

**ROWCROFT HOUSE FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**



**ROWCROFT HOUSE FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

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**ROWCROFT HOUSE FOUNDATION LIMITED**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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<b>Trustees</b>	W Grahamslaw (resigned 13 February 2017) R J S Brinsley (resigned 20 March 2017) R W G Ward C Pincombe A Dee C Edwards S Bryant (appointed 23 January 2017) E Allen (appointed 23 January 2017) A Janzen (appointed 28 March 2017) P Meek (appointed 28 March 2017)
<b>Company registered number</b>	01561601
<b>Charity registered number</b>	282723
<b>Registered office</b>	Rowcroft Hospice Avenue Road Torquay Devon TQ2 5LS
<b>Chief executive officer</b>	G Charnaud (resigned 22 July 2016) J Hill (Acting CEO, appointed 22 July 2016, resigned 3 March 2017) Mark Hawkins (appointed 3 March 2017)
<b>Independent auditors</b>	Bishop Fleming LLP Chartered Accountants 50 The Terrace Torquay Devon TQ1 1DD
<b>Bankers</b>	National Westminster Bank PLC PO Box 69 Riviera House Nicholson Road Torquay TQ2 7YL

**ROWCROFT HOUSE FOUNDATION LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 MARCH 2017**

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The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Rowcroft House Foundation Limited ('the charity' or 'the Hospice') for the year ended 31 March 2017. The Trustees confirm that the annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP FRS 102) "Accounting and Reporting by Charities" effective 1st January 2015.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**a. CONSTITUTION**

The charity (Number 282723) is a company limited by guarantee (Number 01561601), incorporated on 14 May 1981 and is governed by its Articles of Association (revised January 2011). It is led by a Board of Trustees, details of which are given on page 1.

**b. METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES**

The management of the charity is the responsibility of the Trustees who are elected and co opted under the terms of the Articles of Association.

Trustees are appointed to the Board of Trustees by an open recruitment process inviting applications with appropriate skills, experience and/or qualifications from the community of South Devon. The process follows the hospice's recruitment policy and procedure. The successful applicants are invited to become Members of the Association, prior to a General Meeting at which their appointment is formally ratified.

**c. POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

All newly appointed Trustees undergo a half day induction at the hospice which includes a presentation relating to the objects and activities of the charity, a tour of the hospice and discussion with the Chairman, other Trustees and the Executive Team. Relevant documentation is made available to the newly appointed Trustees including the Articles of Association, past Board of Trustees and Committee minutes and a copy of The Trustee Induction pack.

**d. ORGANISATIONAL STRUCTURE AND DECISION MAKING**

The Board of Trustees are responsible for agreeing the strategic direction of the organisation, ratifying policy and ensuring compliance with internal governance and external regulations and legislation.

The Trustees meet with the Executive every two months in a Rowcroft Management Board meeting. The Strategic Management Board considers strategic direction and reviews performance against strategic indicators.

Day to day management of the hospice is delegated to the Chief Executive and thereafter the Executive Team.

The hospice is organised into departments with each having a head of department who is responsible for the day to day running and budget management of that department. Departments are grouped together into appropriate Directorates and report to the appropriate Executive Director that represents them within the Executive Team.

The charity occupies buildings and land owned by The Pilmuir Estate (formerly Rowcroft Convalescent Home Trust), a separate charity. The buildings are leased from The Pilmuir Estate with Rowcroft House Foundation Limited being responsible for their maintenance.

## **OBJECTIVES AND ACTIVITIES**

### **a. POLICIES AND OBJECTIVES**

To provide support and the best care possible to people facing a progressive, life-limiting illness in South Devon. We deliver this through:

- The provision of care to patients, their families and friends, where they have complex needs which require our specialist skills.
- Meeting an individual's physical, emotional, social and spiritual needs, providing support both before and after bereavement.
- Providing palliative care and associated support services to the adult population within South Devon.
- Promote community wide excellence in palliative care through education, training and support of both carers and professional health and social care providers.
- The provision of education, both to professional health and social care workers and the general public.
- The development of a community-wide understanding of end of life care issues including the appropriate influence on the services provided by others.

The total population of the geographical area served is 280,000. Whilst the majority of the patients have a cancer diagnosis, referrals are received relating to all progressive, life limiting disease groups. In addition to care directed at the physical, psychological, social and spiritual needs of the patient, the needs of those close to the patient are also addressed. The majority of referrals are received via the NHS, either directly from their GP or hospital based consultant.

The Hospice seeks the views of its beneficiaries through engaging the local community it serves. Whilst this is done principally to seek financial and volunteering support, the community has considerable experience of relatives or friends who have used the service. They are able to inform us of positive aspects and those aspects that require development.

In addition views of users of the service are proactively sought via ongoing patient and family surveys and through two user groups.

### **OUR PURPOSE**

- To take care further; demonstrating compassion and humanity in the delivery of palliative and end of life care

### **OUR VISION**

- To make every day the best it can be for all patients and their families, living with life limiting illnesses in South Devon

### **OUR VALUES**

- Honesty and integrity
- Generosity of spirit
- Team player
- Respect

TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2017

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## ACHIEVEMENTS AND PERFORMANCE

### a. REVIEW OF ACTIVITIES

In setting objectives and planning activities for the year the Trustees gave careful consideration to ensuring that the charity's activities are to the public benefit, having due regard to the guidance issued by the Charity Commission.

**1. Delivery of excellent Hospice & Community based care:** through inpatient care, community services, outpatient services and Hospice at Home services to support patients in their own homes.

The Care Quality Commission undertook a routine inspection in January 2016. The following areas were assessed and the CQC reported an overall rating for Rowcroft Hospice as **"Outstanding"**.

The CQC base their overall rating having sought to answer 5 questions:

- |                              |                     |
|------------------------------|---------------------|
| • Is the service safe?       | Rating: Good        |
| • Is the service effective?  | Rating: Outstanding |
| • Is the service caring?     | Rating: Outstanding |
| • Is the service responsive? | Rating: Good        |
| • Is the service well led?   | Rating: Outstanding |

Throughout 2016/17 Rowcroft gathered patient and family feedback to assess quality of service ensuring that our outstanding care continues. The feedback is assessed and recorded using an online independent tool "I want great care". Rowcroft services were rated "Excellent" throughout the year.

**2. Enabling and Supporting Others to Deliver Excellent Palliative Care:** through the provision of education for professionals and information to the general public:

- Delivered comprehensive programme of education to variety of health and social care community staff and carers. 1,340 participants at our training events
- Care home facilitator in post to support and train staff working in residential and nursing homes. 334 Care home staff receiving bespoke training from Rowcroft free of charge

### 3. Developing our Facilities:

- Annual ward and outpatient maintenance programme maintaining our inpatient facility to the highest standards
- Introduction of a family room within the Inpatient unit to provide space and facilities for family members near to family members on the wards
- Grounds maintained to provide a suitable environment for patient and staff wellbeing.

