

Registered No. SC 068503
Charity Registration No. SC 006704

STRATHCARRON HOSPICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 MARCH 2014



STRATHCARRON HOSPICE

COMPANY INFORMATION

Members of the Council of Management

Mr T Ogilvie (Chairman)
Mr D Wheeler (Vice Chairman)
Mr S Reid (Honorary Treasurer)
Mr E Toal
Mrs E Hallam
Mr C Mather
Mr M McMonagle
Dr E Millar
Mr D McGregor

Ms R Davidson
Mrs C Morrison (resigned 25 September 2013)
Dr K Bell (resigned 2 December 2013)
Mr A Smith (resigned 25 September 2013)
Mrs R Cranston (resigned 17 September 2013)
Mrs C McKinlay (appointed 25 September 2013)
Dr M Fyall (appointed 25 September 2013)
Mr S Teahan (appointed 25 September 2013)

Chief Executive

Ms I McKie

Company Secretary

Mr W 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

External Auditors

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Internal Auditors

Chieine & Tait
61 Dublin Street
Edinburgh
EH3 6NL

Stockbrokers

Deutsche Bank Private Wealth Management
130 St Vincent Street
Glasgow
G2 5SE

STRATHCARRON HOSPICE

REPORT OF THE COUNCIL OF MANAGEMENT (continued)

STRATHCARRON HOSPICE

REPORT OF THE COUNCIL OF MANAGEMENT

The Council of Management presents its report and the audited financial statements of the company and the group for the year ended 31 March 2014. 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 2014 the company had 123 members (2013:107), 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 Chief Executive, 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 2014 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 with appropriate expertise and interests.

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 roles and duties of a Council Member and Council Papers from the previous year. In addition, the Hospice Chief Executive 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 and the background of the Council reflects the areas of activity that are overseen by Council. Briefings are provided to the Council of Management and Committees to update them on changes in legislation or policy. In 2013, with a grant from Help the Hospices, Council reviewed its corporate governance arrangements with assistance from a Consultant from CASS Business School. Overall the review found the hospices governance arrangements to be robust however some minor areas for improvement were identified including some changes to the format of meetings to ensure a focus on strategic issues and to ensure Council looked forward rather than reviewing retrospective activities.

STRATHCARRON HOSPICE

REPORT OF THE COUNCIL OF MANAGEMENT (continued)

STRATEGIC REPORT

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 risk management is a formal and integral part of discussions at appropriate Committees and the Council of Management.

The Hospice continues to have a robust internal audit programme. 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 internal audit plan is reviewed annually to examine any new areas of concern identified by the Council of Management or the Audit Committee. In addition to internal and external audit the Hospice is also subject to inspection by external bodies such as Healthcare Improvement Scotland. 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 the 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 multi-disciplinary team and include community based care, daycare, inpatient care, a specialist lymphoedema clinic, family support and bereavement service, education, training and research. During 2013 Council approved, in principle, the creation of a Hospice@Home service and plans for this have progressed well with the new service due to start in the forthcoming financial year.

In the past year the level of patient activity has been relatively stable, although there was a 5% increase in Homecare new referrals and new visits. This year 44% of all inpatients were discharged, mainly to their own homes. The occupancy level remained very high, at 91% and this did result in a waiting list in most weeks. The development of a Hospice@Home service is partly in response to the waiting list to ensure that patients are adequately supported if they are waiting for care at the Hospice and also to enable those patients in the Hospice and in hospital who wish to go home at the end of their life to do so.

The Hospice funded two research practitioners, both of whom completed their research in this year. One researcher completed a PhD looking at the use of goal setting in the Hospice and the Hospice piloted and introduced this process in the Ward. The Hospice has always tried to do special things to help people live until they die, but this project uses a much more systematic approach which can be delivered to every patient. Patients are asked what is important to them and what they wished to achieve in the next few days or weeks and then we make a plan of how this can be achieved, either by the patients themselves or with the help of family, friends or the Hospice staff. For many patients this has reinforced how important and valued they are, even at the end of their life. Our other researcher undertook research into how the Hospice works with schools in the area and specifically looked at how we should talk to young people about death and dying, with the project focusing on primary school age children. As a result of this project we have now designed a specific leaflet targeted at 10 year-olds that explains what the Hospice does in an appropriate style. We have also introduced educational sessions for school teachers and other school staff where we help them to understand how to deal with pupils who are bereaved and also how to normalise the introduction of the concept of death and dying into the school curriculum.

The Hospice has also supported the Specialist Respiratory Clinic at Forth Valley Royal Hospital and has followed up patients who have advanced respiratory disease. This evolved into visiting patients who were unable to attend the Clinic in their own homes and the evaluation of this service has been so positive that this has now become a mainstream activity. By visiting patients just two or three times we have been able to help them to have much more control over their lives and to resolve some of the practical difficulties they experience. The process of evaluation is under way to review the extent to which this project has reduced the use of inpatient beds in acute hospitals.

