



**Severn
Hospice**

**Annual Report
and
Group Financial Statements**

Year Ended 31 March 2012

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 2012. 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 17 of the Charities Act 2011 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.

Performance in respect of corporate objectives in 2011-2012

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

- **Bring forward and implement a phased plan for the development of accommodation on the Shrewsbury site to address future service needs:** Planning permission was secured for the phased refurbishment of Breidden Ward and the relocation of the physiotherapy and social work departments and the construction of a new sanctuary. Work will commence on phase one during 2012-2013.
- **Expand day hospice care at Severn Hospice Telford:** Day hospice provision was increased from three to four days each week in December 2011.
- **Introduce a Hospice at Home Service to North Powys;** A Hospice at Home service was introduced to North Powys in July 2011.
- **Introduce community volunteer services in Clun and Cleobury Mortimer, and bring forward plans for Compassionate Community developments in three other communities:** Volunteer networks were introduced in Clun and Cleobury Mortimer and developments are now underway in Alveley, Pontesbury, Worthen, and Marden Practice (Shrewsbury)
- **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":** Both groups of staff were formally integrated as one team in February 2012.
- **Continue the implementation of the Hospice Medical Staffing plan:** Drs. Toria Stevens and Derek Willis were appointed as the Hospice's third and fourth medical consultants in July 2011 and February 2012 respectively.
- **Maintain the financial balance of the Hospice:** Financial balance was achieved.

Objectives for 2012-2013

- Complete phase 1 of the staged reorganisation and refurbishment of clinical services at Bicton Heath.
- Complete the roll out of Compassionate Communities development to more communities in our catchment area.
- Participate, as partner, in a national pilot scheme to introduce a tariff-based payment system for specialist palliative care.
- Publish a shadow Quality Account in anticipation of a formal requirement by the Department of Health.
- Publish a Severn Hospice service strategy for the next five years.
- Maintain 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 four 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. 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 £932,157 for the financial year 2011-12. 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 £688,803 net profit to the Hospice, an increase of £60,255 on the 2010-11 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, nearly 1000 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

	2011-12	2010-11	Change %
Referrals	1,572	1,393	+12.8
Inpatients			
Admissions	511	457	+11.8
Deaths	338	289	+16.9
Discharges	170	169	+0.6
Day Hospice			
Attendances	4,116	3,678	+11.9
Hospice at Home	396	336	+17.9
Clinical Nurse Specialists & Hospital Support			
New Patients at Home	431	376	+14.6
Home Visits	1,524	1,780	-14.4
New Patients in Hospital	429	833	-48.5
Hospital Visits	1,280	1,461	-12.4

Severn Hospice received a record number of referrals in 2011-2012 which was represented in all services barring hospital and home visits which were lower than last year due to a vacancy factor in staffing and following revision of caseloads and referral criteria to the specialist nurses concerned.

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 2011-12 donations totalling £1,400,261 were received, a slight fall compared to last year. Legacies however increased slightly to £1,102,386, giving a net increase for both donations and legacies of £7,020. The Hospice lottery, events and shops have continued to make their indispensable contribution.

2011-12 Sources of Income	Income £	Cost of Generating Income £	Income Net of Costs of Generation £	% of Total Income
Donations & Legacies	2,502,647	474,018	2,028,629	30
Shops, Projects & Lottery	3,247,836	1,657,038	1,590,798	24
Total Fundraising Activities	5,750,483	2,131,056	3,619,427	54
NHS Funding	2,859,390	-	2,859,390	42
Investment & Other	256,850	6,014	250,836	4
	8,866,723	2,137,070	6,729,653	100

The costs of generating income set out above reflect the costs of staffing and running our 21 shops distributed across our catchment area. The actual costs of fundraising administration are 11p in the pound which compares very favourably with the administrative costs of other charities. This means that 89p in every pound donated goes directly towards supporting Hospice services.

