



Severn Hospice

Annual Report and Group Financial Statements

Year Ended 31 March 2013

Severn Hospice Limited
A Registered Charity No. 512394
A Company Limited by Guarantee No.1608025
Registered Office: Bicton Heath, Shrewsbury, SY3 8HS
Tel: 01743 236565 Fax: 01743 261511
www.severnhospice.org.uk

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Report of the Directors

The Directors (the Trustees for Charity Law purposes) submit their annual report and the audited financial statements for the year ended 31 March 2013. The Directors have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in 2005 in preparing the annual report and financial statements of the Charity.

Statement of Public Benefit

The trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. The Mission Statement of Severn Hospice (below) sets out the activities which the charity undertakes for the public benefit. These services are provided free of charge to the residents of Shropshire, Telford & Wrekin and Mid-Wales and, when appropriate, to people living outside this catchment area e.g. when their families live locally.

Mission Statement

We undertake to:

- Care for patients and their families as individuals and strive to meet their unique needs.
- Provide appropriate choice to people in where they receive their treatment and care, whether this is in the home, as outpatients, in our day hospices or in our wards.
- Provide high quality and timely information about conditions, treatment and the range of services available.
- Provide high quality, evidence-based clinical services.
- Create care environments which are welcoming, attractive and homely.
- Provide care which neither hastens nor postpones death but which enables people to end their lives in peace and with dignity.
- Support families through bereavement following loss of a loved one.
- Nurture and support the skills, contribution and well being of our staff and volunteers as our most valuable resource.
- Provide all our services free of charge by raising sufficient income from charitable and non-charitable sources.
- Share knowledge and skills with other health care professionals at home and abroad.

Objectives

The general objectives of the Hospice are to promote the relief of sickness in Shropshire, Telford & Wrekin and Powys, in particular:

- ◆ By establishing, maintaining and conducting hospices for the reception and care of persons who are suffering from any terminal illness and by providing medical or other treatment or attention for any such persons in their own home;
- ◆ by conducting, promoting and encouraging research into the care and treatment of persons suffering from any such illness as aforesaid and particularly into the care and treatment of persons suffering from cancer or terminal illnesses and by providing for the dissemination of the results of such research;
- ◆ by promoting, encouraging and assisting in the teaching or training of Doctors, Nurses, Physiotherapists and other persons engaged in any branch of medicine, surgery, nursing or allied services, and in the teaching or training of students in any branch of medicine, surgery, nursing or allied services;
- ◆ by providing, assisting and encouraging the provision of such spiritual help and guidance for any persons resident (either as patients or otherwise) or working in any such hospice as aforesaid as those persons may request.

The Charity aims to meet these objectives by achieving a service provision which:

- ◆ Demonstrates a holistic approach to people with life-threatening illnesses and adopts the principles stated in the accepted definitions of palliative care.
- ◆ Offers a well co-ordinated, multi-professional and 'seamless' service which integrates Specialist Palliative Care Services with Primary, Secondary and Tertiary Health Care Services, Voluntary Agencies and Social Services.
- ◆ Offers a wide range of effective services that are both clinically and cost effective and are accessible to all residents in the area.
- ◆ Provides support and training to all members of staff involved in the care of people with life-threatening illnesses.

Performance in respect of corporate objectives in 2012-2013

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

- **Complete phase 1 of the staged reorganisation and refurbishment of clinical services at Bicton Heath**
Phase 1 of the major works was completed to schedule and within budget.
- **Roll out of Compassionate Communities development to more communities in our catchment area**
Eleven communities across Shropshire are now being supported in the development of their own volunteer networks.
- **Participate, as partner, in a national pilot scheme to introduce a tariff-based payment system for specialist palliative care**
Severn Hospice has been contributing by submitting patient services information as part of the pilot which is due to conclude at Christmas 2013.
- **Publish a shadow Quality Account in anticipation of a formal requirement by the Department of Health**
The shadow Quality Account was published in June 2012.
- **Publish a Severn Hospice service strategy for the next five years**
The service strategy was received by the Board in April 2013 and is being implemented.
- **Maintain financial balance of the Hospice**
Severn Hospice completed the year with a small surplus despite a downturn in some of its traditional income sources.

Objectives for 2013-2014

- **Complete the phase 2 redesign and refurbishment of clinical services at Bicton Heath**
- **Continue the expansion of community-based volunteer networks as part of the Compassionate Communities initiative in Shropshire**
- **Publish a full Quality Account as required by the Department of Health**
- **Contribute to and complete the pilot stage evaluation of tariff-based payment systems to schedule**
- **Introduce new staff training and development opportunities in Shrewsbury and Telford Hospitals as part of the Amber Care Bundle initiative.**
- **Develop and implement proposals for the co-location of specialist palliative care services in North Powys**
- **Publish a new fundraising strategy to address the five year cash flow requirements of Severn Hospice.**

Scope of Service

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

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

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

Inpatients

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

Day Hospice

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

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

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

Hafan, Montgomery County Infirmary, Newtown, Powys: This is a Day Hospice facility to serve Montgomeryshire which is a joint venture between the Hospice and the Powys Healthcare NHS Trust. This is open two days each week with places for up to 10 patients each day. This provides a base for the specialist multi-disciplinary team led by Dr. Clare Stockdale.

Outpatients Services

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

Home Care Team

Severn Hospice manages an integrated team of community Clinical Nurse Specialists comprising the former Macmillan Nursing and Hospice Outreach teams, which provides specialist advice to general practitioners and other community-based staff on the care and treatment of patients living at home with life limiting illnesses.

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

Hospital Support

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

Bereavement and Family Counselling Support Services

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

Teaching and Education

Teaching and education in palliative care remains a high commitment for the Hospice, with a programme of courses being organised for nurses, GPs, hospital doctors and other health care professionals during the year. A full prospectus for educational opportunities is available from the Education Office at the Hospice in Shrewsbury.

The Hospice Lottery

Severn Promotions Company Limited was delighted to be able to donate £984,356 for the financial year 2012-13. This is due entirely to the loyal support of 24,000 lottery members with 40 volunteer collectors, four part-time employed collectors, one full-time and four part-time canvassers and an office team of three (of whom only two are full-time) under the leadership of the Lottery Director. The lottery helps raise our hospice profile publicly whilst providing reliable recurring income essential to maintaining the provision of care for local patients.

