

Registered No. SC 068503
Charity Registration No. SC 006704

STRATHCARRON HOSPICE

REPORT AND ACCOUNTS

31 MARCH 2009

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STRATHCARRON HOSPICE

COMPANY INFORMATION

Members of the Council of Management

Mr A Jannetta (Chairman)

Mr T Ogilvie (Vice Chairman)

Mr S Reid (Honorary Treasurer)

Dr C Dyer

Mrs E Hallam (appointed 24/9/08)

Mrs C A Morrison

Mrs A Simpson

Mr A Smith

Mr E Toal

Mr David Wheeler (appointed 24/9/08)

Dr S Wright

Mr J Broadfoot (resigned 24/9/08)

Mrs L Cordwell-Smith (appointed 24/9/08 and resigned 21/5/09)

Mr D McClements (resigned 24/9/08)

Mrs R Parker (resigned 24/9/08)

Rev Dr Jean Gallacher (resigned 1/12/08)

Director of the Hospice

Irene McKie

Company Secretary

William Andrew

Registered Office

Randolph Hill

Denny

Stirlingshire

FK6 5HJ

Registered Number

SC 068503

Charity Registration Number

SC 006704

Bankers

The Royal Bank of Scotland

32 Glasgow Road

Denny

FK6 6AY

Clydesdale Bank plc

Duke Street

Denny

FK6 6DD

Solicitors

Mathie MacLuckie

Wellington House

Dumbarton Road

Stirling

FK8 2RW

Auditors

Wylie & Bisset LLP

168 Bath Street

Glasgow

G2 4TP

Stockbrokers

Deutsche Bank Private Wealth Management

130 St Vincent Street

Glasgow

G2 5SE

REPORT OF THE COUNCIL OF MANAGEMENT

The Council of Management presents its report and the audited accounts of the company for the year ended 31 March 2009. The company information sheet on the preceding page forms an integral part of this report.

Structure, Governance and Management

Strathcarron Hospice was incorporated on 11 June 1979 as a company limited by guarantee. The number of members is limited to 500. On 31 March 2009 the company had 123 members, each of whom agree to contribute £5 in the event of the charity winding up. It is governed by the Memorandum and Articles of Association adopted by Special Resolution on 9 June 1980.

The Hospice is registered on the Index of Scottish Charities and has been recognised as a charity by HM Revenue & Customs. Consequently, there is no liability to taxation on any of its income used for charitable purposes.

The Hospice is governed by the Council of Management, but the day to day running has been delegated to the Director of the Hospice, who is an employee, but not a director of the company.

The frequency of meetings of the Council of Management and Committees is detailed below

Committee	Number of Meetings in Year
Council of Management	4
Executive Committee	2
Audit Committee	3
Fundraising Committee	4
Clinical Governance Committee	4
Building Committee	2
Investment Committee	2

Members of the Council of Management and their interests

The members of the Council of Management at 31 March 2009 are listed on the company information sheet. All are directors of the company and comprise the trustees of the charity.

Every member of the Council of Management is a member of the company. As the company is limited by guarantee it does not have a share capital, therefore none of the members of the Council of Management holds any shares. No members of the Council of Management received any remuneration or expenses during the year or the previous year.

Recruitment and Appointment of the Council of Management

The Hospice adheres to recognised best practice in ensuring that there is a good balance of expertise within the Council of Management including individuals with clinical, fiscal, legal and legislative knowledge as well as representatives of the communities which the Hospice serves. The Executive Committee oversees the recruitment and appointment of Council Members and four people with appropriate expertise and interests have been co-opted to the Council since the last Annual General Meeting.

Council of Management Induction and Training

Prior to being appointed at the AGM new Council Members will usually have acted in a seconded capacity. An induction pack is provided which includes information on the role and duties of a director and the council papers from the previous year. In addition, the Hospice Director meets with potential Council Members for a tour of the facilities and a detailed briefing on the services provided.

The make-up of the Council of Management is such that it allows the Hospice to keep up to date with relevant legislation and guidelines. Furthermore, briefings are provided to the Council of Management and committees to update them on changes in legislation or policy, as is deemed necessary.

REPORT OF THE COUNCIL OF MANAGEMENT

(continued)

Risk management

The Hospice has embedded risk management across the organisation and the Council of Management oversees this process, agreeing and reviewing the high level strategic risks.

A risk register has been developed and high level risk is overseen by the Council of Management. Risk management is a formal and integral part of discussions at appropriate Committees and the Council of Management.