**4. Heighten our Market Position:** through effective internal and external communication and business processes which provide accurate and appropriate information:

- We have progressed initiatives to improve internal communication. The objective to enhance the incorporation of our values in our behaviours and our messages. Our core values now form part of the employee performance review process
- At the start of the year we announced an urgent appeal as part of the organisations turnaround plan. The objective being to raise awareness of the charitable status of Rowcroft, to inform the South Devon community of the financial needs of the charity and the financial difficulties the Hospice had been experiencing over recent years. The appeal raised over £600,000 against a target of £585,000 and the improved awareness has seen a significant improvement in donations across all of Rowcroft's income generating activities
- During the year we have progressed initiatives to improve external communication. The objective to inform the community of how Rowcroft makes every day the best it can be for patients and their families, living with life limiting illnesses in South Devon. This has been achieved through sharing many more patient stories through all the channels available to us, including; public meetings, presentations to community

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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groups and businesses, press releases, social media, our website and in our written communications with supporters

**5. Funding our Vision:** by ensuring all of our services and operations meet the needs of patients and supporters while increasing the number of supporters:

- Developing and reviewing marketing programmes to extend the community's and health and social care professionals' understanding of our charitable status and how we are able to provide the services at the quality that we provide them.

This year our marketing focussed more on the impact of Rowcroft on the local community and the beneficiaries of the charity; through patient and family stories and through special moments that Rowcroft was able to provide for patients and families.

The Urgent appeal was the main focus of our marketing efforts. Through that campaign the charity was able to dispel a number of myths:

- Incorrect perception that Rowcroft is an overly wealthy organisation
- That Rowcroft owned the estate that it in fact leases from an independent charity
- That Rowcroft was an NHS organisation and not a charity

The campaign also raised awareness of our services and of our need for financial support to a new level. This raised awareness evidenced in the thousands of individual donations received in response to the appeal as well as increased requests for information about the charity.

- Further developing our relationships with Clinical Commissioning Groups to secure existing funding arrangements and extend breadth of NHS commissioned services.

Early in the year Trustee and Executive representatives of Rowcroft held a number of exceptional meetings with the South Devon and Torbay CCG to explain the financial position of Rowcroft and the need for increased funding; through whatever sources were available. Through these meetings and the sharing of information the relationship with the CCG and the CCG understanding of the impact of Rowcroft improved considerably. While the CCG were unable to provide additional recurring funding, additional funding of £150,000 was provided on a one off basis to support Rowcroft's service re-design.

- Building our supporter network within South Devon through our services, shops, our events and our fundraising activities.
  - More than 4,000 people took part in Rowcroft organised events: in our Colour Rushes, Sleep Walk, Ride, Abseil, Make a Will Week, Light up a Life and Meadow of Memories
  - The Education team provided training courses to 1,340 people
  - The Retail team welcomed tens of thousands of customers into our 16 shops. We added an additional furniture shop to our retail offering this year
  - The community fundraising team making hundreds of presentations to community groups and organisations across South Devon
- Attracting and retaining volunteers who provide essential support to the operations and services provided. Providing volunteers with opportunities to gain experience and personal development while supporting Rowcroft.

Once again this year our volunteers increased the amount of time committed to Rowcroft. An average of over 1,200 volunteers working for Rowcroft each month giving an average of over 4,000 hours of time to Rowcroft each month.

TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2017

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## STRATEGIC REPORT

In last year's report, the Trustees announced a two year turnaround plan: involving an organisational re-design, including reductions in service provision. The objectives of the plan being:

1. To achieve a breakeven financial position by the end of 2017/18 and a surplus in 2018/19
2. To ensure reserves remain above the minimum levels as prescribed in the reserve policy (included here) during the period of the turnaround plan
3. To limit the impact of the service changes on patient numbers and protect the outstanding quality of care

**The Trustees consider service performance this year to be in line with the turnaround plan:**

- The Chronic Oedema service was successfully transferred to the NHS by 1st October 2016 as per the re-design plan. This service is not an End of Life service and following the re-design the charities focus is solely on End of Life services
- 17 Inpatient beds to the end of September 2016, 12 beds from 1st October 2016. High occupancy throughout the year and reduced length of stay for patients receiving pain relief.  
**334 admissions** [2015/16: 357 admissions]
- Community Team activity increasing in the year despite the impact of the re-design. A reduction in the availability of therapies provided but not at the expense of quality of care  
**1,142 referrals** [2015/16: 1,013 referrals]
- Hospice at Home still caring for over 400 patients  
**401 referrals** [2015/16: 420 referrals]
- Bereavement support service continuing to provide support to patients and families  
**144 referrals** [2015/16: 149 referrals]
- Total patient numbers for all End of Life care services increased from the previous year  
**2,021 patients** [2015/16: 1,939 patients]
- Patient feedback using "I Want Great Care" service continues to rate Rowcroft services as Excellent  
**99%+ of 198 responses fed back that they would recommend Rowcroft's services**

**The Trustees report that financial performance over achieved against the turnaround budget:**

- Legacy income of £1.5m [2015/16: £1.5m], over achieving against the turnaround budget by £0.4m
- Controllable income: Retail & Fundraising/donations income of £4.2m [2015/16 £3.7m] over achieving against the turnaround budget by £0.1m. Budget included £0.6m urgent appeal which was achieved.
- Total expenditure of £8.2m [2015/16: £8.8m] achieving a saving on the turnaround budget of £0.5m
- Gain on investments of £0.3m [prior year £0.2m loss]; no gain, no loss in the turnaround budget

**Financial performance improving from a deficit of £1.3m in 2015/16 to a surplus of £0.2m in 2016/17. In the turnaround budget we forecast a deficit of £0.9m but through the successes shown above we managed to turn that into a surplus of £0.2m**

- At 31 March 2017 the Balance Sheet showed Net Assets of £6.0M, an increase of £0.2m
- Available reserves and investments at 31 March 2017 of £3.4m [prior year £2.6m]

Having achieved a break even position in the first of the two year turnaround plan and increasing available reserves and investments; the Trustees consider the organisation is now well positioned to complete the turnaround during 2017/18, making a surplus, increasing available reserves further and continuing to maintain patient numbers and quality of care.



