

**THE PRINCE AND PRINCESS OF WALES HOSPICE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**



**The Prince & Princess
of Wales Hospice**

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THE PRINCE AND PRINCESS OF WALES HOSPICE

COMPANY INFORMATION

Directors

Maureen Henderson OBE (Chairman)
Ian Reid (Vice – Chairman)

Ronnie Bowie
Murray Cromar
Surjit Chowdhary
Bill Doak
Anice Gillespie
Douglas Hansell

Steuart Howie
David Hunter
Ally McLaws
Brett Nicholls
Alan Tomkins
Graeme Waddell

Chief Executive

Rhona Baillie

Company Secretary

W Iain M Somerville

Registered Office

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Glasgow
G5 9TD

Company Registered Number

SC 084008

Charity Registration Number

SC 012372

Bankers

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G1 3AA

Solicitors

Lindsays LLP
1 Royal Bank Place
Buchanan Street
Glasgow
G1 3AA

Pinsent Masons LLP
123 St Vincent Street
Glasgow
G2 5EA

External Auditors

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Stockbrokers

Barclays Wealth
Aurora 5th Floor
120 Bothwell Street
Glasgow
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THE PRINCE AND PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

The Directors submit their Annual Report and Financial Statements for the year ended 31 March 2016.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The legal and administrative information contained on the preceding page forms part of this report.

1. Purpose and Principal Activities

The Prince and Princess of Wales Hospice (the Hospice) is located beside the River Clyde in Glasgow City Centre. The principal activity of the Hospice is the care of patients with life limiting progressive disease and their families. The Hospice offers four distinct areas of care to patients – Inpatient, Day Services, Clinical Nurse Specialist Community team and input to Acute Hospital teams. Patients may access any or all of them, according to individual needs. From a community health perspective, the Hospice covers three Community Health Care & Social Care Partnerships with responsibility for a population of approximately 345,000 people, and receives referrals from over 100 local GP practices, as well as from the Acute Hospitals servicing particularly the South Glasgow area.

The Hospice team acts as a resource to health care professionals who provide palliative care in all of these settings. A team of over 100 (FTE) staff and 650 volunteers combine to provide patient and family care and to generate and manage the funding required. The Hospice currently receives over 1,200 new referrals a year. Care is free and culturally sensitive.

The Hospice has operated in co-operation with NHS Greater Glasgow & Clyde under a service level agreement for the provision of Specialist Palliative Care services in keeping with the policy context of NHS CEL 12 (2012). As part of this service level agreement, the Hospice has contributed to national and local strategy and associated action plans. Under new arrangements which will see the Health and Social Care sectors working more closely together, the Hospice's arrangements will be managed through new Social Care Partnerships in Glasgow, South Lanarkshire and East Renfrewshire.

2. Structure, Management and Governance

Governing Document

The Prince and Princess of Wales Hospice is a charitable company limited by guarantee, incorporated on 20 July 1983 and is a Registered Scottish Charity. It is established under its Memorandum of Association which lays out the objects and powers of the company and is governed by its Articles of Association which set out the legal and organisational procedures to which its administration must adhere.

Organisational Structure and Management

The Hospice has a clear reporting structure where senior staff members with defined responsibilities report to the Chief Executive who in turn reports to the Board of Directors. Day to day operational responsibility is delegated to the Chief Executive and the Hospice management team. All seven members of the management team are present at fortnightly management meetings and monthly board meetings, participating in subgroups as appropriate.

In addition to the provision of patient care, the Hospice has a trading company to raise funds towards the funding of the care. Hospice Enterprises Limited operates charity shops in Glasgow.

In November 2011, the Hospice formed a new subsidiary company, Hospice Developments Ltd, to organise and oversee the development of a new build hospice facility in South Glasgow, to which it is hoped that the Hospice will relocate in 2018.

Directors and Trustees

The Directors of the charitable company (the charity) are its Trustees for the purpose of charity law and throughout this report are referred to as the Directors or collectively as the Board (of Directors).

THE PRINCE AND PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

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Recruitment and Appointment of Directors

Under the requirements of the Memorandum and Articles of Association, members of the Board are elected to serve for a period of three years after which they must be re-elected at the next AGM. Unless otherwise resolved by the Hospice Members in General meeting, a maximum of two terms (six years) may be served. The members have resolved to extend the terms of three Directors who are presently serving on the Board. Since 2014, the Board has adopted a meeting and information structure under which it now meets at least six (previously ten) times per year. Between formal meetings, Directors are kept in touch electronically with issues of importance, and a full financial report is issued monthly. This system has been continued in 2016.

The Board is comprised of individuals with a wide range of skills broadly based in business, financial and clinical areas. To maintain the balance, retired Directors are replaced by those with an appropriate skill set. This ensures that the Board sub-committees of Audit, Clinical Governance and Fundraising have relevant representation. In addition, independent directors with appropriate skill sets are recruited to serve on the Boards of the subsidiary companies. Potential Directors are identified by existing Board members and invited to the Hospice to meet with the Chairman of the Board and Chief Executive, to establish whether or not the appointment is appropriate. They then require to become members of the Hospice before being appointed, subject to full Board approval, as a Director of the Hospice. Hospice membership is not required but is open to independent subsidiary directors.

Director Induction and Training

New appointees to the Board and subsidiaries will meet with the Chairman of the Board and the Chief Executive at the Hospice for a tour of the facilities and additional familiarisation with the services being provided. In addition they are invited to participate in the regular inductions available to all new staff and volunteers within the Hospice.

To ensure regular updating of knowledge about the Hospice, relevant legislative and regulatory changes and developments within palliative care, all members of the Hospice management team prepare regular reports and attend Board meetings. A full financial report is issued monthly.

The Board of Directors

The Directors who served during the year ended 31 March 2016 and thereafter were as follows:

Maureen Henderson OBE (Chairman)

Ian Reid (Vice-Chairman)

Robert Booth OBE	<i>Resigned 15 July 2016</i>	Steuart Howie
Ronnie Bowie		David Hunter
Murray Cromar		Ally McLaws
Surjit Chowdhary		Brett Nicholls
Bill Doak	<i>Appointed 25 May 2016</i>	Alan Tomkins
Anice Gillespie		Graeme Waddell
Douglas Hansell		

Since the year-end, as noted above, Robert Booth has resigned as a Director. Mr. Booth has had a long association with the Hospice, including time before he became a Director, and the Directors wish to place on record their appreciation for his support during this time. Dr. Bill Doak joined as a Director in May 2016 and brings many years' experience in medical practice to complement the present clinical expertise on the Board.

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Healthcare Governance

Healthcare governance is the overall framework through which the Hospice is accountable for continuously improving clinical, corporate, staff and financial performance. The philosophy of the Hospice is to ensure the provision of high quality clinical, emotional, social and spiritual care for patients who have a progressive, life-limiting illness and support for those who care for them. Therefore healthcare governance is integral to our service and practice. The Board has appointed the Clinical Governance Group, comprising Directors with relevant skills and senior Hospice clinical staff to oversee policy and practice on these aspects of Hospice services.

External Clinical Governance

The Hospice is authorised by Health Improvement Scotland (HIS) to provide Care Services. It is also recognised as a specialist palliative care provider by NHS Quality Improvement Scotland (formerly the Clinical Standards Board for Scotland) and by NHS Greater Glasgow & Clyde. Inspection visits each year ensure that the care provided is in line with the published regulations. As noted above, responsibility for commissioning of specialist palliative care services is being passed to the Community Health & Social Care Partnerships, and the Hospice has begun to establish new relationships with these bodies to ensure the continuation of a first class service to patients and families.

Risk Management

The Directors have charged the Risk Management Committee, under the chairmanship of the Chief Executive, with supporting corporate and clinical risk management through the development and implementation of an appropriate risk management framework. This framework comprises a steering group and three sub groups producing robust risk assessments and subsequent control measures across all departments. Risk management is co-ordinated and supported on a day-to-day basis by the Hospice's Risk Manager. Risks in all areas including clinical, financial, personal and organisational are minimised with procedures in place to ensure the health and safety of patients, visitors, volunteers and staff and the security of assets. This structure is overseen by the Board's Audit and Clinical and Fundraising Governance Committees which report to the Board on a regular basis. Through this structure, the Directors have assessed the major risks to which the Hospice is exposed, in particular those relating to the finances of the Hospice and its clinical practice and services, and also those arising from the major project to relocate the Hospice building and further develop services, and are satisfied that systems are in place to minimise exposure.

Information Governance

The Information Governance Group, led by the Caldicott Guardian and Data Protection Officer, has the remit to ensure that all data, clinical and non-clinical, is safely and efficiently recorded and utilised and in keeping with national recommendations. The group meet regularly to review and improve systems and processes.

Staff Governance

The Directors have appointed a Staff Governance Group to review matters relating to employment and human resources within the Hospice and to advise the Board on best practice. The Group is chaired by the Chairman and includes Directors who have relevant skills and experience. Meetings are attended by appropriate members of the senior management team. The Group monitors executive actions on employment issues, and in 2015-16 has begun a review of pay scale structures to ensure they are appropriate for the future of the Hospice. Work has also commenced to support staff towards the move to a new Hospice location in 2018. A system of regular staff feedback surveys has recently been introduced with a very positive response. This will assist and inform the Group on staff strategy for the future.

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Fundraising Governance

The Board has appointed the Fundraising Governance Group to review fundraising strategy and activity, particularly related to the work of raising funds towards the relocation of the Hospice building and the development of services to young adults and to wider cultural groups than presently access Hospice services. The Group also co-opts independent members with relevant skill and experience, and is attended by appropriate members of the senior management and fundraising and retail teams. Although the function of the Group has initially been concentrated on monitoring and supporting the activity of the capital appeal team, it is now giving increasing attention to the on-going fundraising of the Hospice, particularly in relation to the expected future demands of an increased service provision. The Group meets and reports regularly to the Board.

Financial Governance

The Hospice Audit Committee comprises a number of Directors who have business and financial expertise and co-opts independent members to complement that expertise where appropriate. At present the group has one co-opted member with experience of investment management. The Committee meets four times each year to give detailed consideration to all financial matters relating to the Hospice and its subsidiaries. It receives detailed reports from the independent auditors and manages a five year cycle of detailed internal audit reviews which are also carried out on an independent basis.

The minutes of all Governance Groups are reviewed by the Board as a standing item on its meeting agenda.