The Hospice is now into the second five-year cycle of an internal audit programme, which started in 2001. This audit programme is based on a comprehensive strategic review setting out the opportunities available to the Hospice and the risks to which it is exposed. This provides the Council of Management with an overarching report on the risk management and policies and procedures in place within the Hospice. The five-year plan is reviewed annually and there is audit time set aside for the Chairman to examine any new areas of concern identified by the Council of Management through the Audit Committee. In addition to internal and external audit the Hospice is also subject to inspection by external bodies such as the Care Commission. With regard to financial risk the Council of Management monitors progress against the budget on a quarterly basis and the external investment managers, on a discretionary basis, manage the investment portfolio. These external arrangements are complimented within the Council of Management through the wide-ranging committee structure.

Review of activities

The principal activity of the company is the operation of a Hospice for the care of terminally ill people in the communities of Forth Valley, Cumbernauld and Kilsyth. The Hospice provides specialist palliative care to patients with active progressive illness and provides support to their families. Care is provided free to all patients and referrals come from General Practitioners and Hospital Consultants.

The Hospice also supports the wider health community, providing specialist advice and support to all health and care settings and educational courses for its own staff and health and care staff from across Scotland and beyond. The Hospice's services are provided by a multidisciplinary team and include community based care, day care, in-patient care, a specialist lymphoedema clinic, family support and bereavement service, education and training.

The Hospice will continue to develop its activities to meet need and provide the best possible specialist care. The majority of patients suffer from cancer, but increasingly the Hospice is working closely with other specialities to provide specialist palliative care to patients with a wider range of conditions. Overall activity increased during this period, with a 9% increase in referrals and a 6% increase in occupancy level.

During 2008/09 the Hospice recruited a new consultant, Dr Ruth Isherwood, to bring the consultant establishment up to 3 whole time equivalents. This year also saw the retirement of our Administrator and Company Secretary, Donald Robertson, after 8 years service and the appointment of William Andrew as his successor.

The Hospice continued to receive excellent reports from the Care Commission and have continued to improve quality through investment in staff and the fabric of the building.

The Hospice works closely with both NHS Forth Valley and NHS Lanarkshire and participates in their Managed Clinical Networks. We are also represented on the NHS Forth Valley Palliative Care Strategy Implementation Group. The Hospice will continue to engage in wider strategic discussions both locally and nationally and is engaged with partner organisations in the implementation of the Audit Scotland Review of Palliative Care Services and also the Scottish Government's Action Plan for Palliative Care, "Living and Dying Well".

REPORT OF THE COUNCIL OF MANAGEMENT

(continued)

Plans for Future Periods

The Hospice is ambitious to develop its services but will take a cautious approach in the current economic climate. Strathcarron Hospice has worked hard to increase its income from voluntary sources and fundraising activities. This is reflected in our fundraising income but some aspects of our voluntary source income were lower than anticipated as a result of the economic environment. The forthcoming year will be one of consolidation until there is greater clarity on the future impact of the recession on our income.

On 2 April 2009, a company called Strathcarron Hospice Retail Limited was formed. This has taken over the operation of the charity shops previously run by Friends of Strathcarron Hospice, together with the small amount of retailing carried out by the Hospice itself. Profits from the new company will be transferred to the Hospice by a Gift Aid donation.

Financial review**Results for the year**

The income for the year has increased by £675,000 compared to 2008 due mainly to increases in legacy income of £333,500 and fundraising of £184,000, but the expenses have also increased by £574,000 including the one-off costs of Agenda for Change. The operating deficit for the year has decreased by £100,000 from that of 2008 but the problems in the financial market have resulted in investment losses and pension scheme losses giving an overall deficit for the year.

The results for the year show net outgoing resources of £46,732 (2007/08 £148,314) before taking into account the realised losses and gains on investments, the increase in the provision for investment losses and the actuarial losses or gains on one of the pension schemes of £2.2 million (2007/08 gain £1.2 million). The total net movement in funds was a decrease of £2,260,754 (2007/08 increase £1,022,072). Our financial results continue to demonstrate the degree of reliance on funds from fundraising activities, including income from investments and legacies to support the work of the Hospice.

NHS Scotland's Agenda for Change was a major review of the salaries of health service staff (excluding doctors) which has resulted in increased salary payments and one-off costs for assessed backpay due to regrading.