**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2017**

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**SERVICE REVIEW**

**Rowcroft Hospice provides the following services:**

- 12 bedded inpatient unit, 17 beds up to 30th September 2016
- Community specialist palliative care service
- 24/7 Hospice at Home service
- Outpatient services including Chronic Oedema up to 30th September 2016
- Bereavement service
- Education and training for health & social care staff, volunteers & carers in palliative/end of life care

**Numbers of Patients/ beneficiaries in 2016/2017:**

- The Inpatient Unit admitted 334 patients [2015/16: 357 patients]
- The Community Team received 1,142 referrals [2015/16: 1,013 referrals]
- Rowcroft Hospice at Home had 401 patients referred, nursing people in their own home or care home in the last weeks of life [2015/16: 420 referrals]
- The Bereavement Service provided support to 144 bereaved people [2015/16: 149 patients]
- Outpatient Centre: 1,566 appointments including Chronic Oedema [2015/16: 2,583 appointments]
- Education: providing End of Life Care training to 1,340 participants

**Performance against the improvements and priorities planned for 2016/17**

**1. Patient Safety – delivering care - Ward Attendant posts:**

Outcome measure from 2016/17 objective:

- First volunteers undergo induction spring 2016
- Volunteers in place summer 2016

Performance: Achieved:

- Our Ward attendant volunteers provided 46 hours of care in the first three months. Sitting with patients at risk of falling, supporting Occupational Therapy, sitting with patients who are dying, assisting with meals and providing companionship.

**2. Patient Safety – delivering care - further development of work with Pressure Ulcers and falls prevention:**

Outcome measure from 2016/17 objective:

- Carry out the new Hospice UK Pressure Ulcer Audit by Summer 2016
- Update skin and pressure care assessment and care planning by October 2016

Performance: Achieved:

- The audit using the Hospice UK national audit tool showed good compliance with detecting, reporting and acting on skin changes. Recommendations for further improvements included updating our skin and pressure ulcer assessments and care planning: which were implemented.

**Where we feel we can improve and our priorities for 2017/18**

**1. Patient Safety – “signuptosafety” initiative**

We will extend our commitment to being safe by working with other hospices in the south west to trial an enhanced method for investigating incidents as close to the time they occur as possible with the aim of enhancing learning and reduce recurrence. We will also explore the development of an agreed set of metrics for quality in hospice care.

Outcome measure:

- Implementation of an enhanced method for investigating incidents when they occur

## **2. Patient Safety – Operating effectively**

We plan to offer two apprenticeships in health and social care to existing staff through the new government apprenticeship levy. This will benefit patients in our Hospice at Home service and Inpatient unit by further investing in our staff development. We will continue to develop our skill mix in the Hospice at Home team using existing resources by appointing health care assistants (level 2) to work with our night Sisters, enabling them to provide double-handed care at night.

Outcome measure:

- Apprentices completing their first year
- Evaluation report on the benefit of the night health care assistant

Further details available from the Hospice Quality Account 2016/17 at:

<http://www.rowcrofthospice.org.uk/web/data/rowcroft-hospice-quality-account-2016-18.pdf>

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**FINANCIAL REVIEW**

As a result of a successful first year of the two year turnaround plan, income increased by £0.6m and costs reduced by £0.6m. Together with a gain on investments the charity has seen a £1.5m improvement in financial performance year on year. Making a surplus of £0.2m

Total funds increasing to £6m [2015/16: £5.8m]

**It has been a significant year in the development of Rowcroft income generation:**

During the year an urgent appeal achieved income of £0.6m. Increased awareness as a result of this appeal and a majority of this £0.6m being recurring income signals that this is not a one-off increase, it is a step up in income. A significant achievement by the Rowcroft Fundraising, Retail and Marketing team.

**In 2016/17 incoming resources can be summarised as follows:**

• NHS funding	£2.5m	30%	[2015/16: £2.4m	31%]
• Fundraising income	£2.3m	28%	[2015/16: £2.0m	26%]
• Retail income	£1.9m	23%	[2015/16: £1.5m	19%]
• Legacy income	£1.5m	18%	[2015/16: £1.5m	19%]
• Other	£0.1m	1%	[2015/16: £0.3m	5%]
• Total	£8.3m	100%	£7.7m	100%

Income generation (Fundraising & Retail) as a percentage of total income, now at 51%. [2015/16: 45%]

Net income from income generation growing to £1.6m, contributing 45% of the direct cost of Charitable activities. [2015/16: £0.9m, 21%]

The Trustees are pleased to be able to report that the total cost of the organisation has been reduced by £0.6m in the year while maintaining the percentage spent on charitable activities.

The reductions in expenditure in the year are ongoing reductions to the cost base of the organisation.

**In 2016/17 total expenditure reduced significantly:**

• Income Generation	£2.6m	31%	[2015/16: £2.6m	30%]
• Charitable activities	£5.6m	69%	[2015/16: £6.2m	70%]
• Total	£8.2m	100%	£8.8m	100%

**The Trustees consider the principal risks and uncertainties to the organisation:**

- Economic conditions and increased competition for donations and voluntary support potentially reducing income below the levels required to continue to provide our services. We continually invest to raise awareness of Rowcroft, our services and our fundraising activities and we plan and review financial performance regularly throughout each year to mitigate the economic risks
- Reputational risk from events: patient care or operational events such as a cyber-attack or health and safety issue. Rowcroft undertakes comprehensive training programmes for staff, maintains and updates comprehensive policies and procedures and reviews performance continually. We are also contributors and beneficiaries of the "I want Great Care" patient feedback system to learn and continue to improve care, processes and procedures
- Staff retention and attraction. Rowcroft has an ageing workforce, as does the NHS. Staff wellbeing and development is a strategic priority of the organisation. We provide benefits and opportunities to ensure that we remain an attractive proposition to existing and potential employees
- Financial risk. Rowcroft invests reserves on the stock exchange to increase return on investments. Investments are managed by expert advisors and reviewed regularly. Our investment policy seeks returns not at the expense of capital or liquidity

**a. RESERVES POLICY**

**Reserves are required in order that our charity is protected against future events known and unknown, and is able to maximise future opportunities and weather future challenges.**

In order for the hospice to meet its objectives of providing care for patients suffering from life-limiting illnesses, the Rowcroft Management Board (RMB) has considered the charity's resources and commitments. The hospice has a long-term commitment to people throughout South Devon and it requires long-term plans.

Much of the hospice's income comes from voluntary giving and is therefore volatile and cannot be guaranteed. Much of the hospice's expenditure, however, is fixed, due to the nature of the charity's work, its commitment to delivering services and hence a major proportion of costs being in staffing.

Against these considerations, the RMB is conscious of the need to apply charitable funds in a timely fashion and to avoid building up an excessive level of reserves. By law, income received must be spent within a reasonable period of time unless there is good reason not to do so.

Having regard to these factors, the RMB believes that an appropriate balance is to hold a level of available reserves which would allow the Charity to meet its financial obligations as well as to facilitate initiatives which further its charitable aims.

The Policy should be regularly monitored and its effectiveness reviewed in the light of the changing funding and financial climate and other risks. A formal review should be conducted by the RMB once a year at the time of approving the next year Budget.

