

**THE PRINCE AND PRINCESS OF WALES HOSPICE**

**REPORT AND ACCOUNTS**

**31 MARCH 2011**



**The Prince & Princess  
of Wales Hospice**

# THE PRINCE AND PRINCESS OF WALES HOSPICE

## COMPANY INFORMATION

### Directors

Maureen Henderson OBE (Chairman)  
Phil McEwan (Vice – Chairman)

Dr William Anderson  
Ronald Bowie  
Surjit Chowdhary  
Alan Dickson  
David Hunter

Eleanor Martin  
Brett Nicholls  
Ian Reid  
Professor Alan Rodger  
Alan Tomkins

### Secretary

W Iain M Somerville

### Chief Executive

Rhona Baillie

### Registered Office

71 Carlton Place  
Glasgow  
G5 9TD

### Company Registered Number

SC 084008

### Charity Registration Number

SC 012372

### Bankers

The Royal Bank of Scotland plc  
22 St Enoch Square  
Glasgow  
G1 4DA

### Solicitors

Lindsays  
1 Royal Bank Place  
Buchanan Street  
Glasgow  
G1 3AA

### Auditors

Wylie & Bisset LLP  
168 Bath Street  
Glasgow  
G2 4TP

### Stockbrokers

Barclays Wealth  
Royal Exchange House  
100 Queen Street  
Glasgow  
G1 3DL

### Website

[www.ppwh.org.uk](http://www.ppwh.org.uk)

**DIRECTORS' REPORT**

The Directors submit their report and accounts for the year ended 31 March 2011. 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 Prince and Princess of Wales Hospice covers four Community Health Care Partnerships with responsibility for a population of approximately 343,000 people, serviced by around 85 local GP practices.

The Hospice team act as a resource to health care professionals who provide palliative care in all of these settings. A team of over 100 staff and 600 volunteers combine to provide patient and family care and to generate and manage the funding required. The Hospice currently receives over 850 new referrals a year. Care is free and culturally sensitive.

The Hospice operates 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 HDL(2003)18 (issued by the Scottish Executive in April 2003). As part of this service level agreement, the Hospice contributes to national and local strategy and associated action plans.

**2. Structure, Management and Governance****Governing Document**

The Prince & 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.

**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.

**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. A maximum of two terms (six years) may be served. The Board meets at least ten times per year.

The Board comprises 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. Potential Directors are identified by existing Board members and invited to the Hospice to meet with a committee of Directors, including the Chairman of the Board, 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.

**DIRECTORS' REPORT** (continued)**Director Induction and Training**

New appointees to the Board 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 monthly reports and attend Board meetings.

**The Board of Directors**

The Directors who served during the year ended 31 March 2011 were as follows:

Maureen Henderson OBE (Chairman)	
Phil McEwan (Vice – Chairman)	
Dr William Anderson	
Ronald Bowie	
Surjit Chowdhary	<i>Appointed 29 September 2010</i>
Alan Dickson	
David Hunter	<i>Appointed 25 August 2010</i>
Ian Irvine	<i>Retired 27 October 2010</i>
Viv Lumsden	<i>Resigned 27 October 2010</i>
Eleanor Martin	<i>Appointed 23 February 2011</i>
Dr Fiona Marshall	<i>Retired 27 October 2010</i>
Louise Mitchell	
Ian Reid	
Professor Alan Rodger	
Alan Tomkins	

Since 31 March 2011, Mr Brett Nicholls was appointed a director on 27 April 2011, and Miss Louise Mitchell resigned on 24 June 2011.

The Board would like to acknowledge the considerable contributions made by Mr Irvine, Dr Marshall, Ms Lumsden and Miss Mitchell during their terms of office.

**Directors' Interests**

Every Director is a member of the company. As the company is limited by guarantee it does not have a share capital, therefore none of the Directors holds any shares.

**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.

**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 3 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 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 are satisfied that systems are in place to minimise exposure.

**DIRECTORS' REPORT** (continued)**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 and Clyde. Inspection visits each year ensure that the care provided is in line with the published regulations. In the last year, the Hospice received two excellent reports awarding the highest grades possible from these inspections, indicating no recommendations for improvement in patient or family care.

**Staff Governance**

The Directors have charged 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. During the year, the Group continued its review of and advised on the modernisation of the terms and conditions of employment of our staff.

**3. Strategy, Objectives and Activities**

Following a period of consultation and review, both internally and with a wide range of external stakeholders, the Hospice launched its Five Year Strategic Business Plan, "Vision and Values 2008-2013" in April 2008. A number of key principles were identified and set out:

- **Putting Patients and Families First**  
To be guided at all times by our prime aim of putting patients and families at the centre of everything we do, delivering expert specialist palliative care to those who need it, regardless of social and cultural background, location, income or special needs.
- **Adhering to the Hospice Set of Trust Values and Philosophy**  
To apply our purpose and philosophy to all of our dealings with each other in our daily work extending out to the wider community.
- **Consistent and Effective Leadership**  
To ensure clear and consistent leadership across all Hospice activities via measurable educational and quality standards and support systems.
- **Change in Culture**  
To establish a culture which is supportive, inclusive and open to change with staff and volunteers committed to providing the highest quality of care to those who put their trust in us.
- **Well Educated Workforce**  
To ensure a comprehensive education and training programme for all staff and volunteers offering developmental opportunities for current staff.
- **Guided by Policy**  
To devise and regularly review a comprehensive set of policies and procedures in keeping with local and national standards which will govern our work.
- **Modernising the Infrastructure**  
To build a technical and managerial infrastructure that is suitable for modern, efficient organisation.
- **Robust Business Practice**  
To develop accepted business practice for our administrative and accounting systems.
- **Financial Stability**  
To address ongoing financial stability by building on our efficient and effective fundraising and marketing strategy, ensuring and increasing our sources of regular income.
- **Leaders in Research and Education**  
To work towards recognition as a centre of excellence in delivering palliative care, educational programmes and producing robust research findings.
- **Integrated Working**  
To ensure our services are developed in co-operation with local health care providers and local and national agencies with the purpose of maximising patient and family care packages.