Fundraising activities

Income from voluntary sources, legacies, fundraising activities and investments was £2.9 million, compared to £2.3 million in 2007/08, showing an increase of 26%. As part of this increase, voluntary source income increased by £55,000 (5%), legacies increased by £333,000 (168%), fundraising activities increased by £184,000 (24.5%) and investment income largely remained static.

Statutory funding

Statutory funding increased by £96,000 (5%) to £1,939,512 as a result of the cost of living uplift. The percentage level of agreed statutory funding was around 43% in the year (2008 47%). It has reduced to around 41% for 2009/10.

Costs of generating fundraising income

The fundraising costs of £287,645 show an increase of £42,500 (17%) due to a greater investment in staff and increasing the number and variety of fundraising activities.

Charitable activities

The costs of delivering our care services were £4.6 million (2007/08; £4 million), the increase being a result of inflation and planned service developments.

Investment policy

The Memorandum and Articles of Association permit the Council to invest in such stocks and shares in the UK as it considers appropriate. The Council devolves management of the portfolio to the Investment Committee and Deutsche Bank Private Wealth Management has been contracted to manage the portfolio on a discretionary basis. The policy is to adopt an income weighted, medium risk investment strategy to produce a combined growth of income and capital equating to plus 2.5% of a bespoke benchmark, based on 50% FT Gilts All Stocks and 50% FT All Share indices, measured over a 3 year period. The Council of Management reviews the policy annually and detailed management is conducted through half-yearly meetings held by the Investment Committee with the portfolio managers.

REPORT OF THE COUNCIL OF MANAGEMENT

(continued)

Reserves policy

The Council of Management has established a policy whereby reserves will be retained to generate income to meet operating costs and proposed capital expenditure. The level of these reserves would not be allowed to exceed that required to generate income in the region of 7% of operational costs plus any capital expenditure envisaged in the year. An amount equal to the unexpired depreciation on fixed assets has been designated as a separate fund and is not available for direct expenditure on charitable activities.

The policy is reviewed on a yearly basis to ensure that the reserves best meet the changing needs of the Hospice.

Statement of the responsibilities of the Council of Management

The Council is responsible for preparing the Annual Report and accounts in accordance with applicable Law and United Kingdom Generally Accepted Accounting Practice. Company Law requires the Council to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those accounts, the Council are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Council's statement on Audit Enquiries

So far as the members of the Council of Management are aware there is no relevant audit information of which the company's auditors are unaware, and the members have taken all steps which they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

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

ON BEHALF OF THE BOARD**A JANNETTA**

Chairman of the Council of Management

7 September 2009

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF MANAGEMENT AND MEMBERS OF STRATHCARRON HOSPICE

5.

We have audited the financial statements of Strathcarron Hospice for the year ended 31 March 2009 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial statements have been prepared in accordance with accounting policies set out therein.

The report is made exclusively to the members, as a body, in accordance with section 235 of the Companies Act 1985, and to the Council of Management in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the Council of Management those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its Council of Management, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council of Management and auditors

The responsibilities of the Council of Management for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of the Council of Management.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 1985 and report to you in accordance with those Acts.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Regulations 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and whether the information given in the Annual Report of the Council of Management is consistent with those financial statements.

We also report to you if, in our opinion, the charity has not kept proper accounting records, if the charity's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

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

Basis of audit opinion

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

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

Opinion

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Practice, of the state of affairs of the charity as at 31 March 2009, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- The financial statements have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- The information given in the Trustees' Annual report is consistent with the financial statements.

Wylie + Bisset LLP

WYLIE & BISSET LLP
Chartered Accountants
Registered Auditors

168 Bath Street
Glasgow
G2 4TP

7 September 2009

Eligible to act as an auditor in terms of section 25 of the Companies Act 1989

 UK200 Group



International Association
of Practising Accountants

STATEMENT OF FINANCIAL ACTIVITIES (INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2009

