

**THE KATHARINE HOUSE HOSPICE TRUST**  
(A company limited by guarantee)

**Reports and Consolidated Financial Statements**  
**31 March 2009**

**Registered in England and Wales**  
**No: 2133391**

**Registered Charity**  
**No: 297099**

**Ellacotts LLP**  
**Chartered Accountants**  
**Beechfield House**  
**38 West Bar**  
**Banbury**  
**OX16 9RX**

## THE KATHARINE HOUSE HOSPICE TRUST

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**REPORT OF THE BOARD OF TRUSTEES**

For the Year Ended 31 March 2009

The Trustees present their annual report and the audited financial statements for the year ended 31 March 2009. The format and content of the report and the financial statements complies with current statutory requirements, the charity's Memorandum and Articles of Association and the recommendations in *Accounting and Reporting by Charities: Statement of Recommended Practice* (revised 2005).

***1 REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY***

The registered name of the charity is The Katharine House Hospice Trust.

The company registration number (England and Wales) is 2133391.

The charity registration number is 297099.

Registered Office and Principal Address of the Charity is East End, Adderbury, Banbury, OX17 3NL.

The following Trustees served during the year and to the date of the report: - Mr N F Gadsby - Chairman, Mr R S Greaves - Deputy Chairman, Rev R J Chard (resigned 4<sup>th</sup> December 2008), Mr M Covill, Miss J Miles (appointed 5<sup>th</sup> February 2009), Mr A J Overton, Dr R Smith, Mrs O H Stewart, Mr R Worrall and Mrs K E Overton (who is also the Secretary).

The Executive Management Team consists of: - Dr J Chambers – Medical Director, Miss B M Ross – Director of Nursing and Mrs E M Wheeldon – Business Director.

Principal Bankers are: - Yorkshire Bank, 66 High Street, Banbury, OX16 8JN, CAF Bank Ltd, 25 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4JQ, Bank of Scotland, Pentland House, 8 Lochside Avenue, Edinburgh, EH12 9DJ and HSBC, 17 Market Place, Banbury, OX16 5ED.

Investment Managers are: - Williams de Broe Plc, Austin Friars House, 2-6 Austin Friars, London, EC2N 2HD and Rensburg Sheppards, 2 Gresham Street, London, EC2V 7QN.

Solicitors are: - Hancocks, 24 Horsefair, Banbury, OX16 0YA.

Auditors are: - Ellacotts LLP, Chartered Accountants, Beechfield House, 38 West Bar, Banbury, OX16 9RX.

***2 STRUCTURE, GOVERNANCE AND MANAGEMENT***

***Governing Document and Structure***

The company was registered in June 1987 (no.2133391) with the governing instrument being its Memorandum and Articles of Association. The Articles state that the Board of Trustees shall have full discretion as to the admission of any person to membership of the association.

The Trust is a company limited by guarantee, having no share capital, with all Trustees being members of the company. The liability of the members is limited to £1 in the event of the winding up of the company.

The charity is also supported by its subsidiary company, Katharine's Cupboard Limited, which raises funds from the retailing of Christmas cards, calendars and associated goods, with all profits being donated to the charity to support its operations.

**REPORT OF THE BOARD OF TRUSTEES - continued**

For the Year Ended 31 March 2009

***Trustee Role, Recruitment, Appointment, Induction and Training***

The Trustees are guided by an agreed scheme of corporate governance which sets out their responsibilities and those of the executive management team. They have also agreed and each signed a code of governance based on the Nolan committee's seven principles of public life. Potential conflicts of interest are addressed in a Conflict of Interests Policy and a register of Trustees' interests is maintained. Potential conflicts of interest are addressed at every meeting of the Trustees.

New Trustees are sought from the local community and join the Trustee group bringing their relevant skills and experiences after interview. New Trustees are asked to sign a statement confirming that they are not barred from charity trusteeship for any reason. Induction of new Trustees is based on the *Trustee Induction Pack*, published jointly by Help the Hospices and The Forum of Chairman of Independent Hospices and involves perusal of a wide range of relevant documents including Memorandum and Articles of Association, recent financial statements, Job Description and policies such as those associated with reserves, investment and risk and also includes introduction to hospice staff.

***Organisation Structure***

Trustees are responsible for the strategic direction of the organisation. They would decide whether or not to provide a new service. For example the Trustees agreed to the establishment of a Hospital Support Team in 2002 and most recently agreed to pilot a home nursing service which will be reviewed in 2009. The Trustees are recognised as providers of the hospice services by the Care Quality Commission, our major regulator, and in this capacity are required twice each year to interview service users and submit reports on the views of service users to the Care Quality Commission. These face to face meetings are seen as a valuable contribution to the Trustees' ability to monitor the services provided by the organisation. This year we have been pleased to appoint a Trustee who is a qualified nurse and also has wide experience in management in the NHS including at regional level and in education consortia.

Trustees appoint the executive management team and are also responsible for the organisation's investments. The executive management team manage their own departments including the appointment of staff within budgets agreed by the Trustees. The Team meet together regularly and, on alternate months, attend Trustees' meetings to present reports. The Chairman meets informally with the executive management team members either individually or as a team.

No Trustee received any remuneration during the year other than reimbursement of certain expenses as detailed in note 6 to the financial statements.

***Risk Management***

The Trustees are responsible for the management of risks faced by the hospice. Through the risk management processes established by the organisation, written details of which are held by all relevant staff, the Trustees are satisfied that the major risks identified have been adequately mitigated.

As the organisation has grown and become more complex it was decided during the year to establish four sub-committees of the Trustees covering medical and nursing matters, governance in general, finance and investments and fundraising. Each is chaired by a Trustee. We believe that this new structure will enable the Trustees to devote more time to supporting the management team and scrutinising the activities of the hospice.

The Trustees have followed Charity Commission's advice, given to all charities, to minimise the risks arising from commercial trading activities. A wholly owned subsidiary, Katharine's Cupboard Limited, was incorporated on 29 June 2007 as a company limited by shares, registration number 6297831. Its purpose is to retail the Christmas cards, calendar and associated goods previously handled successfully by the charity. All profits arising within Katharine's Cupboard Limited are to be donated using Gift Aid to the charity and their results are summarised in note 2c) to the financial statements.

**REPORT OF THE BOARD OF TRUSTEES - continued**

For the Year Ended 31 March 2009

***3 OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT***

The objects of the charity are to promote the holistic welfare of those suffering terminal illness and to establish, maintain and manage a hospice or other premises for that purpose. This is being achieved through specialist palliative care services provided by Katharine House. Physical, psychological, social and spiritual dimensions are addressed in equal balance for each individual within the context of their family. This is undertaken by a multi-disciplinary palliative care team including specialist palliative care nurses and doctors and through effective liaison with other health providers and volunteers where appropriate.