In 2011-12 54% of income (net of the cost of generation) came from donations, legacies and fundraising and 42% came from NHS funding of services, compared to 54% and 41% respectively in 2010-11. As mentioned previously donations fell by 2% (£35,717) while legacies rose by 4% (£42,737).

Although the fall in general donations was countered by increases in other income sources it is clear that along with other charities, Severn Hospice is experiencing significant impact from the economic downturn. While the support from the NHS increased in total, this increase was to meet additional Hospice services. The main NHS grants were again 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 is in place. For example, as a precautionary measure, Hospice staff gave their support to a freeze on pay increases in 2011-12, which has been extended by Trustees into 2012-13.

Total charitable expenditure was up by 6% to £6,234,718 despite the pay freeze. This was mainly due to inflation combined with increased levels of medical/consultant support in patient care and increased patient numbers. In addition, to increase fundraising capacity in these difficult economic conditions, a planned expansion of the appeals team had led to a temporary increase in the costs of generating voluntary income. It was anticipated that this would equate to 12p of every pound raised but it has been reduced to 11p during the year. As mentioned previously, this higher figure still compares very favourably with other local and national charities.

Capital expenditure during the year amounted to just over £235,000 mainly reflecting expenditure on the kitchen garden development, medical equipment, replacement IT equipment, initial costs for the refurbishment of the Bicton Heath site, and refurbishment and fitting out of Hospice shops.

The Hospice has reserves which are held to cushion the impact of fluctuations in income, to give security to its existing operations, to build up provisions for future capital and equipment expenditure and to support future developments, in particular the major expansion of Hospice services across the Hospice's catchment area. (The Reserves Policy is set out in the next section and where these reserves are not required in the short term (i.e. within two years) the money can be invested either to produce annual revenue or to increase its capital value.)

The accounts that follow show that overall the Charity made a surplus in 2011-12 enabling it to increase its reserves to further its long term security and support further growth. Yet 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.

Reserves Policy

At the end of 2011-12 the Charity's funds, explained in Notes 14 and 15, stood as follows:

	2011-12	2010-11
Restricted Funds	164,218	190,788
Designated Funds -		
Capital	622,246	599,997
Property Trading	2,394	1,392
In Patient Services Development	-	3,000,000
Fixed Assets Fund	6,753,693	6,882,855
Free Reserves (now including the former In Patient Services Development Fund)	8,397,252	4,867,696
Total	<u>15,939,803</u>	<u>15,542,728</u>

To put these figures into perspective the £6,753,693 Fixed Assets Fund is the value of the Hospice buildings, equipment, vehicles and other assets needed to function as a hospice and the Hospice's annual operating costs now stand at £8,253,340, (the budgeted Hospice spend for 2012-13).

In determining a prudent level of retained 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 between the free reserves and the In Patients Services Development Fund the Hospice should normally hold at least 100% of the following year's estimated expenditure on running the Hospice (the equivalent of 12 months' operating costs). This 12 months figure is an increase on the previous policy which required six months funds, arrived at after a review of 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 support the planned expansion of services at the Shrewsbury site and bringing the Telford site to 100% capacity up to 2012. The Fund ensured that this expansion could take place while maintaining the Hospice's free reserves policy. The Fund is no longer needed as a separate fund and the balance held is now undesignated and rolled into general Free Reserves to support the long term viability of Severn Hospice services on both sites.

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.

Trustees regularly monitor the ethical basis of their investments and their current resolution is not to invest in tobacco manufacturing 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. Although the fund lost around £16,000 (mainly unrealised) in its market value in 2011-12, dividend receipts into the fund of more than £30,000 more than countered this.

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 being 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, 20 May 2008 and 31 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 2012, are listed below.

