



Severn Hospice

Annual Report and Group Financial Statements

Year Ended 31 March 2009

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

The Directors (the Trustees for Charity Law purposes) submit their annual report and the audited financial statements for the year ended 31 March 2009. 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 Commission in determining the activities undertaken by the charity. The Mission Statement of Severn Hospice (below) clearly 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 2008-09

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

- **Refurbish Perry Ward and bring forward plans for the upgrading of Breidden Ward**
Two four-bedded bays on Perry Ward were converted to single occupancy accommodation to provide greater privacy and dignity for patients. In addition, all single rooms and bathrooms were upgraded on the same ward. The remaining four-bedded bay is due to be refurbished in June 2009. Plans for the replacement of the roof on Breidden Ward are complete and the work will take place during August and September 2009.
- **Oversee the opening of the ward at Severn Hospice Telford**
Alexandra Ward was opened on 3rd July 2008. Six beds have been commissioned with the opening of the remaining beds being subject to securing sufficient revenue income. Feedback from patients and the community has been overwhelming.
- **Review retail and other fundraising activities with a view to securing longer term revenue requirements**
With the onset of the recession, Severn Hospice has prepared a contingency plan directed at protecting current income streams, cost efficiency and development of new revenue streams.
- **Optimise information technology links with the NHS**
During the reporting period clinical information links were established with Shrewsbury and Telford Hospitals and patients' test results and x-rays can now be accessed directly from the hospitals on the Hospice's wards.
- **Maintain recurring balance in Hospice finances**
Severn Hospice made an operating surplus in 2008-09 which has been designated to address medium term revenue requirements.

Hospice Objectives for 2009-10

- Complete the repair of Breidden Ward roof and refurbish the remaining four bedded bay on Perry Ward
- Bring forward plans for augmented Consultant input to North Powys and pursue opportunities for introducing a Hospice at Home service
- Develop a Joint Commissioning Framework for agreement with local NHS
- Maintain the recurring financial balance of the Hospice and implement the Contingency Plan to address longer term cash flow requirements
- Bring forward a Medical Staffing plan to address the planned retirement of the Medical Director in 2010

Scope of Service

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

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

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

Inpatients

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

Day Care

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

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

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

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

Outpatients Services

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

Home Care Team

Four specialist nurses provide domiciliary support. This provides continuity of care at home and enables us to deal more promptly with referrals. Two nurses are based in Shrewsbury and two in Telford. The Hospice now hosts the Macmillan Nursing Service in both the Shrewsbury and Telford areas.

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

Montgomeryshire Outpatient Clinic

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

Hospital Support

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

Bereavement and Family Counselling Support Services

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

Teaching and Education

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

The Hospice Lottery

Severn Hospice Promotions Limited were delighted to be able to donate £762,509 for the financial year 2008-09. This is due entirely to the loyal support of 23,000 lottery members with 50 volunteer collectors, 3 part-time employed collectors, 3 part-time canvassers and an office team of four (of whom only two are full-time) under the leadership of the Lottery Manager. The lottery helps raise our hospice profile publicly whilst providing reliable recurring income essential to maintaining the provision of care for local patients.

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

Retail operations in 2008-09 totalled £1,194,134 in sales. This includes the sale of bought in goods which totalled over £129,000 including donations in lieu of postage for mail order items. This resulted in a contribution of £373,005, net profit, to the Hospice and could not have been achieved without our very dedicated team of managers and over 300 volunteers who give their time on a regular basis.

Volunteer Support

A huge debt of thanks is due to the volunteers, 250 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. In a

recent analysis of the value of voluntary support to hospices, figures for Severn Hospice indicated an annual value of voluntary support of nearly £1,000,000.

Activity Statement

	2008-09	2007-08	Change %
Referrals	1,307	1,358	-3.8
Inpatients			
Admissions	421	408	+3.2
Deaths	238	240	-0.8
Discharges	172	161	+6.8
Day Care			
Attendances	4,295	4,219	+1.8
Hospice at Home	373	352	+5.9
Home Care & Hospital Support			
New Patients at Home	197	230	-14.3
Home Visits	1,764	2,502	-29.5
New Patients in Hospital	514	544	-5.5
Hospital Visits	1,382	1,557	-11.2

Though referrals to the Hospice were slightly down on the previous year (↓ 51 patients), admissions to the Hospice Wards; attendances at the Day Hospices and patients cared for at home by the Hospice at Home Team were all up on the previous year.