STRATHCARRON HOSPICE

REPORT OF THE COUNCIL OF MANAGEMENT (continued)

STRATEGIC REPORT

Plans for Future Periods

The Hospice has developed a 5-year strategy and aspires to improve its support to people in their own homes and to ensure that we continue to support and respond to the personal needs of patients with dignity, respect and compassion. We will work to improve the understanding of what we do and to ensure that we support and engage with other services. In particular, we will develop our communication and marketing to capitalise on the strong public support that we have. In the early spring we developed the first Snowdrop Gardens and we hope to see these proliferate across the communities and to provide people with an appropriate way of remembering their loved ones.

It is the intention of the Hospice that, during 2014/15, we will set up a full Hospice@Home service and we will also develop the use of volunteers to support carers across the communities that we serve.

Strathcarron Hospice Retail Ltd opened two new shops, a Vintage Shop in Bridge of Allan in June 2013 and a Furniture Shop in Stenhousemuir in January 2014. The development of an electronic point of sale system across our retail outlets has enabled a significant Gift Aid claim to be generated from the sale of donated stock.

Financial review

Results for the year

The operating result for the year shows a deficit of £327,532. Whilst this is a significantly higher deficit compared with the prior year deficit of £9,776, this is after accounting for a charge of £227,000 in relation to the service costs associated with the Falkirk Council Pension Fund and a reduction of £316,826 in income received from legacies which has been partly offset by small increases in other income areas and reduced expenditure.

The operating result (£327,532 deficit) is before taking into account the realised losses and gains on investments, the increase in the provision of investments losses and the actuarial loss on the Falkirk Council Pension Fund of £506,000 (2013 £44,000). The total net movement in funds was a decrease of £642,076 (2013 £25,775 increase).

The net balance sheet deficit arising in relation to the Falkirk Council Pension Fund is £5,381,000. The deficit has increased from £4,648,000 at 31 March 2013 and associated movements recognised within the Statement of Financial Activity in 2014. These are as a result of market factors and actuarial assumptions made under the requirements of accounting standards.

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. In particular, the legacy income of £816,674 received in the current year has contributed greatly toward the costs of the Hospice without which the Hospice would have returned a significantly higher operating deficit.

Fundraising activities

Income from voluntary sources, fundraising activities and investments has remained relatively static at a level of £2.11 million, compared to £2.07 million in 2012/13 showing an increase of less than 2%. This movement comprised: voluntary source income increased by £31,810 (3%), fundraising activities increased by £27,424 (4%) and investment income decreased by £19,044 (9%). Income from shop sales has increased by £204,173 (32%), although this is mainly offset by a corresponding increase in costs.

The Hospice has experienced a reduction in income which it considers to be principally as a result of the current economic climate. The Hospice has in place a 5-year financial plan to improve income and control expenditure and to work towards financial break-even without the reliance on legacy income.

Statutory funding

Core statutory funding amounted to £2,073,325. This shows a slight increase from prior year levels of £2,069,895 resulting in the percentage level of statutory funding increasing to ~39% of costs compared with the prior year (37%).

Costs of generating fundraising income

The fundraising costs of £377,151 show a decrease of £1,236 (0.3%) compared with the prior year.

STRATHCARRON HOSPICE

REPORT OF THE COUNCIL OF MANAGEMENT (continued)

STRATEGIC REPORT

Charitable activities

The costs of delivering our care services were £5.3million (2012/13: £5.2million) after adjusting for the impact of pension accounting described above.

Volunteers' In Kind donations

Strathcarron Hospice has in the region of 300 volunteers and without them the Hospice could not continue to provide such a high quality of patient care. Hospices are in an almost unique position of being able to recruit good quality volunteers and have them working alongside paid staff without any industrial relations issues. Hospices are significantly more efficient as a result of this free resource and the presence of volunteers does positively influence the whole atmosphere of the Hospice to create a very caring environment that makes time to help patients, their loved ones and indeed our own staff.

Overall in the Hospice and our shops, our volunteers' contribution is estimated at over £1million.

STRATHCARRON HOSPICE

REPORT OF THE COUNCIL OF MANAGEMENT (continued)

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.

Reserves policy

The Council of Management has established a policy whereby reserves will be retained at a level sufficient to provide running costs for three to six months. Taking into account contribution from the NHS this would be at a level of £1.3m to £2.6m. At the year end, largely as a result of FRS 17, the freely available reserves held by the Hospice amount to a deficit of £317,249 which falls short of the desired level. The Hospice continues to make small surpluses or deficits on an ongoing basis when FRS 17 is excluded.