Mrs S Broomhead	Mrs M Rydström	Mrs B-A Tweedie (appointed 6.9.11)
Mr A Cordery (appointed 6.9.11)	Mr D Sear (Chairman)	Dr W-J Walton
Mr J Fairclough (Vice Chair)	Mr P Stewart (Vice Chair)	Mrs G de Wet
Mrs D Hawkins (retired 22.9.11)	Mrs S Trevor	Mr F Yates
Mr C Johnson (retired 22.9.11)	Mrs A Tudor (appointed 6.9.11)	
Mr M Lowe	Mr M Tudor	

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 (resigned 16.12.11)

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
Mrs J Jenkinson	Dr W Watson

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 26 July 2012 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 2012 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated 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 144 of the Charities Act 2011 and regulations made under Section 154 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 auditors' 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

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, 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 144 of the Charities Act 2011 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' 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 2012, 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 2011.

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 2011 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 2012

	Note	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
Incoming Resources					
Incoming Resources from Generated Funds					
Voluntary income	3	2,349,443	153,204	2,502,647	2,495,627
Activities for generating funds:					
Lottery income	6a	1,422,522	-	1,422,522	1,355,908
Projects income	6b	160,081	-	160,081	165,177
Shops income	6c	1,665,233	-	1,665,233	1,707,234
Investment income	5	244,618	-	244,618	215,212
Incoming Resources from Charitable Activities					
NHS service agreements for hospice care	4a	2,030,240	829,150	2,859,390	2,675,503
Department of Health capital grant		-	-	-	83,273
Other income	4b	12,232	-	12,232	9,829
Total Incoming Resources		7,884,369	982,354	8,866,723	8,707,763
Resources Expended					
Cost of Generating Funds					
Cost of generating voluntary income	8	474,018	-	474,018	486,681
Fundraising trading:					
Lottery costs	6a	520,527	-	520,527	498,173
Projects costs	6b	94,389	-	94,389	116,759
Shops costs	6c	1,042,122	-	1,042,122	1,119,686
Investment management costs	8	6,014	-	6,014	4,320
		2,137,070	-	2,137,070	2,225,619
Charitable Activities					
Cost of care	8,14	5,249,648	985,070	6,234,718	5,860,275
Governance Costs	8	80,359	-	80,359	73,960
		5,330,007	985,070	6,315,077	5,934,235
Total Resources Expended	8	7,467,077	985,070	8,452,147	8,159,854
Net Incoming Resources		417,292	(2,716)	414,576	547,909
Transfers between funds	14	23,854	(23,854)	-	-
Net Incoming Resources for the Year		441,146	(26,570)	414,576	547,909
Realised loss on investments		(1,391)	-	(1,391)	-
Unrealised loss on investments	10	(14,138)	-	(14,138)	(1,439)
Net Movement in Funds		425,617	(26,570)	399,047	546,470
Fund Balances Brought Forward from Previous Year		15,366,742	190,788	15,557,530	15,011,060
Fund Balances Carried Forward to Next Year		15,792,359	164,218	15,956,577	15,557,530

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 2012

		Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
Incoming Resources					
	Note				
Incoming Resources from Generated Funds					
Voluntary income		2,320,974	153,204	2,474,178	2,480,712
Lottery donation	6a	932,157	-	932,157	874,318
Projects donation	6b	65,692	-	65,692	41,000
Activities for generating funds:					
Shops income	6c	1,665,233	-	1,665,233	1,707,234
Investment income		240,953	-	240,953	213,674
Incoming Resources from Charitable Activities					
NHS service agreements for hospice care	4a	2,030,240	829,150	2,859,390	2,675,503
Department of Health capital grant					83,273
Other income	4b	12,232	-	12,232	9,829
Total Incoming Resources		7,267,481	982,354	8,249,835	8,085,543
Resources Expended					
Cost of Generating Funds					
Cost of generating voluntary income	8	474,018	-	474,018	486,681
Fundraising trading:					
Shops costs	6c	1,042,122	-	1,042,122	1,119,686
Investment management costs	8	6,014	-	6,014	4,320
		1,522,154	-	1,522,154	1,610,687
Charitable Activities					
Cost of care	8,14	5,249,648	985,070	6,234,718	5,860,275
Governance Costs	8	80,359	-	80,359	73,960
		5,330,007	985,070	6,315,077	5,934,235
Total Resources Expended	8	6,852,161	985,070	7,837,231	7,544,922
Net Incoming Resources		415,320	(2,716)	412,604	540,621
Transfers between funds	14	23,854	(23,854)	-	-
Net Incoming Resources for the Year		439,174	(26,570)	412,604	540,621
Realised loss on investments		(1,391)	-	(1,391)	-
Unrealised loss on investments	10	(14,138)	-	(14,138)	(1,439)
Net Movement in Funds		423,645	(26,570)	397,075	539,182
Fund Balances Brought Forward from Previous Year		15,351,940	190,788	15,542,728	15,003,546
Fund Balances Carried Forward to Next Year		15,775,585	164,218	15,939,803	15,542,728