Staff Remuneration Policy

All jobs within the Hospice and its subsidiaries carry a detailed job description which is evaluated using a system which closely follows the "Agenda for Change" structure operated within the NHS. The system allocates points based upon pre-defined criteria, which points are used to determine a banding within which the job falls. This system applies to all non-medical staff, whether clinical or non-clinical. Job evaluations (known as "Matching") are carried out by two senior managers independent of the department under which the job will operate. Medical staff jobs are graded in line with the standards applicable within the NHS in Scotland.

Once evaluated, the salary rate is determined by where the job is banded within the Hospice salary scales. These are similar in range but not tied to those operated within the NHS in Scotland. Staff will generally rise through the salary scale applicable to their job band, based on experience gained and the level of responsibility undertaken. Scale increments are not contractual. The Hospice regularly consults with colleague and charitable organisations to ensure that pay remains reasonably in line with that for similar healthcare activities with fundraising and administrative requirements.

The Hospice Board, acting on the advice of its Staff Governance Group and Audit Committee, reviews staff pay annually at 1 April each year. Consideration is given to incremental and cost of living increases, having regard to the affordability of any award within the funding available to the Hospice.

The pay of senior managers is determined using this system, and is subject to specific review by the Hospice Board.

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Monitoring Achievement

Each of the above Governance Groups receives and reviews appropriate statistical and financial reports to assist them assess progress and set action plans in each of their areas of responsibility. Such reports will include but are not limited to data on:

Clinical & Support Services Performance

- Patient referrals, discharges and deaths
- Bed availability, occupancy, and average patient stay
- Community nursing caseload
- Complaints and positive comments
- Accidents, incidents and infection control

Staff and Volunteering

- Staff and volunteer numbers and hours
- Absence
- HR issues
- Staff satisfaction surveys and trends

Fundraising

- Fundraiser and event cost efficiency against targets
- Contact and database management
- Lottery recruitment and player numbers against targets
- Retail point of sale data and profitability by outlet
- Overall cost of fundraising relative to income generated

Financial

- Income, costs and capital spend against budget and last year
- Investment risks and returns
- Cashflow requirements

The Board and all operational departments receive monthly financial statements and detailed financial analysis on a quarterly basis or on specific request.

Risk Management

- Risk assessment scoring
- Risk management action plans
- Accidents, incidents and infection control

3. **Strategy, Objectives and Activity**

Overview

Since its inception in the 1980's the Hospice's clinical services have grown from an original volunteer led telephone support line in 1985, to the development of day services in 1986, outpatient and home care services in 1987, progressing to a fourteen bedded inpatient unit in 2002. Hospice services and the building have grown organically, responding to need and opportunity.

We now support over 1200 patients and families every year, and have developed our services to reflect the need for a flexible, patient and family centred programme of care, with an ethos of supporting people to live as well as possible, for as long as possible, in the place of their choice.

For several years, the development of services by the Hospice has been structured round a rolling five year strategy, known as Vision & Values. This focuses on our clinical strategy which reflects our aspiration towards modern, innovative, inclusive palliative care services for people of all ages and from all backgrounds. Services are shaped around the needs of the patients and families, reflecting the expectations of today and tomorrow's patients. A robust business strategy funds our clinical aspirations.

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In early 2015, to ensure that the principles and values expressed in our strategy remain valid and easily understood, the Hospice carried out a wide consultation among stakeholders, patients and families, staff and volunteers. All were asked to express their understanding of the values to which the Hospice should hold in providing its charitable services. There was significant congruence of opinion around five principal values which were expressed as:

- Compassionate Care for Patients and Families
- Valuing our Team
- Respect and Dignity
- Fairness and Integrity
- Striving for Excellence

These confirmed the existing direction and emphasis in our strategy, and concisely state how the Hospice will ensure that its service provision will be driven towards the future. These Values are now being consciously reflected in all aspects of Hospice activity, including recruitment.

The standard of our current care is recognised as very high, as evidenced by our consistently excellent assessments from Healthcare Improvement Scotland (HIS). There is, however, recognition that care experience can be hampered by the facilities. Patients and families have spoken to us about the distress they sometimes experience in our current building, with a lack of privacy and dignity and the challenges they can face with the impracticalities of our facilities. With this in mind, in 2011, the team commenced a significant project to design and build a new 21st century hospice for the people of Glasgow.

To fund this design and build project, the team planned and commenced a capital appeal for the overall project cost of £21m. By the date of this report, there has been considerable progress with only £2.8m left to fundraise. A contract for the building construction and related landscaping work has been signed in August 2016 with Practical Completion expected about the end of 2017. Full migration to the new facility should be complete by mid-2018.

Income generation for revenue funding remains challenging via two main streams. Around 40% of total costs have been covered by NHS Greater Glasgow & Clyde, but, following the Government decision in Scotland to see the Health and Social Care sectors work more closely, this funding stream will transfer shortly to a number of Joint Integrated Boards. The remaining 60% of funding is met through charitable donations and event fundraising activity. The Hospice has a wide range of such income streams, and with over 30 years of service delivery, our loyal supporter base ensures we are financially stable.

• **Clinical Development**

During 2015-16 considerable progress has been made in relation to the identified strategic aims and objectives for the clinical teams. There are four key arms of the clinical development plan – Clinical Development itself, Widening access, Participation, and Clinical Effectiveness.

In some of these, there has been a re-evaluation and reordering of priorities, partly due to changes in clinical demand, or because opportunities have arisen to progress areas identified as a later priority more quickly. Thus access to funding has allowed the earlier development of the Carers' Choice programme.

Strategy and developments in specific functional areas have been as follows:

Inpatient Unit

A robust patient safety audit plan has been implemented and staff feedback loops developed to facilitate improvement. Improvements are being seen in the management of patient falls, pressure ulcers and infection control. The electronic patient record system has been further refined to enable its information to better support clinical care. A personalised music-based project, "Playlist for Life" was introduced to support patients, particularly those suffering from dementia.

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Strategic aims and activity include:

- the efficient and effective utilisation of inpatient beds
- efficient and effective patient-centred discharge planning
- patient centred drug administration using the patient's own drugs
- planning for changes in care when the new facility allows all single rooms
- planning, and as far as possible, offering age-appropriate care to Young Adults

Outpatient Services

These services play a crucial role in promoting independent living and quality of life for patients and carers. The service now includes medical and nursing led outpatient clinics, twenty day-services places on three days every week, monthly carers support groups, access to art and creative writing, Chi Gung and complementary therapies for patients and carers. The innovative roll out of a volunteer befriending service delivered in the patient's home – the "Carer's Choice" project allows carers a short break, supporting their ongoing resilience. Services are accessed by an increasing number of patients with highly complex needs, including those with motor neurone disease and chronic obstructive pulmonary disease. This work contributes to the overall widening access arm of our strategy and staff group develop new skills and models of care which will benefit other groups and Hospice services in the future.

Strategic aims and activity include:

- delivery of a range of outpatient services tailored to the individual's need and preferences.
- continuing development of outreach clinics in city suburbs and in the Hospice
- raising the profile and promoting the full range of outpatient services

Community Services

This team supports patients and carers who are unable to access other services. Over the last year, its skill mix has been developed and now includes staff nurses and sessions from a rehabilitation assistant, who support the clinical nurse specialists and medical consultant. The outpatient clinic has been expanded and educational secondment opportunities created.

Strategic aims and activity include:

- further integration with Primary Care teams to promote joint working and shared care
- further development of a multi-professional approach within the Hospice team to ensure effective and efficient working
- effective support for complex and high dependency patients and families at home

Family Support Services

The family support services team offers care, information and support to patients and carers. Spiritual and religious support is offered by chaplaincy services.

- *The Butterfly Project*

The Butterfly Project was a collaborative project between the Hospice and two other hospices aimed to establish the delivery of bereavement support to children and young people age 2-18 through one-to-one support or structured group models in the areas served by the hospices. Big Lottery funding for the original Butterfly Project ceased at the end of October 2015 by which time 592 children and young people had been supported during the life of the project. We are pleased to report that a further funding application to the Big Lottery has been successful. This will provide £500,000 over 3 years to the Hospice itself to support development of an extended service to include Young Adults from age 15 upward and to develop the service for adults who support these young people. Arrangements to commence this project are currently in hand.

Outwith the new Butterfly Project, strategic aims and activity include:

- Development of innovative support models within and outwith the Hospice and in partnership with other providers, including a financial inclusion service and the Carers' Choice project.
- Widening a multidisciplinary approach to providing psychological, emotional and spiritual support to patients and families
- Developing more opportunities for volunteers to work within the service

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Widening Access to Hospice Services

The philosophy of widening access to Hospice services has developed considerably over the past year. The culturally sensitive services project, which began in 2009, has grown in strength, and the Hospice has begun to consider additional programmes which come under the auspices of "widening access". In the last year, there has been a major focus on Equality Analysis, working in partnership with the NHS to develop training material and process to enable all Hospice policies and services to be equality impact assessed.

Strategic aims and activity include:

- Further Equality Analysis
- Culturally Competent Palliative Care
- Palliative Care for People with a Learning Disability
- Young Adult Service Development

The latter two projects have been supported financially by the Burdett Trust for Nursing and have not only developed services for patients and families, but generated considerable interest and recognition across the UK for the work done by the Hospice. Both projects are now embedded into Hospice services.

Our culturally competent palliative care group focuses on bringing palliative care and the services of the Hospice to the ethnic minorities in South Glasgow and to raise the profile of these services within these communities. This is achieved by continuous contact with community leaders, community groups, centres and places of worship whilst having regard to the views of those who have had personal experience of the services.

The Learning Disabilities and Palliative Care Project came to a formal end in April 2015 but engagement work and raising awareness has continued.

The Hospice's commitment to developing services for young adults is a key component of its strategic vision.

Participation

The Hospice ensures the participation of people with personal experience in the commission, design, delivery, and evaluation of hospice clinical services. A range of approaches are undertaken to engage in effective participation in the Hospice with the experience of the patient at the heart of these.

Benefits of participation include that patients and families feel informed and involved; their views and experiences are considered and valued; they are able to influence their journey of care; they can express satisfaction or dissatisfaction with their care; and they know they can influence planning and delivery of hospice services. Participation allows poor experiences of care to be identified at an early stage, and remedial action taken, reducing or eliminating formal complaints. Hospice services and service developments are continuously developed to be patient and family focused and in response to expressed need. This also provides positive feedback for staff supporting their well-being and job satisfaction.