**DIRECTORS' REPORT** (continued)

- **Premises Fit for Purpose**

To ensure we operate from premises best suited to our planned level and range of services

Over the last three years, key reports were published in Scotland with recommendations that have had significant impact on hospice services, particularly, NHS Scotland "Living and Dying Well" - 2008, NHS Scotland Quality Strategy 2010 and more recently, Living and Dying Well , Building on Progress-2011. We have reviewed our strategy in the context of these documents and believe that it is entirely consistent with them, and the Greater Glasgow & Clyde Health Board Palliative Care Action Plan.

Our Strategic Plan "Vision and Values" includes an extensive plan of actions designed to ensure that our objectives are achieved. At the end of year three all of our strategic objectives have been achieved and 2011-12 will allow the team to build on progress. Following annual inspection, for the second year in a row, the Care Commission graded the service with top marks of 6 over all 5 categories in all respects of Quality and Governance, including leadership and patient and public involvement. These grades were in recognition of a number of initiatives implemented over the year to support objectives and ensure quality across all services. This success was recognised, written up and publicised by the government funded workforce development unit who champion quality care and support in the third sector.

To drive our strategic agenda and monitor our progress, a strategy steering group was set up ensuring involvement in the planning of all services through formation of working sub groups led by staff and including patients and carers.

The highlights of strategic achievements last year include:

- To raise awareness of the Hospice and its services

We have continued to hold two open days each year for clinicians and the general public. These events have proved to be very successful in highlighting the changing face of Hospice and Palliative Care and have enabled the team to update individuals and groups on our evolving services. In addition, we continue to deliver regular updates to clinical teams in their own environment.

- Laurieston Team

In 2008, following a consultation with our primary care partners the team commenced a seven-day-working pilot to ensure continuity of patient care and family support. Over the last year, the service was evaluated and improved accordingly. The review of activity has demonstrated that the seven day service has been sustained above the level sufficient to be viable. Workload has been a mix of both planned and unplanned care to patients known to the team. Although the combined activity was never more than 12 urgent contacts in one weekend, the constant and continued use of this service demonstrates its acceptability.

- Culturally Sensitive Project

The team working within our Minority Ethnic Communities is progressing well, following the appointment of a part-time liaison officer. The staff have worked hard to build relationships and are now seeing the benefits from the close links developed in all communities. Over the year, following a successful pilot , clinics have been delivered in two Sikh Gurdwaras (temples) and one community centre in the Moslem community. Education initiatives have also been successfully delivered within the Hospice and university setting. In addition Hospice literature is now available in Punjabi , Urdu and Hindi. Of particular note is the media support the project has received, helping to raise awareness of palliative care and Hospice services in all communities.

- Relaxed Lives Programme

Following a successful pilot and evaluation the relaxed lives programme which addresses and manages patient anxiety has been established as a successful therapeutic intervention. The programme aims to ensure that all patients experiencing agitation /delirium during end of life care receive appropriate medication for relief of their symptoms thus ensuring patient comfort.

- Family Support Services - The Butterfly Project

The Butterfly project is a collaborative project (largely funded by the Big Lottery) between three hospices that aims to establish the delivery of bereavement support to children and young people age 2-18 years. In November 2010, the annual report to the Big Lottery indicated that the project had delivered bereavement care to 49 children and young people. PPWH successfully piloted a support group for children age 2-10, while delivering counselling sessions both internally and externally to young people. Of particular note is the excellent relationships the team have formed with Glasgow schools, delivering awareness and support sessions to 370 head teachers. The Hospice were commended on the progress of the project and the quality of the year two report by the Big Lottery team.

**DIRECTORS' REPORT** (continued)

- Art and Creative Writing Project

The Hospice team continue to work in partnership with Art in Hospital which is now in its eighth year to deliver the Hospice art and creative writing project. The year 2010 introduced a number of new initiatives arising out of Vision and Values. A six month pilot of family workshops proved to be a great success and will continue as a core service. The team introduced home assessment and support for a small cohort of patients who were unable to attend the Hospice. In total over the year, the art project was accessed by 74 individuals via 145 group workshops, 90 individual sessions and 12 family and friends workshops.

- Human Resources

The HR department ensures a consistent approach to supporting and managing staff across the Hospice to ensure that fair and equitable processes are in place across the whole range of people matters. Over the last year, and to ensure the continued benchmarking, development and best practice of our HR systems, we further developed a network particularly with ACAS, NHS Occupational Health and other Scottish Hospices. In addition we introduced and improved our current performance review system incorporating elements of the NHS Knowledge and Skills Framework, and reviewed our Staff Handbook to update our code of conduct. The HR function has also been instrumental in driving forward the Healthy Working Lives group which resulted in the hospice receiving the Bronze award.

- Education

In 2010, a new education and training strategy was developed to acknowledge the breadth of education required across the workforce, to clarify the key education themes which the Hospice supports and to produce a cohesive document that ensures the training and development we support is sufficient, appropriate and of good quality. The key learning themes we applied were communication, personal and people development, health, safety and security, service improvement, equality and diversity, quality and effectiveness and hospice as a specialist palliative care unit. Over the year we celebrated significant successes within our team. All senior clinical staff have completed advanced communication skills training, 11 staff successfully completed PPWH Leadership training, 57 staff trained in child protection and 6 nurses are currently undertaking post graduate studies in palliative care.