Home visits by community nurses were down due to long term staff sickness, as were referrals to our Hospital-based nurses.

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 2008-09 donations totalled £1,479,772 and legacies of £1,918,263 were received. The Hospice lottery and shops have continued to make an indispensable contribution.

2008-09 Sources of Income	Income £	Cost of Generating Income £	Income Net of Costs of Generation £	% of Total
Donations & Legacies	3,398,035	366,885	3,031,150	41
Shops, Projects & Lottery	2,370,069	1,261,647	1,108,422	15
Total Fundraising Activities	5,768,104	1,628,532	4,139,572	56
NHS Funding	2,975,759	-	2,975,759	40
Investment & Other	314,109	1,316	312,793	4
	9,057,972	1,629,848	7,428,124	100

The costs of generating income set out above reflect the costs of staffing and running our 16 shops distributed across our catchment area. The actual costs of fundraising administration are only 8p in the pound which compares very favourably with the administrative costs of other charities. This means that over 90p in every pound donated goes directly towards supporting Hospice services.

In 2008-09 56% of income (net of the cost of generation) came from donations, legacies and fundraising and 40% came from NHS funding of services. This is a change on last year's proportions of 61% and 34% respectively due to the PCT increasing their contribution. Behind these figures donations were up by 2% (£23,700). Legacies were up by

60% (£719,800) aided by our largest ever single legacy, an unpredictable source of income but which this year raised total voluntary income by a net 5%.

Total charitable expenditure was up by 16% to £4.9m. This was mainly due to in patient services commencing at our Telford hospice, inflationary pressures, particularly on salary costs, and to increased activity in terms of both inpatient referrals and providing palliative care at home. The cost of fundraising, net of the costs of shops and lottery, was again kept to under 10% of the amount raised, representing less than 10p in every £1 donated.

Capital expenditure during the year amounted to just under £550,000, including £240,000 on work on the Telford project, with the balance used to upgrade facilities on the Shrewsbury site. The £140,000 upgrade of Perry Ward at Shrewsbury planned for 2007-08 continued into 2008-09 and was completed on 30 June 2008.

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 Hospice sold all its investments in 2006-07, in part to finance the new hospice at Telford, fortunately avoiding the stock market losses of the final quarter of that year. The Hospice has not had funds to invest long term since but did receive shares to the value of £275,000 in a legacy in March 2008, which was valued at £157,589 at 31 March 2009.

The accounts that follow show that overall the Charity made a surplus in 2008-09 and was able to increase its reserves (see Reserves Policy) to give security to its existing operations and to support future developments, in particular the major expansion of Hospice services across the Hospice's catchment area. Once again, the local community, through the admirable dedication and efforts of so many individuals and groups, has enabled the Hospice, once more, to end the year strongly.

However, along with other charities Severn Hospice is experiencing a real impact of the current deep recession with the value of general donations and transactions in our shops having declined significantly during the year. A contingency plan has been developed to counter these recessionary influences.

Reserves Policy

In determining a prudent level of free reserves the Board takes into account firstly that the total annual expenditure is now in the region of £6.55m, a substantial increase as the Hospice expanded its services to include full use of the new Telford Hospice, and secondly the inevitable uncertainties that exist as a consequence of the Hospice's dependence upon voluntary giving and upon legacy income in particular. 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' running costs).

At the end of 2008-09 the charity's funds, explained in Note 15, stood as follows:

	2008-09	2007-08
Restricted Funds	52,773	211,875
Designated Funds - Capital	602,829	346,927
Designated Funds - In Patient Services		
Development	2,320,000	1,250,000
Fixed Assets Fund	7,055,348	6,681,859
Free Reserves	<u>3,662,597</u>	<u>2,811,139</u>
Total	<u>13,693,547</u>	<u>11,301,800</u>

Restricted Funds are higher due mainly to donations related to fully equipping the Telford Hospice.

The 2008-09 contribution to the Designated Capital Fund was again less than the normal amount equal to depreciation and was made to take forward a balance to cover estimated requirements in 2009-10 plus provision for unpredicted renewals or expansion required by current services.