	Notes	Restricted £	Unrestricted £	2009 Total £	2008 £
Incoming resources					
Charitable activities	3	-	1,939,512	1,939,512	1,843,268
Generated funds:					
Voluntary source income		-	1,144,496	1,144,496	1,089,026
Fundraising activities		-	933,768	933,768	749,544
Legacies		-	531,872	531,872	198,315
Investment income	8	-	269,075	269,075	262,902
Total incoming resources		-	4,818,723	4,818,723	4,143,055
Resources expended					
Charitable activities	4 & 5	41,490	4,476,680	4,518,170	3,989,117
Generating funds	4 & 5	-	287,645	287,645	245,145
Governance costs	5	-	59,640	59,640	57,107
Total resources expended		41,490	4,823,965	4,865,455	4,291,369
Net outgoing resources before other recognised gains and losses		(41,490)	(5,242)	(46,732)	(148,314)
Realised investment (losses)/gains		-	(10,170)	(10,170)	122,633
Investment loss provision increase	10	-	(424,852)	(424,852)	(62,247)
Net outgoing resources before pension scheme adjustments		(41,490)	(440,264)	(481,754)	(87,928)
Actuarial (losses)/gains on defined benefit pension schemes	15	-	(1,779,000)	(1,779,000)	1,110,000
Net movement in funds		(41,490)	(2,219,264)	(2,260,754)	1,022,072
Reconciliation of funds					
Funds brought forward		79,788	6,040,367	6,120,155	5,098,083
Funds carried forward		£ 38,298	£ 3,821,103	£ 3,859,401	£ 6,120,155

- None of the company's activities was acquired or discontinued during the current and previous year.
- All gains and losses recognised in the year are included above.
- The net outgoing resources before the pension scheme actuarial losses is the net income for Companies Act purposes.

BALANCE SHEET

AT 31 MARCH 2009

	Notes	£	2009 £	2008 £
Fixed assets:				
Tangible assets	9		2,228,560	2,321,130
Investments	10		4,010,882	4,585,308
			<hr/>	<hr/>
			6,239,442	6,906,438
Current assets:				
Debtors		128,610		134,208
Cash at bank and in hand		253,239		265,506
		<hr/>		<hr/>
		381,849		399,714
Creditors: amounts falling due within one year	11	311,890		466,997
		<hr/>		<hr/>
Net current assets/(liabilities)			69,959	(67,283)
			<hr/>	<hr/>
Net assets excluding pension deficit			6,309,401	6,839,155
Defined benefit pension scheme liability	15	(2,450,000)		(719,000)
		<hr/>		<hr/>
Net assets including pension deficit			£ 3,859,401	£ 6,120,155
			<hr/>	<hr/>
Reserves:				
Restricted funds			38,298	79,788
			<hr/>	<hr/>
Unrestricted funds:				
Designated fixed asset fund			2,228,560	2,321,130
General funds available for distribution			4,042,543	4,438,237
			<hr/>	<hr/>
Unrestricted income funds excluding pension liability			6,271,103	6,759,367
Pension fund	15	(2,450,000)		(719,000)
		<hr/>		<hr/>
Total unrestricted funds			3,821,103	6,040,367
			<hr/>	<hr/>
Total funds	12		£ 3,859,401	£ 6,120,155
			<hr/>	<hr/>

The accounts were approved by the Council of Management on 7 September 2009 and signed on its behalf by:



A JANNETTA

Chairman of the Council of Management



S REID

Member of Council and Honorary Treasurer

The notes on pages 9 to 18 form part of these accounts.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	2009	2008
£	£	£
Net incoming resources for the year	(46,732)	(148,314)
Depreciation	133,268	125,577
FRS17 pension adjustment	(78,000)	72,000
Net return on pension finance	30,000	(44,000)
Investment income	(269,075)	(262,902)
Decrease/(increase) in debtors	5,598	(67,184)
(Decrease)/increase in creditors	(155,107)	208,265
Net cash outflow from operating activities	(380,048)	(116,558)
Returns on investments and servicing of finance		
Investment income	256,448	242,780
Interest received	12,627	20,122
Net cash inflow from return on investments and servicing of finance	269,075	262,902
	(110,973)	146,344
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(40,698)	(72,692)
Acquisition of investments	(110,661)	(919,806)
Proceeds on sale of investments	250,065	936,074
Net cash inflow/(outflow) from investing activities	98,706	(56,424)
(Decrease)/increase in cash	£ (12,267)	£ 89,920
Analysis of net funds		
	£	£
At 1 April 2008	265,506	175,586
(Decrease)/increase in year	(12,267)	89,920
At 31 March 2009	£ 253,239	£ 265,506

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2009****1. Legal status**

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

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

On 31 March 2009 the company had 123 members. The number of members is limited to 500.

The company is not liable to taxation because of its charitable status.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the accounts.

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

Incoming resources

All incoming resources are included in the SOFA when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Legacy income is brought into the accounts once it is definite and quantifiable. It is credited to the General Fund except for that required to meet research costs in the year. Income received for specific purposes is credited to the appropriate Fund.