Hospice Charity Shops and Projects Company

The sale of donated and new goods through the Hospice's shops, mail order and other outlets resulted in a contribution of £632,761 net profit to the Hospice despite continued difficult trading conditions. This could not have been achieved without the very dedicated team of shop staff and over 300 volunteers who give their time on a regular basis.

Volunteer Support

A huge debt of thanks is due to the volunteers, nearly 1000 of whom generously donate many hours of their time and energy to services in our Hospice. Many individuals hold events for us, forwarding valued donations to the Hospice. This support is estimated at an annual value in excess of £1,000,000.

Activity Statement

	2012-13	2011-12	Change %
Referrals	1,907	1,572	21
Inpatients			
Admissions	543	511	6
Deaths	367	338	9
Discharges	171	170	1
Day Hospice			
Attendances	4,167	4,116	1
Hospice at Home	476	396	20
Clinical Nurse Specialists & Hospital Support			
New Patients at Home	946	431	119
Home Visits	3,158	1,524	107
New Patients in Hospital	552	429	29
Hospital Visits	1,361	1,280	6

Severn Hospice received the highest number of referrals in its history during 2012-2013, representing a year on year increase of 21%. This unprecedented increase was reflected in the use all of its services.

Financial Review

The Hospice provides all its services free of charge. The majority of the funding to enable it to do so comes from public donations and the NHS, with the balance generated by the Hospice's shops, lottery and trading company and from investment income on its reserves and working balances. Local people continue to be very generous to the Hospice and in 2012-13 donations totalling £1,558,369 were received, an increase of £158,108 on last year. Legacies however were down by £332,668, giving a net decrease for both donations and legacies of £174,560. Legacy income is unpredictable by its nature and this is one of the factors considered in deciding on an appropriate level of reserves. The Hospice lottery, events and shops have continued to make their indispensable contribution.

2012-13 Sources of Income	Income £	Cost of Generating Income £	Income Net of Costs of Generation £	% of Total Income
Donations & Legacies	2,328,087	474,297	1,853,790	27
Shops, Projects & Lottery	3,324,778	1,740,504	1,584,274	23
Total Fundraising Activities	5,652,865	2,214,801	3,438,064	50
NHS Funding	3,285,819	-	3,285,819	47
Investment & Other	260,163	5,963	254,200	3
	9,198,847	2,220,764	6,978,083	100

The costs of generating income set out above reflect the costs of staffing and running our 21 shops distributed across our catchment area.

The actual costs of fundraising administration are 12p in the pound which compares very favourably with the administrative costs of other charities. This means that 88p in every pound donated goes directly towards supporting Hospice services. However the costs associated with raising voluntary income are likely to rise in the future as "competition" amongst charities for increasingly scarce resources intensifies due to the ongoing unfavourable economic conditions.

In 2012-13 50% of income (net of the cost of generation) came from donations, legacies and fundraising and 47% came from NHS funding of services, compared to 54% and 42% respectively in 2011-12. As mentioned previously donations increased by 11% (£151,108) while legacies fell by 30% (£332,668).

Although legacies are a source of income that is always liable to fluctuate it is clear that, along with other charities, Severn Hospice is experiencing significant impact from the economic downturn. While the support from the NHS

increased in total, this increase was in the form of in-year capital grants and funding to meet the growth in demand of specific clinical services. However, the main NHS grants were once again held at 2009-10 cash amounts. The possibility of further decline and the impact of public sector cuts on the ability of the public to continue their support at existing levels is a cause for concern when looking four or five years ahead and a contingency plan is in place. For example, as a precautionary measure, Hospice staff gave their support to a freeze on pay increases in 2011-12, which has been extended by Trustees into 2012-13 and 2013-14.

Total charitable expenditure was up by 8% to £6,727,450 despite the pay freeze. This was mainly due to increased service provision with patient referrals up 21% and particularly by the Clinical Nurse Specialists and by the Hospice at Home team. The former seeing over double the number of patients compared to last year.

Capital expenditure during the year amounted to just under £350,000 mainly reflecting expenditure on the kitchen refurbishment at Bicton Heath, phase one and two of the Bicton Heath site renovation works, medical equipment, replacement IT equipment, updating the Fundraising database system, refurbishment and fitting out of Hospice shops and the purchase of a new Electronic Point of Sale till system for the shops which will enable better gift aid, VAT recovery, improved stock control and provision of management information.

The Hospice has reserves which are held to cushion the impact of fluctuations in income such as the downturn in legacy income in 2012-13, to give security to its existing operations, to build up provisions for future capital and equipment expenditure, and to support future developments. (The Reserves Policy is set out in the next section and where these reserves are not required in the short term (i.e. within two years) the money can be invested either to produce annual revenue or to increase its capital value.)

The accounts that follow show that overall the Charity made a small surplus in 2012-13 enabling it to increase its reserves to further its long term security and support further growth. Yet again the local community, through the admirable dedication and efforts of so many individuals and groups, has enabled the Hospice, once more, to end the year in a positive position despite the long standing and prevailing economic conditions.

Reserves Policy

At the end of 2012-13 the Charity's funds, explained in Notes 14 and 15, stood as follows:

	2012-13	2011-12
Restricted Funds	183,956	164,218
Designated Funds -		
Capital	621,246	622,246
Property Trading	3,396	2,394
Fixed Assets Fund	6,722,461	6,753,693
Free Reserves	<u>8,703,854</u>	<u>8,397,252</u>
Total	<u>16,234,913</u>	<u>15,939,803</u>

To put these figures into perspective the £6,722,461 Fixed Assets Fund is the value of the Hospice buildings, equipment, vehicles and other assets needed to function as a hospice and the Hospice's annual operating costs now stand at £8,631,840 (the budgeted Hospice spend for 2013-14).

In determining a prudent level of retained free reserves the Board takes into account firstly its total annual commitments and secondly the inevitable uncertainties that exist as a consequence of the Hospice's dependence upon voluntary giving and upon legacy income in particular. Given the current unfavourable economic conditions the policy is that between the free reserves and the In Patients Services Development Fund the Hospice should normally hold at least 100% of the following year's estimated expenditure on running the Hospice (the equivalent of 12 months' operating costs). This 12 months figure is an increase on the previous policy which required six months funds, arrived at after a review of the risks to each of the income sources, the potential impact over a five year period and the time estimated to effect measures to remedy them or to find new resources. The level of free reserves is kept under close review.