A new designated fund has been set up: the In Patient Services Development Fund. Over the next few years the Hospice will need to respond to the Darzi Review (the national review of health services), expanding services at its Shrewsbury site and bringing the Telford site into its plans at 100% capacity. It is anticipated that a minimum of an additional £1m p.a. of voluntary income will be needed by 2012. This will take time to achieve and fundraising targets have been raised on a stepped basis in anticipation. Directors have adopted a prudent approach of maintaining Free

Reserves at 50% of the following year's estimated running costs to ensure the Hospice's financial security, and will make contributions to this new fund as they can be afforded from any surplus not required to maintain Free Reserves.

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 the first quarter of 2006-07 the Board, on recommendation of the Committee, sold all its investments to provide the cash reserves required to fund the building of Severn Hospice Telford, and currently has no investments other than a recent shareholding left as a legacy totalling £274,979, which was valued at £157,589 at 31.03.09.

Governance & Internal Control

The roles, responsibilities and accountability of the Chairman, Directors and the four 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, Clinical Audit and Staff Support report to the Clinical Governance Committee. During 2004-05 a Staff Forum was established 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 Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company and charity law require the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and group and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements

comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. So far as each of the directors is aware at the time the report is approved:

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

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 2009, are listed below.

Mrs S Broomhead	Mr P Paulson (retired 31.7.08)	Mrs E Walker (retired 11.1.09)
Mr J Fairclough	Mrs M Rydström	Dr W-J Walton
Mrs D Hawkins	Mr D Sear (Chairman from 1.8.08)	Mrs G De Wet
Mr V Hogg	Mr P Stewart (Vice Chair)	Mr F Yates
Mr C Johnson	Mrs S Trevor	
Mr M Lowe	Mr M Tudor (appointed 21.5.08)	

Management Team

Chief Executive	Mr P Cronin
Medical Director	Dr J R Johnson
Nursing Director	Mrs A Rushton
Appeals Director	Mrs N Ross

Patrons

Mrs V M E Holt
Mr David Lloyd

Bishop Noble, RC Diocese of Shrewsbury
Lady Davies

Vice Presidents

Miss S Astbury
Mr P Bevan
Mr M Davis
Dr D Griffiths
Mr A Hollings
Mrs J Jenkinson

Mrs H McPhail
Mr P Paulson
Mr H Scurfield
Mr J Tancock
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 make their recommendations to the Board. New Directors are prepared for their role through supply of key documents and through a formal process of induction during which they meet key staff and sit as observers at meetings at the Hospice. Ongoing training is provided on an ad hoc basis through external and in-house training programmes.

Auditors

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

This report was approved by the Board of Directors on 30 July 2009 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 2009 which comprise the Consolidated Statement of Financial Activities (incorporating the Income and Expenditure account), the Consolidated and Charity Balance Sheets, the Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The responsibilities of the directors (who are also the directors of Severn Hospice Limited for the purposes of Company Law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the Directors' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information consists only of the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and charitable company's affairs at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- the financial Statements have been properly prepared in accordance with the Companies Act 1985; and
- the information provided in the Directors' report is consistent with the financial statements.

haysmacintyre
Registered Auditors
30th July 2009

Fairfax House
15 Fulwood Place
London WC1V 6AY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2009

	Note	Unrestricted Funds 2009 £	Restricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Incoming Resources					
Incoming Resources from Generated Funds					
Voluntary income	3	2,940,753	457,282	3,398,035	2,654,520
Activities for generating funds:					
Shops income	6a	1,064,721	-	1,064,721	964,381
Lottery income	6c	1,175,935	-	1,175,935	1,171,680
Projects income	6b	129,413	-	129,413	184,761
Investment income	5	309,866	-	309,866	259,283
Incoming Resources from Charitable Activities					
NHS service agreements for hospice care	4a	2,336,718	639,041	2,975,759	1,930,326
Other income	4b	4,243	-	4,243	2,380
Total Incoming Resources		7,961,649	1,096,323	9,057,972	7,167,331
Resources Expended					
Cost of Generating Funds					
Cost of generating voluntary income	8	366,885	-	366,885	316,826
Fundraising trading:					
Shops costs	6a	727,233	-	727,233	656,075
Lottery costs	6c	435,746	-	435,746	432,091
Projects costs	6b	98,668	-	98,668	126,362
Investment management costs	8	1,316	-	1,316	1,505
		1,629,848	-	1,629,848	1,532,859
Charitable Activities					
Cost of care	8,14	4,165,863	702,645	4,868,508	4,184,798
Governance Costs	8	54,785	-	54,785	48,184
		4,220,648	702,645	4,923,293	4,232,982
Total Resources Expended	8	5,850,496	702,645	6,553,141	5,765,841
Net Incoming Resources		2,111,153	393,678	2,504,831	1,401,490
Transfers between funds	14	552,780	(552,780)	-	-
Net Incoming Resources for the Year		2,663,933	(159,102)	2,504,831	1,401,490
Unrealised (loss)/gain on investments	10	(117,590)	-	(117,590)	-
Net Movement in Funds		2,546,343	(159,102)	2,387,241	1,401,490
Fund Balances Brought Forward from Previous Year		11,102,214	211,875	11,314,089	9,912,599
Fund Balances Carried Forward to Next Year		13,648,557	52,773	13,701,330	11,314,089