Resources expended

All expenditure is charged to the General Fund using the accruals basis and including Value Added Tax, except for expenditure relating to a specific fund which is charged to that Fund.

Where costs cannot be directly attributed to particular SOFA headings, they have been allocated to activities on a basis consistent with use of the resources.

Costs of generating funds include the costs incurred in generating voluntary income and investment management costs. These costs are regarded as necessary to generate funds that are needed to finance charitable activities.

Charitable activities expenditure enables the company to meet its charitable aims and objectives.

Governance costs are associated with the strategic planning and management of the company and reflect an element of the costs of the Director of the Hospice and members of senior management. They also include professional advice and audit fees.

Support costs are those which enable fundraising and charitable activities to be undertaken. Notes 4 and 5 give further information on the composition of support costs and the basis of apportionment to cost categories.

Depreciation

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

Heritable property	-	2% p.a. on a straight line basis
Equipment	-	20% & 10% p.a. on a straight line basis

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2009
 (continued)

2. **Accounting policies** (continued)

Investments

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

Realised profits less losses on the sale of investments are credited to the General Fund.

Funds

Unrestricted funds are either general or designated. General funds are available for use at the discretion of the Council of Management in furtherance of the general objectives of the company and which have not been designated for another purpose. Designated funds are those set aside for particular purposes. The aim and use of each designated fund is set out in the notes to the accounts.

Restricted funds are used for specific purposes laid down by the donor. Expenditure which meets the criteria is charged to the fund. Details of the nature and purpose of funds are set out in Note 12.

Gifts in kind

Assets given for use by the company are included in income when receivable at the lower of cost to the donor or a reasonable estimate of their value to the company. No monetary value is attributable to services donated by volunteers.

Pensions

The Hospice participates in the Falkirk Council Pension Fund, a pension scheme providing benefits based on final pensionable pay, on behalf of certain employees. The assets of the scheme are held separately from those of the Hospice. The Hospice accounts for its pension costs under this scheme on a defined benefit basis under Financial Reporting Standard 17 (FRS17).

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and are discounted at the rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is considered recoverable) or deficit is recognised in full. The movement in the scheme surplus/(deficit) is split between operating charges, finance items and actuarial gains and losses.

The Hospice also participates in the National Health Superannuation Scheme for Scotland which is a multi-employer scheme where the share of assets and liabilities applicable to each employer is not identified. The Hospice accounts for its pension costs under this scheme on a defined contribution basis as permitted by FRS17.

3. **Income**

	Charitable	Generated	2009 Total	2008 Total
	£	£	£	£
Public source income (below)	1,939,512	-	1,939,512	1,843,268
Fundraising	-	933,768	933,768	749,544
Voluntary source income	-	1,031,075	1,031,075	998,215
Education	-	64,268	64,268	45,236
Day care	-	4,040	4,040	14,762
Other income	-	45,113	45,113	30,813
	<hr/>	<hr/>	<hr/>	<hr/>
	1,939,512	2,078,264	4,017,776	3,681,838
Legacy income	-	531,872	531,872	198,315
Investment income	-	269,075	269,075	262,902
	<hr/>	<hr/>	<hr/>	<hr/>
	£ 1,939,512	£ 2,879,211	£ 4,818,723	£ 4,143,055
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2009**
(continued)

3. **Income** (continued)

Public source income includes the following income exceeding 2% of gross income of the Hospice:

	£	£
Forth Valley Health Board	1,445,307	1,280,691
Lanarkshire Health Board	489,205	477,174
	<u> </u>	<u> </u>

4. **Operating costs**

	Charitable	Fundraising	2009 Total	2008 Total
	£	£	£	£
Care within hospice	3,084,726	-	3,084,726	2,626,879
Day care	151,824	-	151,824	170,781
Home care	388,603	-	388,603	352,978
Education	180,468	-	180,468	175,078
Fundraising	-	236,591	236,591	195,763
Catering	80,098	-	80,098	73,406
Fabric	122,651	-	122,651	66,856
Periodic maintenance	66,752	-	66,752	26,488
Depreciation	133,268	-	133,268	125,577
Pension service cost provision	(78,000)	-	(78,000)	72,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	4,130,390	236,591	4,366,981	3,885,806
Research	106,060	-	106,060	112,350
Net return on pension finance	30,000	-	30,000	(44,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	4,266,450	236,591	4,503,041	3,954,156
Administration expenses (Note 5)	251,720	51,054	302,774	280,106
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	£ 4,518,170	£ 287,645	£ 4,805,815	£ 4,234,262
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. **Administration expenses**