- Information Technology

In January 2009, following the recommendation of a multidisciplinary steering group, the Crosscare Patient Records System was purchased for the purpose of developing the patient administration service and the introduction of electronic patient records. The system was successfully installed in February 2010 and was fully implemented over the year. The system has proven to be invaluable to the team in collecting and analysing data and allowing the clinical team to practice in a paper free environment.

- Volunteers

Volunteer services remain an integral and developing service within the Hospice. Over the year, we maintained a base of over 600 volunteers with many new roles being developed. Of particular note is the volunteer speaker bureau where current volunteers were trained to speak to groups and communities with the aim of recruiting further volunteers based on their positive experiences. In addition a volunteer outreach complementary therapy service was piloted, evaluated and established as a core service.

- Fundraising

As we embarked on a challenging year for the fundraising team, we identified areas which would result in raising profile in addition to funds. The success of last year's budget was driven by proactive and innovative fundraising initiatives and ensuring the Hospice brand was at the forefront of the Glasgow community and beyond. We strived to develop additional partnership relationships, introduce new and interesting events while delivering something in return to our supporters. We had a strong emphasis on encouraging the support of the Hospice teams to come onboard and support fundraising initiatives, forming a stronger community spirit within the Hospice. Over the year, we achieved a surplus budget without legacy income, high numbers of individuals and businesses attending our events, and were cited as the most successful independent hospice in Scotland in regard to achieving the highest income stream from our charity partnership with Help the Hospices.

**DIRECTORS' REPORT** (continued)

- Hospice Enterprises

Hospice Enterprises Ltd is the wholly owned trading subsidiary of the Hospice. It has two main functions, firstly to raise funds through retail and commercial activity, but it is also the public face of the Hospice in many communities. In 2010, HE introduced a robust new strategy with the aim of increasing its income and donation to the Hospice. Of particular note and success over the year, was the refurbishment programme of 6 of our 13 retail units. The main focus of the year was the introduction of electronic point-of-sale technology, which, among other benefits, will allow the retail units to administer Gift Aid on shop donated items, significantly increasing income.

- Support Services

The support services team have successfully developed all of their services over the last year with the patient and family firmly at the centre of all their objectives. As part of our buildings improvement programme, we completed a refurbishment programme of the last part of our building to require major modernisation. The new facilities will house our family support services team and will provide a safe and private space for children, young people and families. The catering department successfully achieved the Healthy Living Award by ensuring healthy food choices are available to staff, volunteers and visitors. 6 of the team also completed the Royal Environmental Health Institute of Scotland Health and Safety Certificate. Our portering staff continue to assist Scottish Ambulance with the transfer of patients to and from the Hospice via our own ambulance. In 2010/11 there were 145 transfers.

**Future Strategy and Developments**

In 2008, our Strategic Plan "Vision and Values" clearly outlined the key priorities for the Hospice team to ensure future sustainability for the Hospice as a specialist palliative care facility.

At the top of these priorities were:

- To determine the services that the Hospice should provide to meet the palliative care needs of the people of South Glasgow in five to ten years time.
- To review the current facilities in order to determine whether these are suitable to provide the identified services.

Between 2008 -2010 the Hospice team successfully completed all of its clinical and business objectives. This left us in the enviable position in May of 2010 of being able to revisit our strategic aims and objectives with the purpose of defining our future direction.

In June 2010, following extensive work, the management team and the Board agreed that the Hospice building and estates must complement our future vision, allowing flexibility, and a significant commitment was agreed to create a new building fit for the 21<sup>st</sup> century which would be suitable for the vision, development and delivery of clinical services in the future.

In addition, and in consideration of local needs and national legislation, the decision was taken to develop a needs-led service for young people aged 15 -25. This service development is in keeping with the six new national recommendations which have now emerged from Living and Dying Well, Building on Progress 2011, which requires that every child or young person in Scotland with a life-limiting or life threatening condition, regardless of race, religion, age or where they live, should have access to the sustainable, holistic, family-centred and high quality palliative care and support that they need.

Plans are now underway to identify a suitable site for the new building and to employ an architectural practice to provide an innovative and modern design. The project team have set a target date of 2016 for completion of the new building and the fundraising capital appeal will commence in autumn 2011.

**4. Financial Review****Principal Funding Sources**

In terms of NHS HDL(2003)18, referred to above, the Scottish Government expects that NHS Boards will fund 50% of the annual running costs of independent hospices in their area. Nonetheless, NHS funding does not include any 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 2010-11, NHS Greater Glasgow and Clyde provided funding of £1,782,795 which included £105,000 in respect of retrospective funding for 2009-10. (2009-10 £1,607,240) This included an inflationary increase of around 2% for the year. Adjusting each year's funding to properly allocate the retrospective payment, contributions by NHS Greater Glasgow and Clyde amounted to approximately 42% of the incurred costs of direct patient care in 2010-11 (2009-10 45%) respectively.

**DIRECTORS' REPORT** (continued)

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. Nonetheless, it is the view of the Board that present funding is increasingly some way short of the expectation expressed in NHS HDL(2003)18. The review of the current HDL by the Scottish Government is continuing, and the Hospice will continue to be actively involved in the consultation process related thereto. Additionally, the Hospice meets regularly with NHS Greater Glasgow and Clyde to discuss co-operative development of the Hospice function, and appropriate funding for its activities.

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 now totals not less than £2.5 million annually and is rising as we extend the scope of our services to meet demand. In 2010-11, our funding requirement included around £171,000 (2009-10 £150,000) in respect of necessary capital expenditure during the year. 2010-11 was again a very successful year for our fundraising, but the wider financial climate is making it progressively harder to maintain income levels.