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 2009

		Unrestricted Funds 2009 £	Restricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Incoming Resources	Note				
Incoming Resources from Generated Funds					
Voluntary income		2,930,368	457,282	3,387,650	2,639,460
Activities for generating funds:					
Shops income	6a	1,064,721	-	1,064,721	964,381
Lottery donation	6c	762,509	-	762,509	769,719
Projects donation	6b	35,517	-	35,517	59,676
Investment income		297,665	-	297,665	244,665
Incoming Resources from Charitable Activities					
NHS service agreements for hospice care	4a	2,336,718	639,041	2,975,759	1,930,326
Other income	4b	4,243	-	4,243	2,380
Total Incoming Resources		7,431,741	1,096,323	8,528,064	6,610,607
Resources Expended					
Cost of Generating Funds					
Cost of generating voluntary income	8	366,885	-	366,885	316,826
Fundraising trading:					
Shops costs	6a	727,233	-	727,233	656,075
Investment management costs	8	1,316	-	1,316	1,505
		1,095,434	-	1,095,434	974,406
Charitable Activities					
Cost of care	8,14	4,165,863	702,645	4,868,508	4,184,798
Governance Costs	8	54,785	-	54,785	48,184
		4,220,648	702,645	4,923,293	4,232,982
Total Resources Expended	8	5,316,082	702,645	6,018,727	5,207,388
Net Incoming Resources		2,115,659	393,678	2,509,337	1,403,219
Transfers between funds	14	552,780	(552,780)	-	-
Net Incoming Resources for the Year		2,668,439	(159,102)	2,509,337	1,403,219
Unrealised (loss)/gain on investments	10	(117,590)	-	(117,590)	-
Net Movement in Funds		2,550,849	(159,102)	2,391,747	1,403,219
Fund Balances Brought Forward from Previous Year		11,089,925	211,875	11,301,800	9,898,581
Fund Balances Carried Forward to Next Year		13,640,774	52,773	13,693,547	11,301,800

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 2009

		Group		Charity	
	Note	2009 £	2008 £	2009 £	2008 £
Fixed Assets					
Tangible assets	9	7,059,094	6,687,756	7,055,348	6,681,859
Intangible assets	9	1,548	-	-	-
Investments	10	157,389	274,979	157,589	275,179
		<u>7,218,031</u>	<u>6,962,735</u>	<u>7,212,937</u>	<u>6,957,038</u>
Current Assets					
Stocks	11	52,151	37,636	22,581	20,103
Debtors	12	987,552	903,148	1,143,678	1,066,304
Cash at bank & building societies		6,570,398	4,746,897	6,210,265	4,374,937
		<u>7,610,101</u>	<u>5,687,681</u>	<u>7,376,524</u>	<u>5,461,344</u>
Current Liabilities					
Creditors: Amounts falling due within one year	13	(1,126,802)	(1,036,327)	(895,914)	(816,582)
Net Current Assets		<u>6,483,299</u>	<u>4,651,354</u>	<u>6,480,610</u>	<u>4,644,762</u>
Total Assets Less Current Liabilities		<u>13,701,330</u>	<u>11,614,089</u>	<u>13,693,547</u>	<u>11,601,800</u>
Long Term Liabilities					
Creditors: Amounts falling due after more than one year	13	-	(300,000)	-	(300,000)
Net Assets		<u>13,701,330</u>	<u>11,314,089</u>	<u>13,693,547</u>	<u>11,301,800</u>
Funds					
Restricted funds	14	52,773	211,875	52,773	211,875
Designated funds	15	9,978,177	1,596,927	9,978,177	1,596,927
Unrestricted funds		3,670,380	9,505,287	3,662,597	9,492,998
		<u>13,701,330</u>	<u>11,314,089</u>	<u>13,693,547</u>	<u>11,301,800</u>

These accounts were approved and authorised for issue by the Board of Directors on 30 July 2009.