Strategic aims and activity include engagement with patients, families, professionals and public to:

- increase awareness of Hospice and palliative care services,
- promote an openness about death, dying and bereavement
- develop clinical services in co-production with these stakeholders
- ensuring ready availability of information on Hospice services in accessible formats

Clinical Education

The clinical education team seeks to equip all staff and volunteers with the knowledge and skills needed to deliver the high level of service that is required and to provide a further education facility to other interested organisations and individuals.

Strategic aims and activity include:

- equipping all clinical staff with the knowledge and skills to support current service delivery and new service developments.
- ensuring the Hospice has a resilient and sustainable clinical workforce.
- ensuring that care is evidence based and supported by protocols and pathways.
- maintain the Hospice's reputation as a centre of excellence in clinical training and education

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Research

Part of delivering high quality palliative care across all settings is maintaining most up to date practice through awareness of and involvement in research. The Hospice has established a research group to encourage involvement with external researchers with a view to developing internal research programmes. The group are also tasked with establishing a robust governance process and the framework for research within the Hospice.

The Hospice participated in a national multicentre European Association of Palliative Care funded clinical trial looking at prognostication (IPAC trial) - formal results are awaited along with smaller regional studies.

Information Management

The E-health Group ensures that the e-health systems of the organisation are robust and developed in line with national guidance. As new systems are put in place, the Hospice is increasingly able to link into NHS electronic systems for retrieval of results, electronic referrals and access to other clinical information and ordering clinical and facilities stores.

Clinical Administration staff support all aspects of Clinical Activity, including correspondence, patient record management and assisting with the routing of enquiries from patients and families to relevant care staff.

• Support Services

The Support Services team, including information and communication technology, reception, catering, domestics, porters, transport and maintenance staff support all departments in their function in relation to delivering care for patients and carers. Support services are often the first face of the hospice and offering excellent hospitality is essential in their everyday role.

During the year, an important theme has been that of hospitality, ensuring that every patient and visitor to the Hospice feels valued and welcomed. To support this, the Reception team, which is well-supported by dedicated volunteers, was strengthened to ensure that two members of staff are available during normal working hours. The Catering team has recently been successful in retaining their Healthy Living Award until March 2017. The Award acknowledges the promotion of healthy food choices available to patients, visitors, staff and volunteers. The Porter team assist Scottish Ambulance Service with the safe transportation of patients to and from the Hospice. During the year, 145 inpatient transfers were made as well as a regular service provided to users of outpatient and day services. An additional vehicle has been acquired which will assist in the transport of patients with more complex needs. Among a number of IT developments during the year, the installation of fibre optic broadband lines has strengthened our service infrastructure.

• HR and Volunteer Services

Our dedicated team of staff and volunteers are the Hospice's greatest asset in its mission to provide consistently high standards of care and service to patients and families. The way in which we lead, manage and develop our team of staff and volunteers is essential to the provision of high quality care and service. Long term success requires thorough recruiting and retaining a well-managed, highly skilled and motivated workforce who have the right opportunities to learn and develop.

During 2015-16, The Hospice was reassessed for Investors in People and was successful in maintaining its gold level accreditation.

Strategic aims and activity include:

- Recruitment and Retention, ensuring that the Hospice is recognised both internally and externally so that people want to be involved through work or volunteering. Policies and procedures are reviewed to ensure they are supportive to individuals in our workforce.
- Workforce Development, identifying the skills, knowledge and behaviours that are needed by our workforce to deliver services both now and in the future and how these will be resourced.
- Workforce Engagement, through the Joint Consultative Group, staff forums and a range of other activities

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• **Communications**

During the year, the Hospice updated its corporate communications structure whereby the communications service delivers all print, press, digital materials that promote Hospice services and fundraising. The communications function has been at the forefront of the current Capital Appeal Buy a Brick campaign, and has also led the complete overhaul of the Hospice website to provide improved communication of Hospice services as well as a modern platform for fundraising support. An extensive re-issue of all information booklets on Hospice services is being undertaken, and it is hoped to develop a new Hospice intranet.

• **Building and Estates**

With the move to a new facility now more imminent, great consideration is given to any further spend on present facilities which cannot be transferred to the new Hospice. However, during the year, funds were allocated to some projects where it was felt that the immediate benefit to patients should not be deferred:

- New automatic doors to the rear of the building have been installed, allowing easier access/egress especially for patients and disabled visitors. This area also includes CCTV and video entry.
- A new hydraulic control system was installed for our large passenger lift which is the only lift within the building that allows bed access to the inpatient unit on the first floor.

• **Development of a New Hospice Facility in Bellahouston Park**

In our last two reports, we explained at some length the limitations of our present facilities in Carlton Place and the identified need to provide a larger and modern facility which is truly fit for purpose. We also explained the process which we undertook to define and design the facility required, so we will not repeat that in entirety in this year's report. However, some aspects are worthy of continued inclusion.

The Prince and Princess of Wales Hospice has always been renowned for its excellent care. Recent years have seen the Hospice being awarded top marks in every aspect of care assessed by Healthcare Improvement Scotland. While our current building has served us well over the last thirty years, we have now run out of space which is hindering us in delivering the kind of care that we would like to provide for our patients and their families. Planning regulations and listed building status mean that the Hospice cannot adapt its current environment any further to improve patient care and choice.

Following a robust research and scoping exercise, it was decided that the best and only solution for the long term care of our patients and their families, is to create a purpose-built Hospice on a new site.

Our new Hospice, which will be built within 7.46 acres of ground in Bellahouston Park will be a 21st century state-of-the-art building for Glasgow that will allow us to lower our age limit to 15 years and above. Amongst its facilities will be:

- A model of care using the Scandinavian "Sengetun" method which is a community approach putting the patient and family first. This is a proven model of care which builds a familiar environment ensuring comfort and privacy and we have brought this concept and developed it for use within a hospice setting. This building will be the first Hospice of its kind in the UK, if not the world, and will revolutionise palliative care as we know it.
- 16 private rooms, all en-suite, and each with its own private outside terrace, thereby enabling patients to be taken outside, even in their beds, if they so wish.
- Accommodation within each room for a family member to stay overnight if desired.
- 2 family suites which will allow whole families to stay overnight but still be close at hand if they are needed.
- Age appropriate lounges for all our patients. For example there will be a young people's lounge for this age group and other lounge areas for the more mature patient.
- Communal dining areas which will enable patients and their families to eat together and spend some family time together. There will also be areas where patients and, if they wish, their families can eat together but which will have complete privacy. This is particularly important for patients who may have difficulty eating and who find it embarrassing to do so in company.
- A total of eight rooms which will be used for complementary therapy, consultation and intervention.

THE PRINCE AND PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

(continued)

- Seasonal gardens where patients will always see colour, no matter the time of year that they are in the Hospice. Additionally there will be a number of courtyard gardens and other garden areas for patients and families to enjoy.
- Extended amenities for our Day Care patients and home care patients which will enable far more people to benefit from the array of therapies that we provide.

In August 2016, following a rigorous tendering and subsequent value engineering process, the Hospice, through its subsidiary, Hospice Developments Limited, entered a £16.4 million design and build contract for the construction of the new Hospice and its associated groundworks and landscaping with Balfour Beatty, an international contractor with a strong Scottish base of high repute. The design and build contract format, coupled with the advanced stage to which design had already been taken, greatly reduces risks to the Hospice of cost over-run. As part of the contract agreement, the Hospice has given a guarantee to the contractor for the full contract sum due by Hospice Developments Limited. Work is scheduled to start on site in September 2016, with Practical Completion scheduled for March 2018. Thereafter, the Hospice team will take responsibility for the final fit out of the building and migration from Carlton Place which can be anticipated for mid-2018. Fundraising for this final phase of the development will continue throughout the build period.

• **Income Generation**

The new Hospice project will require total expenditure of approximately £21 million. At the outset of the project, the Hospice Board were confident that £6 million should be funded from Revenue Reserves, and a Capital Appeal Fundraising Team was formed specifically for the task of raising the additional £15 million for the project. Over the last three years, the team has been working with high wealth individuals and corporate supporters, potential and present, in Scotland, and with the expatriate communities London, New York and beyond. Progress has been steady, but, with the tangible prospect of a start to construction, considerable acceleration in commitments has been achieved in the last six months. A major Buy a Brick fundraising campaign is now underway with advertising on television and radio to support an extensive social media and direct mailing effort. To avoid any potential conflict between the capital project and ongoing fundraising activity, the Board decided that, until project funds are sufficient, all unrestricted surpluses on the Income and Expenditure Account should be designated towards funding the project. As noted below, this has seen a significant further contribution to project funding, now adding £4.8 million in excess of original expectations. At the time of writing this report, funds committed represent around 87% of the total project target.

The Hospice is also reviewing the likely costs of running the new facility and providing the planned extension of services. Work has begun to develop income streams to support this. These initiatives include efforts to expand the financial contribution from our shops and lottery and to nurture and develop the many new supporter contacts gained from the capital appeal. As part of this process, a thorough review of all our income generating functions is taking place, reflecting the challenging and competitive economic conditions in which we operate.

Retail

In 2015-16, a further shop was opened in Govan, and since the end of the financial year, shops have also been opened in the Clarkston and Battlefield areas of Glasgow. Efforts continue to establish a suitable location for central sorting of retail donations, and a review of furniture collection and delivery arrangements is in hand.

Lottery

The Hospice lottery continues to provide an important income stream for our fundraising, and, being significantly based on door-to-door canvassing and collection, provides an important contact for areas of the community which are sometimes harder to reach by other methods. In 2015-16, a very successful telephone based upgrade programme was completed, adding around 600 supporters, and our website has recently been upgraded to facilitate responsible on-line lottery subscription. Efforts to further expand the supporter base will continue in 2016-17.

THE PRINCE AND PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

(continued)

Corporate and Community Fundraising

The Capital Appeal has undoubtedly attracted most of the attention over the last year, and it will continue to be important in 2016-17. However, our ongoing fundraising remains highly important. The team has been re-structured under a new Director of Fundraising, and significant emphasis is being placed on developing recent new contacts made through the Capital Appeal as well as widening the general supporter base across all aspects of our fundraising. The team run around 20 large events during the year, ranging from traditional dinners, a ball and an interesting range of challenges – running events, It's a Knockout and a Banger Rally round Scotland are some examples of these.