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 2012

		Group		Charity	
	Note	2012 £	2011 £	2012 £	2011 £
Fixed Assets					
Tangible assets	9	6,758,038	6,886,409	6,753,693	6,882,855
Intangible assets	9	1,803	2,088	-	-
Investments	10	1,138,757	879,689	1,138,957	879,889
		<u>7,898,598</u>	<u>7,768,186</u>	<u>7,892,650</u>	<u>7,762,744</u>
Current Assets					
Stocks	11	86,262	87,213	17,407	23,946
Debtors	12	972,799	768,352	1,160,188	925,158
Cash at bank & building societies		7,957,630	8,386,563	7,557,030	8,004,233
		<u>9,016,691</u>	<u>9,242,128</u>	<u>8,734,625</u>	<u>8,953,337</u>
Creditors: Amounts falling due within one year	13	(958,712)	(1,452,784)	(687,472)	(1,173,353)
Net Current Assets		<u>8,057,979</u>	<u>7,789,344</u>	<u>8,047,153</u>	<u>7,779,984</u>
Total Assets Less Current Liabilities/Net Assets		<u>15,956,577</u>	<u>15,557,530</u>	<u>15,939,803</u>	<u>15,542,728</u>
Funds					
Restricted funds	14	164,218	190,788	164,218	190,788
Unrestricted Funds:					
Designated funds	15	7,378,333	10,484,244	7,378,333	10,484,244
General funds	15	8,414,026	4,882,498	8,397,252	4,867,696
		<u>15,956,577</u>	<u>15,557,530</u>	<u>15,939,803</u>	<u>15,542,728</u>

These accounts were approved and authorised for issue by the Board of Directors on 26 July 2012.

D Sear
Chairman
Severn Hospice Ltd
Registered No. 1608025

CASH FLOW STATEMENT - GROUP
For The Year Ended 31 March 2012

	2012 £	2011 £
Cash Flow Statement		
Net cash (outflow)/inflow from operating activities	(161,243)	1,416,260
Returns on investments	244,618	215,212
Acquisition of investments	(274,597)	(500,000)
Capital Expenditure: purchases of tangible fixed assets	(237,711)	(279,198)
Increase in Cash	<u>(428,933)</u>	<u>852,274</u>

Notes to the Cash Flow Statement

Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

Net incoming resources	414,576	547,909
Depreciation charges	366,367	351,805
Decrease/(Increase) in stocks	951	(21,934)
(Increase)/Decrease in debtors	(204,447)	53,880
Increase/(Decrease) in creditors	(494,072)	699,812
Investment income	(244,618)	(215,212)
Net Cash Inflow from Operating Activities	<u>(161,243)</u>	<u>1,416,260</u>

Reconciliation of Net Cash to Movement in Net Debt

(Decrease)/Increase in cash in the period	<u>(428,933)</u>	<u>852,274</u>
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Analysis of Changes in Net Debt

	At 1.4.11	Cashflows	At 31.3.12
Cash at bank	<u>8,386,563</u>	<u>(428,933)</u>	<u>7,957,630</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 2012.
- (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 on a straight line basis 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. This involves expansion at the Shrewsbury site and maintaining running the Hospice at Telford, on an equivalent basis to the Shrewsbury Hospice.