Investment Policy and Returns

When it is considered in the best interest of the Hospice, cash reserves can be invested for the medium/long term.

Trustees regularly monitor the ethical basis of their investments and their current resolution is not to invest in tobacco manufacturing companies. Any investments are kept under review by the Investment Sub Committee. The Hospice has a Discretionary Fund managed with pre-determined risk levels and objectives set in line with the Hospice's investment policies by an independent investment management firm selected by competitive tendering. This should result in better rates of return than current cash deposit rates and spreads the risk over different financial holdings. Severn Hospice currently has no listed investments outside this Discretionary Fund. In 2012-13 the fund gained around £137,000 (all of which is unrealised) on its market value at 31st March 2012, dividend receipts into the fund of more than £30,000 were reinvested.

The Hospice has one investment property in the form of property received in a legacy in 2008-09, which it decided on advice to keep as an investment property given the state of the housing market and the suitability of the property itself. The property is being rented out and is re-valued on a yearly basis.

Governance & Internal Control

The roles, responsibilities and accountability of the Chairman, Directors and the Senior Managers are defined in a Scheme of Corporate Governance.

The Board of Directors is the custodian of the aims and objects of the Charity as set out in the Memorandum & Articles of Association. It is responsible for guiding and shaping policies by which these aims and objects are achieved, and of establishing the philosophy of care, which is at the heart of the work of the Hospice. The Directors act as the Trustees of the Charity. They are responsible for taking decisions on the strategic direction of the Charity, approving major developments and monitoring the work of its committees, advisory groups, the Managers and its subsidiary companies.

There are four formally constituted committees – Finance & Personnel, Investment, Clinical Governance and Nominations. Each Committee has its decisions ratified by the full Board. The Finance & Personnel Committee also acts as an audit committee. All Committees operate under specific terms of reference which delegate certain functions from the Board. Various management working groups such as Health & Safety and Clinical Audit report into the appropriate formal sub-committees. A Staff Forum exists to provide a formal arena for communication and consultation within the Hospice.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- ◆ A strategic plan and an annual budget approved by the Directors.
- ◆ Regular consideration by the Directors of financial results, variance from budgets, non-financial performance indicators and internal audit.

Statement of Trustees' Responsibilities

The trustees (who are also directors of Severn Hospice Ltd for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as we are aware:

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

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

Risk Management

The Directors have a formal risk management process to assess the major risks to which the Charity is exposed. This involves identifying the types of risks, prioritising them in terms of potential impact and likelihood of occurrence, and reviewing the systems established to mitigate those risks. The major risks, as identified by the Directors, have been reviewed in accordance with this process.

Directors' Interests

As the Company has no share capital, the question of shares held by Directors does not apply.

The Directors also act as Trustees of Severn Hospice Ltd. A register of all Directors' interests is kept at the hospice headquarters and declarations of general or related interests are made before commencing each formal meeting of the Directors.

Legal & Administrative Details

Name & Address

The full name of the Charity is Severn Hospice Limited. The name was changed from The Shropshire Hospice Limited on 19 April 2004 following a special resolution passed at an EGM on 1 April 2004. It is a company limited by guarantee, No. 1608025. It is registered with the Charity Commissioners of England & Wales, No. 512394. The address of the registered office is Bicton Heath, Shrewsbury, SY3 8HS.

Governing Document

This is the Memorandum & Articles of Association as incorporated on 15 January 1982 and altered by Special Resolutions on 13 January 1993, 24 September 1998, 25 March 1999, 26 September 2002, 20 May 2008 and 31 July 2008.

Group Accounts

The group accounts within these financial statements include the results of Severn Hospice Limited, the Charity, and the results of its wholly owned subsidiary companies, Severn Promotions Company Limited which operates a fund raising lottery and Hospice Projects Limited which trades in new goods. Both companies donate their profits to the Charity.

President

Mr Algernon Heber-Percy, Lord Lieutenant of Shropshire.

Board of Directors

The current Directors, and those who held office during the financial year to 31 March 2013, are listed below.

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

Management Team

Chief Executive	Mr P Cronin
Medical Director	Dr J R Johnson (Retired 30 th April 2013)
Nursing Director	Mrs H Palin
Appeals Director	Mrs N Ross

Vice Presidents

Miss S Astbury	Mrs H McPhail
Mr P Bevan	Mr P Paulson
Mr M Davis	Mr H Scurfield
Dr D Griffiths	Mr J Tancock
Mrs J Jenkinson	Dr W Watson

Bankers

National Westminster Bank plc, 8 Mardol Head, Shrewsbury.
Barclays Bank plc, 44/46 Castle Street, Shrewsbury.

Solicitors

Lanyon Bowdler, Chapter House North, Abbey Lawn, Abbey Foregate, Shrewsbury, SY2 5DE.

Investment Advisers

Smith & Williamson, 9 Colmore Row, Birmingham, B3 2BJ.

Auditors

haysmacintyre, Fairfax House, 15 Fulwood Place, London, WC1 6AY.

Membership of the Company

A member may be an individual or a body corporate. Applications for membership are determined by the Board of Directors.

Appointment of Directors

The Board of Directors shall consist of not less than three nor more than twenty members of the Company. It may appoint any Member of the Company as a Director either to fill a casual vacancy or by way of addition to the Board of Directors, provided that the prescribed maximum be not thereby exceeded. Any Member so appointed shall retain office only until the next Annual General Meeting but he or she shall then be eligible for re-election.

Severn Hospice seeks to ensure that an appropriate range of professional skills are maintained at Board level to fulfil both the governance and business requirements of the Hospice. New Directors are appointed following regular analysis of skill requirements and sympathy to the Charity's principles undertaken by the Nominations Committee, a formal sub committee of the Board. Prospective Directors may apply to the Hospice or may be identified by the Board, and they are interviewed by the Nominations Committee who then makes its recommendations to the Board. New Directors are prepared for their role through supply of key documents and through a formal process of induction during which they meet key staff and sit as observers at meetings at the Hospice. Ongoing training is provided on an ad hoc basis through external and in-house training programmes.