**The benefit of a Reserves Policy is:**

- To assist in strategic planning, for example considering how new projects or activities will be funded
- To inform the budget process, for example, is it a balanced budget or do reserves need to be drawn down or built up?
- To inform the budget and risk management process by identifying any uncertainty in future income streams
- To demonstrate to beneficiaries, donors, funders and the wider public that you are acting to protect the charity from future challenges and changes in economic circumstances

**Guiding principles to justify the level of reserves and their use:**

- To protect and sustain the charity's activities should income or expenditure become seriously out of line with expectations
- To have a level of funds available to support charitable one off initiatives which fall outside the annual plan
- To have a sufficient level of funds available to support new long term charitable initiatives in their launch phase and before fundraising support can be fully realised

**Level of Reserves to meet Policy Objectives:**

- To avoid closure if funding difficulties were to happen, the RMB has agreed to keep a certain level of financial reserves to ensure that all charitable activities can continue for a period of six months. The main concerns of the RMB are to ensure: that staff can continue working, primarily to secure new funding and that as a last resort beneficiaries are supported to move on to other services. It has been calculated that reserves of £1.5m would be needed to continue running all charitable activities for at least six months (net of NHS income)
- It is anticipated that during this six months, charitable activity may be re-designed. £0.15m is considered as a reserve for redundancy costs (20% of total redundancy obligations)
- To support day to day variations in cash flows, a reserve for working cash of £0.4m
- A discretionary "Opportunity Fund" of £0.25m will be allocated from reserves to support initiatives proposed by the Executive and approved by the Trustees

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- Total reserves of £2.3m. Should these reserves, once established, fall below this level for whatever reason, immediate steps will be taken to reinstate them over a reasonable period. The RMB also recognises that keeping reserves at a level of £2.3m would, in the unlikely event of the charity having to cease operations, be sufficient to pay for winding up liabilities

**Strategic considerations on level of reserves:**

To support long term strategic objectives and improve the Charity's overall financial security; in the event of the negative impact of any financial challenges, the RMB have agreed to increase reserves over time to cover six months of total costs (at current costs being £4m) rather than 6 months of costs of charitable activities plus the associated reserves described above (£2.3m). This will be achieved through the retention of annual budget surpluses and not from reductions in care.

**Available reserves in cash and investments at 31st March 2017 of £3.4m (2015/16: £2.6m).**

## **b. INVESTMENT POLICY AND PERFORMANCE**

The Trustees intend that the real value of their assets and funds be maintained and enhanced over the medium to long term (5 years) by investment in a portfolio comprising equities, fixed income stocks and cash. The aim is to achieve the best financial return within an acceptable level of risk.

Rowcroft adopts a total return approach to investment, generating the investment return from income and capital gains or losses.

For the purposes of the charity, the Trustees may wish to withdraw income from time to time to meet expenditure and this requirement will be discussed with the investment management company as necessary. The withdrawals may be met from income or capital.

### **Attitude to risk**

Rowcroft relies on the investment return to support operating costs and underwrite underperformance of fundraising in any one year. The key risk to the long term sustainability of Rowcroft is securing sufficient income from investments, fundraising events, legacies, individual and corporate donors. The assets should be invested to mitigate this risk over the long term. The Trustees understand that this is likely to mean that investment will be concentrated in real assets and that the capital value will fluctuate.

The Trustees are able to tolerate volatility of the capital value, as long as Rowcroft is able to meet its short term cash requirements through either income or liquid capital assets.

### **Liquidity Requirements**

The Trustees wish to keep at least 20% of the assets in investments that can be realised within three months. To allow for volatility of capital values, the Trustees wish to maintain at least £100k in cash or lower risk liquid investments to support cash flow needs.

A minimum of 5% of the total assets should be kept in cash or near cash investments at all times.

### **Time Horizon**

Rowcroft is expected to exist in perpetuity and investments should be managed to meet the investment objective and ensure this sustainability. The Trustees can therefore adopt a long term investment time horizon.

### **Investment Brief**

In order to meet these objectives the Trustees contracted Brewin Dolphin as their agent during the year to manage a diversified portfolio of suitable investments on a discretionary basis. The specific restriction relates to the non investment with any organisation undertaking the manufacture of tobacco. In the future, the Trustees may wish to limit other investments in specific companies, sectors or countries and will inform the investment agents of any such restrictions as they are determined.

The proportion of the portfolio invested in equities, fixed income stocks and cash shall be reviewed by the Trustees with the agents from time to time to agree a suitable mix of investments for the coming period. It is anticipated that such a review will take place twice a year.

During the year the Trustees selected a Mandate reflecting a Brewin Dolphin Category Number 6, i.e. Moderate Investment Risk and this category will be reviewed annually at the April meeting of the Rowcroft Finance and Investment Committee.

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**Review/Reporting**

The Trustees will regularly consider whether there is a need to revise this Policy Statement and keep under review the arrangements under which the agent acts.

During 2017/18 Rowcroft will review our selection of investment agent in a competitive tender arrangement.

The Trustees require valuations on a quarterly basis and a year end report containing detailed information relating to income and gains for use by the charity's auditors. The Trustees expect the investment manager to attend a meeting of the Finance and Investment Committee twice a year to report in person, and regularly appraise the Finance and Commercial Director during the year.

**TRUSTEES' REPORT (continued)**  
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**EMPLOYEES AND VOLUNTEERS**

The Board of Trustees would like to record its appreciation of the commitment to the hospice of all staff and volunteers.

Rowcroft is committed to investing in staff development throughout all departments. The Rowcroft Education team provide professional and personal development courses throughout each year to ensure that staff have access to relevant training and opportunities for personal development. Where appropriate Rowcroft also engage with external training suppliers to provide courses.

Rowcroft recognises its social and statutory duty to employ disabled persons and individuals on Government assisted work schemes wherever possible.

During the year Rowcroft benefited from a monthly average of over a thousand volunteer sessions; working on the wards, bereavement support, administration & reception, shops & distribution centre, therapies & services, transport, estates and in fundraising.

Over 52,000 hours of volunteer time given to Rowcroft by volunteers during 2016/17.

This year in particular the Trustees wish to thank all staff and volunteers for their continued dedication and hard work during a very difficult time as the Hospice rebalanced its finances. The resultant turnaround from a deficit of £1.3m to a surplus of £0.2m is a remarkable achievement in one year. To also maintain patient numbers at similar levels to previous years is equally as remarkable.

This would not have happened without an enormous effort from the staff and volunteers of Rowcroft Hospice and the Trustees wish to record their acknowledgment of the huge effort they have made.

**OUR SUPPORTERS AND THE SOUTH DEVON COMMUNITY**

In the summer of 2016 Rowcroft announced an urgent appeal with a target of raising £585,000. The objective of the appeal to ensure that Rowcroft can maintain its reserves at a safe level while continuing to care for 2,000 patients and their families in South Devon.

Our supporters responded with a huge effort in raising funds, through donations, through events, fun days, bake sales, taking on sponsored challenges and in many more ways. At the same time our supporters gave huge amounts of time raising awareness of the charity.

At the conclusion of the urgent appeal, the target was over achieved with over £600,000 being raised from this one appeal. It is clear that this effort by our supporters and the community in general has significantly increased awareness and understanding of the Hospices work, resulting in continued improvements in income since: in the numbers of donations, the number of regular donors and in greater engagement between the Hospice and the whole South Devon community.