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

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

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

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

In so far as the trustees are aware:

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

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

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

T OGILVIE

Chairman of the Council of Management

Date: 24 September 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF STRATHCARRON HOSPICE

We have audited the financial statements of Strathcarron Hospice for the year ended 31 March 2014 which comprise the Consolidated Statement of Financial Activities incorporating the Consolidated Income and Expenditure Account, the Consolidated Balance Sheets, the Charity Statement of Financial Activities, the Charity Balance Sheet the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2014 and of the group's incoming resources and application of resources, including the group's and the parent income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and,
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF STRATHCARRON HOSPICE
(continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- The parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company's 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 required for our audit

Allister Gray

Allister Gray (Senior Statutory Auditor)

168 Bath Street
Glasgow
G2 4TP

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

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

Date: 24 September 2014

STRATHCARRON HOSPICE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Restricted £	Trading Subsidiary £	Unrestricted £	Total 2014 £	Total 2013 £
Incoming resources	3					
Charitable activities		-	-	2,085,943	2,085,943	2,082,395
Generated funds:						
Voluntary source income		-	-	1,148,962	1,148,962	1,117,152
Fundraising activities		15,267	-	743,275	758,542	731,118
Shop sales		-	841,974	-	841,974	637,801
Income Legacies		-	-	816,674	816,674	1,133,500
Investment income	4	-	-	200,730	200,730	219,774
Total incoming resources		<u>15,267</u>	<u>841,974</u>	<u>4,995,584</u>	<u>5,852,825</u>	<u>5,921,740</u>
Resources expended						
Charitable activities:						
Recurring charitable costs	5,7	22,424	-	5,270,742	5,293,166	5,203,263
Generating funds:	6,7	-	434,330	377,151	811,481	656,756
Governance costs	7	-	-	51,365	51,365	53,268
Investment manager fees		-	-	24,345	24,345	18,229
Total resources expended		<u>22,424</u>	<u>434,330</u>	<u>5,723,603</u>	<u>6,180,357</u>	<u>5,931,516</u>
Net (outgoing)/incoming resources before other recognised gains and losses		(7,157)	407,644	(728,019)	(327,532)	(9,776)
Realised investment gains		-	-	205,354	205,354	29,965
Investment provision (increase)/decrease	11	-	-	(13,898)	(13,898)	49,586
Net (outgoing)/incoming resources before transfers		(7,157)	407,644	(536,563)	(136,076)	69,775
Transfers between funds		-	-	-	-	-
Trading company payments		-	(407,644)	407,644	-	-
Net (outgoing)/incoming resources		<u>(7,157)</u>	<u>-</u>	<u>(128,919)</u>	<u>(136,076)</u>	<u>69,775</u>
Pension scheme adjustments:						
Actuarial (losses) on defined benefit pension schemes	16	-	-	(506,000)	(506,000)	(44,000)
Net movements in funds		<u>(7,157)</u>	<u>-</u>	<u>(634,919)</u>	<u>(642,076)</u>	<u>25,775</u>
Reconciliation of funds						
Funds brought forward		<u>7,157</u>	<u>-</u>	<u>2,228,380</u>	<u>2,235,537</u>	<u>2,209,762</u>
Funds carried forward		<u>-</u>	<u>-</u>	<u>1,593,461</u>	<u>1,593,461</u>	<u>2,235,537</u>

- All activities relate to continuing operations.
- All gains and losses recognised in the year are included above.
- The net incoming resources before the pension scheme adjustments is the net income for Companies Act purposes.

STRATHCARRON HOSPICE

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014

	Notes	£	2014 £	2013 £
Fixed Assets:				
Tangible assets	10		1,910,710	1,941,785
Investments	11		<u>4,817,618</u>	<u>4,727,918</u>
			6,728,328	6,669,703
Current assets:				
Stock		11,679		10,894
Debtors	12	457,462		76,567
Cash at bank and in hand		<u>113,609</u>		<u>388,914</u>
		582,750		476,375
Creditors: amounts falling due within one year	13	(336,617)		(262,541)
Net current assets			246,133	213,834
Net assets excluding pension deficit			<u>6,974,461</u>	<u>6,883,537</u>
Defined benefit pension scheme liability	16		(5,381,000)	(4,648,000)
Net Assets including pension deficit			<u>1,593,461</u>	<u>2,235,537</u>
Reserves:				
Restricted funds			-	7,157
Unrestricted funds:				
Designated fixed asset fund			1,910,710	1,941,785
General funds			5,063,751	4,934,595
Unrestricted income funds excluding pension liability			<u>6,974,461</u>	<u>6,876,380</u>
Pension fund	16		<u>(5,381,000)</u>	<u>(4,648,000)</u>
Total unrestricted funds			1,593,461	2,228,380
Total funds	14		<u>1,593,461</u>	<u>2,235,537</u>

The financial statements were approved by the Council of Management on 24 September 2014 and signed on its behalf by:

T OGILVIE

Chairman of the Council of Management

S REID

Member of Council and Honorary Treasurer

Company Registration No. SC068503

The notes on pages 13 to 25 form part of these financial statements.