Auditors

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

This report was approved by the Board of Directors on 25 July 2013 and signed on its behalf by:

D Sear
Chairman

Independent Auditors' Report to the Members of Severn Hospice Limited

We have audited the financial statements of Severn Hospice Limited for the year ended 31 March 2013 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, Section 144 of the Charities Act 2011 and regulations made under Section 154 of that act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 144 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2013, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

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

Murtaza Jessa (Senior Statutory Auditor)
for and on behalf of haysmacintyre, Statutory Auditors
25th July 2013

Fairfax House
15 Fulwood Place
London WC1V 6AY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2013

		Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £	Total Funds 2012 £
Incoming Resources					
	Note				
Incoming Resources from Generated Funds					
Voluntary income	3	2,230,968	97,119	2,328,087	2,502,647
Activities for generating funds:					
Lottery income	6a	1,420,365	-	1,420,365	1,422,522
Projects income	6b	163,233	-	163,233	160,081
Shops income	6c	1,741,180	-	1,741,180	1,665,233
Investment income	5	252,893	-	252,893	244,618
Incoming Resources from Charitable Activities					
NHS service agreements for hospice care	4a	2,043,484	1,242,335	3,285,819	2,859,390
Department of Health capital grant					-
Other income	4b	7,270	-	7,270	12,232
Total Incoming Resources		7,859,393	1,339,454	9,198,847	8,866,723
Resources Expended					
Cost of Generating Funds					
Cost of generating voluntary income	8	474,297	-	474,297	474,018
Fundraising trading:					
Lottery costs	6a	465,509	-	465,509	520,527
Projects costs	6b	135,911	-	135,911	94,389
Shops costs	6c	1,139,084	-	1,139,084	1,042,122
Investment management costs	8	5,963	-	5,963	6,014
		2,220,764	-	2,220,764	2,137,070
Charitable Activities					
Cost of care	8,14	5,419,864	1,307,586	6,727,450	6,234,718
Governance Costs	8	92,767	-	92,767	80,359
		5,512,631	1,307,586	6,820,217	6,315,077
Total Resources Expended	8	7,733,395	1,307,586	9,040,981	8,452,147
Net Incoming Resources		125,998	31,868	157,866	414,576
Transfers between funds	14	12,130	(12,130)	-	-
Net Incoming Resources for the Year		138,128	19,738	157,866	414,576
Realised loss on investments		(11,957)	-	(11,957)	(1,391)
Unrealised gain on investments	10	149,311	-	149,311	(14,138)
Net Movement in Funds		275,482	19,738	295,220	399,047
Fund Balances Brought Forward from Previous Year		15,792,359	164,218	15,956,577	15,557,530
Fund Balances Carried Forward to Next Year		16,067,841	183,956	16,251,797	15,956,577

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

CHARITY STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2013

		Unrestricted Funds 2013 £	Restricted Funds 2013 £	Total Funds 2013 £	Total Funds 2012 £
Incoming Resources					
	Note				
Incoming Resources from Generated Funds					
Voluntary income		2,202,918	97,119	2,300,037	2,474,178
Lottery donation	6a	984,356	-	984,356	932,157
Projects donation	6b	30,665	-	30,665	65,692
Activities for generating funds:					
Shops income	6c	1,741,180	-	1,741,180	1,665,233
Investment income		247,990	-	247,990	240,953
Incoming Resources from Charitable Activities					
NHS service agreements for hospice care	4a	2,043,484	1,242,335	3,285,819	2,859,390
Department of Health capital grant					
Other income	4b	7,270	-	7,270	12,232
Total Incoming Resources		7,257,863	1,339,454	8,597,317	8,249,835
Resources Expended					
Cost of Generating Funds					
Cost of generating voluntary income	8	474,297	-	474,297	474,018
Fundraising trading:					
Shops costs	6c	1,139,084	-	1,139,084	1,042,122
Investment management costs	8	5,963	-	5,963	6,014
		1,619,344	-	1,619,344	1,522,154
Charitable Activities					
Cost of care	8,14	5,419,864	1,307,586	6,727,450	6,234,718
Governance Costs	8	92,767	-	92,767	80,359
		5,512,631	1,307,586	6,820,217	6,315,077
Total Resources Expended	8	7,131,975	1,307,586	8,439,561	7,837,231
Net Incoming Resources					
		125,888	31,868	157,756	412,604
Transfers between funds	14	12,130	(12,130)	-	-
Net Incoming Resources for the Year		138,018	19,738	157,756	412,604
Realised loss on investments		(11,957)	-	(11,957)	(1,391)
Unrealised gain on investments	10	149,311	-	149,311	(14,138)
Net Movement in Funds		275,372	19,738	295,110	397,075
Fund Balances Brought Forward from Previous Year		15,775,585	164,218	15,939,803	15,542,728
Fund Balances Carried Forward to Next Year		16,050,957	183,956	16,234,913	15,939,803

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

CONSOLIDATED AND CHARITY BALANCE SHEET
As at 31 March 2013

		Group		Charity	
	Note	2013 £	2012 £	2013 £	2012 £
Fixed Assets					
Tangible assets	9	6,725,905	6,758,038	6,722,461	6,753,693
Intangible assets	9	1,518	1,803	-	-
Investments	10	1,304,097	1,138,757	1,304,297	1,138,957
		8,031,520	7,898,598	8,026,758	7,892,650
Current Assets					
Stocks	11	48,719	86,262	20,717	17,407
Debtors	12	1,117,538	972,799	1,333,676	1,160,188
Cash at bank & building societies		8,023,375	7,957,630	7,590,175	7,557,030
		9,189,632	9,016,691	8,944,568	8,734,625
Creditors: Amounts falling due within one year	13	(969,355)	(958,712)	(736,413)	(687,472)
Net Current Assets		8,220,277	8,057,979	8,208,155	8,047,153
Total Assets Less Current Liabilities/Net Assets		16,251,797	15,956,577	16,234,913	15,939,803
Funds					
Restricted funds	14	183,956	164,218	183,956	164,218
Unrestricted Funds:					
Designated funds	15	7,347,103	7,378,333	7,347,103	7,378,333
General funds	15	8,720,738	8,414,026	8,703,854	8,397,252
		16,251,797	15,956,577	16,234,913	15,939,803

These accounts were approved and authorised for issue by the Board of Directors on 25 July 2013.