The charity sector in general is facing significant economic challenges, and in particular, something of a backlash against instances of irresponsible canvassing activity by some major national charities. The Hospice has never used any of the practices which have been rightly criticised in these instances. However, it has reviewed all its activities in this area and ensures that all "cold" approaches are sympathetic, sensitive and limited in number and repetition. Virtually no complaints were received in 2015-16 arising from fundraising activity. Nonetheless, charity fundraising will only survive if charities are allowed to make new contacts and generate new supporters, so we ensure that all reasonable checks are carried out before any approach is made, and all canvassers are instructed in a sympathetic and "soft" approach to their work. We will continue to review this area in the light of forthcoming legislative and regulatory standards.

- **Our present building**

Present financial plans for the new Hospice project do not include any contribution from the present building in Carlton Place, although to ensure the final fit out of the new Hospice runs to time and is in line with planned quality standards, the Board would be willing to utilise the Carlton Place property as security for bridging finance. However, although financial institutions have indicated a willingness to provide finance, it is not at this time anticipated that such borrowing will be necessary.

The Board has appointed a firm of professional property surveyors to advise on and assist with the potential disposal of the Carlton Place property, should the Board decide that the building will be sold rather than perhaps retained to provide a future income source for the Hospice. The present property will be required for everyday operational use until migration to the new facility which is planned for mid-2018, but is not included in any operational plans thereafter. It is likely that a decision on disposal will be considered in early 2017 to allow, if appropriate, a suitable timespan for an incoming purchaser to develop plans and seek approvals.

The Board are aware of their obligations to ensure that the carrying value of the building within the financial statements of the Hospice does not exceed its market value for present and planned use. On the basis of their present understanding of the costs of providing an equivalent facility, the Board are satisfied that the present carrying value of approximately £3.5 million, based on depreciated cost, is significantly exceeded by the market value or cost of such a facility in its present use, and at this time no provision for impairment of value is required.

4. Financial Review

Going Concern

In preparing the Financial Statements, the Directors have had regard to the financial position of the Hospice as evidenced in the Consolidated Balance Sheet on page 20, to the detailed budgets prepared for the following financial year 2016-17, to the likely sources of income during that period, and to the funding required and available to service the commitment made in August 2016 to the construction of a replacement Hospice facility during the period 2016 to 2018.

Prior to entering the contractual commitment for the construction of the new Hospice facility, the Directors formally recorded their conclusion, carefully considered, that the Hospice was in a sufficiently sound financial position to enter that commitment.

The Directors are satisfied that presentation of the financial statements on the basis of the Hospice as a going concern is appropriate, and the financial statements have therefore been presented on that basis.

THE PRINCE AND PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

(continued)

Principal Funding Sources

It costs around £5 million each year to run the Hospice's current facility and services.

The Hospice has been partly funded by a contribution from NHS Glasgow & Clyde on the basis of a Service Level Agreement under the terms of NHS CEL 12 (2012). This document includes the commitment that the Scottish Government expects that NHS Boards will fund 50% of the annual running costs of independent hospices in their area. Nonetheless, NHS funding still does not include any recurring element for capital expenditure, or projects such as bereavement, art or music, nor for many other aspects of holistic care chosen to be provided by the Hospice. In 2015-16, NHS Greater Glasgow & Clyde provided funding of £2,119,116 (2014-15 £2,147,036). NHS funding included an inflationary increase of 1.8% for the year, and free issue supplies valued at £41,460 (2014-15 £36,872). Contributions by NHS Greater Glasgow & Clyde amounted to approximately 42% of the incurred costs of direct patient care in 2015-16 (2014-15 45%). The settlement for 2016-17 has now been finalised, and includes an inflationary increase of 1.7%. The Board remain of the view that funding is still short of the expectation expressed in CEL 12 (2012), but recognise the wider financial pressures being experienced within NHS organisations.

The Hospice greatly values its close relationship with its local NHS organisation which benefits many patients and families in the Glasgow area, and we recognise the significant financial constraints applying within the NHS. The Hospice has met regularly with NHS Greater Glasgow & Clyde to discuss co-operative development of the Hospice function, and appropriate funding for its activities, and expects to continue such co-operative working with the new Integrated Joint Boards for Health and Social Work.

The remainder of the funds required to provide the Hospice services falls to be raised through a combination of grants, direct donations, fundraising events and investment and legacy income. This total is now around £3 million annually, rising as the Hospice extends the scope of its services to meet demand. In 2015-16, the funding requirement included a sum of around £105,000 (2014-15 £107,000) in respect of necessary capital expenditure during the year – this does not include costs related to the future relocation of the Hospice referred to above. 2015-16 was again a successful year for our fundraising, but securing necessary funding is an increasingly challenging task.

The Hospice benefits greatly from the service of an increasing number of volunteers in a variety of capacities. It is estimated that, if these services had to be paid for, they would now cost approximately £750,000 per annum.

Result for the Year

For the first time in many years, the Hospice recorded an operating deficit – of £185,496 (2014-15 Surplus £184,241). This reflects the strategy of the Hospice to ensure the highest standards of patient care and the policy of the Board to ensure that funds received are invested in charitable activities without delay but with due regard to the reserves policy outlined below. Costs generally remained stable, with increases from last year arising from implementation of the Living Wage, additions to the medical team and the costs associated with an additional shop in Govan. Donation income exceeded targets and the lottery again performed strongly, but event fundraising and retail activity had a more difficult year. Investment income improved over the year as additional funds from Capital Appeal activity became available, but still reflects the very low returns available on the cash deposit holdings which the Board have decided to maintain to reduce capital risk exposure. Legacy income was exceptional in 2015-16 with the receipt of the largest single legacy (£1.7 million) ever bequeathed to the Hospice. Other legacy income was above the long-term average, although because of their unpredictability, these are not incomes upon which the Board bases its budgets. The receipt of legacies allows the funding of special projects and the faster implementation of new service provision. The total received in 2015-16 was £2,285,582 (2014-15 £728,600) The Consolidated Income and Expenditure Account also includes the annual surplus on the Capital Appeal of £1,462,303 (2014-15 £837,476). All these sources brought the surplus for the year to £3,562,389 (2014-15 £2,532,899). Not yet recorded in these figures is the very substantial level of funding commitments received towards the ongoing Capital Appeal, so overall, the Board regard this as another very satisfactory financial year in challenging circumstances, and one which continues to provide a sound base for the planned relocation of the Hospice and development of its services.

THE PRINCE AND PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

(continued)

Reserves policy

The Directors have a policy whereby reserves (excluding those which are restricted to particular uses or which represent funds tied up in present fixed assets, and which are therefore unavailable for expenditure on the charitable purposes of the Hospice) will be retained to generate income to meet future operating costs and proposed capital expenditure. Reserves are also available to allow the development of services in line with strategic goals without the need to wait until formal third party funding support is available, and to provide security in the event of a temporary reduction in income levels. A full analysis of the reserves of the Hospice and their purposes is given on pages 24 to 26 of the Accounts which follow this Report.

Investment policy

Funds which are available for investment are placed having regard to the expected future cash requirements of the Hospice, returns available and the assessed risks attached to each and overall investment.

The Directors have the power to invest in such stocks and shares in the UK as they see fit. Such investment decisions are managed on a discretionary basis by professional stockbrokers. The stockbrokers' remit is to achieve a balance between income and capital growth without exposing the Hospice to unnecessary risk.

In consideration of the funding required for the new Hospice project, the Board, on the basis of advice received on investment strategy, liquidated virtually all stock market holdings in 2014. Residual shareholdings represent shares donated to the Hospice for specific purposes and held as such pending consent to realisation by the donors. Until the new Hospice project is completed, other funds will be held in cash or cash equivalent investments, with high regard to capital security and institutional spread. As noted above, this has resulted in some negative impact on investment income, but this is being offset to some extent by the increase in funds being held as the Capital Appeal progresses.

5. Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each 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 the 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 charity will continue in business.

The Directors are responsible for keeping proper accounting records that 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 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 financial statements may differ from legislation in other jurisdictions.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT**
(continued)

Statement of Disclosure to the Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charity 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.

6. Auditors

A resolution to re-appoint Wylie & Bisset LLP as auditors to the company will be proposed at the Annual General Meeting.

This Report was approved by the trustees on 13th September and signed on their behalf by:

Maureen Henderson

MAUREEN HENDERSON OBE
Chairman

**THE PRINCE AND PRINCESS OF WALES HOSPICE
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES
AND MEMBERS OF THE PRINCE AND PRINCESS OF WALES HOSPICE
FOR THE YEAR ENDED 31 MARCH 2016**

We have audited the financial statements of The Prince and Princess of Wales Hospice for the year ended 31 March 2016 which comprise the Consolidated and Parent Charitable Company's Statement of Financial Activities, the Group and Parent Charitable Company's Balance Sheet, the Consolidated Statement of Cash Flows 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 14 and 15, the Directors (who are also the trustees of the charitable company for the purposes of charity 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 as auditor under section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Annual Report and Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of the group's and the parent charitable company's incoming resources and application of resources, including their 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Annual Report and Strategic Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES
AND MEMBERS OF THE PRINCE AND PRINCESS OF WALES HOSPICE
FOR THE YEAR ENDED 31 MARCH 2016**

(continued)

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 Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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.

Allister Gray

Allister Gray BAcc CA
Senior Statutory Auditor
For and on behalf of Wylie & Bisset LLP

168 Bath Street
Glasgow
G2 4TP

13 September 2016

Wylie & Bisset LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**THE PRINCE AND PRINCESS OF WALES HOSPICE
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	£	2016 £	2015 £
Expenditure:				
Staff costs			3,464,193	3,293,450
Depreciation			278,716	284,997
Other charitable expenses			879,470	767,664
			<hr/>	<hr/>
Total expenditure			4,622,379	4,346,111
				<hr/>
Net Operating incomes:				
Retail contribution		347,099		350,287
Lottery contribution		472,880		504,353
Fundraising events		635,667		669,397
Donations		643,379		677,790
Scottish Government Grant		26,687		25,000
Income from investments	8	137,095		115,670
Gain on sale of investments		-		1,189
Decrease/(increase) in investment provision		13,545		(7,524)
Other	9	41,415		47,154
			<hr/>	<hr/>
		2,317,767		2,383,316
NHS		2,119,116		2,147,036
			<hr/>	<hr/>
Total operating income			4,436,883	4,530,352
			<hr/>	<hr/>
(Deficit)/Surplus on operating activities			(185,496)	184,241
Other income				
Exceptional gain on investment realisation			-	782,582
Legacies			2,285,582	728,600
Capital Appeal			1,462,303	837,476
			<hr/>	<hr/>
Result for year			3,562,389	2,532,899
			<hr/> <hr/>	<hr/> <hr/>

Continuing operations

None of the group's activities was acquired or discontinued during the current and previous year.