STRATHCARRON HOSPICE

CHARITY STATEMENT OF FINANCIAL ACTIVITIES (INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Restricted	Unrestricted	2014 Total	2013 Total
		£	£	£	£
Incoming resources					
Charitable activities	3	-	2,085,943	2,085,943	2,082,395
Generated funds:					
Voluntary source income		-	1,528,347	1,528,347	1,470,399
Fundraising activities		15,267	743,275	758,542	731,118
Income Legacies		-	816,674	816,674	1,133,500
Investment income	4	-	200,730	200,730	219,774
Total incoming resources		<u>15,267</u>	<u>5,374,969</u>	<u>5,390,236</u>	<u>5,637,186</u>
Resources expended					
Charitable activities:					
Recurring charitable costs	5,6	22,424	5,270,742	5,293,166	5,203,263
Generating funds:	6,7	-	377,151	377,151	378,387
Governance costs	7	-	51,365	51,365	53,268
Investment manager fees		-	24,345	24,345	18,229
Total resources expended		<u>22,424</u>	<u>5,723,603</u>	<u>5,746,027</u>	<u>5,653,147</u>
Net (outgoing) resources before other recognised gains and losses		(7,157)	(348,634)	(355,791)	(15,961)
Realised investment gains		-	205,354	205,354	29,965
Investment provision (increase)/decrease	10	-	(13,898)	(13,898)	49,586
Net (outgoing)/incoming resources before transfers		(7,157)	(157,178)	(164,335)	63,590
Transfers between funds		-	-	-	-
Net (outgoing)/incoming resources		<u>(7,157)</u>	<u>(157,178)</u>	<u>(164,335)</u>	<u>63,950</u>
Pension scheme adjustments:					
Actuarial (losses) on defined benefit pension schemes	16	-	(506,000)	(506,000)	(44,000)
Net movements in funds		<u>(7,157)</u>	<u>(663,178)</u>	<u>(670,335)</u>	<u>19,590</u>
Reconciliation of funds					
Funds brought forward		<u>7,157</u>	<u>2,222,195</u>	<u>2,229,352</u>	<u>2,209,762</u>
Funds carried forward		<u>-</u>	<u>1,559,017</u>	<u>1,559,017</u>	<u>2,229,352</u>

- All activities relate to continuing operations.
- All gains and losses recognised in the year are included above.
- The net incoming resources before the pension scheme adjustments is the net income for Companies Act purposes.

STRATHCARRON HOSPICE

CHARITY BALANCE SHEET AS AT 31 MARCH 2014

	Notes	£	2014 £	2013 £
Fixed Assets:				
Tangible assets	10		1,804,471	1,891,022
Investments	11		<u>4,817,718</u>	<u>4,728,018</u>
			6,622,189	6,619,040
Current assets:				
Debtors	12	558,342		153,572
Cash at bank and in hand		<u>62,192</u>		<u>357,392</u>
		620,534		510,964
Creditors: amounts falling due within one year	13	(302,706)		(252,652)
Net current assets			<u>317,828</u>	<u>258,312</u>
Net assets excluding pension deficit			<u>6,940,017</u>	<u>6,877,352</u>
Defined benefit pension scheme liability	16		(5,381,000)	(4,648,000)
Net assets including pension deficit			<u>1,559,017</u>	<u>2,229,352</u>
Reserves:				
Restricted funds			-	7,157
Unrestricted funds:				
Unrestricted income funds excluding pension liability			6,940,017	6,870,195
Pension fund	16		<u>(5,381,000)</u>	<u>(4,648,000)</u>
Total unrestricted funds			1,559,017	2,222,195
Total funds			<u>1,559,017</u>	<u>2,229,352</u>

The financial statements were approved by the Council of Management on 24 September 2014 and signed on its behalf by:

T OGILVIE

Chairman of the Council of Management

S REID

Member of Council and Honorary Treasurer

Company Registration No. SC068503

The notes on pages 13 to 25 form part of these financial statements.

STRATHCARRON HOSPICE

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £	2013 £
Net (outgoing) resources for the year		(327,532)	(9,776)
Depreciation		129,298	131,917
FRS 17 pension adjustment		101,000	20,000
Net return on pension finance		126,000	107,000
Investment income		(200,730)	(219,774)
(Increase)/Decrease in stock		(785)	1,084
(Increase) in debtors		(380,895)	(44,343)
Increase in creditors		74,076	12,623
Net cash (outflow) from operating activities		(479,568)	(1,269)
Return on investments and servicing of finance			
Investment income	200,323		219,222
Interest received	407		552
Net cash inflow from return on investments and servicing of finance		200,730	219,774
		(278,838)	218,505
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(98,223)		(89,760)
Acquisition of investments	(846,752)		(1,584,206)
Proceeds on sale of investments	948,508		1,531,745
Net cash inflow/(outflow) from investing activities		3,533	(142,221)
(Decrease)/Increase in cash		(275,305)	76,284
Analysis of net funds			
At 1 April 2013		388,914	
Decrease in year		(275,305)	
At 31 March 2014		113,609	

STRATHCARRON HOSPICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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 2014 the charity had 123 members. The number of members is limited to 500.

The company has charitable status for tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received, to the extent that such income or gains are applied to exclusively charitable purposes. The trading subsidiary is subject to Corporation Tax, but this is relieved by the transfer of all trading surpluses to the Hospice.

2. Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with the Statement of Recommended Practice - Accounting and Reporting for Charities ("Charity SORP") issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006. However, to fully comply with the SORP, listed 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.

These financial statements consolidate the results of the wholly owned subsidiary company, Strathcarron Hospice Retail Limited.