D Sear
Chairman
Severn Hospice Ltd
Registered No. 1608025

CASH FLOW STATEMENT - GROUP
For The Year Ended 31 March 2013

	2013 £	2012 £
Cash Flow Statement		
Net cash inflow / (outflow) from operating activities	189,916	(161,243)
Returns on investments	252,893	244,618
Acquisition of investments	(27,986)	(274,597)
Capital Expenditure: purchases of tangible fixed assets	(349,078)	(237,711)
Increase / (Decrease) in Cash	<u>65,745</u>	<u>(428,933)</u>

Notes to the Cash Flow Statement

Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

Net incoming resources	157,866	414,576
Depreciation charges	381,496	366,367
Decrease in stocks	37,543	951
Increase in debtors	(144,739)	(204,447)
Increase/(Decrease) in creditors	10,643	(494,072)
Investment income	(252,893)	(244,618)
Net Cash Inflow / (outflow) from Operating Activities	<u>189,916</u>	<u>(161,243)</u>

Reconciliation of Net Cash to Movement in Net Debt

Increase / (Decrease) in cash in the period	<u>65,745</u>	<u>(428,933)</u>
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Analysis of Changes in Net Debt

	At 1.4.12	Cashflows	At 31.3.13
Cash at bank	<u>7,957,630</u>	<u>65,745</u>	<u>8,023,375</u>

NOTES TO THE ACCOUNTS

1 Principal Accounting Policies

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

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and in accordance with the Statement of Recommended Practice (SORP 2005), Accounting and Reporting by Charities and applicable accounting standards. They incorporate the results of the continuing operational activities described in the directors' report. The comparative figures in these financial statements relate to the year ended 31 March 2013.

(b) Basis of Consolidation

The group statement of financial activities and group balance sheet include the financial statements of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

(c) Depreciation and Amortisation of Tangible and Intangible Assets

Depreciation/amortisation is calculated on a straight line basis so as to write off the valuation of the relevant assets over their estimated useful lives as follows:

Class of Asset		Class of Asset	
Furnishings & Equipment:		Leasehold premises	Over the duration of the lease
General	Over 5 years	Freehold property	Over 50 years
Computer	Over 4 years	Artwork copyright	Over expected useful economic life
Motor vehicles	Over 3 or 4 years		

Generally, capital assets or projects are valued at cost and those amounting to less than £500 are not capitalised.

(d) Investments

Investments are included at their market value at the year-end. Investment properties are not depreciated in accordance with Statement of Standard Accounting Practice no 19. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the year of disposal. Unrealised gains and losses represent the movement in market values during the year, and are credited or charged to the Statement of Financial Activities based on the market value at the year-end.

(e) Incoming Resources

Voluntary income in the form of covenants and gift aid is recorded when received. Legacies are included when the Charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

(f) Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Premises overheads have been allocated on a floor area basis, staff related overheads have been allocated on the basis of staff time and other overheads on the basis of direct staff costs. These costs are support costs, necessary to the delivery of Hospice services while not being part of the direct service to patients and their families. Governance costs relate to the running of the charity as an entity as opposed to the running of hospice services or fundraising activities and include, for example, audit costs and costs of constitutional and statutory requirements.

(g) Restricted Funds

Funds subject to specific conditions imposed by the donors are initially dealt with as restricted funds. When those funds are expended a similar amount is transferred from restricted funds to unrestricted funds.

(h) Designated Funds

The Capital Fund is used to meet capital expenditure and to build up a balance to meet future major capital projects. Generally, an amount equal to the charity's annual depreciation charge is added to the fund, but Directors may make variations to this, taking into account the balance on the fund and future projects.

The In Patient Services Development Fund is used to build up a designated reserve to fund the development of in patient services. This involves expansion at the Shrewsbury site and maintaining running the Hospice at Telford, on an equivalent basis to the Shrewsbury Hospice.

The Property Trading Fund reflects the need to provide for repairs to our property portfolio (currently one dwelling), and will be built up on an annual basis.

The Fixed Asset Fund represents the reserves tied up in fixed assets, substantially the two Hospice buildings, which the Hospice cannot operate without and which therefore cannot, in the way of normal business, be realised.

NOTES TO THE ACCOUNTS (Continued)

- (i) **Stocks**
Stocks are stated at the lower of cost and net realisable value.
- (j) **Support Groups**
There were 17 official Support Groups operating bank accounts in the name of the Hospice at 31 March 2013. The majority of these currently prepare accounts to 31 March. Regular fundraising income within these accounts includes gross income raised by the Support Groups during the year. The expenses they incur are included with fundraising and publicity costs.
- (k) **Pension Scheme**
Hospice staff who were members of the National Health Service Pension Scheme are allowed to continue their membership while employed by the Hospice. Contributions are made by both employee and employer. It is not possible to identify any one institution's share of the underlying liabilities. The scheme is therefore accounted for as a defined contribution scheme, with the cost of the scheme being equal to the actual contributions payable to it in the accounting period. The scheme accounts can be viewed on the NHS Pension Agency website at www.phspa.gov.uk or obtained from The Stationery Office.

The Hospice's current employer contribution rate is 14%, part of which is met by the Department of Health. The rate is set on the advice of the Government Actuary.

For non qualifying staff, i.e. those who are not members of the NHS Pension Scheme, the Charity operates a group personal (money purchase) pension scheme. Contributions are made in accordance with the rules of the scheme and are charged to the Statement of Financial Activities as they are paid. The assets of both schemes are held separately from those of the Charity in independently administered funds.

2 Company Status and Members' Liability

The Charity is a private company limited by guarantee and does not have a share capital. The extent of the liability of the members of the charity on a winding up is limited to a maximum of £1.00 each.