The Hospice benefits greatly from the service of volunteers in a variety of capacities. We estimate that, if these services had to be paid for, they would cost approximately £550,000 per annum.

**Result for the Year**

This year's operating surplus of £143,892 shows a fall against last year, reflecting increased investment in staff costs to develop patient services, and a more difficult fundraising climate. Legacy income, at £191,477, was at its lowest level for some years, but the Consolidated Income and Expenditure Account still shows an overall surplus of £335,369. This was well ahead of the budget within which the Hospice worked during the year. Operating in a difficult financial climate, fundraising remains successful, with both shops and lottery providing solid support for events, donations and other incomes. Given the challenging economic climate, and the perceived shortfall in funding from the NHS, referred to above, the Board regard the financial result for the year as satisfactory, and a sound base for the planned development of the Hospice and its services.

**Reserves policy**

The Directors have a policy whereby reserves (excluding those representing future depreciation on fixed assets) will be retained to generate income to meet 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. As noted above, The Hospice has begun work on a strategic project which should see it relocate to a purpose-built location within 5 to 6 years, and extend its service provision to address the need of the Young Adult population in South Glasgow. Both these developments will require considerable additional capital which will require to be raised without financial support from our NHS partners.

On the basis of present service level commitments and limited capital commitments, the Board's current policy remains to attempt to maintain general reserves of not less than £6 million, equivalent to slightly more than 12 months of total budgeted revenue expenditure in the coming year. However, in view of planned developments, the Directors consider it prudent to maintain, as far as possible, a higher level of reserves which will ensure the Hospice's future viability and enable it to continue to provide an appropriate and free service to its patients.

**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. 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.

During the year, a decision was taken to invest a higher proportion of the Hospice's funds in its managed investment portfolio, and an additional £1m was gradually transferred from term deposits to implement this policy. In addition, around £2m was placed in marketable structured loan notes. These are underpinned by stock market investment, but capital value is guaranteed provided the FTSE100 Share Index does not fall below a set level, approximately 3,500. These investments offer a higher rate of return than available on conventional term deposit. The balance of funds remains on revolving term deposits with principal UK banks or building societies. The Directors believe that these changes provide the Hospice with a more appropriately balanced, but prudent investment structure.

DIRECTORS' REPORT (continued)

**5. Statement of Directors' Responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

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

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

**6. Auditors**

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

**ON BEHALF OF THE BOARD**

**MAUREEN HENDERSON OBE**  
Chairman

31 August 2011

## **INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS AND MEMBERS OF THE PRINCE & PRINCESS OF WALES HOSPICE**

We have audited the financial statements of The Prince & Princess of Wales Hospice for the year ended 31 March 2011, which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and 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 auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors' (who are also the trustees of the charity under 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 Trustee 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.

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 directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charitable company's affairs as at 31 March 2011, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and,
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS AND MEMBERS OF  
THE PRINCE & PRINCESS OF WALES HOSPICE**

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

31 August 2011

168 Bath Street  
Glasgow  
G2 4TP

**Allister Gray** Senior Statutory Auditor:

For and on behalf of Wylie & Bisset LLP, Statutory Auditor(s)

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

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	2011 £	2010 £
<b>Expenditure:</b>			
Staff costs	5	3,306,048	3,078,837
Depreciation		328,922	295,190
Other charitable expenses	6	701,168	699,854
Trading expenses		271,420	278,965
Lottery expenses		325,036	328,039
		<hr/>	<hr/>
<b>Total expenditure</b>		4,932,594	4,680,885
			<hr/>
<b>Operating income:</b>			
Trading income		885,498	880,914
Lottery income		756,176	747,349
Donations		568,991	539,490
Fund Raising Events		822,770	877,801
Other	3	50,470	63,080
Income from investments	4	195,631	132,983
Gain on sale of investments		6,732	9,445
Decrease in investment provision		7,423	119,664
		<hr/>	<hr/>
NHS		3,293,691	3,370,726
		1,782,795	1,607,240
		<hr/>	<hr/>
<b>Total operating income</b>		5,076,486	4,977,966
		<hr/>	<hr/>
<b>Surplus on operating activities</b>		143,892	297,081
		<hr/>	<hr/>
<b>Other income</b>			
Legacies		191,477	687,269
		<hr/>	<hr/>
<b>Result for year</b>	11	£ 335,369	£ 984,350
		<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 or the group has recognised surpluses or deficits other than those for the current and previous year.

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2011

	Notes	£	2011 £	2010 £
<b>Fixed assets:</b>				
Tangible assets	7		4,325,950	4,484,340
Investments	8		4,017,131	1,938,658
			<hr/>	<hr/>
			8,343,081	6,422,998
			<hr/>	<hr/>
<b>Current assets:</b>				
Debtors	9	244,208		278,813
Short term deposits		3,262,415		4,730,222
Cash on hand		792		805
		<hr/>		<hr/>
<b>Total current assets</b>		3,507,415		5,009,840
<b>Creditors:</b> amounts falling due within one year	10	652,883		570,594
		<hr/>		<hr/>
<b>Net current assets</b>			2,854,532	4,439,246
			<hr/>	<hr/>
<b>Total assets less current liabilities</b>			11,197,613	10,862,244
<b>Creditors:</b> amounts falling due after more than one year	10		-	-
			<hr/>	<hr/>
			11,197,613	10,862,244
			<hr/> <hr/>	<hr/> <hr/>
<b>Funds of the group:</b>				
	11			
Restricted income funds			144,786	120,067
Unrestricted income funds:				
Designated fixed asset fund			4,325,950	4,484,340
General funds available for distribution			6,726,877	6,257,837
			<hr/>	<hr/>
<b>Total accumulated funds</b>	11		11,197,613	10,862,244
			<hr/> <hr/>	<hr/> <hr/>

The accounts were approved by the board on 31 August 2011 and signed on its behalf by

**MAUREEN HENDERSON** Chairman

**DAVID HUNTER** Director

Company Registered No. SC 084008

The notes on pages 16 to 22 form part of these accounts.

