised (loss)/gain on investments	(1,439)	-	(1,439)	93,739
	Net Movement in Funds	408,832	130,350	539,182	1,309,998
	Fund Balances Brought Forward from Previous Year	14,943,108	60,438	15,003,546	13,693,547
	Fund Balances Carried Forward to Next Year	15,351,940	190,788	15,542,728	15,003,545

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 2011

		Group		Charity	
	Note	2011	2010	2011	2010
		£	£	£	£
Fixed Assets					
Tangible assets	9	6,886,409	6,958,755	6,882,855	6,956,226
Intangible assets	9	2,088	2,349	-	-
Investments	10	879,689	381,128	879,889	381,328
		<u>7,768,186</u>	<u>7,342,232</u>	<u>7,762,744</u>	<u>7,337,554</u>
Current Assets					
Stocks	11	87,213	65,279	23,946	29,018
Debtors	12	768,352	822,232	925,158	1,039,584
Cash at bank & building societies		8,386,563	7,534,289	8,004,233	7,102,077
		<u>9,242,128</u>	<u>8,421,800</u>	<u>8,953,337</u>	<u>8,170,679</u>
Current Liabilities					
Creditors: Amounts falling due within one year	13	<u>(1,452,784)</u>	<u>(752,972)</u>	<u>(1,173,353)</u>	<u>(504,688)</u>
Net Current Assets					
		<u>7,789,344</u>	<u>7,668,828</u>	<u>7,779,984</u>	<u>7,665,991</u>
Total Assets Less Current Liabilities/Net Assets					
		<u>15,557,530</u>	<u>15,011,060</u>	<u>15,542,728</u>	<u>15,003,545</u>
Funds					
Restricted funds	14	190,788	60,438	190,788	60,438
Unrestricted Funds:					
Designated funds	15	10,484,244	10,556,985	10,484,244	10,556,985
General funds	15	4,882,498	4,393,637	4,867,696	4,386,122
		<u>15,557,530</u>	<u>15,011,060</u>	<u>15,542,728</u>	<u>15,003,545</u>

These accounts were approved and authorised for issue by the Board of Directors on 28 July 2011.

D Sear
Chairman
Severn Hospice Ltd
Registered No. 1608025

CASH FLOW STATEMENT - GROUP
For The Year Ended 31 March 2011

	2011 £	2010 £
Cash Flow Statement		
Net cash inflow from operating activities	1,416,260	1,122,825
Returns on investments	215,212	203,290
Acquisition of investments	(500,000)	-
Capital Expenditure: purchases of tangible fixed assets	(279,198)	(361,099)
purchases of intangible fixed assets	-	(1,125)
Increase in Cash	<u>852,274</u>	<u>963,891</u>

Notes to the Cash Flow Statement

Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

Net incoming resources	547,909	1,215,991
Depreciation charges	351,805	331,762
(Increase) in stocks	(21,934)	(13,128)
Decrease in debtors	53,880	178,196
Increase/(Decrease) in creditors	699,812	(386,706)
Investment income	(215,212)	(203,290)
Net Cash Inflow from Operating Activities	<u>1,416,260</u>	<u>1,122,825</u>

Reconciliation of Net Cash to Movement in Net Debt

Increase in cash in the period	<u>852,274</u>	<u>963,891</u>
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Analysis of Changes in Net Debt

	At 1.4.10	Cashflows	At 31.3.11
Cash at bank	<u>7,534,289</u>	<u>852,274</u>	<u>8,386,563</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 2010.
- (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:

<i>Class of Asset</i>		<i>Class of Asset</i>	
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.

NOTES TO THE ACCOUNTS (Continued)

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.

- (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	2011	2010
			£	£
			Total	Total
Donations	1,146,710	289,268	1,435,978	1,285,572
Legacies	1,059,649	-	1,059,649	1,678,631
	<u>2,206,359</u>	<u>289,268</u>	<u>2,495,627</u>	<u>2,964,203</u>

4a NHS Service Agreements

	2011	2010
	£	£
Amount of funding received in year	3,391,548	2,170,604
Deferred income brought forward being the unspent part of the amount received in the previous year	97,030	523,278
	<u>3,488,578</u>	<u>2,693,882</u>
Deferred income carried forward at 31 March 2011 being advanced earmarked funding received and unspent in the current year	(813,075)	(97,030)
	<u>2,675,503</u>	<u>2,596,852</u>

4b Other Income

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

5 Investment Income

	2011	2010
	£	£
Dividends receivable on shares held	1,761	7,051
Interest receivable on cash balances	213,452	196,239
	<u>215,212</u>	<u>203,290</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 2011.