Fund accounting

- Unrestricted funds are available for use at the discretion of the Council of Management in furtherance of the general objectives of the charity and which have not been designated for another purpose.
- Designated funds are unrestricted funds earmarked 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 subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

Incoming resources

All incoming resources are included in the Consolidated Statement of Financial Activities ("SOFA") when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Legacy income is brought into the financial statements once it is definite and quantifiable. It is credited to the General Fund except for that required to meet research costs in the year.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.

STRATHCARRON HOSPICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

2. Accounting policies (continued)

- Clothing and other items donated for resale through the subsidiary's shops are included as incoming resources within activities for generating funds when they are sold.
- Investment income is included when receivable.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.
- Income is only deferred when:
 - a) The donor specifies that the grant or donation must only be used in future accounting periods; or
 - b) The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes Value Added Tax which cannot be fully recovered and is reported as part of the expenditure to which it relates:

- All expenditure is charged to the General Fund 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 comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. Notes 5, 6 and 7 give further information on the composition of support costs and the basis of apportionment to cost categories.
- 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 audit fees and professional advisory costs linked to the strategic management of the charity.

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	-	10% & 20% p.a. on a straight line basis

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 at the year end. As noted above this is a departure from the requirements of the Charity SORP which states that listed 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 this alternative policy has been adopted.

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

Operating Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

STRATHCARRON HOSPICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

2. Accounting policies (continued)

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 (deficit)/surplus 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.

Taxation

The company is a charitable company within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only.

3. Income

	Charitable	Generated	2014 Total	2013 Total
	£	£	£	£
Public source income (see below)	2,073,325	-	2,073,325	2,069,895
Other income	12,618	-	12,618	12,500
	<u>2,085,943</u>	<u>-</u>	<u>2,085,943</u>	<u>2,082,395</u>
Fundraising	-	758,542	758,542	731,118
Voluntary source income				
Donations	-	1,043,701	1,043,701	1,025,587
Education	-	56,460	56,460	43,230
Catering Income	-	43,522	43,522	43,067
Day Care	-	5,279	5,279	5,268
	<u>-</u>	<u>1,148,962</u>	<u>1,148,962</u>	<u>1,117,152</u>
Shop Income	-	841,974	841,974	637,801
Legacy income	-	816,674	816,674	1,133,500
Investment income (note 4)	-	200,730	200,730	219,774
	<u>2,085,943</u>	<u>3,766,882</u>	<u>5,852,825</u>	<u>5,921,740</u>

Public source income comprises the following income sources:

	£	£
Forth Valley Health Board	1,553,797	1,564,564
Lanarkshire Health Board	519,528	505,331
	<u>2,073,325</u>	<u>2,069,895</u>

STRATHCARRON HOSPICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

3. Incoming resources (continued)

	Charitable	Generated	2014 Total	2013 Total
	£	£	£	£
Public source income (see previous)	2,073,325	-	2,073,325	2,069,895
Other income	12,618	-	12,618	12,500
	<u>2,085,943</u>	<u>-</u>	<u>2,085,943</u>	<u>2,082,395</u>
Fundraising	-	758,542	758,542	731,118
Voluntary source income				
Donations	-	1,043,701	1,043,701	1,025,587
Donations from subsidiary	-	379,385	379,385	353,247
Education	-	56,460	56,460	43,230
Catering Income	-	43,522	43,522	43,067
Day Care	-	5,279	5,279	5,268
	<u>-</u>	<u>1,528,347</u>	<u>1,528,347</u>	<u>1,470,399</u>
Legacy income	-	816,674	816,674	1,133,500
Investment income (note 4)	-	200,730	200,730	219,774
	<u>2,085,943</u>	<u>3,304,293</u>	<u>5,390,236</u>	<u>5,637,186</u>

4. Investment Income

Group and Charity	2014 £	2013 £
Dividend income	200,323	219,222
Interest from short term deposits	407	552
	<u>200,730</u>	<u>219,774</u>

5. Cost of Charitable Activities

Group and Charity	2014 Total	2013 Total
	£	£
Direct costs:		
Care within hospice	3,673,096	3,561,257
Day care	201,716	202,617
Home care	479,153	398,300
Education	154,859	151,617
Catering	88,633	95,899
Fabric	87,415	152,861
Periodic maintenance	58,362	61,759
Depreciation	120,642	128,317
	<u>4,863,876</u>	<u>4,752,627</u>
Research	18,687	53,064
Net cost of pension finance	126,000	107,000
	<u>5,008,563</u>	<u>4,912,691</u>
Support costs (Note 7)	284,603	290,572
	<u>5,293,166</u>	<u>5,203,263</u>

STRATHCARRON HOSPICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

6. Cost of Generating Funds

	Group 2014 £	Charity 2014 £	Group 2013 £	Charity 2013 £
Fundraising – Direct Costs	304,839	304,839	314,249	314,249
Support Costs (note 7)	72,312	72,312	64,138	64,138
Shop expenses	434,330	-	278,369	-
	<u>811,481</u>	<u>377,151</u>	<u>656,756</u>	<u>378,387</u>