## BALANCE SHEET AS AT 31 MARCH 2011

	Notes	£	2011 £	2010 £
<b>Fixed assets:</b>				
Tangible assets	7		4,325,950	4,484,340
Investments	8		4,018,131	1,939,658
			<hr/>	<hr/>
			8,344,081	6,423,998
<b>Current assets:</b>				
Debtors	9	300,108		295,820
Short term deposits		3,182,136		4,690,510
Cash on hand		512		565
		<hr/>		<hr/>
<b>Total current assets</b>		3,482,756		4,986,895
<b>Creditors:</b> amounts falling due within one year	10	629,224		548,649
		<hr/>		<hr/>
<b>Net current assets</b>			2,853,532	4,438,246
			<hr/>	<hr/>
<b>Total assets less current liabilities</b>			11,197,613	10,862,244
<b>Creditors:</b> amounts falling due after more than one year	10		-	-
			<hr/>	<hr/>
			11,197,613	10,862,244
			<hr/> <hr/>	<hr/> <hr/>
<b>Funds of the company:</b>				
	11			
Restricted income funds			144,786	120,067
Unrestricted income funds:				
Designated fixed asset fund			4,325,950	4,484,340
General funds available for distribution			6,726,877	6,257,837
			<hr/>	<hr/>
<b>Total accumulated funds</b>	11		11,197,613	10,862,244
			<hr/> <hr/>	<hr/> <hr/>

The accounts were approved by the board on 31 August 2011 and signed on its behalf by

**MAUREEN HENDERSON** Chairman

**DAVID HUNTER** Director

Company Registered No. SC 084008

The notes on pages 16 to 22 form part of these accounts.

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2011**

		<b>2011</b>	<b>2010</b>	
	£	£	£	
Surplus on operating activities		143,892	297,081	
Legacy income		191,477	687,269	
Income from investments		(195,631)	(132,983)	
(Gain) on sale of investments		(6,732)	(9,445)	
Investment provision		(7,423)	(119,664)	
Depreciation		328,922	295,190	
Decrease (increase) in debtors		34,605	(51,612)	
Increase in creditors		87,563	42,020	
<b>Net cash inflow from operating activities</b>		<u>576,673</u>	<u>1,007,856</u>	
<b>Net cash inflow from return on investments and servicing of finance</b>				
Investment income received		195,631	132,983	
		<u>772,304</u>	<u>1,140,839</u>	
<b>Net cash (outflow)/inflow from investing activities</b>				
Purchase of tangible fixed assets	(170,532)		(144,392)	
Acquisition of investments	(2,172,907)		(1,485,267)	
Proceeds on sale of investments	108,589		406,745	
		<u>(2,234,850)</u>	<u>(1,222,914)</u>	
<b>Net cash (outflow) before financing</b>		<u>(1,462,546)</u>	<u>(82,075)</u>	
<b>Net cash (outflow) from financing</b>				
Repayment of loans		(5,274)	(15,689)	
		<u>(5,274)</u>	<u>(15,689)</u>	
<b>(Decrease) in cash</b>		<u>(1,467,820)</u>	<u>(97,764)</u>	
<b>Analysis of changes in net funds/(debt)</b>				
	<b>At 1 April 2010</b>	<b>Other changes</b>	<b>Cash flows</b>	<b>At 31 March 2011</b>
	£	£	£	£
<b>Loans</b>				
Debt due within 1 year	(5,274)	-	5,274	-
Debt due after 1 year	-	-	-	-
	<u>(5,274)</u>	<u>-</u>	<u>5,274</u>	<u>-</u>
<b>Cash in hand and at bank</b>	4,731,027	-	(1,467,820)	3,263,207
	<u>4,725,753</u>	<u>-</u>	<u>(1,462,546)</u>	<u>3,263,207</u>

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2011**

	Restricted Fund £	Trading subsidiary £	Unrestricted £	2011 Total £	2010 Total £
<b>Incoming resources:</b>					
<b>Incoming resources from charitable activities</b>					
NHS	-	-	1,782,795	1,782,795	1,607,240
<b>Incoming resources from generated funds</b>					
Donations	57,037	-	511,954	568,991	539,490
Fund Raising Events	-	-	1,149,384	1,149,384	1,254,764
Lottery	-	-	756,176	756,176	747,349
Shop sales	-	885,498	-	885,498	880,914
Income from investments	-	4	195,627	195,631	132,983
Other	-	-	50,470	50,470	63,080
Legacies	-	-	191,477	191,477	687,269
<b>Total incoming resources</b>	<b>57,037</b>	<b>885,502</b>	<b>4,637,883</b>	<b>5,580,422</b>	<b>5,913,089</b>
<b>Resources expended:</b>					
<b>Charitable activities:</b>					
Staff costs	-	-	2,679,423	2,679,423	2,491,072
Depreciation	-	-	328,922	328,922	295,190
Other expenses	-	-	641,327	641,327	629,794
	-	-	3,649,672	3,649,672	3,416,056
<b>Costs of generating funds:</b>					
Staff costs	-	288,681	322,008	610,689	572,895
Lottery	-	-	325,036	325,036	328,039
Other expenses	-	271,420	377,675	649,095	717,559
	-	560,101	1024,719	1584,820	1,618,493
<b>Governance costs:</b>					
Staff costs	-	-	15,936	15,936	14,870
Other expenses	-	5,300	3,480	8,780	8,429
	-	5,300	19,416	24,716	23,299
<b>Total resources expended</b>	<b>-</b>	<b>565,401</b>	<b>4,693,807</b>	<b>5,259,208</b>	<b>5,057,848</b>
<b>Net incoming resources before transfers</b>	<b>57,037</b>	<b>320,101</b>	<b>(55,924)</b>	<b>321,214</b>	<b>855,241</b>
<b>Transfers between funds:</b>					
Trading company payments	-	(320,101)	320,101	-	-
Capital expenditure	(32,318)	-	32,318	-	-
	24,719	-	296,495	321,214	855,241
<b>Gains on investments:</b>					
Realised on sale	-	-	6,732	6,732	9,445
Movement on provision for losses	-	-	7,423	7,423	119,664
<b>Net movement in funds</b>	<b>24,719</b>	<b>-</b>	<b>310,650</b>	<b>335,369</b>	<b>984,350</b>
Total funds brought forward	120,067	-	10,742,177	10,862,244	9,877,894
Total funds carried forward	144,786	-	11,052,827	11,197,613	10,862,244