D Sear
Chairman

CASH FLOW STATEMENT - GROUP
For The Year Ended 31 March 2009

	2009	2008
	£	£
Cash Flow Statement		
Net cash inflow from operating activities	2,200,655	1,796,805
Returns on investments	309,866	259,283
Capital Expenditure: purchases of tangible fixed assets	(687,020)	(1,900,794)
purchases & acquisitions of investments	-	(274,979)
Increase/(Decrease) in Cash	<u>1,823,501</u>	<u>(119,685)</u>

Notes to the Cash Flow Statement

Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

Net incoming resources	2,504,831	1,401,490
Depreciation charges	314,134	193,118
Decrease in stocks	(14,515)	3,710
Decrease/(increase) in debtors	(84,404)	(366,624)
Increase/(decrease) in creditors	(209,525)	824,394
Investment income	(309,866)	(259,283)
Net Cash Inflow from Operating Activities	<u>2,200,655</u>	<u>1,796,805</u>

Reconciliation of Net Cash to Movement in Net Debt

Increase/(Decrease) in cash in the period	<u>1,823,501</u>	<u>(119,685)</u>
--	-------------------------	-------------------------

Analysis of Changes in Net Debt

	At 1.4.08	Cashflows	At 31.3.09
Cash at bank	<u>4,746,897</u>	<u>1,823,501</u>	<u>6,570,398</u>

NOTES TO THE ACCOUNTS

1 Principal Accounting Policies

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

- (a) **Basis of Accounting**
The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and in accordance with the Statement of Recommended Practice (SORP 2005), Accounting and Reporting by Charities and applicable accounting standards. They incorporate the results of the continuing operational activities described in the directors' report. The comparative figures in these financial statements relate to the year ended 31 March 2009.

- (b) **Basis of Consolidation**
The group statement of financial activities and group balance sheet include the financial statements of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis. The Charity has availed itself of paragraph 3(3) of schedule 4 of the Companies Act and adopted the Companies Act formats to reflect the special nature of the Charity's activities.

- (c) **Depreciation and Amortisation of Tangible and Intangible Assets**
Depreciation/amortisation is calculated so as to write off the valuation of the relevant assets over their estimated useful lives as follows:

Class of Asset		Class of Asset	
Furnishings & Equipment:		Leasehold premises	Over the duration of the lease
General	Over 5 years	Freehold property	Over 50 years
Computer	Over 4 years	Artwork copyright	Over expected useful economic life
Motor vehicles	Over 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.
- (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 six months' normal running costs in undesignated, unrestricted reserves.

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.

NOTES TO THE ACCOUNTS

(Continued)

(j) Support Groups

There were 23 official Support Groups operating bank accounts in the name of the Hospice at 31 March 2009. 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	2009	2008
			£	£
Donations	1,022,690	457,082	1,479,772	1,456,084
Legacies	1,918,063	200	1,918,263	1,198,436
	<u>2,940,753</u>	<u>457,282</u>	<u>3,398,035</u>	<u>2,654,520</u>

4a NHS Service Agreements

	2009	2008
	£	£
Amount of funding received in year	2,701,329	2,689,285
Deferred income brought forward being the unspent part of the amount received in the previous year	797,708	38,749
	<u>3,499,037</u>	<u>2,728,034</u>
Deferred income carried forward at 31 March 2009 being advanced earmarked funding received and unspent in the current year	(523,278)	(797,708)
	<u>2,975,759</u>	<u>1,930,326</u>

4b Other Income

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

5 Investment Income

	2009	2008
	£	£
Dividends receivable on shares held	12,666	-
Interest receivable on cash balances	297,200	259,283
	<u>309,866</u>	<u>259,283</u>

NOTES TO THE ACCOUNTS
(Continued)

6a Hospice Shops	2009 £	2008 £
Shop income	1,064,721	964,381
Less Shops costs	727,233	656,075
Net Shops Income	<u>337,488</u>	<u>308,306</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 trading results is given below and reflects its trading activities for the year ended 31 March 2009.