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 19 official Support Groups operating bank accounts in the name of the Hospice at 31 March 2012. 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	2012	2011
			Total £	Total £
Donations	1,356,057	44,204	1,400,261	1,435,978
Legacies	993,386	109,000	1,102,386	1,059,649
	<u>2,349,443</u>	<u>153,204</u>	<u>2,502,647</u>	<u>2,495,627</u>

4a NHS Service Agreements

	2012 £	2011 £
Amount of funding received in year	2,188,779	3,391,548
Deferred income brought forward being the unspent part of the amount received in the previous year	813,075	97,030
	<u>3,001,854</u>	<u>3,488,578</u>
Deferred income carried forward at 31 March 2012 being advanced earmarked funding received and unspent in the current year	(142,464)	(813,075)
	<u>2,859,390</u>	<u>2,675,503</u>

4b Other Income

Miscellaneous items of income received for property rental, wayleaves etc.

5 Investment Income

	2012 £	2011 £
Dividends receivable on shares held	31,489	1,761
Interest receivable on cash balances	213,129	213,451
	<u>244,618</u>	<u>215,212</u>

NOTES TO THE ACCOUNTS (Continued)

6a Lottery

Severn Promotions Company Ltd, a wholly owned trading subsidiary company incorporated in the UK, operates grand draws and a weekly lottery. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2012.

	2012 £	2011 £
Lottery income	1,422,522	1,355,908
Donations	28,469	14,915
Investment income	3,665	1,538
Total income	<u>1,454,656</u>	<u>1,372,361</u>
Prizes awarded	184,681	175,000
Staff costs	183,592	179,148
Other costs	152,254	144,025
Total expenditure	<u>520,527</u>	<u>498,173</u>
Net lottery income	934,129	874,188
Gift Aid payments to Severn Hospice Ltd	932,157	874,318
Surplus/(Deficit)	<u>1,972</u>	<u>(130)</u>
Total assets	375,260	371,867
Total liabilities	(369,617)	(368,196)
Funds (representing share capital and reserves)	<u>5,643</u>	<u>3,671</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 2012.

	2012 £	2011 £
Projects income	160,081	165,177
Investment income	-	-
Total income	<u>160,081</u>	<u>165,177</u>
Cost of goods sold	76,480	97,514
Operating costs	17,909	19,245
Total costs	<u>94,389</u>	<u>116,759</u>
Net trading profit (after provision for tax)	65,692	48,418
Gift Aid payments to Severn Hospice Ltd - provisional amount due for year	65,692	41,000
Surplus	<u>-</u>	<u>7,418</u>
Total assets	118,766	96,588
Total liabilities	(107,434)	(85,256)
Funds (representing share capital and reserves)	<u>11,332</u>	<u>11,332</u>

6c Hospice Shops

	2012 £	2011 £
Shop income	1,665,233	1,707,234
Less Shops costs	1,042,122	1,119,686
Net Shops Income	<u>623,111</u>	<u>587,548</u>

NOTES TO THE ACCOUNTS
(Continued)

7 Staff Costs & Pensions

	2012	2011
	£	£
Salaries	5,303,315	5,250,093
Social security costs	394,780	396,716
Pension costs	255,873	262,406
	<u>5,953,968</u>	<u>5,909,215</u>

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

	2012	2011
The average number of full time equivalent employees during the year is estimated as follows (excluding temporary Future Jobs Fund employees):		
Administration	8	8
Fundraising	19	19
Patient care	140	135
Shops	33	27
	<u>200</u>	<u>189</u>

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

£70,000 to £80,000	1	2
£90,000 to £100,000	1	1
£110,000 to £120,000	1	-
	<u>3</u>	<u>3</u>

The number of employees whose emoluments for the year were greater than £60,000 and to whom retirement benefits are accruing under a defined benefits scheme were:

<u>1</u>	<u>1</u>
----------	----------

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

8 Total Resources Expended (Group)

	Direct Costs	Support Costs	Total 2012	Total 2011
	£	£	£	£
Charitable Activities:				
Cost of care	4,649,645	1,585,073	6,234,718	5,860,275
Costs of Generating Funds:				
Voluntary income	412,979	61,039	474,018	486,681
Fundraising trading				
Hospice shops	1,032,799	9,323	1,042,122	1,119,686
Lottery	510,437	10,090	520,527	498,173
Projects	93,016	1,373	94,389	116,759
Investment management	4,457	1,557	6,014	4,320
Governance costs	34,938	45,421	80,359	73,960
Total Resources Expended	<u>6,738,271</u>	<u>1,713,876</u>	<u>8,452,147</u>	<u>8,159,854</u>

Support costs include:

	Basis of Allocation	£	£
Premises & stewarding services	Floor area and estimated time	681,017	701,834
Central Services - reception, admin, finance, HR	Estimated time	499,209	505,894
IT Support	Work stations and estimated time	116,093	103,255
Catering	Estimated time & specific costings	384,770	372,852
Vehicles	Estimated time	32,787	31,740
		<u>1,713,876</u>	<u>1,715,575</u>

Included within these costs are:

Amounts paid or payable to Auditors (plus VAT):		
External annual audit of accounts	14,380	15,226
Other fees payable to the Auditors	4,130	-
Depreciation	<u>366,367</u>	<u>351,806</u>

NOTES TO THE ACCOUNTS
(Continued)

	Freehold Property £	Short Leasehold Property £	Furnishings & Equipment £	Vehicles £	Total £
9 Tangible Fixed Assets (Charity)					
Cost					
At 1 April 2011	7,644,826	13,860	1,367,116	119,413	9,145,215
Additions	57,522	-	177,700	-	235,222
Disposals	-	-	(6,631)	-	(6,631)
At 31 March 2012	7,702,348	13,860	1,538,185	119,413	9,373,806
Depreciation					
At 1 April 2011	1,321,037	13,860	837,374	90,089	2,262,360
Charge for year	152,995	-	198,791	12,598	364,384
Disposals	-	-	(6,631)	-	(6,631)
At 31 March 2012	1,474,032	13,860	1,029,534	102,687	2,620,113
Net Book Value					
At 1 April 2011	6,323,789	-	529,742	29,324	6,882,855
At 31 March 2012	6,228,316	-	508,651	16,726	6,753,693

Tangible Fixed Assets (Group)

Cost					
At 1 April 2011	7,644,826	13,860	1,389,915	119,413	9,168,014
Additions	57,522	-	180,189	-	237,711
Disposals	-	-	(6,631)	-	(6,631)
At 31 March 2012	7,702,348	13,860	1,563,473	119,413	9,399,094
Depreciation					
At 1 April 2011	1,321,037	13,860	856,619	90,089	2,281,605
Charge for year	152,995	-	200,489	12,598	366,082
Disposals	-	-	(6,631)	-	(6,631)
At 31 March 2012	1,474,032	13,860	1,050,477	102,687	2,641,056
Net Book Value					
At 1 April 2011	6,323,789	-	533,296	29,324	6,886,409
At 31 March 2012	6,228,316	-	512,996	16,726	6,758,038

Intangible Fixed Assets (Group)

	Artwork copyright £
Cost	
At 1 April 2011	2,845
Additions	-
Disposals	-
At 31 March 2012	2,845
Depreciation	
At 1 April 2011	757
Charge for year	285
Disposals	-
At 31 March 2012	1,042
Net Book Value	
At 1 April 2011	2,088
At 31 March 2012	1,803

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.