3 Donations and Legacies (Group)

Funds	Unrestricted	Restricted	2013	2012
			Total £	Total £
Donations	1,461,750	96,619	1,558,369	1,400,261
Legacies	769,218	500	769,718	1,102,386
	<u>2,230,968</u>	<u>97,119</u>	<u>2,328,087</u>	<u>2,502,647</u>

4a NHS Service Agreements

	2013 £	2012 £
Amount of funding received in year	3,363,092	2,188,779
Deferred income brought forward being the unspent part of the amount received in the previous year	142,464	813,075
	<u>3,505,556</u>	<u>3,001,854</u>
Deferred income carried forward at 31 March 2013 being advanced earmarked funding received and unspent in the current year	(219,737)	(142,464)
	<u>3,285,819</u>	<u>2,859,390</u>

4b Other Income

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

5 Investment Income

	2013 £	2012 £
Dividends receivable on shares held	33,058	31,489
Interest receivable on cash balances	219,835	213,129
	<u>252,893</u>	<u>244,618</u>

NOTES TO THE ACCOUNTS (Continued)

6a Lottery

Severn Promotions Company Ltd, a wholly owned trading subsidiary company incorporated in the UK, operates grand draws and a weekly lottery. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2013.

	2013 £	2012 £
Lottery income	1,420,365	1,422,522
Donations	24,707	28,469
Investment income	4,903	3,665
Total income	<u>1,449,975</u>	<u>1,454,656</u>
Prizes awarded	175,000	184,681
Staff costs	150,768	183,592
Other costs	139,741	152,254
Total expenditure	<u>465,509</u>	<u>520,527</u>
Net lottery income	984,466	934,129
Gift Aid payments to Severn Hospice Ltd	984,356	932,157
Surplus/(Deficit)	<u>110</u>	<u>1,972</u>
Total assets	419,586	375,260
Total liabilities	(413,833)	(369,617)
Funds (representing share capital and reserves)	<u>5,753</u>	<u>5,643</u>

6b Hospice Projects Ltd

This is a wholly owned trading subsidiary company incorporated in the UK. All new goods are sold through this company via the Hospice shops. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2013.

	2013 £	2012 £
Projects income	163,233	160,081
Donations	3,343	-
Total income	<u>166,576</u>	<u>160,081</u>
Cost of goods sold	112,342	76,480
Operating costs	23,569	17,909
Total costs	<u>135,911</u>	<u>94,389</u>
Net trading profit (after provision for tax)	30,665	65,692
Gift Aid payments to Severn Hospice Ltd - provisional amount due for year	30,665	65,692
Surplus	<u>-</u>	<u>-</u>
Total assets	73,789	118,766
Total liabilities	(62,458)	(107,434)
Funds (representing share capital and reserves)	<u>11,331</u>	<u>11,332</u>

6c Hospice Shops

	2013 £	2012 £
Shop income	1,741,180	1,665,233
Less Shops costs	1,139,084	1,042,122
Net Shops Income	<u>602,096</u>	<u>623,111</u>

NOTES TO THE ACCOUNTS
(Continued)

7 Staff Costs & Pensions

	2013	2012
	£	£
Salaries	5,477,520	5,303,315
Social security costs	396,596	394,780
Pension costs	263,639	255,873
	<u>6,137,755</u>	<u>5,953,968</u>

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

	2013	2012
The average number of full time equivalent employees during the year is estimated as shown below (excluding temporary Future Jobs Fund employees) The Administration and Fundraising numbers reflect the transfer of three staff from Fundraising to Administration:		
Administration	12	8
Fundraising	14	19
Patient care	141	140
Shops	34	33
	<u>201</u>	<u>200</u>

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

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

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

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

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

8 Total Resources Expended (Group)

	Direct Costs	Support Costs	Total 2013	Total 2012
	£	£	£	£
Charitable Activities:				
Cost of care	5,039,053	1,688,397	6,727,450	6,234,718
Costs of Generating Funds:				
Voluntary income	408,276	66,021	474,297	474,018
Fundraising trading				
Hospice shops	1,129,491	9,593	1,139,084	1,042,122
Lottery	455,079	10,430	465,509	520,527
Projects	134,507	1,404	135,911	94,389
Investment management	4,038	1,925	5,963	6,014
Governance costs	53,366	39,401	92,767	80,359
Total Resources Expended	<u>7,223,810</u>	<u>1,817,171</u>	<u>9,040,981</u>	<u>8,452,147</u>

Support costs include:

	Basis of Allocation	£	£
Premises & stewarding services	Floor area and estimated time	706,753	681,017
Central Services - reception, admin, finance, HR	Estimated time	540,325	499,209
IT Support	Work stations and estimated time	131,501	116,093
Catering	Estimated time & specific costings	407,118	384,770
Vehicles	Estimated time	31,474	32,787
		<u>1,817,171</u>	<u>1,713,876</u>

Included within these costs are:

Amounts paid or payable to Auditors (plus VAT):			
External annual audit of accounts		18,585	14,380
Other fees payable to the Auditors		4,200	4,130
Depreciation		<u>381,496</u>	<u>366,367</u>

NOTES TO THE ACCOUNTS
(Continued)

9 Tangible Fixed Assets (Charity)

	Freehold Property £	Short Leasehold Property £	Furnishings & Equipment £	Vehicles £	Total £
Cost					
At 1 April 2012	7,702,348	13,860	1,538,185	119,413	9,373,806
Additions	144,091	-	203,734	-	347,825
Disposals	-	-	15,270	-	15,270
At 31 March 2013	7,846,439	13,860	1,726,649	119,413	9,706,361
Depreciation					
At 1 April 2012	1,474,032	13,860	1,029,534	102,687	2,620,113
Charge for year	154,206	-	214,639	10,212	379,057
Disposals	-	-	15,270	-	15,270
At 31 March 2013	1,628,238	13,860	1,228,903	112,899	2,983,900
Net Book Value					
At 1 April 2012	6,228,316	-	508,651	16,726	6,753,693
At 31 March 2013	6,218,201	-	497,746	6,514	6,722,461

Tangible Fixed Assets (Group)

Cost					
At 1 April 2012	7,702,348	13,860	1,563,473	119,413	9,399,094
Additions	144,091	-	204,987	-	349,078
Disposals	-	-	15,270	-	15,270
At 31 March 2013	7,846,439	13,860	1,753,190	119,413	9,732,902
Depreciation					
At 1 April 2012	1,474,032	13,860	1,050,477	102,687	2,641,056
Charge for year	154,206	-	216,793	10,212	381,211
Disposals	-	-	15,270	-	15,270
At 31 March 2013	1,628,238	13,860	1,252,000	112,899	3,006,997
Net Book Value					
At 1 April 2012	6,228,316	-	512,996	16,726	6,758,038
At 31 March 2013	6,218,201	-	501,190	6,514	6,725,905