Total recognised surpluses and deficits

Neither the company nor the group has recognised surpluses or deficits other than those for the current and previous year.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2016**

Note	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £	
Income and endowments from:							
Donations and legacies	5	2,910,803	1,648,482	4,559,285	1,389,930	998,372	2,388,302
Charitable activities	6	2,119,116	26,687	2,145,803	2,128,036	44,000	2,172,036
Other trading activities	7	3,194,795	-	3,194,795	3,223,296	-	3,223,296
Investments	8	137,334	-	137,334	115,950	-	115,950
Other Incoming Resources	9	41,415	-	41,415	47,154	-	47,154
Total Income		8,403,463	1,675,169	10,078,632	6,904,366	1,042,372	7,946,738
Expenditure on:							
Raising funds:							
Other trading activities	10	1,997,804	168,021	2,165,825	2,107,823	152,699	2,260,522
Charitable activities	11	4,349,285	14,678	4,363,963	3,868,240	61,324	3,929,564
Total Expenditure		6,347,089	182,699	6,529,788	5,976,063	214,023	6,190,086
Net income/(expenditure) and net movement in funds before gains and losses on investments		2,056,374	1,492,470	3,548,844	928,303	828,349	1,756,652
Realised gains on investments		-	-	-	715,464	-	715,464
Unrealised gain on investments	16	13,545	-	13,545	60,783	-	60,783
Net income/(expenditure) per Income & Expenditure Account (Page 18)		2,069,919	1,492,470	3,562,389	1,704,550	828,349	2,532,899
Transfers between funds	19	332,710	(332,710)	-	70,728	(70,728)	-
Net movement in funds		2,402,629	1,159,760	3,562,389	1,775,278	757,621	2,532,899
Funds reconciliation							
Total Funds brought forward - restated		15,175,640	1,006,920	16,182,560	13,400,362	249,299	13,649,661
Total Funds carried forward	19	17,578,269	2,166,680	19,744,949	15,175,640	1,006,920	16,182,560

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2016**

	Note	2016 £	2015 £
Fixed assets:			
Tangible assets	15	4,774,261	4,630,327
Investments	16	56,909	43,364
Total Fixed Assets		4,831,170	4,673,691
Current assets:			
Debtors	17	870,697	611,167
Short term deposits	22	15,155,169	11,758,498
Cash at bank and in hand	22	2,797	2,184
		16,028,663	12,371,849
Liabilities:			
Creditors falling due within one year	18	1,114,884	862,980
Net Current Assets		14,913,779	11,508,869
Total Assets less Current Liabilities		19,744,949	16,182,560
Reserves:			
Restricted funds			
General	19	39,743	24,501
Capital Appeal Fund		2,126,937	982,419
Unrestricted Funds			
Designated income funds	19	4,774,261	4,630,327
Fixed asset reserve			
Service development reserve			
New Hospice development project		10,352,292	8,102,292
Other service developments		50,000	50,000
Other unrestricted funds	19	2,401,716	2,393,021
General reserve			
Total funds		19,744,949	16,182,560

These financial statements were approved by the board on 13 September 2016 and signed on its behalf by:

Maureen Henderson

MAUREEN HENDERSON
Chairman

DAVID HUNTER
Director



Company Registration No. SC084008

The statement of Hospice Reserves and notes on pages 24 to 39 form part of these financial statements.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £
Income and endowments from:							
Donations and legacies	5	3,257,902	1,648,482	4,906,384	1,740,217	998,372	2,738,589
Charitable activities	6	2,119,116	26,687	2,145,803	2,128,036	44,000	2,172,036
Other trading activities	7	1,970,852	-	1,970,852	2,052,128	-	2,052,128
Investments	8	137,095	-	137,095	115,670	-	115,670
Other Incoming Resources	9	41,415	-	41,415	47,154	-	47,154
Total Income		7,526,380	1,675,169	9,201,549	6,083,205	1,042,372	7,125,577
Expenditure on:							
Raising funds							
Other trading activities		1,126,687	168,021	1,294,708	1,292,662	152,699	1,445,361
Charitable activities		4,343,319	14,678	4,357,997	3,862,240	61,324	3,923,564
Total Expenditure		5,470,006	182,699	5,652,705	5,154,902	214,023	5,368,925
Net income/(expenditure) and net movement in funds before gains and losses on investments		2,056,374	1,492,470	3,548,844	928,303	828,349	1,756,652
Realised gains on investments		-	-	-	715,464	-	715,464
Unrealised gain on investments	16	13,545	-	13,545	60,783	-	60,783
Net income/(expenditure) per Income & Expenditure Account (Page 18)		2,069,919	1,492,470	3,562,389	1,704,550	828,349	2,532,899
Transfers between funds	19	332,710	(332,710)	-	70,728	(70,728)	-
Net movement in funds		2,402,629	1,159,760	3,562,389	1,775,278	757,621	2,532,899
Funds reconciliation							
Total Funds brought forward – restated		15,175,640	1,006,920	16,182,560	13,400,362	249,299	13,649,661
Total Funds carried forward	19	17,578,269	2,166,680	19,744,949	15,175,640	1,006,920	16,182,560

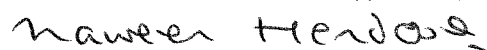
The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
BALANCE SHEET
AS AT 31 MARCH 2016**

	Note	2016 £	2015 £
Fixed assets:			
Tangible assets	15	3,381,204	3,555,055
Investments	16	57,910	44,365
Total Fixed Assets		3,439,114	3,599,420
Current assets:			
Debtors	17	2,667,470	1,943,090
Short term deposits		14,687,686	11,439,393
Cash at bank and in hand		2,287	1,676
		17,357,443	13,384,159
Liabilities:			
Creditors falling due within one year	18	1,051,608	801,019
Net Current Assets		16,305,835	12,583,140
Total Assets less Current Liabilities		19,744,949	16,182,560
Reserves:			
Restricted funds			
General	19	39,743	24,501
Capital Appeal Fund		2,126,937	982,419
Unrestricted Funds			
Designated income funds			
Fixed asset reserve		4,774,261	4,630,327
Service development reserve			
New Hospice development project		10,352,292	8,102,292
Other service developments		50,000	50,000
Other unrestricted funds			
General reserve	19	2,401,716	2,393,021
Total funds		19,744,949	16,182,560

These financial statements were approved by the board on 13th September 2016 and signed on its behalf by:



MAUREEN HENDERSON
Chairman

DAVID HUNTER
Director



Company Registration No. SC084008

The Statement of Hospice Reserves and notes on pages 24 to 39 form part of these financial statements.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	Group 2016 £	Charity 2016 £	Group 2015 £	Charity 2015 £
<i>Cash flows from operating activities:</i>					
Net cash (used in)/provided by operating activities	21	3,682,600	3,216,674	1,699,188	2,218,904
<i>Cash flows from investing activities:</i>					
Purchase of tangible fixed assets		(422,650)	(104,865)	(164,324)	(107,102)
Purchase of Investments		-	-	(9,627)	(9,627)
Proceeds from the sale of investments		-	-	6,318,486	6,318,486
Interest received		137,334	137,095	115,950	115,670
Net cash (used in) provided by investing activities		(285,316)	32,230	6,260,485	6,317,427
Change in cash and cash equivalents in the year		3,397,284	3,248,904	7,959,673	8,536,331
Cash and cash equivalents brought forward	22	11,760,682	11,441,069	3,801,009	2,904,737
Cash and cash equivalents carried forward	22	15,157,966	14,689,973	11,760,682	11,441,069

**THE PRINCE AND PRINCESS OF WALES HOSPICE
STATEMENT OF HOSPICE RESERVES
FOR THE YEAR ENDED 31 MARCH 2016**

<i>Group & Company</i>	Restricted Funds				Unrestricted Funds				Total Funds
	General				Designated funds				
	<i>Facilities Development</i>	<i>Carers' Choice Project</i>	<i>Other Ongoing Activities</i>	Capital Development Project	Capital Development Project	For Other Service Extension	Fixed Asset Reserve	General Reserve	
£	£	£	£	£	£	£	£	£	
At 1 April 2015	15,385	-	9,116	982,419	8,102,292	50,000	4,630,327	2,393,021	16,182,560
Operating income	10,000	26,687	8,158	-	-	-	-	6,131,426	6,176,271
Operating costs	-	(7,975)	(6,703)	(168,021)	-	-	(278,716)	(6,068,373)	(6,529,788)
Operating surplus	10,000	18,712	1,455	(168,021)	-	-	(278,716)	63,053	(353,517)
Legacies	-	-	-	-	-	-	-	2,285,582	2,285,582
Capital Appeal	-	-	-	1,630,324	-	-	-	-	1,630,324
Transfers:	10,000	18,712	1,455	1,462,303	-	-	(278,716)	2,348,635	3,562,389
Capital Expenditure	(14,925)	-	-	(317,785)	-	-	422,650	(89,940)	-
Designations In	-	-	-	-	2,250,000	-	-	-	2,250,000
Designations Out	-	-	-	-	-	-	-	(2,250,000)	(2,250,000)
Net movement	(4,925)	18,712	1,455	1,144,518	2,250,000	-	143,934	8,695	3,562,389
At 31 March 2016	10,460	18,712	10,571	2,126,937	10,352,292	50,000	4,774,261	2,401,716	19,744,949

**THE PRINCE AND PRINCESS OF WALES HOSPICE
STATEMENT OF HOSPICE RESERVES
FOR THE YEAR ENDED 31 MARCH 2016
(Continued)**

Reserve Policies and Analysis

As explained in the Directors' Report, the Hospice has largely completed the design of a new hospice facility to be built on the south side of Glasgow and which will replace the present Hospice building on Carlton Place. The Directors' policies for reserve retention reflect the substantial forthcoming demands of the development project and related service developments as follows:

Fund accounting

Restricted funds are subject to restrictions on their expenditure imposed by the donor or grantor or through the terms of an appeal.

Unrestricted funds are available for use at the discretion of the Directors in furtherance of the general objectives of the Hospice.

Designated funds are unrestricted funds earmarked by the Directors for particular purposes.

Restricted Funds

As explained below, the Hospice receives funding from a variety of sources which is provided under specific requirements related to its expenditure, whether capital or revenue. When such funding has been received in advance of the related expenditure, the resulting reserves are categorised as Restricted Reserves.