Referrals are taken from general practitioners and hospital doctors for admission to the specialist palliative care programme. Initial admission may be to home care, day care, in-patient care, hospital support or lymphoedema care. Typically, patients transfer between each of these areas as the course of their illness changes in severity over a period of weeks, months or even years. An active bereavement service is in operation.

A major objective is to reach every member of the community who can benefit from the services which we provide. The possibility of achieving this objective is enhanced by the close working relationships with those who refer patients to the hospice, namely GPs and hospital staff. For example a named/dedicated community nurse is attached to each GP practice and since 2002 a similar arrangement has existed in the local hospital. Publicity, including a column in the local newspaper also plays a part in ensuring that the services which we provide are known to the public.

Katharine House aims to run a number of palliative care courses for doctors, trained nurses and other members of the primary health care team, including untrained staff.

Underpinning these activities is a set of values which acknowledge that dying is an important part of living and respects the individuality and dignity of all who are referred. In March 2007 this philosophy was published as part of a memoir about the history of the hospice. Written mainly by one trustee it involved contributions from others including service users, whose stories are both moving and positive.

There have been no material changes in the policies adopted by Katharine House since the last report.

All assets are held for the furtherance of the objectives, in enabling Katharine House to provide high quality palliative care. These assets are considered to be adequate for this purpose. The net book value of the freehold property, including the Daylight & Dignity Day Hospice refurbishment, as shown in the financial statements is £1,697,900. The Trustees are of the opinion that the current market value is not less than the net book value shown in the accounts. The hospice building was professionally valued for insurance purposes in January 2007 at a figure considerably in excess of the net book value and is insured at this higher figure.

While the hospice employs appropriately qualified professional staff to provide our core services, significant contributions are made by nearly 400 volunteers as bereavement counsellors, drivers, receptionists, administrators, fundraisers, shop helpers, gardeners, complementary therapists and trustees. We benefit from more than 47,000 voluntary hours per annum and this equates to about 27 full time staff and the estimated value of those donated hours is nearly £400,000 each year.

In accordance with the Memorandum of Association, the Trustees have the power to invest in such stocks, shares, investments and property as they see fit. An agreed Investment Policy describes the Trustees' investment aspirations which are to provide income, enhanced value if possible, avoid undue risk by investing diversely and by monitoring carefully and to avoid, if possible, investment in tobacco related industries.

**REPORT OF THE BOARD OF TRUSTEES - continued**

For the Year Ended 31 March 2009

**4 ACHIEVEMENTS AND PERFORMANCE**

During the year Katharine House continued to provide specialist palliative care through its home care, day care, in patient, hospital and bereavement support services. The figures below show that there is continuing high demand for the core aspects of the Katharine House palliative care services:

	2008/09	2007/08
In patient days	2,641	2,796
Day Unit attendances	1,392	1,626
Home Care patient visits (definition changed slightly – comparative adjusted)	1,480	1,444
Lymphoedema clinic attendances	423	264
Medical out-patient/domiciliary attendances	159	166
Hospital Liaison service visits (definition changed – comparative adjusted)	1,379	1,350
Visits to bereaved individuals	316	127
Physiotherapist clinic attendances	95	155
Home Nursing attendances	57	0

764 patients were referred to the Hospice services during the year and of these 499 were new referrals (the comparative figures for the year ending 31/03/08 were 738 and 450). Although some of our services showed increased activity this year whilst some showed a decrease, the significant statistic is probably the 11% increase in new patients compared to the previous year. This highlights the continued demand for our services year on year.

The tables above relate to face to face meetings with patients and, in the case of our Clinical Nurse Specialists in Home Care and Hospital Liaison services, face to face meetings with carers. In addition staff are involved in supporting patients through telephone calls and through meetings with GPs and District Nurses.

Statistics are one measure of what we achieve but the quality of our services is of paramount importance. Our aim is that patients and their carers have all they need to make life as comfortable as possible and to ensure that they feel supported thus alleviating as much of the stress as possible that life threatening illness places on them.

Satisfaction with the quality of our services is assessed, among other ways, by using patient satisfaction surveys. These are carried out by nursing staff and a volunteer who has relevant experience. Additionally, twice a year Trustees have face to face meetings with patients (as noted on page 2 above) and reports on these meetings are lodged with the Care Quality Commission. During the year under review these processes resulted in positive responses from patients and also enabled the organisation to address some minor issues.

Our unexpected opportunity to apply for a Capital Grant from funds made available by the Government was successful, so a major extension and refurbishment of the Day Hospice was carried out and a new access to the inpatient unit was also built. This has resulted in the provision of a much enhanced environment for medical, nursing, complementary and diversionary activities for patients.

Working with schools has been a feature of our activity for several years. One purpose of the work is to inform young people about the hospice and its purpose. This year staff and patients have been involved with pupils undertaking the Health & Social Care GCSE and vocational A level in Health & Social Care.

The hospice Education Department provided a number of outreach courses on palliative care issues for local health and social work professionals and nursing assistants.

**REPORT OF THE BOARD OF TRUSTEES - continued**

For the Year Ended 31 March 2009

**5 FINANCIAL REVIEW*****Income, Expenditure and Results***

Once again we have ended a financial year in a satisfactory position with a positive net movement of funds for the year of £312,752 (2008: £539,647). This year's surplus includes £21,715 of restricted income from a supporters' raffle for our Daylight and Dignity project, the corresponding restricted income having boosted the previous year's surplus. Building work commenced in July 2008 with an estimated completion date in March 2009. As things turned out an expanded version of the project was completed by June 2009 and officially opened by Rt. Hon. David Cameron MP in July. Excluding the project, the surplus of income over expenditure for the year is £291,037 (2008: £79,245).

Our regular income sources have produced very good results this year. We successfully negotiated annual Service Level Agreements (SLAs) with both the Oxfordshire and the Warwickshire Primary Care Trusts. Our core funding from these NHS sources increased by 2% on the previous year. In addition Oxfordshire PCT pays a bed day rate towards the cost of inpatient care. This resulted in Statutory NHS funding increasing overall by 14% which compares well with a 10% fall in 2005/06, a 1.5% increase in 2006/07 and a 23% rise in 2007/08. However, we still seek stability and long term commitment in our relationship with the NHS as the SLAs were for one year only and now need to be renegotiated for the new financial year. In addition, a separate SLA with the Northamptonshire PCT must now be negotiated to replace our previous arrangement whereby Oxfordshire PCT included support for Northamptonshire based patients within their funding.

General donations fell by only 6.4% in spite of the general economy's well publicised difficulties – we continue to be amazed at the generosity of our local supporters. It is argued by some that charities' income streams can run up to 12 months behind those of the general economy so we cannot be complacent and our minds are focussed on ways of guaranteeing that this vital source of income is maintained. To this end our fundraising department is being expanded by the establishment of a Corporate Fundraiser, who will concentrate on building up the already strong support we receive from local businesses and their staff. Our lottery saw income maintained at last year's levels. Our furniture shop in Banbury opened for business on 30 June 2008 and has reported brisk trading for the first 9 months. Our other 5 shops have battled on valiantly to record similar results to last year in spite of poor general market conditions and good quality donations becoming harder to find. Other fundraising income rose by nearly 10%, boosted by our second, very successful and enjoyable Midnight Walk for Katharine House. Turnover of our annual Christmas retailing exercise (which was recorded in the books of our subsidiary, Katharine's Cupboard Limited, this year and in part for the previous year) has remained at a similar level to last year but profitability has increased significantly due to improved purchasing arrangements.