7. Support Costs

	Charitable £	Fundraising £	Governance £	2014 Total £	2013 Total £
Salaries (inc.NIC)	198,648	32,654	40,818	272,120	287,565
Travel	533	-	-	533	900
Insurance	23,688	-	-	23,688	23,260
Telephone	14,757	2,426	3,032	20,215	15,155
Postage	17,122	2,815	3,518	23,455	26,601
Printing & Stationery	19,449	3,197	3,997	26,643	25,800
Professional Fees	10,406	31,220	-	41,626	28,697
	<u>284,603</u>	<u>72,312</u>	<u>51,365</u>	<u>408,280</u>	<u>407,978</u>
Salaries allocation	70%	18%	12%		

Administration expenses have been allocated on an actual basis where possible, otherwise the allocation is apportioned on the same ratio as salary cost.

8. Staff Costs

	2014 £	2013 £
Administration	224,744	236,103
Medical	603,110	597,820
Nursing	1,837,146	1,799,850
Para-medical & chaplaincy	370,057	340,538
Education	119,836	114,648
Domestic & Catering	379,775	371,509
Fundraising	139,926	135,543
Research	18,687	53,064
	<u>3,693,281</u>	<u>3,649,075</u>
Social security	267,738	260,481
Pension costs: Employer's contribution paid	590,528	584,331
Current service cost provision (note 16)	101,000	20,000
	<u>4,652,547</u>	<u>4,513,887</u>

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

STRATHCARRON HOSPICE**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014 (continued)****8. Staff Costs (continued)**

The average weekly number of employees (full time equivalent) during the year was as follows:

	2014	2013
Administration	13.5	16.02
Medical	9.2	9.55
Nursing	56.53	56.78
Para-medical & Chaplaincy	11.2	9.55
Education	2.77	2.92
Domestic & catering	17.7	14.71
Fundraising	3.93	4.65
	<u>114.83</u>	<u>114.18</u>

The number of employees earning more than £60,000 per annum was as follows:

	2014	2013
£ 60,001 to £ 70,000	-	1
£ 70,001 to £ 80,000	1	1
£ 80,001 to £ 90,000	1	-
£ 90 001 to £ 100,000	1	1

Pension contributions were paid for these employees in line with the general employer contribution rate.

9. Net incoming resources for the year

This is stated after charging / (crediting)

	2014	2013
		£
Depreciation	129,298	131,917
External auditors' remuneration	6,000	6,000
Other services		
- Subsidiary's audit fee	2,314	2,980
-Non audit services	2,000	4,728
Internal auditors' remuneration	7,104	7,453

STRATHCARRON HOSPICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

10. Tangible Fixed Assets

Group	Heritable Property £	Fittings and equipment £	Total £
Cost:			
At 1 April 2013	3,766,921	906,670	4,673,591
Additions	-	98,223	98,223
At 31 March 2014	<u>3,766,921</u>	<u>1,004,893</u>	<u>4,771,814</u>
Depreciation:			
At 1 April 2013	2,001,898	729,908	2,731,806
Charge for the year	75,338	53,960	129,298
At 31 March 2014	<u>2,077,236</u>	<u>783,868</u>	<u>2,861,104</u>
Net book value:			
At 31 March 2014	<u>1,689,685</u>	<u>221,085</u>	<u>1,910,710</u>
At 31 March 2013	<u>1,765,023</u>	<u>176,762</u>	<u>1,941,785</u>
Charity			
	Heritable Property £	Fittings and equipment £	Total £
Cost:			
At 1 April 2013	3,766,921	852,307	4,619,228
Additions	-	34,091	34,091
At 31 March 2014	<u>3,766,921</u>	<u>886,398</u>	<u>4,653,319</u>
Depreciation:			
At 1 April 2013	2,001,898	726,308	2,728,206
Charge for the year	75,338	45,304	120,642
At 31 March 2014	<u>2,077,236</u>	<u>771,612</u>	<u>2,848,848</u>
Net book value:			
At 31 March 2014	<u>1,689,685</u>	<u>114,786</u>	<u>1,804,471</u>
At 31 March 2013	<u>1,765,023</u>	<u>125,999</u>	<u>1,891,022</u>

In 1992 the Strathcarron Hospice Trust gifted to the charity 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 financial statements 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.

STRATHCARRON HOSPICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

11. Investments.

Group & Company	2014 £	2013 £
Listed Investment at cost:		
At 1 April 2013	4,839,804	4,757,378
Additions	846,752	1,584,206
Disposals	(743,154)	(1,501,780)
At 31 March 2014	<u>4,943,402</u>	<u>4,839,804</u>
Provision for diminution in value of investment:		
At 1 April 2013	111,886	161,472
Movement in year	13,898	(49,586)
At 31 March 2014	<u>125,784</u>	<u>111,886</u>
Net Book Value:		
At 31 March	<u>4,817,618</u>	<u>4,727,918</u>
Listed investments at market value	<u>6,242,567</u>	<u>6,292,894</u>

Listed investments comprise of UK quoted investments and cash of £17,393 (2013 £18,438) awaiting re-investment. There are holdings valued at £1,768,947 in various UK Treasury Stock and in Alliance Trust, Bankers Investment Trust and Murray International Trust valued at £363,440, £313,500 and £312,900 respectively.