- During the year, £10,000 was received towards the cost of equipment improvements to add to £15,385 brought forward from 2014-15. Of this, £14,925 was spent, leaving a balance of £10,460 to be carried forward to the coming financial year.
- A grant of £26,687 was received from Shared Care Scotland to fund for a year the Carers' Choice programme which enables the Hospice to support patient carers by providing short breaks during which the Hospice takes direct responsibility for the patient in their own home. £7,975 was spent on this project in 2015-16, leaving a balance £18,712 to be spent in 2016-17. Confirmation of a further year's funding has now been received.
- During the year, £8,158 was received to support a number of staff posts and project costs, principally related to work on widening public access to Hospice services, work on developing services for young adults and support for family services. A total of £9,116 was brought forward from 2014-15, and expenditure totalled £6,703. This leaves a residual of £10,571 available to fund suitable projects as they arise in the coming year.

Development Appeal

Present accounting treatment under the Statement of Recommended Practice for Charity Accounts 2015, to which the Hospice's accounts must presently comply in the absence of conflict with other statutory regulation, requires that income (less costs) related to the Development Appeal is recognised in the Income and Expenditure and related accounts of the Hospice in the period in which it arises, and income recognition cannot be deferred until the incurrence of the related expenditures. This means that, in the case of a substantial and extended appeal, the accounts will reflect significant reserves related to that appeal for some time before the planned capital expenditure is incurred. Indeed, the achievement of such reserves has been a precondition of a decision to incur the principal cost of construction of the new facility. The reserves arising from such a development appeal are treated as Restricted Reserves for the purpose of funding the future capital development.

During the year, a surplus of £1,462,303 was raised from Capital Appeal activity. This represents cash received less expenditures necessary for the running of the Appeal, and does not include a very substantial sum in other commitments which will be received during the course of the Appeal. During the year, further expenditure of £317,785 was incurred to carryout site drainage and fencing works, to complete the design process for the new Hospice and to carry the project into the tender process which was completed in August 2016. This sum was fully allocated against the funds raised from the Appeal, leaving a balance on the Restricted Capital Appeal fund of £2,126,937 to be carried forward against future expenditure on the project.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
STATEMENT OF HOSPICE RESERVES
FOR THE YEAR ENDED 31 MARCH 2016
(Continued)**

Unrestricted Funds - Designated Funds

Designation of funds is based on the overall group position. Details of the designated funds are as follows:

Designated Service Development Reserve – New Hospice Development Project

A necessary part of a successful capital fundraising appeal is the underlying commitment of the organisation to the project, financially represented by its willingness to commit a significant portion of its reserves to the project. Following the completion of the contract for the building construction and associated groundworks and landscaping, the likely total capital cost of the Hospice's Development Project, and the costs of fundraising over a three year period, is still expected to be of the order of £21 million. In 2011-12, the Hospice Board committed a sum of £3 million of Reserves to that purpose, and a further £5.55 million was designated towards the project between 2012-13 and 2014-15. The Board have decided that the surplus on unrestricted funds arising in 2015-16 should also be similarly designated, resulting in the transfer of an additional £2,250,000 to the project. These reserves are therefore now regarded as unavailable for any other purpose. At 31 March 2016, costs of £1,393,057 (2014-15 £1,075,272) had been incurred on initial works, the design of the new facility and the tender process. Of this, £945,349 (2014-15 £627,564) has been charged against the Restricted Capital Development Project Reserve, and the balance to the Designated Capital Development Project Reserve. This leaves a balance of £10,352,292 to fund future expenditure.

Designated Service Development Reserve – Other Service Extension

The Hospice is also involved in a wider range of activities directed towards the widening of access to and to the extension of the scope and size of its service provision. Specific additional funding is usually sought and obtained for such projects, but a balance of £50,000 has been retained to allow for any imminent unfunded requirements.

Designated Fixed Asset Reserve

The funds included in this Reserve reflect the present book value of the fixed asset facilities which are required by the Hospice to enable it to carry out or fund its charitable activities. In accounting terminology, this is stated to be the future cost of depreciation of these assets, but the main significance of the Reserve is that it represents reserves which are illiquid and are not available for expenditure on the charitable activities of the Hospice.

Other Unrestricted Funds

General Reserve

To provide security in the event of a temporary reduction in income levels, it is necessary to retain a level of General Reserves such that the Directors, service users and staff have confidence that the Hospice will be able to continue its charitable work despite any future financial challenges which may arise. In the context of the other requirements of the Hospice, explained above, the Directors have decided that a present level of General Reserve equivalent to around 6 months of ordinary expenditure is prudent to ensure the Hospice's future viability and enable it to continue to provide an appropriate and free service to its patients.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. Accounting Policies

(a) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The accounts consolidate the results of the wholly owned subsidiary companies Hospice Enterprises Limited and Hospice Developments Limited.

The parent charitable company is exempt from the requirement to file an individual income & expenditure account under section 408 of the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Going concern

The Directors consider that there are no material uncertainties about the charity's ability to continue as a going concern.

In preparing the Financial Statements, the Directors have had regard to the financial position of the Hospice as evidenced in the Consolidated Balance Sheet on page 20, to the detailed budgets prepared for the following financial year 2016-17, to the likely sources of income during that period, and to the funding required and available to service the commitment made in August 2016 to the construction of a replacement Hospice facility during the period 2016 to 2018.

Prior to entering the contractual commitment for the construction of the new Hospice facility, the Directors formally recorded their conclusion, carefully considered, that the Hospice was in a sufficiently sound financial position to enter that commitment.

The Directors are satisfied that presentation of the financial statements on the basis of the Hospice as a going concern is appropriate, and the financial statements have therefore been presented on that basis.

(b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. The reported financial position and financial performance for the previous period are not affected by the transition to FRS102.

(c) Income recognition

Income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. Accounting Policies

(c) Income recognition
(continued)

Income from government and other grants, whether 'capital' or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Income from fundraising events operated by the group is credited to Income and Expenditure account in the period in which the event took place.

Gift Aid and similar tax recoveries are credited to the income heading which gave rise to the tax recovery.

Material donations of assets, services or facilities are included at the value to the Hospice where this can be reasonably quantified. The value of services provided by volunteers is not included in the accounts.

Capital grants and capital appeal contributions are credited through the Consolidated Income and Expenditure Account to a Restricted fund until the expenditure is incurred.

(d) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

- Expenditure on charitable activities includes Specialist Palliative Care and other activities undertaken to further the purposes of the charity and their associated support costs;
- Raising funds – other trading activities includes fundraising costs and shop costs;

Irrecoverable VAT is charged as a cost against the activity for which the expenditure is incurred.

(e) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

(f) Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an appropriate apportionment of overhead and support costs.

Governance costs and support costs relating to charitable activities have been apportioned based on time spent. The allocation of support and governance costs is analysed in note 12.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

(g) Tangible fixed assets and depreciation

Heritable Property is stated at depreciated cost. Following the implementation of FRS102 'The Financial Reporting Standard applicable in UK and Republic of Ireland' the parent company is adopting a policy of not revaluing tangible fixed assets.

A review for impairment of heritable property is carried out if events or changes in circumstances indicate that the carrying value amount of the property may not be recoverable.

Depreciation is provided on a straight line basis on fixed assets for the purpose of writing off each asset over its estimated useful life at the following rates:

Heritable property	2% p.a.
Property refurbishment	20% p.a.
Equipment	25% p.a.
Patient transport	12.5% p.a.
Other motor vehicles	25% p.a.
Fixtures and fittings in leased premises	over the period of the lease (from 2 to 15 years)

(h) Fixed asset investments

Investments are stated at market value.

(i) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(j) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(k) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(l) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

(m) Pension schemes

The company operates a defined contribution pension scheme which requires contributions to be made to a separately administered fund. Employer's contributions are charged to the Consolidated Income and Expenditure Account in the period in which they become due. In addition, staff who are eligible are members of the National Health Service Superannuation Scheme for Scotland. This is a multi-employer defined benefit scheme. The Hospice is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and hence this is accounted for as though a defined contribution scheme as per above.

(n) Taxation

The company has charitable status for tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received, to the extent that such income or gains are applied to exclusively charitable purposes. The trading subsidiary is subject to Corporation Tax, but this is relieved by the transfer of all trading surpluses to the Hospice.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

2. Legal status

The company is limited by guarantee and does not have a share capital. On 14 July 1980, the Secretary of State at the Department of Trade authorised the company to dispense with the word "Limited".

According to the Memorandum of Association of the company, every member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member, or within one year after he ceased to be a member, for payment of the debts and liabilities the company contracted before he ceased to be a member, and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributors amongst themselves, such amount as to be required, not exceeding £5. On 31 March 2016 the charity had 51 members. The number of members is limited to 500.

3. Financial activities of the subsidiary

A summary of the financial activities undertaken by Hospice Enterprises Limited is set out below:

	2016	2015
	£	£
Turnover	1,223,944	1,171,168
Cost of sales	(435,142)	(415,464)
Administration costs	(441,942)	(405,697)
Investment income	239	280
Trading company donation	(347,099)	(350,287)
	<hr/>	<hr/>
Net profit/(loss)	-	-
Taxation	-	-
	<hr/>	<hr/>
Retained in subsidiary	-	-
	<hr/>	<hr/>
The assets and liabilities of the subsidiary were:		
Fixed assets	-	-
Current assets	578,499	445,167
Current liabilities	(577,499)	(444,167)
	<hr/>	<hr/>
Total net assets	1,000	1,000
	<hr/>	<hr/>
Aggregate share capital and reserves	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

The wholly owned trading subsidiary Hospice Enterprises Limited, which is incorporated in Scotland, carries out fundraising activities with surpluses donated to The Prince and Princess of Wales Hospice by way of gift aid. This year the subsidiary reported a profit after tax of £347,099 (2015: £350,287). The charity owns the entire share capital of 1,000 ordinary shares of £1. A summary of the trading results is shown above.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

A summary of the financial activities undertaken by Hospice Developments Limited is set out below:

	2016	2015
	£	£
Turnover	-	-
Cost of sales	-	-
Administration costs	-	-
Investment income	-	-
Trading company donation	-	-
	<hr/>	<hr/>
Net (loss)/profit	-	-
Taxation	-	-
	<hr/>	<hr/>
Retained in subsidiary	-	-
	<hr/>	<hr/>
The assets and liabilities of the subsidiary were:		
Fixed assets	1,393,057	1,075,272
Current assets	78,619	17,266
Current liabilities	(1,471,675)	(1,092,537)
	<hr/>	<hr/>
Total net assets	1	1
	<hr/>	<hr/>
Aggregate share capital and reserves	<hr/> <hr/>	<hr/> <hr/>

The wholly owned trading subsidiary Hospice Developments Limited, which is incorporated in Scotland, organises and oversees the development of the planned new Hospice facilities. All its expenditure on the new Hospice project has been treated as capital work-in-progress.