Legacy income is an area which is impossible to predict but always gratefully received. This year we have benefited by £453,818 from many people remembering us in their wills (2008: £94,951).

Staff costs represent at least 70% of our total annual expenditure. Pensions form a significant part of staff costs and the Trustees have always believed that the recruitment and retention of good quality staff is enhanced by the provision of attractive pension benefits. This year in addition to working to wind up the multi-employer FPS Flexiplan Scheme which had been performing poorly, a group personal pension scheme was set up in the year with Friends Provident with a higher contribution rate from the employer which the Trustees felt fairly reflected a modern pension scheme for its employees. In addition to the extra cost of the new scheme, staff costs have been affected by the NHS pay review in April 2008 which saw salaries rise by 2.4% on top of annual incremental rises embedded in the NHS pay structure which we mirror as part of our staff recruitment and retention policy. All of these factors, along with a 5.5% rise in numbers of whole time equivalent staff, have led to an overall increase in staff costs of 8.8% (2008: 9.1%).

**REPORT OF THE BOARD OF TRUSTEES - continued**

For the Year Ended 31 March 2009

***Investment Policy and Performance***

Our holdings in UK government and AAA rated loan stocks easily exceeded our benchmark of money market rates. Clearly this was the year to be already holding government stocks when the economy stumbled and our cautious investment policy was vindicated by everyone else becoming desirous of the stocks we had held throughout the year. Our smaller holding of equities has followed the downward plunge of the stock market generally and whilst not investing further money in this market we still look to a satisfactory outcome on our original investment in the longer term. As a result our investment/cash holding portfolio has altered. At the start of the year our holdings were 12% in shares, 28% in government stocks and 60% in cash (mainly on the money market). As a result of drawing down our pre-arranged funding for the Daylight and Dignity project (held on the money market) as work was completed, our holdings at the end of the year were 8%, 48% and 44% respectively. All cash holdings are placed with UK based major banking organisations.

***Reserves Policy***

Reserves have increased as a result of this year's surplus. Of the £5,920,925 held in our Unrestricted Reserves at the year end, £1,862,203 is represented by Unrestricted Tangible Fixed Assets (buildings and equipment), leaving £4,058,722 available to fund day to day operations, if necessary. Our Reserves Policy, which was established in June 2007, calls for us to hold 18 months' revenue in reserve. At the end of the year under review there is an excess of £191,865 (2008: £620,075) to this requirement after deducting direct costs of generating income of £489,989 (2008: £437,588) and non-recurring income (Daylight and Dignity project funding) of £21,715 (2008: £505,710) from the income itself. The Trustees feel that the current level of reserves is sufficient and appropriate for our current and expected levels of activity.

***6 PLANS FOR FUTURE PERIODS***

In our report for the year ended 31 March 2008, we reported a small reduction in the number of patients referred to the service. This year, as shown in the achievement and performance tables on page 4 of this report, there has been an increase especially in the number of new patients. This, we believe, confirms that our relationship with referrers is successful and that the reputation of the organisation continues to be high. We will therefore continue to concentrate on delivering and refining our services to meet the individual needs and choices of patients and their carers through review of policies, procedures and systems taking due note of patients' responses. A programme of maintaining a rolling review of policies is in place.

As mentioned above, the Home Nursing pilot scheme is ongoing. It will be reviewed in the hope and expectation that it can become a permanent feature of our services as we believe this service will enable patients to remain in their homes for as long as they wish as their illness progresses.

It is hoped that following on from exploratory work performed in the current year, a specification can be produced for the purchase of a dedicated fundraising computer software application. This will replace our current adequate but ageing system and give rise to superior information on which to base future fundraising and voluntary donation support strategies.

Once again tried and tested fundraising streams will be maintained. We will consider new ways of attracting members to our lottery. In addition it is expected that the establishment of the new role of Corporate Fundraiser will produce initiatives to increase support from local businesses.

We will continue to invest diversely not taking any significant risks and always following discussion with our investment managers.

**REPORT OF THE BOARD OF TRUSTEES - continued**

For the Year Ended 31 March 2009

**7 STRATEGIC REVIEW**

The Strategic Review to which we referred in last year's report has been carried out. The theme of the document is partnership and so as well as describing the services provided by the hospice and detailing the need for hospice services there are sections on partnership within the hospice, partnerships which will hopefully improve access, partnerships with NHS contributors to the cost of our services and partnerships with other service providers. The document is published and will be the background to our activities over the next few years. As an offshoot from the work a fundraising sub-committee will look in more detail at fundraising activities and opportunities.

**8 PUBLIC BENEFIT**

In our report for the year ended 31 March 2008, we made a brief statement that our activities are indeed of public benefit. Now having studied the 2006 Charities Act and the Charity Commission guidance on public benefit we believe we are able to confirm that belief. The charity was established, to quote from the Memorandum of Association, "To promote material, medical, mental and spiritual welfare for persons of either sex without regard to race or creed who are suffering at any age from any illness which the association is advised by a responsible person or body which is likely to terminate the life of any such person including terminal cancer or any other terminal illness and to establish, maintain and manage a hospice or hospices or other premises for the purpose."

These objects and activities are described less formally on page 3 of this report and the achievements and performance against these objectives are detailed on page 4 of this report. In the year under review, 764 patients were referred to our services. They were accepted purely on the basis of their need and no charge is levied on any beneficiary. These are clearly identifiable benefits and the patients who were referred to our services constitute a clearly defined section of the public, namely those in need of end of life care and support.

We also believe that the existence of the hospice creates an opportunity within a local community for its members to offer voluntary services and donate funds to demonstrate a level of altruism which is in itself of benefit to society.

**9 STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

Company and charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the group's financial activities for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements, and;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE BOARD OF TRUSTEES - continued**

For the Year Ended 31 March 2009

***10 STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS***

We confirm that we have taken all necessary steps to make us aware, as trustees, of any relevant audit information and to establish that the auditors are aware of that information.

As far as we are aware, there is no relevant audit information of which the charitable company's auditors have not been informed.

***11 AUDITORS***

Following a periodic review during the year of the charity's audit requirements and how these could best be met in future, Ellacotts LLP were appointed as auditors of the charity. The Trustees wish to express their thanks to Mazars LLP for their work as auditors over the last nine years. A resolution to reappoint Ellacotts LLP as auditors to the charity and to authorise the Trustees to fix their remuneration will be proposed at the Annual General Meeting.