	2009 £	2008 £
Projects income	129,413	161,635
Investment income	445	391
Total income	<u>129,858</u>	<u>162,026</u>
Cost of goods sold	65,563	76,933
Operating costs	27,923	25,693
Total costs	<u>93,486</u>	<u>102,626</u>
Net trading profit	<u>36,372</u>	<u>59,400</u>
Gift Aid payments to Severn Hospice Ltd - prepaid in 2007/08	5,182	-
- due for 2008/09	35,517	60,286
(Deficit)/Surplus	<u>(4,327)</u>	<u>(886)</u>
Total assets	83,773	104,577
Total liabilities	<u>(79,835)</u>	<u>(96,312)</u>
Funds (representing share capital and reserves)	<u>3,938</u>	<u>8,265</u>

6c Lottery

Severn Promotions Company Ltd, a wholly owned trading subsidiary company incorporated in the UK, operates a weekly lottery. A summary of its trading results is given below and reflects its trading activities for the year ended 31 March 2009.

	2009 £	2008 £
Lottery income	1,175,935	1,171,680
Donations	10,385	15,060
Investment income	11,756	14,227
Total income	<u>1,198,076</u>	<u>1,200,967</u>
Prizes awarded	170,762	169,000
Staff costs	149,680	145,985
Other costs	115,304	117,295
Total expenditure	<u>435,746</u>	<u>432,280</u>
Net lottery income	762,330	768,687
Gift Aid payments to Severn Hospice Ltd	762,509	769,530
(Deficit)	<u>(179)</u>	<u>(843)</u>
Total assets	327,296	305,271
Total liabilities	<u>323,251</u>	<u>301,047</u>
Funds (representing share capital and reserves)	<u>4,045</u>	<u>4,224</u>

NOTES TO THE ACCOUNTS

(Continued)

7 Staff Costs & Pensions	2009 £	2008 £
Salaries	4,013,255	3,618,842
Social security costs	303,011	269,916
Pension costs	216,225	226,813
	<u>4,532,491</u>	<u>4,115,571</u>

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

	2009	2008
The average number of full time equivalent employees during the year is estimated as follows:		
Administration	8	8
Fundraising	16	15
Patient care	129	101
Shops	28	25
	<u>181</u>	<u>149</u>

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

£60,000 to £70,000	1	1
£90,000 to £100,000	-	-
£100,000 to £110,000	<u>1</u>	<u>1</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>2</u>	<u>2</u>
----------	----------

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

8 Total Resources Expended (Group)

	Direct Costs £	Support Costs £	Total 2009 £	Total 2008 £
Charitable Activities:				
Cost of care	3,458,492	1,410,016	4,868,508	4,184,798
Costs of Generating Funds:				
Voluntary income	306,959	59,926	366,885	316,826
Fundraising trading				
Hospice shops	719,237	7,996	727,233	656,075
Lottery	426,594	9,152	435,746	432,091
Projects	97,438	1,230	98,668	126,362
Investment management	-	1,316	1,316	1,505
Governance costs	22,950	31,835	54,785	48,184
Total Resources Expended	<u>5,031,670</u>	<u>1,521,471</u>	<u>6,553,141</u>	<u>5,765,841</u>

Support costs include:

	Basis of Allocation	£	
Premises & stewarding services	Floor area and estimated time	675,544	454,063
Central Services - reception, admin, finance, HR	Estimated time	410,950	362,629
IT Support	Work stations and estimated time	96,054	75,065
Catering	Estimated time & specific costings	318,845	230,709
Vehicles	Estimated time	20,078	18,542
		<u>1,521,471</u>	<u>1,141,008</u>

Included within these costs are:

Amounts paid or payable to Auditors			
External annual audit provisions		12,395	13,783
Depreciation		<u>311,213</u>	<u>189,087</u>

NOTES TO THE ACCOUNTS

(Continued)

	Freehold Property £	Short Leasehold Property £	Furnishings & Equipment £	Vehicles £	Total £
9 Tangible Fixed Assets (Charity)					
Cost					
At 1 April 2008	7,075,381	13,860	855,943	80,090	8,025,274
Additions	419,930	-	231,560	33,211	684,701
Disposals	-	-	4,695	-	4,695
At 31 March 2009	7,495,311	13,860	1,082,808	113,301	8,705,280
Depreciation					
At 1 April 2008	877,238	13,856	406,395	45,926	1,343,415
Charge for year	142,629	4	155,633	12,946	311,212
Disposals	-	-	4,695	-	4,695
At 31 March 2009	1,019,867	13,860	557,333	58,872	1,649,932
Net Book Value					
At 1 April 2008	6,198,143	4	449,548	34,164	6,681,859
At 31 March 2009	6,475,444	-	525,475	54,429	7,055,348