Intangible Fixed Assets (Group)

	Artwork copyright £
Cost	
At 1 April 2012	2,845
Additions	-
Disposals	-
At 31 March 2013	2,845
Depreciation	
At 1 April 2012	1,042
Charge for year	285
Disposals	-
At 31 March 2013	1,327
Net Book Value	
At 1 April 2012	1,803
At 31 March 2013	1,518

Contingent Assets: The Hospice is aware of a property portfolio that will, any time prior to 2037, be sold with a percentage of the proceeds being received by the Hospice. In view of the long timescale and uncertainty concerning this case it is not possible to predict the value of such receipt. There are also a number of properties subject to a 'life tenant' condition prior to the residue being paid to Severn Hospice, neither is it possible to predict the value of these receipts.

NOTES TO THE ACCOUNTS (Continued)

10 Investments – Group

With interest rates at very low levels an amount was identified that could be exposed to longer term investment to generate the best returns on money held in reserves. After market testing an investment management firm was chosen with whom the money could be placed in a Discretionary Fund to be managed at their discretion within guidelines set by the Hospice as to exposure to non-UK markets and acceptable risk levels. The existing listed investments, received as part of a legacy, were transferred into this fund. It was the sale of some of these during the year that led to the realised loss shown below.

The investment property was also received as part of a legacy, in late 2008/09. Given the state of the housing market it was kept as an investment property, transferred from Fixed Assets at its then value of £130,000, and rented out. At 31 March 2013 the property was revalued for the Hospice by Paul Johnson, MNAEA, of Zaza Johnson & Bath, Estate Agents, at open market value, there was no change from the 31 March 2012 figure.

	2013 Listed Investments/ Discretionary Fund £	2013 Investment Properties £	2013 Total £	2012 Total £
(a) Movements in the Year				
At 1 April 2012 investments at market value	988,757	150,000	1,138,757	879,689
New Investment into Discretionary Fund	-	-	-	250,000
Reinvestment of net income generated	27,986	-	27,986	24,597
Net investment gains, (losses) - realised	(11,957)	-	(11,957)	(1,391)
Net investment gains, (losses) - unrealised	149,311	-	149,311	(14,138)
Group Balance as at 31 March 2013 at market value	<u>1,154,097</u>	<u>150,000</u>	<u>1,304,097</u>	<u>1,138,757</u>
Historic cost of investment	<u>802,583</u>	<u>-</u>	<u>802,583</u>	<u>774,597</u>

(b) Analysis of Listed/Discretionary Fund Investments:

Investments held at 31 March 2013 comprise the following:

Discretionary Fund held by UK incorporated Investment Management Company	1,154,097	988,757
Group balance	<u>1,154,097</u>	<u>988,757</u>

Investments representing more than 10%, by value, of the fund comprised £158,063 of shares held in HSBC Holdings; these being the balance of HSBC shares received in a legacy some years ago

	2013 £	2012 £
Investments – Charity		
The investments held by the charity at 31 March 2013 comprise the following:		
Discretionary Fund and property investments from (a) above	1,304,097	1,138,757
Investments in group undertakings:		
Hospice Projects Ltd	100	100
Severn Promotions Company Ltd	100	100
	<u>1,304,297</u>	<u>1,138,957</u>

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

11 Stocks

	Group		Charity	
	2013 £	2012 £	2013 £	2012 £
Goods purchased for resale through				
Hospice Projects Ltd	28,002	68,855	-	-
Consumable stores	20,717	17,407	20,717	17,407
	<u>48,719</u>	<u>86,262</u>	<u>20,717</u>	<u>17,407</u>

NOTES TO THE ACCOUNTS
(Continued)

12 Debtors

	Group		Charity	
	2013 £	2012 £	2013 £	2012 £
Trade debtors	219,895	104,395	214,449	101,671
Sundry debtors	167,044	145,301	161,805	144,989
Amounts due from subsidiary undertakings	-	-	227,958	202,289
Legacies & grants	627,500	585,800	627,500	585,800
Prepayments	45,582	89,854	44,447	89,854
Income tax recoverable	46,827	40,504	46,827	28,640
VAT recoverable	10,690	6,945	10,690	6,945
	<u>1,117,538</u>	<u>972,799</u>	<u>1,333,676</u>	<u>1,160,188</u>

No amount is included in the case of 34 legacies notified by 31.3.13. In more than one of these a third party has a life interest in the estate and another constitutes a contingent asset (see Note 9). Of these 34 legacies it is estimated that 5 will realise an approximate total value of £90,000, with the remainder being unquantifiable at this stage.

The amount due from subsidiary undertakings includes a loan of £29,665 (2012: £31,410) to Hospice Projects Ltd, to provide working capital to purchase stock and capital assets, that is payable on demand or as otherwise agreed in writing from time to time.

13 Creditors: Amounts Falling Due Within One Year

	Group		Charity	
	2013 £	2012 £	2013 £	2012 £
Trade creditors	553,398	616,255	314,147	341,531
Taxation & social security costs	124,757	119,429	124,167	119,429
Accruals	16,821	15,181	14,165	15,181
Amounts due to subsidiary undertakings	-	-	15,390	3,484
Deferred income	239,131	161,858	239,131	161,858
Other creditors	35,248	45,989	29,413	45,989
	<u>969,355</u>	<u>958,712</u>	<u>736,413</u>	<u>687,472</u>