ON BEHALF OF THE BOARD

**N F Gadsby**  
Chairman

**6 August 2009**

**Independent auditors' report to the members of the Katharine House Hospice Trust**

We have audited the financial statements of The Katharine House Hospice Trust for the year ended 31 March 2009 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheet, the Consolidated Cash Flow Statement and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

The Trustees' (who are also the directors of The Katharine House Hospice Trust for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

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

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

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

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

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

**Independent auditors' report to the members of the Katharine House Hospice Trust  
- continued**

**Opinion**

In our opinion:

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

Ellacotts LLP  
Chartered Accountants  
and Registered Auditors

Beechfield House  
38 West Bar  
Banbury  
Oxfordshire  
OX16 9RX

**11 August 2009**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(and Income & Expenditure Account)**  
**For the year ended 31 March 2009**

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
<b>INCOME AND EXPENDITURE</b>					
<b>Incoming Resources</b>					
Incoming resources from generated funds					
Voluntary income	2a)	1,059,037	32,338	1,091,375	776,311
Activities for generating funds	2b)&2c)	1,004,352	-	1,004,352	914,494
Investment income	2d)	233,625	-	233,625	224,483
Incoming resources from charitable activities	3	816,549	79,282	895,831	1,282,706
<b>Total Incoming Resources</b>		<b>3,113,563</b>	<b>111,620</b>	<b>3,225,183</b>	<b>3,197,994</b>
<b>Resources Expended</b>					
Costs of generating funds					
Costs of generating voluntary income	4	(62,107)	-	(62,107)	(56,266)
Costs of generating fundraising income	4	(583,860)	-	(583,860)	(527,706)
Costs of generating investment income	4	(3,492)	-	(3,492)	(3,415)
Charitable activities	4&5	(2,006,426)	(89,905)	(2,096,331)	(1,927,704)
Governance costs	4	(31,067)	-	(31,067)	(29,593)
<b>Total Resources Expended</b>	<b>4</b>	<b>(2,686,952)</b>	<b>(89,905)</b>	<b>(2,776,857)</b>	<b>(2,544,684)</b>
<b>Net Incoming Resources for the period before revaluations</b>		<b>426,611</b>	<b>21,715</b>	<b>448,326</b>	<b>653,310</b>
Loss on revaluation of investments assets		(135,574)	-	(135,574)	(113,663)
<b>Net movement of funds for the period</b>		<b>291,037</b>	<b>21,715</b>	<b>312,752</b>	<b>539,647</b>
<b>Transfers between funds</b>	<b>13</b>	<b>482,117</b>	<b>(482,117)</b>	<b>-</b>	<b>-</b>
<b>Total Funds</b>					
Balances brought forward at 31 March 2008		5,147,771	460,402	5,608,173	5,068,526
<b>Balances carried forward 31 March 2009</b>		<b>5,920,925</b>	<b>-</b>	<b>5,920,925</b>	<b>5,608,173</b>

The charitable company's incoming and outgoing resources relate to continuing activities.

The charitable company has no recognised gains and losses other than the net movement in funds for the year.

The notes on pages 14 to 28 form part of these financial statements.

**GROUP AND CHARITY BALANCE SHEET**  
As at 31 March 2009

	Note	Group		Charity	
		2009	2008	2009	2008
		£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	<b>8</b>	1,862,203	1,316,147	1,862,203	1,316,147
Investments	<b>9</b>	<u>2,198,503</u>	<u>1,726,067</u>	<u>2,198,504</u>	<u>1,726,068</u>
		4,060,706	3,042,214	4,060,707	3,042,215
<b>Current Assets</b>					
Stock	<b>10</b>	-	14,182	-	14,182
Debtors	<b>11</b>	311,208	134,766	335,949	149,285
Cash at bank and in hand		<u>1,717,382</u>	<u>2,619,862</u>	<u>1,691,240</u>	<u>2,602,342</u>
		2,028,590	2,768,810	2,027,189	2,765,809
<b>Creditors: Amounts falling due within one year</b>	<b>12</b>	(168,371)	(202,851)	(166,971)	(199,851)
<b>Net current assets</b>		<u>1,860,219</u>	<u>2,565,959</u>	<u>1,860,218</u>	<u>2,565,958</u>
<b>Net Assets</b>		<u><u>5,920,925</u></u>	<u><u>5,608,173</u></u>	<u><u>5,920,925</u></u>	<u><u>5,608,173</u></u>
<b>Funds</b>					
Restricted funds	<b>13</b>	-	460,402	-	460,402
Unrestricted funds		5,920,925	5,147,771	5,920,925	5,147,771
<b>Total Funds</b>		<u><u>5,920,925</u></u>	<u><u>5,608,173</u></u>	<u><u>5,920,925</u></u>	<u><u>5,608,173</u></u>

The notes on pages 14 to 28 form part of these financial statements.

The financial statements on pages 11 to 28 were approved by the Board of Trustees on **6 August 2009** and were signed on its behalf by:

**N F Gadsby**  
Chairman

**6 August 2009**

**CONSOLIDATED CASHFLOW STATEMENT**

For the year ended 31 March 2009

	Note	2009	2008
		£	£
<b>Net cash inflow from operating activities</b>	<b>19</b>	96,614	616,451
<b>Net cash inflow for returns on investments and servicing of finance</b>			
Interest received		233,625	224,483
		<u>330,239</u>	<u>840,934</u>
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible assets		(624,708)	(93,173)
Receipts from disposals of tangible assets		-	1,100
Payments to acquire investments		(2,003,129)	(893,446)
Receipts from disposals of investments		1,395,118	995,749
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>		<u>(1,232,719)</u>	<u>10,230</u>
<b>Increase/(decrease) in cash in the year</b>	<b>21</b>	<u>(902,480)</u>	<u>851,164</u>

The notes on pages 14 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 March 2009

**1. ACCOUNTING POLICIES**

The format and content of the financial statements have been prepared in accordance with the Companies Act 1985, the recommendations in *Accounting and Reporting by Charities: Statement of Recommended Practice* (revised 2005) (abbreviated to SORP 2005 hereafter) and applicable accounting standards.

The financial statements have been prepared in accordance with the following accounting policies:

**(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of fixed asset investments at their market value.

**(b) Basis of preparation of group financial statements**

The group financial statements consolidate the financial statements of the charitable company and of its subsidiary undertaking, Katharine's Cupboard Limited, made up to 31 March 2009. The charity has adapted the Companies Act format of the financial statements to reflect the special nature of the charity's activities. No separate Statement of Financial Activities has been presented for the charity alone as permitted by section 230 of the Companies Act 1985 and the SORP 2005.

**(c) Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the charity 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:

- Donations are accounted for as received by the charity.
- Legacies are included in the year in which they are quantifiable and receivable, which is when the charity becomes entitled to the resource.
- Shop income is recognised on a cash receipt basis.
- Lottery income is recognised when allocated to the current week's draw. Lottery funds received and not drawn before the balance sheet date are recorded as deferred income and included within creditors in the balance sheet.
- The income from fund raising ventures is shown gross, with the associated costs included within fund raising costs.
- Investment income is included when receivable. Realised and unrealised gains and losses are dealt with in the Statement of Financial Activities.
- Grant income, including government grants, is recognised when received and conditions for receipt have been complied with. Grants restricted for use in future accounting periods are deferred and recognised in those future accounting periods.