	Charitable	Fundraising	Governance	2009 Total	2008 Total
	£	£	£	£	£
Salaries (incl. NIC)	178,965	29,423	36,770	245,158	235,595
Insurance	23,694	-	-	23,694	24,675
Telephone	12,387	2,037	2,544	16,968	12,457
Postage	8,629	1,419	1,773	11,821	8,919
Printing & stationery	22,921	3,768	4,710	31,399	18,971
Professional fees	5,124	14,407	13,843	33,374	36,596
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	£ 251,720	£ 51,054	£ 59,640	£ 362,414	£ 337,213
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Salaries allocation 73% 12% 15%

Administration expenses have been allocated on an actual basis where possible, otherwise the allocation is on the same basis as salaries.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2009**
(continued)

6. Staff costs	2009	2008
	£	£
Administration	200,676	192,236
Medical	522,105	464,091
Nursing	1,537,878	1,435,057
Para-medical and chaplaincy	276,910	231,076
Education	139,864	140,902
Domestic & catering	333,148	295,620
Appeals	94,623	73,664
Big Lotteries Fund	-	7,121
Research	106,060	128,288
	<u>3,211,264</u>	<u>2,968,055</u>
Social Security	241,080	197,340
Pension costs:		
Employer's contribution paid	525,235	384,612
Current service cost provision	(78,000)	72,000
	<u>£ 3,899,579</u>	<u>£ 3,622,007</u>

No members of the Council of Management received any remuneration or expenses during the year or the previous year.

Salary for Day Care Sister funded by Innovene £Nil (2008 £10,000).

The average weekly number of employees during the year was as follows:

	2009			2008		
	F/T	P/T	Total	F/T	P/T	Total
Administration	5	5	10	5	5	10
Medical	6	4	10	4	3	7
Nursing	9	57	66	21	48	69
Para-medical & chaplaincy	5	7	12	4	9	13
Education	2	3	5	3	2	5
Domestic & catering	3	17	20	3	21	24
Fundraising	4	2	6	3	1	4
	<u>34</u>	<u>95</u>	<u>129</u>	<u>43</u>	<u>89</u>	<u>132</u>

Employees earning more than £60,000 per annum were as follows:

	2009	2008
£ 60,001 to £ 70,000	3	1
£ 80,001 to £ 90,000	1	-
£100,001 to £110,000	-	1
£110,001 to £120,000	-	1

Pension contributions were paid for these employees.

7. Professional fees	2009	2008
	£	£
Included in professional fees are:		
External auditors' remuneration	7,350	5,800
Internal auditors' remuneration	5,843	4,203

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2009**
(continued)

8.	Income from investments		2009	2008
			£	£
	Dividend income		256,448	242,780
	Interest from short term deposits		12,627	20,122
			<u>£ 269,075</u>	<u>£ 262,902</u>
9.	Fixed assets	Heritable property	Fittings and equipment	Total
		£	£	£
	Cost:			
	At 1 April 2008	3,766,921	618,313	4,385,234
	Additions	-	40,698	40,698
	At 31 March 2009	<u>3,766,921</u>	<u>659,011</u>	<u>4,425,932</u>
	Depreciation:			
	At 1 April 2008	1,625,208	438,896	2,064,104
	Provided during year	75,338	57,930	133,268
	At 31 March 2009	<u>1,700,546</u>	<u>496,826</u>	<u>2,197,372</u>
	Net book value:			
	At 31 March 2009	£ 2,066,375	£ 162,185	£ 2,228,560
	At 31 March 2008	<u>£ 2,141,713</u>	<u>£ 179,417</u>	<u>£ 2,321,130</u>

In 1992 the Strathcarron Hospice Trust gifted to the company the titles to the heritable land on which the alterations, building and development have been carried out. No value has been attached to land in the accounts as no independent valuation has been made and the directors do not consider that the expenditure involved in obtaining such a valuation would be justified in the furtherance of the Hospice's purposes.