	2011 £	2010 £
Lottery income	1,355,908	1,295,383
Donations	14,915	12,896
Investment income	1,538	1,109
Total income	<u>1,372,361</u>	<u>1,309,388</u>
Prizes awarded	175,000	172,000
Staff costs	179,148	171,080
Other costs	144,025	129,023
Total expenditure	<u>498,173</u>	<u>472,103</u>
Net lottery income	874,188	837,285
Gift Aid payments to Severn Hospice Ltd	874,318	837,529
(Deficit)	<u>(130)</u>	<u>(244)</u>
Total assets	371,867	412,808
Total liabilities	(368,196)	(409,007)
Funds (representing share capital and reserves)	<u>3,671</u>	<u>3,801</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 2011.

	2011 £	2010 £
Projects income	165,177	149,199
Investment income	-	6
Total income	<u>165,177</u>	<u>149,205</u>
Cost of goods sold	97,514	84,412
Operating costs	19,245	23,867
Total costs	<u>116,759</u>	<u>108,279</u>
Net trading profit (after provision for tax)	48,418	40,926
Gift Aid payments to Severn Hospice Ltd - provisional amount due for year	41,000	40,950
Surplus/(Deficit)	<u>7,418</u>	<u>(24)</u>
Total assets	96,588	95,962
Total liabilities	(85,256)	(92,048)
Funds (representing share capital and reserves)	<u>11,332</u>	<u>3,914</u>

6c Hospice Shops

	2011 £	2010 £
Shop income	1,707,234	1,214,957
Less Shops costs	1,119,686	789,805
Net Shops Income	<u>587,548</u>	<u>425,152</u>

NOTES TO THE ACCOUNTS
(Continued)

7 Staff Costs & Pensions

	2011 £	2010 £
Salaries	5,250,093	4,569,936
Social security costs	396,716	341,752
Pension costs	262,406	237,185
	<u>5,909,215</u>	<u>5,148,873</u>

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

	2011	2010
The average number of full time equivalent employees during the year is estimated as follows (excluding temporary Future Jobs Fund employees):		
Administration	8	9
Fundraising	19	15
Patient care	135	136
Shops	27	25
	<u>189</u>	<u>185</u>

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

£70,000 to £80,000	2	1
£100,000 to £110,000	1	-
£110,000 to £120,000	-	1
	<u>-</u>	<u>1</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>1</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 2011 £	Total 2010 £
Charitable Activities:				
Cost of care	4,271,029	1,589,246	5,860,275	5,409,956
Costs of Generating Funds:				
Voluntary income	427,165	59,516	486,681	374,048
Fundraising trading				
Hospice shops	1,110,361	9,325	1,119,686	789,805
Lottery	488,540	9,633	498,173	472,103
Projects	115,423	1,336	116,759	108,279
Investment management	2,772	1,548	4,320	1,379
Governance costs	28,989	44,971	73,960	55,191
Total Resources Expended	<u>6,444,279</u>	<u>1,715,575</u>	<u>8,159,854</u>	<u>7,210,761</u>

Support costs include:

	Basis of Allocation	£	£
Premises & stewarding services	Floor area and estimated time	701,834	636,776
Central Services - reception, admin, finance, HR	Estimated time	505,894	415,601
IT Support	Work stations and estimated time	103,255	99,127
Catering	Estimated time & specific costings	372,852	347,708
Vehicles	Estimated time	31,740	27,788
		<u>1,715,575</u>	<u>1,527,000</u>

Included within these costs are:

Amounts paid or payable to Auditors (plus VAT):		
External annual audit of accounts	15,226	11,500
Other external audit services	-	750
Depreciation	351,806	329,233
	<u>351,806</u>	<u>329,233</u>

NOTES TO THE ACCOUNTS
(Continued)

	Freehold Property £	Short Leasehold Property £	Furnishings & Equipment £	Vehicles £	Total £
9 Tangible Fixed Assets (Charity)					
Cost					
At 1 April 2010	7,578,259	13,860	1,214,604	113,301	8,920,024
Additions	66,567	-	196,781	13,062	276,410
Disposals	-	-	(44,269)	(6,950)	(51,219)
At 31 March 2011	7,644,826	13,860	1,367,116	119,413	9,145,215
Depreciation					
At 1 April 2010	1,169,113	13,860	702,078	78,747	1,963,798
Charge for year	151,924	-	179,565	18,292	349,781
Disposals	-	-	(44,269)	(6,950)	(51,219)
At 31 March 2011	1,321,037	13,860	837,374	90,089	2,262,360
Net Book Value					
At 1 April 2010	6,409,146	-	512,526	34,554	6,956,226
At 31 March 2011	6,323,789	-	529,742	29,324	6,882,855

Tangible Fixed Assets (Group)