Tangible Fixed Assets (Group)

Cost					
At 1 April 2008	7,075,381	13,860	876,853	80,090	8,046,184
Additions	419,930	-	233,879	33,211	687,020
Disposals	-	-	4,695	-	4,695
At 31 March 2009	7,495,311	13,860	1,106,037	113,301	8,728,509
Depreciation					
At 1 April 2008	877,238	13,856	423,127	45,927	1,360,148
Charge for year	142,629	4	158,383	12,946	313,962
Disposals	-	-	4,695	-	4,695
At 31 March 2009	1,019,867	13,860	576,815	58,872	1,669,415
Net Book Value					
At 1 April 2008	6,198,143	4	455,446	34,164	6,687,756
At 31 March 2009	6,475,444	-	529,222	54,429	7,059,094

Intangible Fixed Assets (Group)

	Artwork copyright £
Cost	
At 1 April 2008	1,720
Additions	-
Disposals	-
At 31 March 2009	1,720
Depreciation	
At 1 April 2008	-
Charge for year	172
Disposals	-
At 31 March 2009	172
Net Book Value	
At 1 April 2008	1,720
At 31 March 2009	1,548

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.

NOTES TO THE ACCOUNTS (Continued)

10 Investments – Group

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

All Investment Assets were within the UK.

	2009 £	2008 £
(a) Listed Investments - Movements in the Year		
At 1 April 2008 listed investments at market value	274,979	
Acquisition (via a legacy)	-	274,979
Net investment (losses)/gains - unrealised	(117,590)	-
At 31 March 2009 listed investments at market value	<u>157,389</u>	<u>274,979</u>
Group Balance as at 31 March 2009 at market value	<u>157,389</u>	<u>274,979</u>
Historic cost of investment	<u>-</u>	<u>-</u>
(b) Analysis of Listed Investments:		
Listed Investments held at 31 March 2009 comprise the following:		
UK equities	157,389	274,979
Group balance	<u>157,389</u>	<u>274,979</u>

Investments – Charity

	2009 £	2008 £
The investments held by the charity at 31 March 2009 comprise the following:		
Listed investments from (a) above	157,389	274,979
Investments in group undertakings:		
Hospice Projects Ltd	100	100
Severn Promotions Company Ltd	100	100
	<u>157,589</u>	<u>275,179</u>

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

11 Stocks

	Group		Charity	
	2009 £	2008 £	2009 £	2008 £
Goods purchased for resale through				
Hospice Projects Ltd	29,570	17,533	-	-
Consumable stores	22,581	20,103	22,581	20,103
	<u>52,151</u>	<u>37,636</u>	<u>22,581</u>	<u>20,103</u>

NOTES TO THE ACCOUNTS
(Continued)

12 Debtors

	Group		Charity	
	2009 £	2008 £	2009 £	2008 £
Trade debtors	30,503	72,056	22,724	71,678
Sundry debtors	617,790	450,000	617,790	444,285
Amounts due from subsidiary undertakings	-	-	163,905	169,249
Legacies & grants	241,047	298,700	241,047	298,700
Prepayments	61,245	70,701	61,245	70,701
Income tax recoverable	31,133	6,168	31,133	6,168
VAT recoverable	5,834	5,523	5,834	5,523
	<u>987,552</u>	<u>903,148</u>	<u>1,143,678</u>	<u>1,066,304</u>

No amount is included in the case of 16 legacies notified by 31.3.09. In one of these a third party has a life interest in the estate and another constitutes a contingent asset (see Note 9). No value can be placed with any certainty on these legacies.

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

13 Creditors: Amounts Falling Due Within One Year

	Group		Charity	
	2009 £	2008 £	2009 £	2008 £
Trade creditors	473,832	168,203	236,606	164,327
Taxation & social security costs	99,427	88,232	97,612	85,828
Accruals	13,020	261,037	13,020	46,660
Amounts due to subsidiary undertakings	-	-	8,292	8,179
Deferred income	524,920	497,708	524,920	497,708
Other creditors	15,603	21,147	15,464	13,880
	<u>1,126,802</u>	<u>1,036,327</u>	<u>895,914</u>	<u>816,582</u>