10.	Investments	2009	2008
		£	£
	Investments at cost:		
	At 1 April 2008	4,727,211	4,620,846
	Additions	110,661	919,806
	Disposals	(260,235)	(813,441)
	At 31 March 2009	<u>4,577,637</u>	<u>4,727,211</u>
	Provision for diminution in value of investments:		
	At 1 April 2008	141,903	79,656
	Movement in year	424,852	62,247
	At 31 March 2009	<u>566,755</u>	<u>141,903</u>
	Net book value:		
	At 31 March 2009	£ 4,010,882	£ 4,585,308
	Investments at market value	<u>£ 4,229,768</u>	<u>£ 5,167,389</u>

Investments consist of UK quoted investments and cash of £52,177 (2008 £19,919) awaiting re-investment. There are holdings valued at £2,078,048 in various UK Treasury Stock and in Alliance Trust and Edinburgh Investment Trust valued at £227,449 and £219,375 respectively.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2009**
(continued)

11.	Creditors falling due within one year	2009 £	2008 £
	Sundry creditors & accrued charges	241,426	401,107
	Taxes & social security	70,464	65,890
		<hr/>	<hr/>
		£ 311,890	£ 466,997
		<hr/>	<hr/>

12. **Accumulated funds**
The purpose of the various funds is as follows:

General Fund

This is the operating fund of the Hospice.

Fixed assets

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

Research Fund

The Hospice is committed to the use of Research as a tool to add to the evidence base for palliative care. Funds are designated from legacy income to fund two fixed term posts to undertake research projects approved, on behalf of the Council of Management, by the Clinical Governance Committee.

Included within this Fund is the Molly Parson's Scholarship which was established to mark Molly Parson's outstanding contribution to the development of Strathcarron Hospice. It enables members of the Hospice staff to study and report on aspects of palliative care provision relative to the work at Strathcarron.

New Equipment Fund

These are restricted funds provided for specific equipment purchases. A transfer is made to General Fund once the purchase has been made.

Child Bereavement Fund (Seasons for Growth)

This is funding of a part-time social worker advising in cases of child bereavement. The project covers the Strathcarron Hospice catchment area but is not limited to those directly connected to the Hospice.

	Balance b/f £	Income £	Expend. £	Gains/ (losses) £	Transfers £	Balance c/f £
General	3,719,237	4,712,663	(4,717,905)	(2,214,022)	92,570	1,592,543
Designated funds						
Fixed assets	2,321,130	-	-	-	(92,570)	2,228,560
Research	-	106,060	(106,060)	-	-	-
Restricted funds						
New equipment	26,211	-	-	-	-	26,211
Seasons for Growth	53,577	-	(41,490)	-	-	12,087
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	£ 6,120,155	£ 4,818,723	£(4,865,455)	£(2,214,022)	£ -	£ 3,859,401
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2009**
(continued)

13. Financial commitments

The company has annual commitments in respect of property leases as follows:

	2009	2008
	£	£
Expiring in less than one year	32,000	20,000
Expiring in two to five years	23,500	11,000
	<hr/>	<hr/>
	£ 55,500	£ 31,000
	<hr/>	<hr/>

14. Related parties

The Friends of Strathcarron Hospice

This is a charity whose main purpose is to raise funds for Strathcarron Hospice. It operates independently of the Hospice with its own office bearers. The Hospice recognises income from the Friends on a remittance basis.

The Hospice has taken over some of the leases of the shops operated by the Friends in its own name, but all rental and any other expenditure, which is invoiced to the Hospice for administrative convenience, is recharged in full to the Friends.

As of 1 April 2009, the Hospice has taken over the operation of the shops under a new trading company.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2009**
(continued)

15. Pension commitments

Six members of staff are members of the unfunded National Health Service Superannuation Scheme for Scotland. Contributions paid to this scheme in the year were £27,030 (2008 £22,887).

The Hospice operates within the Local Government Superannuation Scheme by virtue of being permitted to participate in the Falkirk Council Pension Fund. This scheme is a defined benefit scheme on which the most recent actuarial valuation was carried out at 31 March 2009. As part of this exercise, a separate valuation has been provided for the portion of the scheme relating to the Hospice. The contributions made to the scheme during the year were £498,205 (2008 £361,725).

The employer's contributions to the Scheme are being increased annually with the object of reducing the actuarial deficit at present shown by the Scheme.

The Hospice is required to state the following details in its accounts to comply with FRS17.