**(d) Resources expended**

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as irrecoverable VAT in the appropriate expense category. The following specific policies are applied to particular categories of expenses:

- Costs of generating funds comprise of costs incurred in inducing people and organisations to contribute financially to the charity's work. This includes the cost of advertising for donations, the running of the lottery including prize money, costs associated with the running of the shops and the staging of special fund raising events.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of specialist palliative care and associated services for patients with a terminal illness.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 March 2009 (Continued)

**1. ACCOUNTING POLICIES (continued)**

- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly to that activity, with remaining support costs being allocated to a particular activity on an appropriate basis as set out in notes 4 and 5.

**(e) Fixed Asset Investments**

Fixed asset investments are stated at market value as at the balance sheet date. Realised and unrealised gains and losses on investments during the year are dealt with in the Statement of Financial Activities.

**(f) Tangible Fixed Assets and Depreciation**

Tangible fixed assets are included in the financial statements at historical cost, less accumulated depreciation. Depreciation of tangible fixed assets is provided on a straight line basis, calculated at annual rates estimated to write off each asset over the term of its useful life. The depreciation rates applicable are:

Freehold property ....	2%
Leasehold property ....	period of the lease
Motor vehicles, medical, office, catering & computer equipment ....	20%
Assets under construction ....	0%.

Items are capitalised where the purchase cost exceeds £750.

**(g) Stock**

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on the estimated selling price less the estimated costs of disposal.

**(h) Taxation**

The company is registered as a charity and is not liable to corporation tax on its charitable activities.

**(i) Value Added Tax**

The charity and its trading subsidiary have group registration for VAT purposes. The group is partially exempt for the purposes of VAT.

**(j) Pension costs**

Retirement benefits are provided to employees by way of various pension schemes as set out in note 17. Contributions payable to these pension schemes are charged in the Statement of Financial Activities in the period to which they relate. Any differences between the contributions payable in the year and those actually paid are included within creditors in the Balance Sheet.

**(k) Operating leases**

Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the term of the lease.

**(l) Gifts in kind**

Gifts in kind, including donated services and facilities, are shown as an incoming and expended resource in the Statement of Financial Activities at the value of financial cost to the supplier of the service, where this can be quantified by the charity. The value of services provided by volunteers has not been included in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 March 2009 (Continued)

**1. ACCOUNTING POLICIES (continued)****(m) Fund Accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors, funding providers or which have been raised by the charity for a particular purpose. The costs of raising and administering such funds are charged against the specific fund.

**2. INCOMING RESOURCES FROM GENERATED FUNDS****a) Voluntary income**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Donations	637,557	681,360
Legacies	453,818	94,951
	<u>£ 1,091,375</u>	<u>£ 776,311</u>

**b) Activities for generating funds**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Charity shop income	569,215	498,656
Lottery	218,578	217,242
Other fund raising income	209,743	191,636
Other generated income	6,816	6,960
	<u>£ 1,004,352</u>	<u>£ 914,494</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 March 2009 (Continued)

**2. INCOMING RESOURCES FROM GENERATED FUNDS (continued)****c) Net income from trading activities of subsidiary**

The charity has a wholly owned trading subsidiary incorporated in the UK, Katharine's Cupboard Limited. The company took over the running of the Christmas mail order catalogue from the charity and donates all profits generated to the charity. A summary of its trading results is shown below:

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Turnover</b>	45,498	39,475
Cost of sales	(18,918)	(19,064)
<b>Gross profit</b>	<u>26,580</u>	<u>20,411</u>
Administrative expenses	(6,217)	(6,869)
<b>Operating profit</b>	<u>20,363</u>	<u>13,542</u>
Interest receivable and similar income	363	657
Interest payable and similar income	(103)	(566)
Gift aid donated to The Katharine House Hospice Trust	(20,623)	(13,633)
<b>Result from ordinary activities before taxation</b>	<u>-</u>	<u>-</u>
Taxation	-	-
<b>Result for the financial year</b>	<u><u>-</u></u>	<u><u>-</u></u>

Comparative figures for 2008 cover the period from incorporation on 29 June 2007 to 31 March 2008

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 March 2009 (Continued)

**2. INCOMING RESOURCES FROM GENERATED FUNDS (continued)****d) Investment Income**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Income from fixed asset investments	135,162	124,020
Bank & building society interest	98,463	100,463
	<u>£ 233,625</u>	<u>£ 224,483</u>

**3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Statutory NHS funding	828,508	709,382
Fees & grants for education courses & other charitable activities	6,617	8,447
Gifts in kind	60,706	70,600
Dept of Health Daylight & Dignity project funding	-	494,277
	<u>£ 895,831</u>	<u>£ 1,282,706</u>

The hospice has had gifts in kind in the form of donated services for Pharmacy and Specialist Registrar services. An amount of £60,706 (2008: £70,600) has been shown as incoming and expended resource with a net nil effect on the results of the charity for both years.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2009 (Continued)

4. TOTAL RESOURCES EXPENDED

	Basis of allocation	Voluntary income	Charity shops	Charity lottery	Fund raising	Investment income	Charitable activities	Governance	2009	2008
		£	£	£	£	£	£	£	£	£
<b>Costs directly allocated to activities</b>										
Staff costs	Direct	0	153,741	11,372	29,037	0	1,396,850	0	1,591,000	1,448,213
Rent & other shop costs	Direct	0	152,667	0	0	0	0	0	152,667	124,977
Prizes & lottery costs	Direct	0	0	83,064	0	0	0	0	83,064	80,597
Other fundraising costs	Direct	0	0	0	51,590	0	0	0	51,590	64,141
Medical consumables	Direct	0	0	0	0	0	89,927	0	89,927	47,057
Staff training & welfare	Direct	0	0	0	0	0	31,742	0	31,742	39,182
Staff & patient travel	Direct	0	0	0	0	0	28,680	0	28,680	26,500
Printing & copying	Direct	0	0	0	0	0	10,822	0	10,822	5,843
Repairs to clinical equip.	Direct	0	0	0	0	0	9,465	0	9,465	4,718
Audit & accountancy	Direct	0	0	0	1,400	0	0	7,300	8,700	10,000
Clinical waste removal	Direct	0	0	0	0	0	8,692	0	8,692	6,782
Dep'n of shop fittings	Direct	0	854	0	0	0	0	0	854	3,827
Irrecoverable VAT	Direct	0	0	0	2,772	0	7,216	0	9,988	8,374
Patient welfare	Direct	0	0	0	0	0	3,383	0	3,383	4,885
Investment management	Direct	0	0	0	0	3,492	0	0	3,492	3,415
<b>Support costs allocated to activities</b>										
Staff costs	Staff time	50,530	36,148	13,621	19,253	0	259,483	20,988	400,023	382,077
Depreciation	Floor area	1,556	778	1,556	3,112	0	70,018	778	77,798	72,599
Catering costs	Floor	1,171	586	1,171	2,342	0	52,749	586	58,605	48,682
Repairs	Floor	535	268	535	1,070	0	24,075	268	26,751	39,091
Heat, light, rates & water	Floor	819	409	819	1,637	0	36,840	409	40,933	33,103
Postage,stationery,IT etc.	Floor	431	206	411	822	0	18,499	206	20,575	14,298
Irrecoverable VAT	Floor	177	88	177	354	0	7,963	88	8,847	15,929
Legal & professional	Floor	345	172	345	690	0	15,523	172	17,247	25,146
Insurance & security	Floor	333	167	333	666	0	14,986	167	16,652	13,096
Telephone	Floor	189	95	189	379	0	8,518	95	9,465	7,109
Sundry fundraising costs	Usage	6,001	0	0	6,001	0	0	0	12,002	11,144
Shops&retail H.O.expense	Usage	0	2,314	0	579	0	0	0	2,893	2,899
Land lease payments	Floor	20	10	20	40	0	900	10	1,000	1,000
<b>Total resources expended</b>		<b>62,107</b>	<b>348,503</b>	<b>113,613</b>	<b>121,744</b>	<b>3,492</b>	<b>2,096,331</b>	<b>31,067</b>	<b>2,776,857</b>	<b>2,544,684</b>
				<b>583,860</b>						