The notes on pages 16 to 22 form part of these accounts.

**NOTES TO THE CONSOLIDATED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2011****1. Status**

The company is limited by guarantee and does not have a share capital. The Registrar of Companies has authorised the company to dispense with the word "Limited". The liability of each member to contribute to the assets of the company is limited to £5 and on 31 March 2011 the company had 44 (2010 - 41) members. The number of members is limited to 500. The company is not liable to taxation because of its charitable status.

**2. Accounting policies**

The accounts are prepared in accordance with applicable Accounting Standards including the Statement of Recommended Practice (SORP) for charity accounts (so far as applicable to companies) and under the historical cost convention. To fully comply with the SORP, investments should be included at market value at the balance sheet date. The Directors do not consider that this would give a true and fair view and accordingly investments are included at the lower of historic cost and market value at that date.

The accounts consolidate the results of the wholly owned subsidiary company Hospice Enterprises Limited.

The parent charitable company is exempt from the requirement to file an individual profit and loss account under section 408 of the Companies Act 2006.

**Fund accounting**

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

**Income**

All incoming resources are included in the Consolidated Income and Expenditure Account and Consolidated Statement of Financial Activities when the Hospice is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Income from Fund Raising 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.

Investment income is included when receivable.

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.

**NOTES TO THE CONSOLIDATED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2011**  
(continued)

2. **Accounting policies** (continued)

**Expenditure and liabilities**

Expenditure is included on an accruals basis as a liability is incurred, and includes any VAT which cannot be fully recovered, reported as part of the expenditure to which it relates.

Expenditure is allocated to direct charitable, fundraising and publicity and management and administration on an actual basis as far as possible. 10% of finance and administration costs are attributed to governance.

**Depreciation**

Depreciation is provided on fixed assets as follows:

Heritable property	-	2% p.a. on a straight line basis
Property refurbishment	-	20% p.a. on a straight line basis
Equipment	-	25% p.a. on a straight line basis
Motor vehicles	-	25% p.a. on a straight line basis
Ambulances	-	12.5% p.a. on a straight line basis
Fixtures and fittings in leased premises	-	over the period of the lease (from 2 to 15 years)

Depreciation is not provided on a development project until that project is complete.

**Investments**

Investments are stated at the lower of cost or market value. No account is taken of accruing gains or unrealised appreciation.

**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

**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.

3. **Other income**

	<b>2011</b>	<b>2010</b>
	£	£
Student education	6,196	13,178
Medical certificates	14,333	22,902
Kitchen and café income	29,941	27,000
	<hr/>	<hr/>
	50,470	63,080
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE CONSOLIDATED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2011**  
(continued)

**4. Income from investments**

	<b>2011</b>	<b>2010</b>
	£	£
Dividend income	117,874	35,577
Interest from short term deposits	77,757	97,406
	<u>195,631</u>	<u>132,983</u>

**5. Staff costs**

	<b>2011</b>	<b>2010</b>
	£	£
Salaries	2,894,408	2,726,694
Social security costs	245,633	217,307
Pension scheme costs	166,007	134,836
	<u>3,306,048</u>	<u>3,078,837</u>

None of the directors received any remuneration or expenses during the year.

The average weekly number of persons employed (FTE) during the year was 111 (2010 - 107).

Senior staff remuneration included employees earning within the following bands:

	<b>2011</b>	<b>2010</b>
£70,000 - £ 80,000	1	1
£80,000 - £ 90,000	-	-
£90,000 - £100,000	1	1

Pension contributions are paid for these members of staff.

**6. Other expenses**

	<b>2011</b>	<b>2010</b>
	£	£
Included in other expenses are:		
Auditor's remuneration: audit services	3,480	3,229
other services	5,300	5,200
	<u>8,780</u>	<u>8,429</u>

**NOTES TO THE CONSOLIDATED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2011**  
(continued)

7. <b>Fixed assets</b> <i>Group &amp; Company</i>	<b>Heritable property</b> £	<b>Equip. and vehicles</b> £	<b>Capital work-in progress</b> £	<b>Total</b> £
<b>Cost:</b>				
At 1 April 2010	6,044,530	798,908	47,293	6,890,731
Additions	28,627	106,080	35,825	170,532
Transfers	-	45,499	(45,499)	-
Disposals	-	-	-	-
At 31 March 2011	<u>6,073,157</u>	<u>950,487</u>	<u>37,619</u>	<u>7,061,263</u>
<b>Depreciation:</b>				
At 1 April 2010	1,798,455	607,936	-	2,406,391
Provided during year	219,707	109,215	-	328,922
At 31 March 2011	<u>2,018,162</u>	<u>717,151</u>	<u>-</u>	<u>2,735,313</u>
<b>Net book value:</b>				
At 31 March 2011	<u>4,054,995</u>	<u>233,336</u>	<u>37,619</u>	<u>4,325,950</u>
At 31 March 2010	<u>4,246,075</u>	<u>190,972</u>	<u>47,293</u>	<u>4,484,340</u>

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 2011, this sum was £131,000. (2010 £124,000).