4. Related party transactions and directors' expenses and remuneration

Directors, senior management and, their families may benefit from the charitable services of the Hospice in the ordinary course of its work. Provision of such services is independently subject to the same clinical referral criteria and process as is applied to all members of the public.

Directors, senior management and, their families may purchase event tickets and bid for auction prizes at such events on the same commercial basis as such items are available to other supporters of the Hospice.

The Directors and those of subsidiary companies all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2014-15: £nil). It is the charity's policy to not pay expenses to trustees.

Total donations by Directors, senior management and their families amounted to £13,153 (2014-15 £8,040).

During the year no Director, senior manager or their families had any personal interest in any contract or transaction entered into by the charity (2014-15: none).

The only related parties, with which the Hospice has transacted during the year, are the company's subsidiary companies, Hospice Enterprises Limited and Hospice Developments Limited. All trading surpluses of Hospice Enterprises Limited have been paid to the company in the form of donations. Hospice Developments Limited has made neither a profit nor a loss since incorporation.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

5. Income from donations and legacies

	Group 2016	Charity 2016	Group 2015	Charity 2015
	£	£	£	£
Donations				
Hospice Enterprises Limited	-	347,099	-	350,287
Capital Appeal	1,630,324	1,630,324	981,912	981,912
Others	643,379	643,379	677,790	677,790
	<u>2,273,703</u>	<u>2,620,802</u>	<u>1,659,702</u>	<u>2,009,989</u>
Legacies	2,285,582	2,285,582	728,600	728,600
	<u>4,559,285</u>	<u>4,906,384</u>	<u>2,388,302</u>	<u>2,738,589</u>

6. Income from charitable activities

	Group 2016	Charity 2016	Group 2015	Charity 2015
	£	£	£	£
NHS	2,119,116	2,119,116	2,147,036	2,147,036
Grants received	26,687	26,687	25,000	25,000
	<u>2,145,803</u>	<u>2,145,803</u>	<u>2,172,036</u>	<u>2,172,036</u>

7. Income from other trading activities

	Group 2016	Charity 2016	Group 2015	Charity 2015
	£	£	£	£
Events & fundraising Income	1,107,347	1,107,347	1,178,753	1,178,753
Lottery income	863,505	863,505	873,375	873,375
Retail income	1,223,943	-	1,171,168	-
	<u>3,194,795</u>	<u>1,970,852</u>	<u>3,223,296</u>	<u>2,052,128</u>

8. Investment income

	Group 2016	Charity 2016	Group 2015	Charity 2015
	£	£	£	£
Dividend income	525	525	38,585	38,585
Interest from short term deposits	136,809	136,570	77,365	77,085
	<u>137,334</u>	<u>137,095</u>	<u>115,950</u>	<u>115,670</u>

9. Other income - Group & Charity

	2016	2015
	£	£
Student education	5,198	8,459
Medical certificates	1,130	9,024
Kitchen and café income	35,087	29,671
	<u>41,415</u>	<u>47,154</u>

**THE PRINCE AND PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

10. Raising funds – expenditure on other trading activities - Group

	Total 2016 £	Total 2015 £
Direct costs of fundraising events	471,680	509,356
Lottery prizes and expenses	390,625	369,022
Costs of retail activity	871,118	815,161
Expenditure on capital appeal	168,021	144,436
Other fundraising costs	264,381	422,547
	<hr/> 2,165,825	<hr/> 2,260,522

11. Analysis of expenditure on charitable activities – Group

	Specialist Palliative Care £	2016 £	2015 £
Staff Costs	3,026,299	3,026,299	2,764,357
Depreciation	278,716	278,716	284,997
Governance costs (note 12)	30,427	30,427	29,153
Support costs (note 12)	167,933	167,933	155,862
Other	860,588	860,588	695,195
	<hr/> 4,363,963	<hr/> 4,363,963	<hr/> 3,929,564

12. Allocation of governance and support costs – Group

The breakdown of support costs and how these have been allocated between governance and other support costs is shown in the table below:

Cost type	Total allocated £	Governance related £	Other support costs £	Basis of apportionment
Staff costs	186,592	18,659	167,933	Staff time
Total	<hr/> 186,592	<hr/> 18,659	<hr/> 167,933	

Governance costs:	2016 £	2015 £
Auditor's remuneration	11,768	11,835
Support costs (see above)	18,659	17,318
	<hr/> 30,427	<hr/> 29,153

Breakdown of governance and support costs by activity;

	Support costs	Governance	2016 £	2015 £
Specialist palliative care	167,933	30,427	198,360	185,015
	<hr/> 167,933	<hr/> 30,427	<hr/> 198,360	<hr/> 185,015

**THE PRINCE AND PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

13. Analysis of staff costs and remuneration of key management personnel

	Group 2016	Group 2015
	£	£
Salaries	3,388,425	3,183,158
Social Security costs	260,966	257,324
Employer's Pension costs	250,778	252,665
	<hr/>	<hr/>
	3,900,169	3,693,147
	<hr/>	<hr/>
Key management personnel remuneration	239,922	229,209
	<hr/>	<hr/>

None of the directors received any remuneration or expenses during the year.
The disclosures with regard to key management personnel include senior medical staff.

The number of employees whose employee benefits fell within the following bands are as follows:

	2016	2015
	£	£
£90,001 - £100,000	2	1
£100,000 - £110,000	-	1
	<hr/>	<hr/>
	No.	No
The average weekly number of persons, by headcount, employed by the charity during the year was:	159	151
	<hr/>	<hr/>

14. Net income/(expenditure) for the year - Group

This is stated after charging:	2016	2015
	£	£
Depreciation	278,716	284,997
External auditors' remuneration	5,802	5,835
Other services		
Subsidiary audit fee	5,966	6,000
Non-audit services	2,769	1,790
	<hr/>	<hr/>

**THE PRINCE AND PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

15a. Tangible Fixed Assets – Group

	Heritable Property £	Equipment & Vehicles £	New Hospice £	Total £
Cost or valuation				
At 1 April 2015	6,331,101	1,240,564	1,075,272	8,646,937
Additions	5,771	99,094	317,785	422,650
Disposals	-	-	-	-
At 31 March 2016	6,336,872	1,339,658	1,393,057	9,069,587
Depreciation				
At 1 April 2015	2,925,458	1,091,152	-	4,016,610
Charge for the year	165,817	112,899	-	278,716
Eliminated on disposals	-	-	-	-
At 31 March 2016	3,091,275	1,204,051	-	4,295,326
Net book value				
At 31 March 2016	3,245,597	135,607	1,393,057	4,774,261
At 31 March 2015	3,405,642	149,412	1,075,272	4,630,327

15b. Tangible Fixed Assets - Company

	Heritable Property £	Equipment & Vehicles £	Total £
Cost or valuation			
At 1 April 2015	6,331,101	1,240,564	7,571,665
Additions	5,771	99,094	104,865
Disposals	-	-	-
At 31 March 2016	6,336,872	1,339,658	7,676,530
Depreciation			
At 1 April 2015	2,925,458	1,091,152	4,016,610
Charge for the year	165,817	112,899	278,716
Eliminated on disposals	-	-	-
At 31 March 2016	3,091,275	1,204,051	4,295,326
Net book value			
At 31 March 2016	3,245,597	135,607	3,381,204
At 31 March 2015	3,405,642	149,412	3,555,055

The Hospice has a contingent liability, linked to RPI, until 2022 to pay a sum to Glasgow City Council in the event of the former leasehold property at 71/73 Carlton Place ceasing to be used as Hospice premises and the Hospice not relocating within the City boundary. At 31 March 2016, this sum was £146,500 (2015 £145,000). Glasgow City Council has given an undertaking to lift this obligation on the commissioning of the new Hospice in Bellahouston Park.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

16. Fixed Asset Investments

<i>Group & Company</i>	2016	2015
	£	£
Listed investments at cost:		
At 1 April 2015 (2014)	58,940	5,652,336
Additions	-	9,627
Disposals	-	(5,603,023)
	<hr/>	<hr/>
At 31 March 2016 (2015)	58,940	58,940
	<hr/>	<hr/>
Provision for losses on listed investments:		
At 1 April 2015 (2014)	15,576	76,359
Movement in year	(13,545)	(60,783)
	<hr/>	<hr/>
At 31 March 2016 (2015)	2,031	15,576
	<hr/>	<hr/>
Net book value at 31 March 2016	56,909	43,364
	<hr/>	<hr/>
MV £56,909 (2015 £43,364)		
 <i>Company</i>		
Unlisted investments at cost:		
At 1 April 2015 (2014)	1,001	1,001
Additions	-	-
	<hr/>	<hr/>
At 31 March 2016 (2015)	1,001	1,001
	<hr/>	<hr/>
Total investments	57,910	44,365
	<hr/> <hr/>	<hr/> <hr/>

The company holds all the shares of Hospice Enterprises Limited which is registered in Scotland. This company was formed to carry out fundraising activities for the Prince and Princess of Wales Hospice from April 1996. In November 2011, the Hospice formed another wholly owned subsidiary company, Hospice Developments Limited, to organise and oversee the development of a new and replacement Hospice facility.

Hospice Enterprises Limited made a trading profit of £347,099 in 2015-16 (2014-15 £350,287), all of which was gifted to the parent charity. The company therefore made neither a profit or loss during the year (2014-15 £nil). At 31 March 2016, it had net assets of £1,000 (2015 £1,000).

Hospice Developments Limited made neither a profit nor a loss in 2015-16 (2014-15 £nil) All its expenditure on the new Hospice project has been treated as capital work-in-progress. At 31 March 2016, it had net assets of £1 (2015 £1).