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2009 (Continued)

5. CHARITABLE ACTIVITIES

	Basis of allocation	In patients	Day care	Home care	Hospital liaison	Bereavement service	Out patients	Home Nursing	Education Courses run	Total 2009	Total 2008
		£	£	£	£	£	£	£		£	£
<b>Costs directly allocated to activities</b>											
Medical consumables	D	89,927	0	0	0	0	0	0	0	89,927	47,057
Staff & patient travel	D	0	15,857	7,009	160	1,990	0	533	0	25,549	23,651
Repairs to clinical equip.	D	9,465	0	0	0	0	0	0	0	9,465	4,718
Clinical waste removal	D	8,692	0	0	0	0	0	0	0	8,692	6,782
Irrecoverable VAT	D	7,216	0	0	0	0	0	0	0	7,216	4,636
<b>Support costs allocated to activities</b>											
Clinical staff costs	W	939,687	125,658	207,117	55,849	13,962	27,924	13,962	12,691	1,396,850	1,294,320
Staff costs	H	97,306	6,487	14,920	2,595	3,244	4,541	649	0	129,742	125,417
Staff costs	F	66,167	49,302	9,082	0	5,190	0	0	0	129,741	125,416
Depreciation	F	35,709	26,607	4,901	0	2,801	0	0	0	70,018	65,340
Staff training & welfare	H	23,806	1,587	3,650	635	794	1,111	159	0	31,742	39,182
Repairs	F	12,279	9,148	1,685	0	963	0	0	0	24,075	35,190
Catering costs	F	26,545	19,779	3,643	0	2,082	0	0	700	52,749	43,813
Heat, light, rates & water	F	18,788	13,999	2,579	0	1,474	0	0	0	36,840	29,792
Postage,stationery,IT etc.	F	8,638	6,437	1,186	0	678	0	0	1,560	18,499	12,812
Irrecoverable VAT	F	4,061	3,026	557	0	319	0	0	0	7,963	14,336
Legal & professional	F	7,916	5,899	1,087	0	621	0	0	0	15,523	22,566
Insurance & security	F	7,643	5,695	1,049	0	599	0	0	0	14,986	11,786
Telephone	F	4,344	3,237	596	0	341	0	0	0	8,518	6,413
Printing & copying	W	7,360	974	1,623	433	108	216	108	0	10,822	5,843
Patient welfare	U	846	2,199	338	0	0	0	0	0	3,383	4,885
Staff & patient travel	U	1,174	1,174	783	0	0	0	0	0	3,131	2,849
Land lease payments	F	459	342	63	0	36	0	0	0	900	900
<b>Total resources expended</b>		<b>1,378,028</b>	<b>297,407</b>	<b>261,868</b>	<b>59,672</b>	<b>35,202</b>	<b>33,792</b>	<b>15,411</b>	<b>14,951</b>	<b>2,096,331</b>	<b>1,927,704</b>

D = Direct  
W = WTE  
H = Headcount  
F = Floor area  
U = Usage

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 March 2009 (Continued)

**6. STAFF COSTS**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Wages & salaries	1,691,119	1,559,307
Social security costs	134,308	118,745
Other pension costs	165,596	152,238
	<u>£ 1,991,023</u>	<u>£ 1,830,290</u>

The average number of persons employed by the charity during the year was:

	<b>2009</b>		<b>2008</b>	
	W.T.E.	Number	W.T.E.	Number
Clinical	32.4	60.4	30.8	56.8
Catering, Domestic & Administration	13.0	24.6	13.4	25.2
Sales & Retail, Fundraising & Lottery	13.8	23.8	11.9	21.4
	<u>59.2</u>	<u>108.8</u>	<u>56.1</u>	<u>103.4</u>

W.T.E. = Whole time equivalent.

Higher paid employees:

	<b>2009</b>	<b>2008</b>
£60,001 - £70,000	2	1
£100,001 - £110,000	1	1

Two of higher paid employees are members of the NHS defined benefit pension scheme and third is a member of the FPS hybrid pension scheme and also has an individual defined contribution pension scheme to which the hospice contributes (refer to note 17).

The Trustees are also directors of the charitable company and received no remuneration during the year (2008: nil). They had expenses reimbursed amounting to £60 (2008: £705).

**7. AUDITORS' REMUNERATION**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Fees for audit services	<u>£ 8,400</u>	<u>£ 10,000</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2009 (Continued)

## 8. TANGIBLE FIXED ASSETS – GROUP &amp; CHARITY

	Freehold Property £	Asset under construction £	Leasehold improve- ments £	Hospice equipment furniture & fittings £	Motor vehicles £	Total £
<b>COST</b>						
At 1 April 2008	1,617,236	45,308	28,601	357,226	19,185	2,067,556
Additions	-	549,604	-	75,104	-	624,708
Disposals	-	-	-	(31,774)	-	(31,774)
Transfers	-	-	-	-	-	-
At 31 March 2009	<b>£ 1,617,236</b>	<b>£ 594,912</b>	<b>£ 28,601</b>	<b>£ 400,556</b>	<b>£ 19,185</b>	<b>£ 2,660,490</b>
<b>DEPRECIATION</b>						
At 1 April 2008	481,903	-	26,572	235,893	7,041	751,409
Charge for the year	32,345	-	854	41,616	3,837	78,652
Eliminated on disposal	-	-	-	(31,774)	-	(31,774)
Transfers	-	-	-	-	-	-
At 31 March 2009	<b>£ 514,248</b>	<b>£ -</b>	<b>£ 27,426</b>	<b>£ 245,735</b>	<b>£ 10,878</b>	<b>£ 798,287</b>
<b>NET BOOK VALUE</b>						
At 31 March 2009	<b>£ 1,102,988</b>	<b>£ 594,912</b>	<b>£ 1,175</b>	<b>£ 154,821</b>	<b>£ 8,307</b>	<b>£ 1,862,203</b>
At 31 March 2008	<b>£ 1,135,333</b>	<b>£ 45,308</b>	<b>£ 2,029</b>	<b>£ 121,333</b>	<b>£ 12,144</b>	<b>£ 1,316,147</b>