Unlisted investments	2014 £	2013 £
Company		
Cost and net book value	<u>100</u>	<u>100</u>

Unlisted investments comprise 100% of the share capital of Strathcarron Hospice Retail Limited, a company registered in Scotland. This company was formed to operate the Strathcarron Hospice shops on 2 April 2009. At 31 March 2014 the company had net assets of £34,544 and recorded a profit of £28,259 having made a donation of £379,385 to Strathcarron Hospice from its operating profit.

12. Debtors

	Group 2014 £	Charity 2014 £	Group 2013 £	Charity 2013 £
Trade debtors	36,160	36,160	14,090	14,090
Owed by subsidiary company	-	123,752	-	82,788
Prepayments and accrued income	407,370	398,430	62,477	56,694
VAT debtor	13,932	-	-	-
	<u>457,462</u>	<u>558,342</u>	<u>76,567</u>	<u>153,572</u>

STRATHCARRON HOSPICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

13. Creditors falling due within one year

	Group 2014	Charity 2014	Group 2013	Charity 2013
	£	£	£	£
Sundry creditors	211,636	177,725	133,863	123,974
Accruals & Deferred income	46,265	46,265	48,128	48,128
Taxes and social security	78,716	78,716	80,550	80,550
	<u>336,617</u>	<u>302,706</u>	<u>262,541</u>	<u>252,652</u>

14. Accumulated funds – Group

	Balance b/f	Income	Expenditure, gains / (losses)	Transfers	Balance c/f
Restricted Funds					
Child Bereavement	7,157	3,850	11,007	-	-
Strathcarron Wishes	-	11,417	11,417	-	-
	<u>7,157</u>	<u>15,267</u>	<u>22,424</u>	<u>-</u>	<u>-</u>
Unrestricted Funds					
General	286,595	5,818,871	6,324,492	(98,223)	(317,249)
Designated Funds:					
Fixed assets	1,941,785	-	129,298	98,223	1,910,710
Research	-	18,687	18,687	-	-
	<u>2,235,537</u>	<u>5,852,825</u>	<u>6,494,901</u>	<u>-</u>	<u>1,593,461</u>

The purposes of the various funds are as follows:

Child Bereavement Fund

This is funding for the Children's Bereavement Service and includes the cost of a part-time Social Worker. The project was part-funded by Children in Need for a 3-year period from May 2012 to May 2013 and will be funded by Children in Need for a 3-year period from April 2014. The fund is also the beneficiary of the funds raised via the "Seasons for Growth" coin collection cards. The project benefits children in the Hospice's catchment area but is not limited to those directly connected with the Hospice.

Strathcarron Wishes

This relates to a specific fundraising campaign whereby donors pledge money to fund a specific element of the Hospice services.

STRATHCARRON HOSPICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

14. Accumulated funds – Group & Company (continued)

General Fund

This is the operating fund of the Hospice.

Designated Funds – designation of funds is based on the overall group position. Details of the designated funds are as follows:

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.

15. Financial commitments

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

	2014	2013
	£	£
Expiring in less than one year	18,720	62,230
Expiring in two to five years	25,000	37,000
Expiring in over five years	53,000	-
	<u>96,720</u>	<u>99,230</u>

The charity has no operating lease commitments.

16. Pension commitments

Five members of staff were members of the unfunded National Health Service Superannuation Scheme for Scotland. Contributions paid to this scheme in the year were £25,061 (2013 £31,755).

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 2014. 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 £565,467 (2013 £552,579).

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 financial statements to comply with FRS17.

STRATHCARRON HOSPICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

16. Pension commitments (continued)

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

	2014	2013
	% p.a.	% p.a.
Inflation/Pension Increase Rate	2.8	2.8
Salary Increase Rate	5.1	5.1
Expected Return on Assets	6.1	5.1
Discount rate	4.3	4.5

Life expectancy is based on the PFA 92 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	23.0 years	25.8 years
Future pensioners	24.9 years	27.7 years

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

	Long Term Ret. % p.a.	2014 Fund Value £000's	Long Term Ret. % p.a.	2013 Fund Value £000's
Equities	6.6	11,910	5.7	10,144
Bonds	3.9	1,374	3.3	2,536
Property	4.8	1,527	3.9	986
Cash	3.7	458	3.0	423
		<u>15,269</u>		<u>14,089</u>

The net pension liability was:

	2014 £'000	2013 £'000
Estimated Employer Assets	15,269	14,089
Present Value of Scheme Liabilities	(20,650)	(18,737)
Net Pension liability	<u>(5,381)</u>	<u>(4,648)</u>

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

FRS17 –Statement of Financial Activities disclosure:

	2014 £'000	2013 £'000
Current service cost	686	567
Past service cost	-	-
	<u>686</u>	<u>567</u>
Contributions by employer	(585)	(547)
Pension service cost provision	<u>101</u>	<u>20</u>
Actual return on Plan assets	<u>972</u>	<u>1,964</u>