**THE PRINCE AND PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

17. Debtors	Group 2016 £	Charity 2016 £	Group 2015 £	Charity 2015 £
Event income receivable	4,055	-	97,312	86,865
Income tax recoverable	254,643	254,643	179,606	179,606
Other debtors and prepayments	611,999	426,930	334,249	201,876
Hospice Enterprises Limited	-	514,220	-	382,206
Hospice Developments Limited	-	1,471,677	-	1,092,537
	<u>870,697</u>	<u>2,667,470</u>	<u>611,167</u>	<u>1,943,090</u>

18. Creditors: amounts falling due within one year

	Group 2016 £	Charity 2016 £	Group 2015 £	Charity 2015 £
Sundry creditors & accrued charges	1,098,460	1,035,184	848,235	786,274
Taxation and social security	16,424	16,424	14,745	14,745
	<u>1,114,884</u>	<u>1,051,608</u>	<u>862,980</u>	<u>801,019</u>

19. Analysis of charitable funds - Group

Analysis of Fund Movements	As at 1 April 2015 £	Income £	Expenditure £	Transfer £	Gains/(Losses) £	As at 31 March 2016 £
Unrestricted Funds:						
Fixed Assets	4,630,327	-	278,716	422,650	-	4,774,261
New Hospice development project	8,102,292	-	-	2,250,000	-	10,352,292
Other service developments	50,000	-	-	-	-	50,000
Total designated funds	<u>12,782,619</u>	<u>-</u>	<u>278,716</u>	<u>2,672,650</u>	<u>-</u>	<u>15,176,553</u>
General funds	2,393,021	8,403,463	6,068,373	(2,339,940)	13,545	2,401,716
Total Unrestricted funds	<u>15,175,640</u>	<u>8,403,463</u>	<u>6,347,089</u>	<u>332,710</u>	<u>13,545</u>	<u>17,578,269</u>
Restricted funds						
General	24,501	44,845	14,678	(14,925)	-	39,743
Capital Appeal Fund	982,419	1,630,324	168,021	(317,785)	-	2,126,937
Total restricted funds	<u>1,006,920</u>	<u>1,675,169</u>	<u>182,699</u>	<u>(332,710)</u>	<u>-</u>	<u>2,166,680</u>
TOTAL FUNDS	<u>16,182,560</u>	<u>10,078,632</u>	<u>6,529,788</u>	<u>-</u>	<u>13,545</u>	<u>19,744,949</u>

**THE PRINCE AND PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

20. Net assets over funds

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2016 £
Tangible Fixed assets	-	4,774,261	-	4,774,261
Fixed Asset Investments	56,909	-	-	56,909
Debtors	870,697	-	-	870,697
Bank & Cash	12,991,286	-	2,166,680	15,157,966
Creditors	(1,114,884)	-	-	(1,114,884)
	<hr/> 12,804,008	<hr/> 4,774,261	<hr/> 2,166,680	<hr/> 19,744,949

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

	Group 2016 £	Charity 2016 £	Group 2015 £	Charity 2015 £
Net income for the year	3,562,389	3,562,389	2,532,899	2,532,899
Adjustments for:				
(Gains) on investments	(13,545)	(13,545)	(776,247)	(776,247)
Investment Income received	(137,334)	(137,095)	(115,950)	(115,670)
Depreciation charges	278,716	278,716	284,997	284,997
(Increase) / decrease in debtors	(259,530)	(724,380)	(91,390)	457,262
Increase / (decrease) in creditors	251,904	250,589	(135,121)	(164,337)
Net cash provided by operating activities	<hr/> 3,682,600	<hr/> 3,216,674	<hr/> 1,699,188	<hr/> 2,218,904

22. Analysis of cash and cash equivalents

	Group 2016 £	Charity 2016 £	Group 2015 £	Charity 2015 £
Short term deposits	15,155,169	14,687,686	11,758,498	11,439,393
Cash at bank and in hand	2,797	2,287	2,184	1,676
Total cash and cash equivalents	<hr/> 15,157,966	<hr/> 14,689,973	<hr/> 11,760,682	<hr/> 11,441,069

**THE PRINCE AND PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

23. Butterfly Project

In collaboration with Ardgowan and St. Vincent's Hospices, the Hospice, in 2009, was successful in being awarded a grant award of £371,624 from the Big Lottery towards the costs of a project to enhance Child Bereavement Services in the areas served by the three hospices. Known as the "Butterfly Project", this was a five year joint venture which commenced in November 2009 and terminated successfully in October 2014. Each hospice committed to contribute £5,000 annually to the project.

Although, for administrative convenience, project funding was received and administered by the Hospice, such funds were restricted and held in trust for the project, and were therefore not included within its own funds. The Hospice's contribution to the project for 2014-15 was included in Other Charitable Expenses.

Project Income and Expenditure was as follows:

	2015-16	2014-15
	£	£
Restricted Funds received from Big Lottery	-	58,466
Hospice funding	-	8,750
	<hr/>	<hr/>
	-	67,216
Expenditure incurred	-	123,412
	<hr/>	<hr/>
Income & Expenditure (deficit) surplus	-	(56,196)
Brought Forward	-	56,196
	<hr/>	<hr/>
Restricted Funds held in trust by the Hospice	-	-
	<hr/> <hr/>	<hr/> <hr/>

24. Capital Commitments

	2016	2015
	£	£
Committed at 31 March	344,000	420,000
	<hr/> <hr/>	<hr/> <hr/>

Commitments were in respect of professional fee contracts related to the New Hospice development. In August 2016, The Hospice and its subsidiary Hospice Developments Limited entered a contract for £16.4 million for the construction of a new Hospice facility, along with associated groundworks and landscaping. This contract absorbed approximately £200,000 of the above commitment.

25. Pensions

Staff who are eligible are members of the defined benefit National Health Service Superannuation Scheme for Scotland. This is a multi-employer defined benefit scheme. The Hospice is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and hence this is accounted for as though a defined contribution scheme. The Hospice contributed 14.9% of an employee's basic salary and enhancements which will result in an annual commitment of approximately £140,000 at year-end rates and membership (2015 £119,000). The pension costs charged to the income and expenditure account of £142,711 (2015 £128,956) are calculated by the actuaries so as to spread the cost of pensions over the employees' working lives with the company.

The group operates a defined contribution group personal pension plan under arrangements with an independent insurance company. The company contributes between 1.5% and 13.5% of an employee's basic salary, resulting in an annual commitment of approximately £104,000 at year-end rates and membership (2015 £111,000). Pension costs arising and charged to the Income and Expenditure Account in respect of this scheme totalled £108,067 (2015 £108,609).

During the prior year, the Hospice received and, on legal advice, agreed to settle a claim from the defined benefit scheme of a past employee on whose behalf the Hospice had made contributions during their employment. Settlement clears any future liability on the Hospice in relation to this scheme membership, and its amount of £15,100, which was determined by actuarial calculation, was charged to pension costs in 2014-15.

**THE PRINCE AND PRINCESS OF WALES HOSPICE
FIVE YEAR SUMMARY OF ACCOUNTS
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNTS**

	2016	2015	2014	2013	2012
	£	£	£	£	£
Expenditure:					
Staff costs	3,464,193	3,293,450	3,197,004	3,134,315	3,121,313
Depreciation	278,716	284,997	290,295	403,411	379,326
Other charitable expenses	879,470	767,664	832,498	721,160	591,129
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure	4,622,379	4,346,111	4,319,797	4,258,886	4,091,768
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Operating incomes:					
Retail contribution	347,099	350,287	401,091	387,002	315,177
Lottery contribution	472,880	504,353	486,317	449,563	440,317
Fundraising events	635,667	669,397	951,986	865,472	890,865
Donations	643,379	677,790	520,752	533,471	549,624
Grants received	26,687	25,000	51,000	-	50,000
Investment income	137,095	115,670	170,658	228,913	267,373
(Loss)/gain on investments	13,545	(6,335)	22,398	18,651	(89,257)
Other	41,415	47,154	45,760	46,654	52,140
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NHS	2,317,767	2,383,316	2,649,962	2,529,726	2,476,239
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,119,116	2,147,036	2,041,846	1,829,831	1,734,446
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total operating income	4,436,883	4,530,352	4,691,808	4,359,557	4,210,685
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(Deficit)/Surplus on operations	(185,496)	184,241	372,011	100,671	118,917
Exceptional Investment Gain	-	782,582	-	-	-
Legacies	2,285,582	728,600	262,395	507,433	318,104
Capital Appeal	1,462,303	837,476	375,431	397,076	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Surplus for year	£ 3,562,389	£ 2,532,899	£ 1,009,837	£ 1,005,190	£ 437,021
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Number of staff					
FTE	131	123	122	115	114
Headcount	159	151	148	142	140

**THE PRINCE AND PRINCESS OF WALES HOSPICE
FIVE YEAR SUMMARY OF ACCOUNTS
CONSOLIDATED BALANCE SHEETS**

	2016	2015	2014	2013	2012
	£	£	£	£	£
Tangible assets:					
Fixed assets	4,774,261	4,630,327	4,751,000	4,842,111	4,503,618
Investments	56,909	43,364	5,575,977	3,609,239	4,020,240
	<u>4,831,170</u>	<u>4,673,691</u>	<u>10,326,977</u>	<u>8,451,350</u>	<u>8,523,858</u>
Current assets:					
Debtors	870,698	611,167	519,777	267,843	297,497
Short term deposits	15,155,169	11,758,498	3,796,952	4,441,416	3,732,674
Cash on hand	2,797	2,184	4,056	1,923	564
	<u>16,028,663</u>	<u>12,371,849</u>	<u>4,320,785</u>	<u>4,711,182</u>	<u>4,030,735</u>
Current liabilities:					
Sundry creditors	1,098,460	848,235	926,327	456,161	848,246
Taxes & Social Security	16,424	14,745	71,774	66,547	71,713
	<u>1,114,884</u>	<u>862,980</u>	<u>998,101</u>	<u>522,708</u>	<u>919,959</u>
Net current assets	<u>14,913,779</u>	<u>11,508,869</u>	<u>3,322,684</u>	<u>4,188,474</u>	<u>3,110,776</u>
	<u>19,744,949</u>	<u>16,182,560</u>	<u>13,649,661</u>	<u>12,639,824</u>	<u>11,634,634</u>
Accumulated funds					
Restricted income funds	39,743	24,501	47,135	24,408	62,891
Capital Appeal Fund	2,126,937	982,419	202,164	-	-
Unrestricted Funds					
Designated income funds					
Fixed asset reserve	4,774,261	4,630,237	4,751,000	4,842,111	4,503,618
Service Development					
New Hospice	10,352,292	8,102,292	6,202,292	5,352,292	2,731,960
Other Service	50,000	50,000	50,000	50,000	2,000,000
Other unrestricted funds:					
General Reserve	2,401,716	2,393,021	2,397,070	2,371,013	2,336,165
	<u>19,744,949</u>	<u>16,182,560</u>	<u>13,649,661</u>	<u>12,639,824</u>	<u>11,634,634</u>