## 9. INVESTMENTS

	Group Listed £	Charity Listed	Charity Unlisted	Charity Total
<b>MARKET VALUE</b>				
At 1 April 2008	1,726,067	1,726,067	1	1,726,068
Additions	2,003,129	2,003,129	-	2,003,129
Disposals	(1,468,107)	(1,468,107)	-	(1,468,107)
Revaluation adjustment	(62,586)	(62,586)	-	(62,586)
At 31 March 2009	<b>£ 2,198,503</b>	<b>£ 2,198,503</b>	<b>£ 1</b>	<b>£ 2,198,504</b>

The historical cost of investments included above at valuation, is £2,309,085 (2008: £1,772,915).

The group and charity's listed investments at 31 March 2009 are represented by UK listed fixed interest securities of £1,888,824 (2008: £1,212,564), UK listed equities of £280,883 (2008: £462,378) and overseas listed equities of £28,795 (2008: £51,125). Unlisted investments represent the charity's 100% shareholding, acquired on 29 June 2007, in its subsidiary, Katharine's Cupboard Limited, a company registered in England and Wales. The result for the year to 31 March 2009 was £ nil (£20,623 before gift aid donation to The Katharine House Hospice Trust) and net assets at 31 March 2009 were £1.

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 March 2009 (Continued)

**10. STOCK – GROUP & CHARITY**

	2009 £	2008 £
Merchandise, stationery and food stocks	£ -	£ 14,182

Stocks were reviewed by the Trustees at 31 March 2009 and it was felt appropriate, in view of the amounts involved and the nature of the stock items, to write down their value to £ nil as at that date.

**11. DEBTORS**

	Group		Charity	
	2009 £	2008 £	2009 £	2008 £
<b>Due within one year</b>				
Other debtors	-	1,100	-	1,100
Prepayments & accrued income	293,495	133,666	293,495	133,666
VAT recoverable	17,713	-	17,713	-
Amount owed by group undertaking	-	-	24,741	14,519
	<u>£ 311,208</u>	<u>£ 134,766</u>	<u>£ 335,949</u>	<u>£ 149,285</u>

**12. CREDITORS****a) AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Charity	
	2009 £	2008 £	2009 £	2008 £
Trade creditors	23,771	16,041	23,771	16,041
Tax & social security costs	37,153	417	37,153	417
Other creditors	3,164	8,426	3,164	8,426
Accruals	53,358	111,887	51,958	108,887
Deferred income - (see note 12b)	50,925	66,080	50,925	66,080
	<u>£ 168,371</u>	<u>£ 202,851</u>	<u>£ 166,971</u>	<u>£ 199,851</u>

**b) DEFERRED INCOME – GROUP & CHARITY**

	2009 £	2008 £
Opening balance	66,080	58,757
Amount released to incoming resources	(66,080)	(58,757)
Amount deferred in the year	50,925	66,080
Closing balance	<u>£ 50,925</u>	<u>£ 66,080</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 March 2009 (continued)

**12. CREDITORS (continued)**

Deferred income comprises £49,609 (2008: £45,358) of subscriptions to the lottery not drawn before the year end, £1,316 (2008: £ nil) funding received to meet the cost of running the van for the furniture charity shop and £ nil (2008: £20,722) of advance ticket sales to a fundraising function.

**13. FUNDS****RESTRICTED FUNDS – GROUP & CHARITY**

	Home Nursing £	Education & other £	Hospital staffing £	Pharmacy supplies £	Daylight & Dignity £	Total £
At 1 April 2008	-	-	-	-	460,402	460,402
Donations	10,000	1,667	10,705	67,534	21,715	111,621
Expenditure	(10,000)	(1,667)	(10,705)	(67,534)	-	(89,906)
Transfers	-	-	-	-	(482,117)	(482,117)
At 31 March 2009	£ -	£ -	£ -	£ -	£ -	£ -

**Home Nursing Fund**

In the year we received a generous donation from a supporter who particularly requested that the donation be used towards our ambition of establishing a Home Nursing Team. This money has been used to offset the salary costs of running this service in its inaugural year.

**Education and Other Fund**

Education and Other Funds represents funds received from Help the Hospices to help meet a proportion of our expenses incurred in running approved education courses and monies received expressly to purchase items for patient welfare are also credited to this restricted fund.

**Hospital Staffing Fund and Pharmacy Supplies Fund**

The Hospital Staffing Fund and the Pharmacy Supplies Fund represent the use by the hospice of medical staff who are under contract to the Oxford Radcliffe Hospitals Trust and the provision of pharmacy services by that Trust. No direct charge is made to the hospice, but this treatment is felt to illustrate more fairly the costs involved in the provision of palliative care services by the hospice.

**Daylight & Dignity Fund**

The Daylight & Dignity Fund represents amounts received from the Department of Health for the extension and refurbishment of our Day Hospice and ancillary areas and amounts received from our raffle which will help furnish the improved facility on completion. The restriction was deemed to have been fulfilled in the case of Phase 1 of the project which completed before the year end and those parts of Phase 2 that had also been completed and these assets and income were transferred to unrestricted funds. Since the year end, the whole project has been completed and the new Day Hospice is being used daily.

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 March 2009 (continued)

**14. ANALYSIS OF NET ASSETS BETWEEN FUNDS****GROUP**

	<b>Tangible assets £</b>	<b>Investments £</b>	<b>Net current assets £</b>	<b>2009 £</b>
Restricted funds	-	-	-	-
Unrestricted funds	1,862,203	2,198,503	1,860,219	5,920,925
	<u>£ 1,862,203</u>	<u>£ 2,198,503</u>	<u>£ 1,860,219</u>	<u>£ 5,920,925</u>

**CHARITY**

	<b>Tangible assets £</b>	<b>Investments £</b>	<b>Net current assets £</b>	<b>2009 £</b>
Restricted funds	-	-	-	-
Unrestricted funds	1,862,203	2,198,504	1,860,218	5,920,925
	<u>£ 1,862,203</u>	<u>£ 2,198,504</u>	<u>£ 1,860,218</u>	<u>£ 5,920,925</u>

**15. CAPITAL COMMITMENTS**

At 31 March 2009, the group had capital commitments amounting to £97,477 (2008: £nil) relating to the completion of the Daylight & Dignity Day Hospice refurbishment project. On completion of this building project in June 2009, the only amounts still remaining outstanding were retention monies, which are standard to such contracts.