**INTEGRATED CARE ORGANISATION**

In re-designing Rowcroft services the organisation received significant support from The Torbay & South Devon NHS FOUNDATION TRUST and the NHS South Devon & Torbay CCG.

The CCG providing one-off funding for 2016/17 to support our organisational re-design work while the Torbay & South Devon NHS FOUNDATION TRUST supported Rowcroft in a number of ways, including the transfer of the Chronic Oedema service into the NHS and the provision of staff training services to Rowcroft staff.

The Trustees wish to record their appreciation on behalf of Rowcroft Hospice for the truly amazing support given by the community of South Devon this year and every year. Our employees and volunteers, our supporters and our Healthcare community in particular. Thank you.



**c. GOING CONCERN**

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

**PLANS FOR FUTURE PERIODS**

Having successfully turned the finances around during 2016/17 and made good progress on the two year turnaround plan: well ahead of target at the end of the first year, the Trustees and Senior Management Team at Rowcroft are preparing a new 5 year strategy.

The strategy will be developed along with local businesses, the healthcare community, patients and families and community groups within South Devon.

The strategy will identify the End of Life Care needs of the South Devon community over the next 5,10 and 20 years and how Rowcroft can grow to meet what we know will be an ever increasing need for our services over this period.

The strategy will also progress an existing project in planning inpatient unit needs for the future. To take into consideration the increased diagnosis of frailty and dementia, the year on year continued growth in the need for End of Life Care with an increasing and ageing population in South Devon.

While the strategy has yet to be finalised, we will be focussing on our talented people, on being an integral part of the South Devon health and social care system and on being enterprising in raising funds.

Further, the strategy will be founded on the key principles of having six months of costs in reserve at any time and growing services only once we have certainty that income levels have increased sufficiently to pay for growth without affecting the reserve principle.

The principle of holding six months of cost in reserve is based upon our experiences of the past few years and consideration of potential financial or economic shocks that have been identified as risks by the Senior Management team.

The first objective of the strategy will be to achieve this level of reserves as soon as possible. To achieve this first objective the Hospice has started a program of events and communications with the South Devon community: "Securing the Future of Rowcroft".

Following consultation and discussion with the local community the Rowcroft Hospice Strategic plan for 2018 to 2023 will be published on the Rowcroft website:

<http://www.rowcrofthospice.org.uk/>

To make a donation or find out how to help or how to access Rowcroft services please visit this site.

**ROWCROFT HOUSE FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees on 30/10/17 and signed on their behalf by:



**C Edwards**  
**Chair**



**A Dee**  
**Trustee**

**ROWCROFT HOUSE FOUNDATION LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2017**

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The Trustees (who are also directors of Rowcroft House Foundation Limited 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

**ROWCROFT HOUSE FOUNDATION LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROWCROFT HOUSE FOUNDATION LIMITED**

We have audited the financial statements of Rowcroft House Foundation Limited for the year ended 31 March 2017 set out on pages 20 to 38. 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. 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Trustees' responsibilities statement, 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.

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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its 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.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

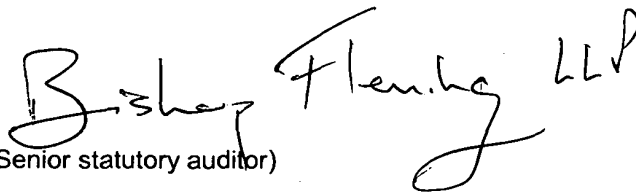
**ROWCROFT HOUSE FOUNDATION LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROWCROFT HOUSE FOUNDATION LIMITED**  
**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report.

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

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



William Hanbury FCA (Senior statutory auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

50 The Terrace

Torquay

Devon

TQ1 1DD

Date: 29/11/17

**ROWCROFT HOUSE FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>					
Donations	3	44,863	727,112	771,975	619,920
Legacies	3	-	1,478,862	1,478,862	1,483,100
Grants	3	7,200	34,532	41,732	152,135
Charitable activities	6	880,860	1,584,096	2,464,956	2,393,085
Other trading activities	4	-	3,325,346	3,325,346	2,706,426
Investments	5	-	57,384	57,384	80,245
Other income		15,919	36,042	51,961	254,379
<b>TOTAL INCOME</b>		<b>948,842</b>	<b>7,243,374</b>	<b>8,192,216</b>	<b>7,689,290</b>
<b>EXPENDITURE ON:</b>					
Raising funds:					
Fundraising trading	7	-	2,556,829	2,556,829	2,615,720
Investment management		-	14,128	14,128	20,343
Charitable activities	8	959,820	4,684,311	5,644,131	6,140,592
<b>TOTAL EXPENDITURE</b>		<b>959,820</b>	<b>7,255,268</b>	<b>8,215,088</b>	<b>8,776,655</b>
<b>NET EXPENDITURE BEFORE INVESTMENT GAINS/(LOSSES)</b>		<b>(10,978)</b>	<b>(11,894)</b>	<b>(22,872)</b>	<b>(1,087,365)</b>
Net gains/(losses) on investments	14	-	265,404	265,404	(174,398)
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>(10,978)</b>	<b>253,510</b>	<b>242,532</b>	<b>(1,261,763)</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>(10,978)</b>	<b>253,510</b>	<b>242,532</b>	<b>(1,261,763)</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		628,452	5,162,775	5,791,227	7,052,990
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>617,474</b>	<b>5,416,285</b>	<b>6,033,759</b>	<b>5,791,227</b>

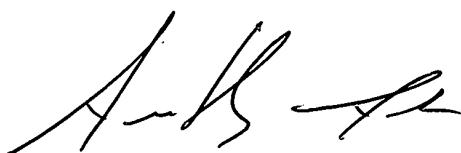
The notes on pages 23 to 38 form part of these financial statements.

**ROWCROFT HOUSE FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER: 01561601**

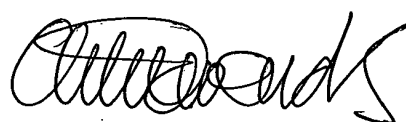
**BALANCE SHEET**  
**AS AT 31 MARCH 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	13		1,825,474		2,060,772
Investments	14		1,692,253		1,700,024
			<u>3,517,727</u>		<u>3,760,796</u>
<b>CURRENT ASSETS</b>					
Stocks	15	42,712		45,201	
Debtors	16	1,287,043		1,633,815	
Cash at bank and in hand		1,693,740		915,528	
		<u>3,023,495</u>		<u>2,594,544</u>	
<b>CREDITORS:</b> amounts falling due within one year	17	(507,463)		(564,113)	
<b>NET CURRENT ASSETS</b>			<u>2,516,032</u>		<u>2,030,431</u>
<b>NET ASSETS</b>			<u>6,033,759</u>		<u>5,791,227</u>
<b>CHARITY FUNDS</b>					
Restricted funds	19		617,474		628,452
Unrestricted funds	19		5,416,285		5,162,775
<b>TOTAL FUNDS</b>			<u>6,033,759</u>		<u>5,791,227</u>

The financial statements were approved and authorised for issue by the Trustees on and signed on their behalf, by:



**A Dee** 30 October 2017.  
**TRUSTEE**



**C EDWARDS**  
**CHAIR**

The notes on pages 23 to 38 form part of these financial statements.