FRS17 – Balance sheet disclosure

The major assumptions made by the actuary in valuing the scheme are as follows:

	2009	2008
	% p.a.	% p.a.
Inflation/Pension Increase Rate	3.1	3.6
Salary Increase Rate	4.6	5.1
Expected Return on Assets	6.3	7.1
Discount rate	6.9	6.9

Life expectancy is based on the PFA92 and PMA 92 year of birth mortality tables for non-pensioners and pensioners. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	20.7 years	23.8 years
Future pensioners	22.0 years	25.0 years

The Employer's Assets in the scheme at 31 March and the expected annual rate of return were:

	Long	2009	Long	2008
	Term Ret.	Fund	Term Ret.	Fund
	% p.a.	Value	% p.a.	Value
		£000's		£000's
Equities	7.0	4,847	7.7	5,979
Bonds	5.4	1,158	5.7	1,188
Property	4.9	651	5.7	853
Cash	4.0	579	4.8	278
	<u>6.3</u>	<u>7,235</u>	<u>7.1</u>	<u>8,298</u>

The net pension liability was:

	2009	2008
	£000's	£000's
Estimated Employer Assets	7,235	8,298
Present Value of Scheme Liabilities	(9,685)	(9,017)
Net Pension liability	<u>(2,450)</u>	<u>(719)</u>

There are no unfunded liabilities for which provision needs to be made.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2009
(continued)

15. **Pension commitments (continued)**

FRS17 –Statement of Financial Activities disclosure:

	2009 £000's	2008 £000's
Current service cost	378	433
Past service cost	43	-
	<u>421</u>	<u>433</u>
Contributions by employer	(499)	(361)
Pension service cost provision	<u>78</u>	<u>72</u>
Actual return on Plan assets	<u>(1,743)</u>	<u>(227)</u>

Reconciliation of fair value of scheme assets:

	2009 £000's	2008 £000's
Opening fair value of scheme assets	8,298	8,185
Expected Return on Assets	602	594
Contributions by Members	162	136
Contributions by Employer	499	361
Actuarial Gains/(Losses)	(2,046)	(821)
Estimated Benefits Paid	(280)	(157)
	<u>7,235</u>	<u>8,298</u>

Reconciliation of defined benefit obligation:

	2009 £000's	2008 £000's
Opening defined benefit obligation	9,017	9,986
Current Service Cost	378	433
Interest Cost	632	550
Contributions by Members	162	136
Actuarial Losses/(Gains)	(267)	(1,931)
Past service costs	43	-
Estimated Benefits Paid	(280)	(157)
	<u>9,685</u>	<u>9,017</u>

History of experience gains and losses for the years ended 31 March:

	2009 £000's	2008 £000's	2007 £000's	2006 £000's	2005 £000's
Scheme assets	7,235	8,298	8,185	7,303	5,952
Defined benefit obligation	(9,685)	(9,017)	(9,986)	(9,778)	(7,955)
Surplus/(Deficit)	<u>(2,450)</u>	<u>(719)</u>	<u>(1,801)</u>	<u>(2,475)</u>	<u>(2,003)</u>
Experience adjustments on scheme assets	(2046)	(821)	(65)	986	177
Experience adjustments on scheme liabilities	(730)	(1)	1	(191)	-

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2009**
(continued)

15. **Pension commitments** (continued)

Analysis of the amount charged to staff costs (Note 6):

	2009 £000's	2008 £000's
Current service cost	378	433
Past service cost	43	-
	<hr/>	<hr/>
Total operating charge	421	433
Less: contributions paid	(499)	(361)
	<hr/>	<hr/>
Current service cost provision	(78)	72
	<hr/>	<hr/>

The amount (credited)/charged to operating costs was:

	2009 £000's	2008 £000's
Expected Return on Employer Assets	602	594
Interest on Pension Scheme Liabilities	(632)	(550)
	<hr/>	<hr/>
Net return on financing and assets	30	(44)
	<hr/>	<hr/>

FRS17 – Statement of Financial Activities

Analysis of the amount recognised in the Statement of Financial Activities was:

	2009 £000's	2008 £000's
Changes in value of scheme assets		
Actuarial Gains/(Losses)	(2,046)	(821)
Changes in defined benefit obligations		
Actuarial Gains/(Losses)	267	1,931
	<hr/>	<hr/>
Actuarial (loss)/gain recognised in SOFA	(1,779)	1,110
	<hr/>	<hr/>

Movement in surplus/(deficit) during the year:

	2009 £000's	2008 £000's
Deficit at beginning of the year	(719)	(1,801)
Movement in year		
Current Service Cost	(378)	(433)
Past Service Cost	(43)	-
Employer contributions	499	361
Net return on financing and assets	(30)	44
Actuarial gains/(losses)	(1,779)	1,110
	<hr/>	<hr/>
Deficit at end of year	(2,450)	(719)
	<hr/>	<hr/>