**16. CONTINGENT LIABILITIES**

There were no contingent liabilities at 31 March 2009 (2008: £nil)

**17. PENSION COSTS**

The charity operates several pension schemes for the benefit of all employees. The assets of the various pension schemes are held separately from those of the charity in independently administered funds.

Certain of charity's employees are eligible to join the National Health Service pension scheme. The scheme is a defined benefit multi-employer pension scheme administered for the benefit of NHS employers, General Practices and other bodies allowed under the direction of the Secretary of State. The charity is unable to identify its share of the underlying notional assets and liabilities of the scheme and accordingly has accounted for the scheme as if it were a defined contribution scheme. The employer's contributions to the scheme in the current year were based on a contribution rate of 14% of pensionable pay (2008: 14% of pensionable pay) with employees contributing between 5% and 7.5% of pensionable pay in accordance with NHS revised contribution rules (2008: 6% of pensionable pay). The pension cost for the year as included in the Statement of Financial Activities represents contributions payable by the charity to the NHS scheme during the year and amounted to £73,027 (2008: £63,350). There was a balance owing to the scheme at 31 March 2009 of £ nil (2008: £8,427).

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 March 2009 (Continued)

**17. PENSION COSTS (continued)**

The most recent full actuarial valuation of the NHS pension scheme was as at 31 March 2004, which covered the period from 1 April 1999 to 31 March 2004, which was undertaken by the Government Actuary. The notional deficit of the scheme as per this most recent valuation was £3.3bn.

A second pension scheme, the FPS scheme, is operated by the charity for the benefit of certain employees. The scheme is a multi-employer hybrid defined contribution scheme with a minimum guaranteed defined benefit. The charity is unable to identify its share of the underlying notional assets and liabilities of the scheme and accordingly has accounted for the scheme as if it were a defined contribution scheme. The employer's contributions to the scheme in the current year were based on either a full contribution rate of 8% of pensionable pay or, where staff have elected to maintain benefits but not contribute in future, the minimum contribution to maintain that membership of £10 per month per member (2008: 8% of pensionable pay) with employees contributing either a full contribution rate of 7% of pensionable pay or £nil in accordance with revised rules for the scheme (2008: 7%). The pension cost for the year represents contributions payable by the charity to the FPS scheme during the year and amounted to £7,341 (2008: £25,935). There was a balance owing to the scheme at 31 March 2009 of £635 (2008: £ nil) which was paid to the scheme by the due date in April 2009.

The most recent full actuarial valuation of the FPS scheme was as at 31 March 2005. With assets of £69.4m, the resulting notional deficit of the scheme as per this most recent valuation was £3.7m. The Scheme began the winding up process in 2008 and during the year the Trustees have continued to work alongside other employers to reorganise this Scheme as it had been performing poorly. The latest estimates predict there could be a further 12 months to wait for the process to complete whilst legal issues surrounding the rights of different classes of members are resolved.

A third pension scheme is operated by the charity, which is administered by Scottish Equitable and is a stakeholder pension scheme. The employer's contributions to the scheme in the current year were based on a contribution rate of 7% of pensionable pay (2008: 7% of pensionable pay) with employees contributing between a minimum of £10 per month and a maximum of 7% of pensionable pay (2008: between a minimum of £10 per month and a maximum of 7% of pensionable pay). The pension cost for the year represents contributions payable by the charity to the scheme and amounted to £5,539 (2008: £9,952). There was a balance owing to the scheme at 31 March 2009 of £433 (2008: £ nil) which was paid to the scheme by the due date in April 2009.

A fourth pension scheme is operated by the charity, which is administered by Friends Provident and is a group personal pension scheme with defined contribution rules. The scheme was set up in the year with both a higher contribution rate from the employer of up to 13% of pensionable pay and an opportunity to contribute via a salary sacrifice arrangement which the Trustees felt fairly reflected a modern pension scheme for its employees. The pension cost for the year represents contributions payable by the charity to the scheme and amounted to £52,206 (2008: £ nil) including contributions due under salary sacrifice arrangements. There was a balance owing to the scheme at 31 March 2009 of £363 (2008: £ nil) which was paid to the scheme by the due date in April 2009.

The Trustees recognised that the new Friends Provident scheme may not be appropriate for all staff, especially those wishing to maximise their own personal pension arrangements. Consequently, there are two individual defined contribution schemes that the charity contributes towards, at similar rates to the Friends Provident scheme which allow staff to maximise their own contributions using salary sacrifice arrangements. The pension cost for the year for these schemes represents contributions payable by the charity to the scheme and amounted to £23,909 (2008: £ nil). There was a balance owing to the scheme at 31 March 2009 of £1,529 (2008: £ nil) which was paid to the scheme by the due date in April 2009.

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 March 2009 (Continued)

**18. FINANCIAL COMMITMENTS**

At 31 March 2009, the charity had the following annual financial commitments under non cancellable operating leases:

	2009		2008	
	Land & buildings £	Other £	Land & buildings £	Other £
Leases due to expire in:				
Less than one year	25,343	-	15,843	-
Between two & five years	74,640	1,136	9,500	1,136
Greater than five years	1,000	-	48,140	-

**19. RECONCILIATION OF NET INCOMING RESOURCES BEFORE REVALUATIONS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2009 £	2008 £
Net incoming resources for the period before revaluations	448,326	653,310
Depreciation of tangible assets	78,652	76,426
Interest received	(233,625)	(224,483)
Loss/(profit) on disposal of tangible assets	-	(1,100)
Decrease/(increase) in stocks	14,182	3,059
Decrease/(increase) in debtors	(176,442)	55,810
Increase/(decrease) in creditors within one year	39,204	(36,983)
Increase/(decrease) in accruals and deferred income	(73,683)	90,412
Net cash inflow from operating activities	<u>£ 96,614</u>	<u>£ 616,451</u>

**20. ANALYSIS OF NET FUNDS**

	£
Cash at bank and in hand at 1 April 2008	2,619,862
Cash outflow for the year	(902,480)
Cash at bank and in hand at 31 March 2009	<u>£ 1,717,382</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 March 2009 (Continued)

**21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Increase/(decrease) in cash in the year	(902,480)	851,164
<b>Movement in net funds in the year</b>	<u>(902,480)</u>	<u>851,164</u>
Opening net funds (note 20)	2,619,862	1,768,698
<b>Closing net funds (note 20)</b>	<u><u>£ 1,717,382</u></u>	<u><u>£ 2,619,862</u></u>

**22 RELATED PARTY TRANSACTIONS**

During the year ended 31 March 2009, £20,623 was promised as a gift aid donation to the charity by its wholly owned subsidiary, Katharine's Cupboard Limited. As at 31 March 2009, this amount of £20,623 was owed by Katharine's Cupboard Limited to Katharine House Hospice Trust.