8. <b>Investments</b> <i>Group &amp; Company</i>	<b>2011</b> £	<b>2010</b> £
<b>Listed investments at cost:</b>		
At 1 April 2010 (2009)	1,978,600	890,633
Additions	2,172,907	1,485,267
Disposals	(101,857)	(397,300)
At 31 March 2011 (2010)	<u>4,049,650</u>	<u>1,978,600</u>
<b>Provision for losses on listed investments:</b>		
At 1 April 2010 (2009)	39,942	159,606
Movement in year	(7,423)	(119,664)
At 31 March 2011 (2010)	<u>32,519</u>	<u>39,942</u>
<b>Net book value at 31 March 2011 (MV £4,355,099 (2010 £2,099,801))</b>	<u>4,017,131</u>	<u>1,938,658</u>
<i>Company</i>		
<b>Unlisted investments at cost:</b>		
At 1 April 2010 (2009) and at 31 March 2011 (2010)	<u>1,000</u>	<u>1,000</u>
<b>Total investments</b>	<u>4,018,131</u>	<u>1,939,658</u>

The company holds all the shares of Hospice Enterprises Limited which is registered in Scotland. This company was formed to carry out fund raising activities for the Prince and Princess of Wales Hospice from 1 April 1996.

**NOTES TO THE CONSOLIDATED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2011**  
(continued)

9. **Debtors**

	<i>Group</i>		<i>Company</i>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	£	£	£	£
Event income receivable	9,897	108,529	7,533	106,124
Income tax recoverable	42,716	44,402	42,716	44,402
Other debtors and prepayments	191,595	125,882	144,314	87,991
Hospice Enterprises Limited	-	-	105,545	57,303
	<u>244,208</u>	<u>278,813</u>	<u>300,108</u>	<u>295,820</u>

10. **Creditors**

	<b>2011</b>		<b>2010</b>	
	<b>Due within</b>	<b>Due after</b>	<b>Due within</b>	<b>Due after</b>
	<b>one year</b>	<b>more than</b>	<b>one year</b>	<b>more than</b>
	£	£	£	£
<i>Group</i>				
Sundry creditors & accrued charges	548,028	-	477,633	-
Carbon Trust loans	-	-	5,274	-
Butterfly Project – Restricted Funds in trust (Note 12)	36,637	-	23,335	-
Taxes & social security	68,218	-	64,352	-
	<u>652,883</u>	<u>-</u>	<u>570,594</u>	<u>-</u>
<i>Company</i>	£	£	£	£
Sundry creditors & accrued charges	524,369	-	455,688	-
Carbon Trust loans	-	-	5,274	-
Butterfly Project – in trust (Note 12)	36,637	-	23,335	-
Taxes & social security	68,218	-	64,352	-
	<u>629,224</u>	<u>-</u>	<u>548,649</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2011**  
(continued)

11. Accumulated funds	Restricted Funds		Unrestricted Funds		Total
	Facilities development	Ongoing Activities	Fixed assets	General	
<i>Group &amp; Company</i>	£	£	£	£	£
At 1 April 2010	120,067	-	4,484,340	6,257,837	10,862,244
Year ended 31 March 2011					
Operating Income	57,037	-	-	5,019,449	5,076,486
Operating Costs	-	-	(328,922)	(4,603,672)	(4,932,594)
	<u>57,037</u>	<u>-</u>	<u>(328,922)</u>	<u>415,777</u>	<u>143,892</u>
Legacies	-	-	-	191,477	191,477
	<u>57,037</u>	<u>-</u>	<u>(328,922)</u>	<u>607,254</u>	<u>335,369</u>
Capital Expenditure	(32,318)	-	170,532	(138,214)	-
Change in the year	<u>24,719</u>	<u>-</u>	<u>(158,390)</u>	<u>469,040</u>	<u>335,369</u>
At 31 March 2011	<u>144,786</u>	<u>-</u>	<u>4,325,950</u>	<u>6,726,877</u>	<u>11,197,613</u>

*Restricted Funds - Facilities Development*

£140,686 has been received towards the cost of refurbishment and further planned structural developments within the Hospice building, particularly associated with a project to provide bereavement services to children. The building project had been expected to commence during the financial year, but has been delayed to allow the completion of further related essential repair work. The project commenced in April 2011 and was completed in July 2011. The Hospice has also received a further £4,100 towards the cost of equipment improvements, to be made in the coming financial year.

During the year, £11,697 of restricted funds were spent on refurbishment in the inpatient unit, and £20,621 was spent on upgrading patient related equipment, of which £1,434 had been received prior to the financial year.

*Unrestricted Funds – Designated Fixed Asset Fund*

This is a designated fund representing the unexpired depreciation on fixed assets. It is not available for expenditure on charitable activities.

**NOTES TO THE CONSOLIDATED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2011**  
(continued)

**12. Butterfly Project**

In collaboration with Ardgowan and St. Vincent's Hospices, the Hospice has been 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 is a five year joint venture which commenced in November 2009. Each hospice has committed to contribute £5,000 annually to the project.

Although, for administrative convenience, project funding is received and administered by the Hospice, such funds are restricted and held in trust for the project, and are therefore not included within its own funds. The Hospice's contributions to the project are included in Other Charitable Expenses.