	2012 Listed Investments/ Discretionary Fund £	2012 Investment Properties £	2012 Total £	2011 Total £
(a) Movements in the Year				
At 1 April 2011 investments at market value	729,689	150,000	879,689	381,128
New Investment into Discretionary Fund	250,000	-	250,000	500,000
Reinvestment of net income generated	24,597	-	24,597	-
Net investment losses - realised	(1,391)	-	(1,391)	-
Net investment losses - unrealised	(14,138)	-	(14,138)	(1,439)
Group Balance as at 31 March 2012 at market value	<u>988,757</u>	<u>150,000</u>	<u>1,138,757</u>	<u>879,689</u>
Historic cost of investment	<u>774,597</u>	<u>-</u>	<u>774,597</u>	<u>500,000</u>

Net income generated within the Discretionary Fund includes £26,618 dividend receipts, which more than offset the mainly unrealised market value loss.

(b) Analysis of Listed/Discretionary Fund Investments:

Investments held at 31 March 2012 comprise the following:

Discretionary Fund held by UK incorporated Investment Management Company	<u>988,757</u>	<u>729,689</u>
Group balance	<u>988,757</u>	<u>729,689</u>

Investments – Charity

The investments held by the charity at 31 March 2012 comprise the following:

	2012 £	2011 £
Discretionary Fund and property investments from (a) above	1,138,757	879,689
Investments in group undertakings:		
Hospice Projects Ltd	100	100
Severn Promotions Company Ltd	100	100
	<u>1,138,957</u>	<u>879,889</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	
	2012 £	2011 £	2012 £	2011 £
Goods purchased for resale through				
Hospice Projects Ltd	68,855	63,267	-	-
Consumable stores	17,407	23,946	17,407	23,946
	<u>86,262</u>	<u>87,213</u>	<u>17,407</u>	<u>23,946</u>

NOTES TO THE ACCOUNTS
(Continued)

12 Debtors

	Group		Charity	
	2012 £	2011 £	2012 £	2011 £
Trade debtors	104,395	120,670	101,671	105,867
Sundry debtors	145,301	144,590	144,989	143,614
Amounts due from subsidiary undertakings	-	-	202,289	172,585
Legacies & grants	585,800	379,500	585,800	379,500
Prepayments	89,854	89,795	89,854	89,795
Income tax recoverable	40,504	27,095	28,640	27,095
VAT recoverable	6,945	6,702	6,945	6,702
	<u>972,799</u>	<u>768,352</u>	<u>1,160,188</u>	<u>925,158</u>

No amount is included in the case of 17 legacies notified by 31.3.12. 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 17 legacies it is estimated that 3 will realise an approximate value of £129,000, with the remainder being unquantifiable at this stage.

The amount due from subsidiary undertakings includes a loan of £31,410 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	
	2012 £	2011 £	2012 £	2011 £
Trade creditors	616,255	456,136	341,531	182,002
Taxation & social security costs	119,429	126,639	119,429	121,506
Accruals	15,181	12,432	15,181	12,432
Amounts due to subsidiary undertakings	-	-	3,484	11,066
Deferred income	161,858	832,921	161,858	832,921
Other creditors	45,989	24,656	45,989	13,426
	<u>958,712</u>	<u>1,452,784</u>	<u>687,472</u>	<u>1,173,353</u>