Creditors: Deferred Income

	Balance b/fwd 1.4.12 £	Released £	New Deferred £	Balance c/fwd 31.3.13 £
Amounts Falling Due Within One Year				
Delivery of education strategy	17,889	1,717	-	16,172
PCT care home education funding	18,880	111	-	18,769
Service Development Fund	-	2,451	12,000	9,549
Compassionate Communities	22,162	18,300	52,174	56,036
Principles & Practice of Palliative Care	3,292	3,292	-	-
Shaw Trust Access for Work	1,642	-	-	1,642
Nightingale Nursing Fund	17,752	-	-	17,752
Powys Hospice at Home funding	15,319	47,277	34,200	2,242
Shropshire PCT Hospice at Home funding	11,362	366,105	372,000	17,257
Amber Care network	-	208	17,128	16,920
Patient & Public Participation	2,000	-	-	2,000
Palliative Care Funding Pilot	-	4,000	8,000	4,000
Palliative Care Funding Pilot- Community PO	-	-	4,000	4,000
End of Life Training	-	-	43,232	43,232
LCP Project Facilitator	22,000	22,000	-	-
NAEDI Project follow-up	29,560	-	-	29,560
	<u>161,858</u>	<u>465,461</u>	<u>542,734</u>	<u>239,131</u>

NOTES TO THE ACCOUNTS
(Continued)

14 Restricted Funds

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

		Balance b/fwd at 1.4.12	Incoming Resources	Resources Expended	Resources Transferred to General Funds	Balance c/fwd at 31.3.13
		£	£	£	£	£
Specific Items	a					
Library at Apley Castle		4,229	-	-	-	4,229
Playground at Apley Castle		1,900	-	-	-	1,900
Vehicle fund		8,539	-	-	-	8,539
Chapel fund	b	13,374	1,000	-	-	14,374
Hoists		-	-	-	-	-
Shrewsbury refurbishment		-	1,400	-	1,400	-
Kitchen rebuild		-	10,000	-	10,000	-
Individual specified Items of less than £5,000 each		5,402	7,730	-	730	12,402
Donations received for the Day Units		630	46,167	46,167	-	630
PCT & other funding received for the Care at Home Services		119,475	28,046	13,800	-	133,721
PCT funding for specifically negotiated services	c	-	1,242,335	1,242,335	-	-
Grants given and used for education & training		2,973	-	2,973	-	-
Hospice Garden	d	7,696	2,776	2,311	-	8,161
		<u>164,218</u>	<u>1,339,454</u>	<u>1,307,586</u>	<u>12,130</u>	<u>183,956</u>

- a) Individual Specific Items are too many to detail and cover donations for such items as lifts, hoists, wheelchairs, supplies for particular Hospice services, etc.
- b) These funds will be applied to relocation of the Chapel at the Bicton Heath site in 2013/14.
- c) This includes funding for services negotiated with and by the Primary Care Trusts and the Welsh Assembly, for example at the Hafan Day Unit and the Hospital Support Team, and is spent as negotiated with the PCTs and the Welsh Assembly.
- d) Funds used to finance the upkeep of the gardens; in particular the costs of the gardener and specific garden purchases.

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

15 Unrestricted Funds

The Group and Charity Funds include the following designated and general funds:

		Balance b/fwd at 1.4.12	New Designations/ Incoming Resources & Gains	Utilised/ Released/ Outgoing Resources & Losses	Resources Transferred To/From General Funds	Balance c/fwd at 31.3.13
		£	£	£	£	£
Designated Funds:						
Capital Fund	a	622,246	346,825	(347,825)	-	621,246
Property Trading Fund	b	2,394	1,002	-	-	3,396
Fixed Asset Fund	c	6,753,693	347,825	(379,057)	-	6,722,461
Total Designated Funds		<u>7,378,333</u>	<u>695,652</u>	<u>(726,882)</u>	<u>-</u>	<u>7,347,103</u>
Group General Funds		<u>8,414,026</u>	<u>7,301,094</u>	<u>(7,006,512)</u>	<u>12,130</u>	<u>8,720,738</u>
Total Group Unrestricted		<u>15,792,359</u>	<u>7,996,746</u>	<u>(7,733,394)</u>	<u>12,130</u>	<u>16,067,841</u>
Total Designated Funds		7,378,333	695,652	(726,882)	-	7,347,103
Charity General Funds		<u>8,397,252</u>	<u>6,699,565</u>	<u>(6,405,093)</u>	<u>12,130</u>	<u>8,703,854</u>
Total Charity Unrestricted		<u>15,775,585</u>	<u>7,395,217</u>	<u>(7,131,975)</u>	<u>12,130</u>	<u>16,050,957</u>

- a) The Capital Fund which has been set up by the Directors for the purpose of funding capital expenditure and building up a reserve for major capital projects in the future.
- b) The Property Trading Fund reflects the need to provide for repairs to our property portfolio, and will be built up on an annual basis.
- c) The Fixed Asset Fund represents the reserves tied up in fixed assets, substantially the two Hospice buildings, which the Hospice cannot operate without and which therefore cannot, in the way of normal business, be realised.

NOTES TO THE ACCOUNTS (Continued)

16 Allocation of Group Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	2013 Total £	2012 Total £
Fund balances at 31 March 2013 are represented by:				
Tangible fixed assets	6,725,905	-	6,725,905	6,758,038
Intangible fixed assets	1,518	-	1,518	1,803
Investments	1,304,097	-	1,304,097	1,138,757
Current assets	9,005,676	183,956	9,189,632	9,016,691
Creditors due within one year	(969,355)	-	(969,355)	(958,712)
Total Net Assets	<u>16,067,841</u>	<u>183,956</u>	<u>16,251,797</u>	<u>15,956,577</u>

17 Operating Lease Commitments

At March 2013, the charity had annual commitments under non-cancellable operating leases for land and buildings as follows:

	2013 £	2012 £
Within 1 year	68,912	48,646
Between 2 and 5 years	71,650	76,050
Over 5 years	<u>147,250</u>	<u>128,600</u>

18 Controlling Party

The company, having no share capital, is under the control of the Directors who also act as Trustees.

19 Pension Commitments

The company and its subsidiaries operate a defined contribution scheme available to the majority of its permanent employees. The company and its subsidiaries also make contributions to the National Health Service Pension Scheme for certain employees. The NHS Pension Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. As a consequence it is not possible for Severn Hospice to identify its share of the underlying scheme and it has been treated as a defined contribution scheme.

Contributions are charged in the financial statements as they are incurred and there were no outstanding contributions as at the balance sheet date. Pension costs charged in the year were £ 263,639 consisting of £217,846 paid to the NHS Scheme and £45,794 paid to the defined contribution scheme (2012: £213,222 and £42,651 respectively).