Cost					
At 1 April 2010	7,578,259	13,860	1,234,615	113,301	8,940,035
Additions	66,567	-	199,569	13,062	279,198
Disposals	-	-	(44,269)	(6,950)	(51,219)
At 31 March 2011	7,644,826	13,860	1,389,915	119,413	9,168,014
Depreciation					
At 1 April 2010	1,169,113	13,860	719,560	78,747	1,981,280
Charge for year	151,924	-	181,328	18,292	351,544
Disposals	-	-	(44,269)	(6,950)	(51,219)
At 31 March 2011	1,321,037	13,860	856,619	90,089	2,281,605
Net Book Value					
At 1 April 2010	6,409,146	-	515,055	34,554	6,958,755
At 31 March 2011	6,323,789	-	533,296	29,324	6,886,409

Intangible Fixed Assets (Group)

	Artwork copyright £
Cost	
At 1 April 2010	2,845
Additions	-
Disposals	-
At 31 March 2011	2,845
Depreciation	
At 1 April 2010	496
Charge for year	261
Disposals	-
At 31 March 2011	757
Net Book Value	
At 1 April 2010	2,349
At 31 March 2011	2,088

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

With interest rates at very low levels an amount was identified that could be exposed to longer term investment to generate the best returns on money held in reserves. After market testing an investment management firm was chosen with whom the money could be placed in a Discretionary Fund to be managed at their discretion within guidelines set by the Hospice as to exposure to non-UK markets and acceptable risk levels. The existing listed investments, received as part of a legacy, were transferred into this fund.

The investment property was also received as part of a legacy in late 2008/09. Given the state of the housing market it was kept as an investment property, transferred from Fixed Assets at its then value of £130,000, and rented out. At 31 March 2011 the property was revalued for the Hospice by Sahim Zaza, MNAEA, of Zaza Johnson & Bath, Estate Agents, at open market value.

	2011 Listed Investments/ Discretionary Fund £	2011 Investment Properties £	2011 Total £	2010 Total £
(a) Movements in the Year				
At 1 April 2010 investments at market value	221,128	160,000	381,128	157,389
New Investment into Discretionary Fund	500,000	-	500,000	-
Transfer from fixed assets	-	-	-	130,000
Net investment (losses)/gains - unrealised	8,561	(10,000)	(1,439)	93,739
Group Balance as at 31 March 2011 at market value	<u>729,689</u>	<u>150,000</u>	<u>879,689</u>	<u>381,128</u>
Historic cost of investment	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
(b) Analysis of Listed/Discretionary Fund Investments:				
Investments held at 31 March 2011 comprise the following:				
UK Equities			-	221,128
Discretionary Fund held by UK incorporated Investment Management Company			729,689	-
Group balance			<u>729,689</u>	<u>221,128</u>

Investments – Charity

The investments held by the charity at 31 March 2011 comprise the following:

	2011 £	2010 £
Discretionary Fund and property investments from (a) above	879,689	381,128
Investments in group undertakings:		
Hospice Projects Ltd	100	100
Severn Promotions Company Ltd	100	100
	<u>879,889</u>	<u>381,328</u>

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.

11 Stocks

	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Goods purchased for resale through				
Hospice Projects Ltd	63,267	36,261	-	-
Consumable stores	23,946	29,018	23,946	29,018
	<u>87,213</u>	<u>65,279</u>	<u>23,946</u>	<u>29,018</u>

NOTES TO THE ACCOUNTS (Continued)

12 Debtors

	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Trade debtors	120,670	30,998	105,867	26,707
Sundry debtors	144,590	228,168	143,614	228,168
Amounts due from subsidiary undertakings	-	-	172,585	221,643
Legacies & grants	379,500	468,667	379,500	468,667
Prepayments	89,795	66,749	89,795	66,749
Income tax recoverable	27,095	13,950	27,095	13,950
VAT recoverable	6,702	13,700	6,702	13,700
	<u>768,352</u>	<u>822,232</u>	<u>925,158</u>	<u>1,039,584</u>

No amount is included in the case of 23 legacies notified by 31.3.11. 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). Of these 23 legacies it is estimated that 5 will realise an approximate value of £174,000, with the remainder being unquantifiable at this stage.