Creditors: Deferred Income

	Balance b/fwd 1.4.11 £	Released £	New Deferred £	Balance c/fwd 31.3.12 £
	Amounts Falling Due Within One Year			
Delivery of education strategy	17,889	-	-	17,889
PCT care home education funding	25,301	6,421	-	18,880
Pre-paid course fees	565	565	-	-
Compassionate Communities	25,648	8,486	5,000	22,162
Principles & Practice of Palliative Care	11,237	7,945	-	3,292
Shaw Trust Access for Work	1,642	-	-	1,642
Shropshire PCT funding	650,000	650,000	-	-
Nightingale Nursing Fund	17,639	-	113	17,752
Powys Hospice at Home funding	83,000	67,681	-	15,319
Shropshire PCT Hospice at Home funding	-	-	11,362	11,362
Patient & Public Participation	-	-	2,000	2,000
LCP project Facilitator	-	-	22,000	22,000
NAEDI project follow-up	-	-	29,560	29,560
	<u>832,921</u>	<u>741,098</u>	<u>70,035</u>	<u>161,858</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 1.4.11	Incoming Resources	Resources Expended	Resources Transferred to General Funds	Balance c/fwd at 31.3.12
		£	£	£	£	£
Specific Items	a					
Library at Apley Castle		4,229	-	-	-	4,229
Playground at Apley Castle		1,400	500	-	-	1,900
Vehicle fund		8,539	-	-	-	8,539
Chapel fund	b	13,124	250	-	-	13,374
Perry lounge / signage		10,000	-	-	10,000	-
Hoists		10,000	-	-	10,000	-
Individual specified Items of less than £5,000 each		8,192	1,776	712	3,854	5,402
Donations received for the Day Units		630	138,081	138,081	-	630
PCT & other funding received for the Care at Home Services		125,604	7,711	13,840	-	119,475
PCT funding for specifically negotiated services	c	-	829,150	829,150	-	-
Grants given and used for education & training		2,100	873	-	-	2,973
Hospice Garden	d	6,970	4,013	3,287	-	7,696
		<u>190,788</u>	<u>982,354</u>	<u>985,070</u>	<u>23,854</u>	<u>164,218</u>

- a) Individual Specific Items are too many to detail and cover donations for such items as televisions, wheelchairs, supplies for particular Hospice services, etc.
- b) There are provisional plans to rebuild the Hospice Chapel and it is planned to use these funds in the future relocation of the Chapel at the Bicton Heath site.
- 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 1.4.11	New Designations/ Incoming Resources & Gains	Utilised/ Released/ Outgoing Resources & Losses	Resources Transferred To/From General Funds	Balance c/fwd at 31.3.12
		£	£	£	£	£
Designated Funds:						
Capital Fund	a	599,997	257,471	(235,222)	-	622,246
In Patient Services Development	b	3,000,000	-	-	(3,000,000)	-
Property Trading Fund	c	1,392	1,002	-	-	2,394
Fixed Asset Fund	d	6,882,855	235,221	(364,383)	-	6,753,693
Total Designated Funds		<u>10,484,244</u>	<u>493,694</u>	<u>(599,605)</u>	<u>(3,000,000)</u>	<u>7,378,333</u>
Group General Funds		4,882,498	7,375,146	(6,867,472)	3,023,854	8,414,026
Total Group Unrestricted		<u>15,366,742</u>	<u>7,868,840</u>	<u>(7,467,077)</u>	<u>23,854</u>	<u>15,792,359</u>
Total Designated Funds		10,484,244	493,694	(599,605)	(3,000,000)	7,378,333
Charity General Funds		4,867,696	6,758,258	(6,252,556)	3,023,854	8,397,252
Total Charity Unrestricted		<u>15,351,940</u>	<u>7,251,952</u>	<u>(6,852,161)</u>	<u>23,854</u>	<u>15,775,585</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 was 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. Now that the expanded services and their funding streams are established the Funds have been transferred back to the general reserve that supports the Hospice's operations as a whole.
- 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 £	2012 Total £	2011 Total £
Fund balances at 31 March 2012 are represented by:				
Tangible fixed assets	6,758,038	-	6,758,038	6,886,409
Intangible fixed assets	1,803	-	1,803	2,088
Investments	1,138,757	-	1,138,757	879,689
Current assets	8,852,473	164,218	9,016,691	9,242,128
Creditors due within one year	(958,712)	-	(958,712)	(1,452,784)
Total Net Assets	15,792,359	164,218	15,956,577	15,557,530

17 Operating Lease Commitments

At March 2012, the charity had annual commitments under non-cancellable operating leases for land and buildings as follows:

	2012 £	2011 £
Within 1 year	48,646	42,540
Between 2 and 5 years	76,050	82,686
Over 5 years	<u>128,600</u>	<u>100,100</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 £255,873 consisting of £213,222 paid to the NHS Scheme and £42,651 paid to the defined contribution scheme (2011: £220,919 and £41,487 respectively).