**ROWCROFT HOUSE FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	21	<b>535,241</b>	<b>(930,201)</b>
<b>Cash flows from investing activities:</b>			
Dividends and interest from investments		<b>37,798</b>	<b>80,245</b>
Proceeds from the sale of tangible fixed assets		<b>19,620</b>	<b>43,167</b>
Purchase of tangible fixed assets		<b>(87,622)</b>	<b>(321,157)</b>
Proceeds from sale of investments		<b>321,410</b>	<b>1,828,284</b>
Purchase of investments		<b>(48,235)</b>	<b>(387,375)</b>
<b>Net cash provided by investing activities</b>		<b>242,971</b>	<b>1,243,164</b>
<b>Change in cash and cash equivalents in the year</b>		<b>778,212</b>	<b>312,963</b>
Cash and cash equivalents brought forward		<b>915,528</b>	<b>602,565</b>
<b>Cash and cash equivalents carried forward</b>	22	<b>1,693,740</b>	<b>915,528</b>

The notes on pages 23 to 38 form part of these financial statements.



**ROWCROFT HOUSE FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1. ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Rowcroft House Foundation Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

**1.2 COMPANY STATUS AND GENERAL INFORMATION**

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

The company number is 01561601 and charity number is 282723. The registered office is Rowcroft Hospice, Avenue Road, Torquay, Devon, TQ2 5LS.

**1.3 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 company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

**ROWCROFT HOUSE FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 INCOME**

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

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Income raised through the operation of shops under the management of the charity and by the Friends of Rowcroft is taken into account at the time of the receipt by that organisation, and all costs attributable to these activities are included as payments in these financial statements.

Grants receivable are credited to the statement of financial activities in the year in which they are receivable. Deferred income represents amounts received for future periods or amounts invoiced for in advance of the year to which they relate.

**ROWCROFT HOUSE FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 EXPENDITURE**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters.

**1.6 GOING CONCERN**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. No material uncertainties related to events or conditions that may cast significant doubt about the ability of the Charity to continue as a going concern have been identified by the Trustees.

**1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Long-term leasehold property	-	over the period of the lease
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	25% straight line

**1.8 INVESTMENTS**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

**1.9 OPERATING LEASES**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**ROWCROFT HOUSE FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.10 STOCKS**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.11 INTEREST RECEIVABLE**

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

**1.12 PENSIONS**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The company operates a defined benefits pension scheme. The scheme is a multi-employer scheme where it is not possible, in the normal course of events, to identify on a consistent and reasonable basis, the share of underlying assets and liabilities belonging to individual participating employers. Therefore, as required by FRS17 'Retirement benefits', the company accounts for this scheme as if it was a defined contribution scheme. The amount charged to the Statement of financial activities incorporating income and expenditure account represents contributions payable to the scheme in respect of the accounting period.

**1.13 DEBTORS**

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

**1.14 CASH AT BANK AND IN HAND**

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

**1.15 LIABILITIES AND PROVISIONS**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.16 FINANCIAL INSTRUMENTS**

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**ROWCROFT HOUSE FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Management have made judgments and estimations in the process of applying the entity's accounting policies which could result in uncertainty of the carrying amounts of assets and liabilities. Whilst there is a level of assumption in these judgments, the Trustees feel these are unlikely to have a significant effect on, or cause material error to the amounts recognised in the financial statements.

The Trustees have agreed the valuation of the listed investment portfolio as advised by the investment manager.

**3. INCOME FROM DONATIONS AND LEGACIES**

	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	44,863	727,112	771,975	619,920
Legacies	-	1,478,862	1,478,862	1,483,100
Grants	7,200	34,532	41,732	152,135
	<u>52,063</u>	<u>2,240,506</u>	<u>2,292,569</u>	<u>2,255,155</u>
<i>Total 2016</i>	<u>113,003</u>	<u>2,142,152</u>	<u>2,255,155</u>	

**4. FUNDRAISING INCOME**

	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lottery	-	409,652	409,652	394,339
Fundraising events	-	1,028,829	1,028,829	826,342
Fundraising trading (shops)	-	1,886,865	1,886,865	1,485,745
	<u>-</u>	<u>3,325,346</u>	<u>3,325,346</u>	<u>2,706,426</u>
<i>Total 2016</i>	<u>-</u>	<u>2,706,426</u>	<u>2,706,426</u>	

**ROWCROFT HOUSE FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**5. INVESTMENT INCOME**

	Restricted funds 2017	Unrestricted funds 2017	Total funds 2017	Total funds 2016
Bank interest	-	3,304	3,304	1,407
Income from listed investments	-	54,080	54,080	78,838
	-	57,384	57,384	80,245
<i>Total 2016</i>	-	80,245	80,245	

**6. INCOME FROM CHARITABLE ACTIVITIES**

	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Grants from NHS South Devon & Torbay Clinical Commissioning group:				
General grants	-	1,444,836	1,444,836	1,456,664
Community team	341,384	-	341,384	277,829
Hospice at home	435,596	-	435,596	354,500
Lymphoedema	51,827	-	51,827	86,480
NHS pension support	52,053	-	52,053	52,053
Pharmacy and laundry	-	139,260	139,260	165,559
	880,860	1,584,096	2,464,956	2,393,085
<i>Total 2016</i>	770,862	1,622,223	2,393,085	

**ROWCROFT HOUSE FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**7. EXPENDITURE ON FUNDRAISING**

	Direct costs 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Fundraising trading (shops)	1,444,537	231,279	1,675,816	1,675,263
Costs of activities for raising funds:				
Lottery costs	216,594	11,240	227,834	190,843
Fundraising events costs	403,724	249,455	653,179	749,614
	<u>2,064,855</u>	<u>491,974</u>	<u>2,556,829</u>	<u>2,615,720</u>

In 2017, of the total expenditure on fundraising, £2,556,829 was to unrestricted funds and £Nil was to restricted funds.

In 2016, of the total expenditure on fundraising, £2,615,720 was to unrestricted funds and £Nil was to restricted funds.

**8. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Direct costs 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
In-patient unit	1,662,351	1,249,381	2,911,732	3,105,610
Community team	912,230	225,452	1,137,682	1,284,825
Hospice at home	649,529	154,381	803,910	900,016
Lymphoedema	150,289	136,082	286,371	362,111
Education	161,456	89,546	251,002	240,420
Restricted depreciation	-	70,829	70,829	47,782
Unrestricted depreciation	-	164,625	164,625	180,110
Governance costs	-	17,980	17,980	19,718
	<u>3,535,855</u>	<u>2,108,276</u>	<u>5,644,131</u>	<u>6,140,592</u>
<i>Total 2016</i>	<u>4,070,185</u>	<u>2,070,407</u>	<u>6,140,592</u>	

In 2017, of the total expenditure on charitable activities, £4,684,311 was to unrestricted funds and £959,820 was to restricted funds.