The amount due from subsidiary undertakings includes a loan of £33,155 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	
	2011 £	2010 £	2011 £	2010 £
Trade creditors	456,136	497,209	182,002	225,666
Taxation & social security costs	126,639	111,945	121,506	106,212
Accruals	12,432	12,100	12,432	12,100
Amounts due to subsidiary undertakings	-	2,137	11,066	31,129
Deferred income	832,921	98,671	832,921	98,671
Other creditors	24,656	30,910	13,426	30,910
	<u>1,452,784</u>	<u>752,972</u>	<u>1,173,353</u>	<u>504,688</u>

Creditors: Deferred Income

	Balance b/fwd 1.4.10 £	Released £	New Deferred £	Balance c/fwd 31.3.11 £
	Amounts Falling Due Within One Year			
End of Life Team strategy	6,023	6,023	-	-
Delivery of education strategy	18,039	150	-	17,889
PCT care home education funding	27,306	2,005	-	25,301
Pre-paid course fees	-	-	565	565
Compassionate Communities	30,116	4,468	-	25,648
Principles & Practice of Palliative Care	15,545	4,308	-	11,237
Shaw Trust Access for Work	1,642	-	-	1,642
Shropshire PCT funding	-	-	650,000	650,000
Nightingale Nursing Fund	-	-	17,639	17,639
Powys Hospice at Home funding	-	-	83,000	83,000
	<u>98,671</u>	<u>16,954</u>	<u>751,204</u>	<u>832,921</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 1.4.10	Incoming Resources	Resources Expended	Resources Transferred to General Funds	Balance c/fwd at 31.3.11
		£	£	£	£	£
New Telford Hospice project	a	19,662	5,700	390	10,804	14,168
Specific Items	b					
Chapel fund		12,924	200	-	-	13,124
Perry lounge / signage		10,000	-	-	-	10,000
New windows & heating		5,204	-	5,204	-	-
Hoists		-	10,000	-	-	10,000
Ward mattresses		-	41,200	-	41,200	-
Individual specified Items of less than £5,000 each		7,871	11,007	2,880	7,806	8,192
Donations received for the Day Units		-	85,356	84,726	-	630
Dept. of Health funding for Day Unit		-	83,273	-	83,273	-
PCT & other funding received for the Care at Home Services		-	448,568	322,964	-	125,604
PCT funding for specifically negotiated services	c	-	345,155	345,155	-	-
Grants given and used for education & training		-	2,820	720	-	2,100
Hospice Garden	d	4,777	7,380	5,187	-	6,970
		<u>60,438</u>	<u>1,040,659</u>	<u>767,226</u>	<u>143,083</u>	<u>190,788</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 televisions, syringe drivers, 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 used to finance the upkeep of the gardens; in particular the ongoing costs of the gardener and specific garden purchases.

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 1.4.10	New Designations/ Incoming Resources & Gains	Utilised/ Released/ Outgoing Resources & Losses	Resources Transferred To/From General Funds	Balance c/fwd at 31.3.11
		£	£	£	£	£
Designated Funds:						
Capital Fund	a	600,369	125,562	(125,934)	-	599,997
In Patient Services Development	b	3,000,000	-	-	-	3,000,000
Property Trading Fund	c	390	1,002	-	-	1,392
Fixed Asset Fund	d	6,956,226	225,192	(298,563)	-	6,882,855
Total Designated Funds		<u>10,556,985</u>	<u>351,756</u>	<u>(424,497)</u>	<u>-</u>	<u>10,484,244</u>
Group General Funds		<u>4,393,637</u>	<u>7,313,910</u>	<u>(6,968,132)</u>	<u>143,083</u>	<u>4,882,498</u>
Total Group Unrestricted		<u>14,950,622</u>	<u>7,665,666</u>	<u>(7,392,629)</u>	<u>143,083</u>	<u>15,366,742</u>
Total Designated Funds		10,556,985	351,756	(424,497)	-	10,484,244
Charity General Funds		4,386,122	6,691,690	(6,353,199)	143,083	4,867,696
Total Charity Unrestricted		<u>14,943,107</u>	<u>7,043,446</u>	<u>(6,777,696)</u>	<u>143,083</u>	<u>15,351,940</u>

NOTES TO THE ACCOUNTS (Continued)

- 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.
- 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 is capped at a target level of £3m.
- The Property Trading Fund reflects the need to provide for repairs to our property portfolio, 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.

16 Allocation of Group Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	2011 Total £	2010 Total £
Fund balances at 31 March 2011 are represented by:				
Tangible fixed assets	6,886,409	-	6,886,409	7,088,755
Intangible fixed assets	2,088	-	2,088	2,349
Investments	879,689	-	879,689	251,128
Current assets	9,051,340	190,788	9,242,128	8,408,924
Current liabilities	(1,452,784)	-	(1,452,784)	(740,096)
Total Net Assets	15,366,742	190,788	15,557,530	15,011,060

17 Operating Lease Commitments

At March 2011, the charity had annual commitments under non-cancellable operating leases for land and buildings as follows:

	2011 £	2010 £
Within 1 year	42,540	31,200
Between 2 and 5 years	82,686	59,960
Over 5 years	<u>100,100</u>	<u>125,150</u>

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 £262,406 consisting of £220,919 paid to the NHS Scheme and £41,487 paid to the defined contribution scheme (2010: £200,488 and £36,697 respectively).