Creditors: Amounts Falling Due After More Than One Year

	2009 £	2008 £	2009 £	2008 £
Deferred income - see below, long term provision of in patient care at Apley Castle	-	300,000	-	300,000
	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>

Creditors: Deferred Income

	Balance b/fwd 1.4.08 £	Released £	New Deferred £	Balance c/fwd 31.3.09 £
Amounts Falling Due Within One Year				
Cancer Network	3,206	-	-	3,206
End of Life Team strategy	6,023	-	-	6,023
Delivery of education strategy	18,039	-	-	18,039
Dignity in Care Perry Ward project 08/09	140,440	140,440	-	-
PCT care home education funding	30,000	1,990	-	28,010
Provision of in patient services, Telford	300,000	300,000	-	-
Compassionate Communities	-	-	60,000	60,000
Principles & Practice of Palliative Care	-	-	20,000	20,000
Shaw Trust Access for Work	-	-	1,642	1,642
Shropshire PCT funding	-	-	388,000	388,000
	<u>497,708</u>	<u>442,430</u>	<u>469,642</u>	<u>524,920</u>
Amounts Falling Due After More Than One Year				
Long term provision of in patient services at Telford	300,000	300,000	-	-
	<u>797,708</u>	<u>742,430</u>	<u>469,642</u>	<u>524,920</u>

NOTES TO THE ACCOUNTS (Continued)

14 Restricted Funds

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

		Balance b/fwd at 1.4.08	Incoming Resources	Resources Expended	Resources Transferred to General Funds	Balance c/fwd at 31.3.09
		£	£	£	£	£
New Telford Hospice project	a	100,496	243,336	250	330,126	13,456
Specific Items	b					
Equipment to be determined by the Hospice Board		50,000	-	-	50,000	-
Chapel fund		11,872	618	-	-	12,490
Perry Ward refurbishment		-	140,440	-	140,440	-
Perry lounge / signage		-	10,000	-	-	10,000
New windows & heating		-	11,264	-	6,060	5,204
Bedroom refurbishments		-	10,190	-	10,190	-
Nurses' uniforms		11,010	-	-	10,565	445
Individual specified Items of less than each £5,000		16,500	12,654	14,236	5,399	9,519
Donations received for the Day Units		-	139,561	139,561	-	-
PCT & other funding received for the Care at Home Services		450	265,912	266,362	-	-
PCT funding for specifically negotiated services	c	-	258,855	258,855	-	-
Grants given and used for education & training		7,684	930	8,614	-	-
Hospice Garden Fund	d	13,863	2,563	14,767	-	1,659
		<u>211,875</u>	<u>1,096,323</u>	<u>702,645</u>	<u>552,780</u>	<u>52,773</u>

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

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

15 Designated Funds

The Charity Funds include the following designated funds:

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 will be capped at a target level of £3m.

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.

	Balance b/fwd at 1.4.08	New Designations	Utilised/ Released	Resources Transferred To/From General Funds	Balance c/fwd at 31.3.09
	£	£	£	£	£
In Patient Services Development Fund	1,250,000	1,070,000	-	-	2,320,000
Capital Fund	346,927	254,000	97,340	99,242	602,829
Fixed Asset Fund	-	7,055,348	-	-	7,055,348
	<u>1,596,927</u>	<u>8,379,348</u>	<u>97,340</u>	<u>99,242</u>	<u>9,978,177</u>

NOTES TO THE ACCOUNTS (Continued)

16 Allocation of Group Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	2009 Total £	2008 Total £
Fund balances at 31 March 2009 are represented by:				
Tangible fixed assets	7,059,094	-	7,059,094	6,687,756
Intangible fixed assets	1,548	-	1,548	-
Investments	157,389	-	157,389	274,979
Current assets	7,557,328	52,773	7,609,962	5,687,681
Current liabilities	(1,126,802)	-	(1,126,663)	(1,336,327)
Total Net Assets	<u>13,648,557</u>	<u>52,773</u>	<u>13,701,330</u>	<u>11,314,089</u>

17 Operating Lease Commitments

At March 2009, the charity had annual commitments under non-cancellable operating leases for land and buildings as follows:

	2009 £	2008 £
Within 1 year	26,250	28,500
Between 2 and 5 years	59,936	82,936
Over 5 years	<u>52,750</u>	<u>42,100</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.

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 £216,225 consisting of £186,057 paid to the NHS Scheme and £30,168 paid to the defined contribution scheme (2008: £197,447 and £29,366 respectively).