In 2016, of the total expenditure on charitable activities, £5,169,633 was to unrestricted funds and £970,959 was to restricted funds.

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**9. SUPPORT COSTS**

	Expenditure on Fundraising £	Expenditure on Charitable Activities £	2017 £	2016 £
Volunteers	4,595	41,355	45,950	47,419
Database	67,561	-	67,561	64,211
Finance	28,572	114,286	142,858	151,862
Payroll processing	5,551	22,203	27,754	30,991
IT	53,840	215,361	269,201	281,873
Estate costs	39,347	118,041	157,388	165,189
Chief Executive's office	15,466	61,864	77,330	247,702
Executive team	36,714	146,854	183,568	244,930
Human resources and statutory compliance	34,800	139,201	174,001	152,572
Infection control	-	10,929	10,929	23,183
Property costs - In-Patient Unit	4,657	61,873	66,530	62,242
Property costs - Rainbow House	3,526	46,848	50,374	42,370
Property costs - Outpatient Centre	2,150	28,567	30,717	30,475
Administration and central expenses	93,558	374,232	467,790	285,086
Catering and housekeeping	10,039	276,787	286,826	347,166
Transport	-	55,833	55,833	109,948
Marketing and communications	21,677	113,804	135,481	142,625
Service development	-	26,803	26,803	50,676
Depreciation	69,921	235,454	305,375	320,093
Governance costs	-	17,980	17,980	19,718
	<b>491,974</b>	<b>2,108,275</b>	<b>2,600,249</b>	<b>2,820,331</b>

**10. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	305,392	320,093
Operating lease payments - land and buildings	347,256	253,089
- vehicle leasing	11,457	9,547

During the year, no Trustees received any remuneration (2016: £NIL).

During the year, no Trustees received any benefits in kind (2016: £NIL).

One Trustee received reimbursement of expenses amounting to £383 in the current year, (2016: One Trustee - £475).



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**11. AUDITORS' REMUNERATION**

	2017 £	2016 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	5,150	5,000
Fees payable to the company's auditor and its associates in respect of:		
All other non-audit services not included above	7,650	1,860
	<u>7,650</u>	<u>1,860</u>

**12. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	5,266,477	5,648,649
Social security costs	403,816	413,654
Other pension costs	372,801	439,681
	<u>6,043,094</u>	<u>6,501,984</u>

The average number of persons employed by the company during the year was as follows:

	2017 No.	2016 No.
Medical, nursing and professional	65	91
Domestic and maintenance	14	17
Administration and fundraising	43	44
Charity shops	44	38
	<u>166</u>	<u>190</u>

The number of higher paid employees was:

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	3
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	1	0
In the band £90,001 - £100,000	0	1

Two of these employees are members of the NHS pension scheme and the charity paid contributions for these employees totalling £22,757 (2016: £38,027).

Remuneration and benefits received by key management personnel totalled £277,563 (2016: £360,503).

Staff costs include restructuring costs of £223,457 (2016: £Nil).

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**13. TANGIBLE FIXED ASSETS**

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
<b>COST</b>					
At 1 April 2016	218,802	6,042,692	125,649	1,962,741	8,349,884
Additions	-	36,325	-	51,297	87,622
Disposals	(47,673)	(1,122,406)	(73,018)	(7,397)	(1,250,494)
At 31 March 2017	<u>171,129</u>	<u>4,956,611</u>	<u>52,631</u>	<u>2,006,641</u>	<u>7,187,012</u>
<b>DEPRECIATION</b>					
At 1 April 2016	82,045	4,438,479	92,870	1,675,718	6,289,112
Charge for the year	3,426	160,842	3,826	137,298	305,392
On disposals	(47,673)	(1,122,406)	(57,154)	(5,733)	(1,232,966)
At 31 March 2017	<u>37,798</u>	<u>3,476,915</u>	<u>39,542</u>	<u>1,807,283</u>	<u>5,361,538</u>
<b>NET BOOK VALUE</b>					
At 31 March 2017	<u>133,331</u>	<u>1,479,696</u>	<u>13,089</u>	<u>199,358</u>	<u>1,825,474</u>
At 31 March 2016	<u>136,757</u>	<u>1,604,213</u>	<u>32,779</u>	<u>287,023</u>	<u>2,060,772</u>

**14. FIXED ASSET INVESTMENTS**

	Listed securities £
<b>MARKET VALUE</b>	
At 1 April 2016	1,700,024
Additions	48,235
Disposals	(321,410)
Revaluations	265,404
At 31 March 2017	<u>1,692,253</u>
<b>HISTORICAL COST</b>	<u>1,331,659</u>

**15. STOCKS**

	2017 £	2016 £
Goods for resale	<u>42,712</u>	<u>45,201</u>

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**16. DEBTORS**

	2017 £	2016 £
Other debtors	328,114	342,860
Tax recoverable	40,882	255,743
Legacies and donations receivable	918,047	1,035,212
	<u>1,287,043</u>	<u>1,633,815</u>

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Trade creditors	248,159	253,820
Other taxation and social security	93,850	106,754
Deferred income	70,818	74,726
Accruals	94,636	128,813
	<u>507,463</u>	<u>564,113</u>

**18. DEFERRED INCOME**

	2017 £	2016 £
<b>Lottery income received in advance</b>		
At 1 April 2016	64,979	69,792
Amount released to incoming resources	(64,979)	(69,792)
Amount deferred in the year	63,441	64,979
At 31 March 2017	<u>63,441</u>	<u>64,979</u>
<b>Other</b>		
At 1 April 2016	9,747	10,342
Amount released to incoming resources	(9,747)	(10,342)
Amount deferred in the year	7,377	9,747
At 31 March 2017	<u>7,377</u>	<u>9,747</u>
<b>Total deferred income at 31 March 2017</b>	<u>70,818</u>	<u>74,726</u>