Project Income and Expenditure was as follows:

	<b>2010-11</b>	<b>2009-10</b>
	£	£
Restricted Funds received from Big Lottery	67,230	37,928
Hospice funding	15,000	15,000
	<hr/>	<hr/>
Expenditure incurred	82,230	52,928
	68,928	29,593
	<hr/>	<hr/>
Excess of Income over Expenditure	13,302	23,335
Brought Forward	23,335	-
	<hr/>	<hr/>
Restricted Funds held in trust by the Hospice	36,637	23,335
	<hr/> <hr/>	<hr/> <hr/>

**13. Capital Commitments**

	<b>2011</b>	<b>2010</b>
	£	£
Committed at 31 March	250,000	30,000
	<hr/> <hr/>	<hr/> <hr/>

**14. 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 currently contributes 13.5% of an employee's basic salary and enhancements which will result in an annual commitment of approximately £ 99,000 at year-end rates and membership. The pension costs charged to the income and expenditure account of £95,335 (2010 £87,927) 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 6% and 13.5% of an employee's basic salary, resulting in an annual commitment of approximately £ 71,000 at year-end rates and membership. Pension costs arising and charged to the Income and Expenditure Account in respect of this scheme totalled £70,672 (2010 £43,060).

Until 2010, in lieu of these arrangements, the company also made defined contributions to other pension plans of certain employees amounting to £3,849 in that year. No contributions were paid after 31 March 2010 and the annual commitment under these arrangements has now ended.

**15. Related party transactions**

The only related party, with which the Hospice has transacted during the year, is the company's subsidiary company, Hospice Enterprises Limited. All trading surpluses of the subsidiary have been paid to the company in the form of donations.

**FIVE YEAR SUMMARY OF ACCOUNTS  
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNTS**

	2011	2010	2009	2008	2007
	£	£	£	£	£
<b>Expenditure:</b>					
Staff costs	3,306,048	3,078,837	2,693,393	2,608,797	2,495,141
Depreciation	328,922	295,190	281,075	153,736	168,894
Interest payable	-	-	-	-	4,247
Other charitable expenses	701,168	699,854	630,434	566,262	562,104
Trading expenses	271,420	278,965	243,394	196,688	206,886
Lottery expenses	325,036	328,039	321,422	299,179	276,088
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total expenditure</b>	<b>4,932,594</b>	<b>4,680,885</b>	<b>4,169,718</b>	<b>3,824,662</b>	<b>3,713,360</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Operating income:</b>					
Trading company income	885,498	880,914	782,473	674,467	664,039
Lottery income	756,176	747,349	714,677	642,146	617,623
Donations	568,991	539,490	688,904	708,958	690,309
Fund Raising Events	822,770	877,801	963,233	772,163	584,731
Other	50,470	63,080	40,686	41,801	37,713
Investment income	195,631	132,983	241,063	193,325	124,145
(Loss)/gain on investments	14,155	129,109	(172,395)	(86,675)	43,432
Grants received	-	-	-	29,373	20,627
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NHS	3,293,691	3,370,726	3,258,641	2,975,558	2,782,619
	1,782,795	1,607,240	1,470,984	1,399,800	1,370,600
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total operating income</b>	<b>5,076,486</b>	<b>4,977,966</b>	<b>4,729,625</b>	<b>4,375,358</b>	<b>4,153,219</b>
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<b>Surplus on operations</b>	<b>143,892</b>	<b>297,081</b>	<b>559,907</b>	<b>550,696</b>	<b>439,859</b>
Legacies	191,477	687,269	1,000,318	395,873	461,664
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Surplus for year</b>	<b>£ 335,369</b>	<b>£ 984,350</b>	<b>£ 1,560,225</b>	<b>£ 946,569</b>	<b>£ 901,523</b>
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Number of staff (FTE)	111	107	96	95	96

**FIVE YEAR SUMMARY OF ACCOUNTS  
CONSOLIDATED BALANCE SHEETS**

	2011	2010	2009	2008	2007
	£	£	£	£	£
<b>Tangible assets:</b>					
Fixed assets	4,325,950	4,484,340	4,635,138	4,351,009	4,304,575
Investments	4,017,131	1,938,658	731,027	842,544	794,698
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	8,343,081	6,422,998	5,366,165	5,193,553	5,099,273
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Current assets:</b>					
Debtors	244,208	278,813	227,201	314,540	168,021
Short term deposits	3,262,415	4,730,222	4,827,959	3,134,465	2,416,586
Cash on hand	792	805	832	670	788
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	3,507,415	5,009,840	5,055,992	3,449,675	2,585,395
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Current liabilities:</b>					
Sundry creditors	584,665	500,968	469,993	236,671	229,285
Loans	-	5,274	15,689	16,476	9,444
Taxes & Social Security	68,218	64,352	53,307	50,277	56,738
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	652,883	570,594	538,989	303,424	295,467
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net current assets</b>	2,854,532	4,439,246	4,517,003	3,146,251	2,289,928
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	11,197,613	10,862,244	9,883,168	8,339,804	7,389,201
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Loans	-	-	(5,274)	(22,135)	(18,101)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	£ 11,197,613	£ 10,862,244	£ 9,877,894	£ 8,317,669	£ 7,371,100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated funds</b>					
Restricted income funds	144,786	120,067	88,633	75,425	80,025
Unrestricted income funds:					
Designated fixed asset fund	4,325,950	4,484,340	4,635,138	4,351,009	4,304,575
General funds available for general purposes	6,726,877	6,257,837	5,154,123	3,891,235	2,986,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	£ 11,197,613	£ 10,862,244	£ 9,877,894	£ 8,317,669	£ 7,371,100
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