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**19. STATEMENT OF FUNDS**

**STATEMENT OF FUNDS - CURRENT YEAR**

	Balance at 1 April 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2017 £
<b>DESIGNATED FUNDS</b>					
Capital fund	2,060,771	-	(235,297)	-	1,825,474
Revaluation fund	104,545	-	-	256,047	360,592
	<u>2,165,316</u>	<u>-</u>	<u>(235,297)</u>	<u>256,047</u>	<u>2,186,066</u>
<b>GENERAL FUNDS</b>					
General Funds	2,997,459	7,243,374	(7,019,971)	9,357	3,230,219
Total Unrestricted funds	<u>5,162,775</u>	<u>7,243,374</u>	<u>(7,255,268)</u>	<u>265,404</u>	<u>5,416,285</u>
<b>RESTRICTED FUNDS</b>					
In-Patient improvements	296,568	-	(26,961)	-	269,607
RBS improvements	90,264	-	(8,206)	-	82,058
Garden access improvements	157,126	-	(12,885)	-	144,241
NHS South Devon & Torbay Clinical Commissioning group	-	828,807	(828,807)	-	-
NHS pension support	-	52,053	(52,053)	-	-
Specified use donations	79,064	44,863	(30,908)	-	93,019
Education income	5,430	23,119	-	-	28,549
	<u>628,452</u>	<u>948,842</u>	<u>(959,820)</u>	<u>-</u>	<u>617,474</u>
Total of funds	<u>5,791,227</u>	<u>8,192,216</u>	<u>(8,215,088)</u>	<u>265,404</u>	<u>6,033,759</u>

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**19. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 April 2015 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2016 £
<b>DESIGNATED FUNDS</b>					
Capital fund	2,097,408	-	(36,637)	-	2,060,771
Revaluation fund	506,578	-	-	(402,033)	104,545
	<u>2,603,986</u>	<u>-</u>	<u>(36,637)</u>	<u>(402,033)</u>	<u>2,165,316</u>
<b>GENERAL FUNDS</b>					
General Funds	3,752,130	6,786,753	(7,769,059)	227,635	2,997,459
	<u>3,752,130</u>	<u>6,786,753</u>	<u>(7,769,059)</u>	<u>227,635</u>	<u>2,997,459</u>
Total Unrestricted funds	<u>6,356,116</u>	<u>6,786,753</u>	<u>(7,805,696)</u>	<u>(174,398)</u>	<u>5,162,775</u>
<b>RESTRICTED FUNDS</b>					
In-Patient improvements	323,529	-	(26,961)	-	296,568
RBS improvements	98,470	-	(8,206)	-	90,264
Garden access improvements	170,011	-	(12,885)	-	157,126
NHS South Devon & Torbay Clinical Commissioning group	-	718,809	(718,809)	-	-
NHS pension support	-	52,053	(52,053)	-	-
Specified use donations	84,328	113,003	(118,267)	-	79,064
Education income	20,536	18,672	(33,778)	-	5,430
	<u>696,874</u>	<u>902,537</u>	<u>(970,959)</u>	<u>-</u>	<u>628,452</u>
Total of funds	<u>7,052,990</u>	<u>7,689,290</u>	<u>(8,776,655)</u>	<u>(174,398)</u>	<u>5,791,227</u>

Transfers from restricted to general funds represent fixed assets purchased from restricted funds.

**Designated funds**

The Capital fund represents the net book value of the charity's tangible fixed assets, and is therefore not available for any other purpose.

The Revaluation fund represents the amount by which the market value of the charity's investments exceeds their historical cost.

**Restricted funds**

DOH Grants have been received for improving facilities in the In-Patient Unit, the Out-Patient facility, and access to the gardens for patients.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**19. STATEMENT OF FUNDS (continued)**

The NHS South Devon & Torbay Clinical Commissioning group fund represents specific funding towards the cost of lymphoedema treatment, Rowcroft Hospice at Home and the Community Team.

The NHS Pension Support fund represents a support grant towards the additional cost of contributions to the NHS pension scheme following an increase in mandated contributions from 7% to 14% from 1 April 2004.

The Specified Use Donations fund represents an amalgamation of smaller restricted funds for special purposes.

The Education fund represents specific funding towards the provision of courses.

**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	529,710	1,295,765	1,825,475
Fixed asset investments	-	1,692,253	1,692,253
Current assets	87,764	2,935,730	3,023,494
Creditors due within one year	-	(507,463)	(507,463)
	<u>617,474</u>	<u>5,416,285</u>	<u>6,033,759</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £
Tangible fixed assets	594,427	1,466,344	2,060,771
Fixed asset investments	-	1,700,025	1,700,025
Current assets	34,025	2,560,519	2,594,544
Creditors due within one year	-	(564,113)	(564,113)
	<u>628,452</u>	<u>5,162,775</u>	<u>5,791,227</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2017 £	2016 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	242,532	(1,261,763)
<b>Adjustment for:</b>		
Depreciation charges	305,392	320,093
(Gains)/losses on investments	(265,404)	174,398
Dividends and interest from investments	(37,798)	(80,245)
Profit on the sale of fixed assets	(2,093)	(5,467)
Decrease in stocks	2,489	6,120
Decrease in debtors	346,773	218,227
Decrease in creditors	(56,650)	(301,564)
<b>Net cash provided by/(used in) operating activities</b>	<b>535,241</b>	<b>(930,201)</b>

**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	1,693,740	915,528
<b>Total</b>	<b>1,693,740</b>	<b>915,528</b>

**23. PENSION COMMITMENTS**

The charity operates a defined contribution scheme on behalf of its employees. The assets of the scheme are held separately from those of the charity in an independently administered fund held by Standard Life. The commitment for the year ended 31 March 2017 under this scheme is for contributions of £195,589 (2016: £204,539). The charity has no obligation to meet any shortfall arising from any actuarial valuations lower than those originally anticipated.

The charity also participates in the NHS Pension Agency Scheme, a defined benefit scheme on behalf of eligible employees. Pension costs are assessed in accordance with advice from Department of Health actuaries. It is not possible for the charity to separately identify assets and liabilities relating to the charity within the NHS scheme for the purpose of FRS102 disclosure.

During the year, the rates of contributions for each scheme were as follows:  
Standard Life scheme- employees 1% to 15%, employer 1% to 7%  
NHS scheme- employees 5% to 15%, employer 14%.

An increase in employer's contributions to the NHS scheme from 7% to 14% was introduced on 1 April 2004; a support grant received towards the additional cost is shown in note 6.

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	2017 £	2016 £
Pension costs for the year comprise:		
Defined contribution	195,589	204,539
Defined benefit	188,558	235,142
	<u>384,147</u>	<u>439,681</u>

	2017 £	2016 £
The number of members in each scheme was:		
Defined contribution	152	167
Defined benefit	45	58
	<u>197</u>	<u>225</u>

**24. OPERATING LEASE COMMITMENTS**

At 31 March 2017 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	Land and buildings 2017 £	Land and buildings 2016 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	322,704	308,754
Between 1 and 5 years	941,916	1,027,116
After more than 5 years	474,008	652,012
	<u>1,738,628</u>	<u>1,987,882</u>

	Other 2017 £	Other 2016 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	28,459	28,459
Between 1 and 5 years	31,205	59,664
	<u>59,664</u>	<u>88,123</u>

**25. LEGACIES HELD IN TRUST**

The charity is beneficiary to multiple legacies for which they are entitled to a residuary of the balance held in trust. At the balance sheet date, the amount receivable cannot be reliably measured, and therefore no income has been recognised in the Statement of Financial Activities for the year.