STRATHCARRON HOSPICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

16. Pension commitments (continued)

Reconciliation of fair value of scheme assets:	2014 £'000	2013 £'000
Opening fair value of scheme assets	14,089	11,961
Expected Return on Assets	724	686
Contributions by Members	201	191
Contributions by Employer	585	547
Actuarial Gains/(Losses)	248	1,275
Estimated Benefits Paid	(578)	(571)
	<u>15,269</u>	<u>14,089</u>

Reconciliation of defined benefit obligation:

	2014 £'000	2013 £'000
Opening defined benefit obligation	18,737	16,438
Current Service Cost	686	567
Interest Cost	850	793
Contributions by Members	201	191
Actuarial Losses/(Gains)	754	1,319
Estimated Benefits Paid	(578)	(571)
	<u>20,650</u>	<u>18,737</u>

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

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Scheme assets	15,269	14,089	11,961	11,138	9,918
Defined benefit obligation	(20,650)	(18,737)	(16,438)	(14,152)	(15,916)
Deficit	<u>(5,381)</u>	<u>(4,648)</u>	<u>(4,477)</u>	<u>(3,014)</u>	<u>(5,998)</u>
Experience adjustments on scheme assets	248	1275	(98)	147	2,043
Experience adjustments on scheme liabilities	9	24	(951)	-	-

Analysis of the amount charged to staff costs (Note 8):

	2014 £'000	2013 £'000
Current Service costs	686	567
Past service (gain)/cost	-	-
Total operating charge	<u>686</u>	<u>567</u>
Less: contributions paid	<u>(585)</u>	<u>(547)</u>
Current service cost provision	<u>101</u>	<u>20</u>

Amount charged to operating costs (Note 5):

	2014 £'000	2013 £'000
Expected Return on Employer Assets	724	686
Interest on Pension Scheme Liabilities	<u>(850)</u>	<u>(793)</u>
Net cost of financing and assets	<u>(126)</u>	<u>(107)</u>

STRATHCARRON HOSPICE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

16. Pension commitments (continued)

Analysis of the amount recognised in the Statement of Financial Activities

	2014 £'000	2013 £'000
Changes in value of scheme assets: Actuarial Gains/(Losses)	248	1,275
Changes in defined benefit obligations: Actuarial (Losses)/Gains	(754)	(1,319)
Actuarial (loss)/gain recognised in SOFA	<u>(506)</u>	<u>(44)</u>

Movement in deficit during the year:

Deficit at beginning of the year	(4,648)	(4,477)
Movement in year:		
Current Service Cost	(686)	(567)
Past Service Cost	-	-
Employer contributions	585	547
Net return on financing and assets	(126)	(107)
Actuarial gains/(losses)	(506)	(44)
Deficit at end of year	<u>(5,381)</u>	<u>(4,648)</u>

The estimated employer's contributions for the year to 31 March 2015 are £734,599

17. Analysis of Net Assets between Funds – Group

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £
Tangible Fixed Assets	-	1,910,710	-	1,910,710
Fixed Asset Investments	4,817,618	-	-	4,817,618
Net Current Assets	246,133	-	-	246,133
Pension Deficit	(5,381,000)	-	-	(5,381,000)
	<u>(317,249)</u>	<u>1,910,710</u>	<u>-</u>	<u>1,593,461</u>

STRATHCARRON HOSPICE

FIVE YEAR SUMMARY OF FINANCIAL STATEMENTS INCOME AND EXPENDITURE ACCOUNTS

	2014 £	2013 £	2012 £	2011 £	2010 £
Income:					
Public source income	2,073,325	2,069,895	1,987,681	1,996,128	1,903,329
Voluntary source income	1,043,701	1,025,587	1,155,911	1,080,282	1,011,005
Legacies	816,674	1,133,500	755,850	816,673	465,524
Fundraising	758,542	731,118	764,469	800,271	811,129
Education	56,460	43,230	40,983	23,976	32,104
Day care	5,279	5,268	5,305	8,815	7,785
Other income	56,140	55,567	81,054	49,862	77,144
Shop Sales	841,974	637,801	591,078	540,453	527,348
	5,652,095	5,701,966	5,382,331	5,316,460	4,835,368
Investment income	200,730	219,774	229,504	225,698	242,420
Total income	5,852,825	5,921,740	5,611,835	5,542,158	5,077,788
Expenditure:					
Operating costs:					
Fabric	87,415	152,861	118,991	146,136	116,198
Care within hospice	3,572,096	3,541,257	3,298,338	3,387,763	3,122,882
Day care	201,716	202,617	196,119	170,929	162,614
Home care	479,153	398,300	425,285	441,862	453,625
Education	154,859	151,617	146,112	170,285	176,795
Fundraising	304,839	314,249	310,688	288,433	263,830
Catering	88,633	95,899	95,279	86,418	85,390
Depreciation	120,642	128,317	131,913	133,126	137,478
Periodic maintenance	58,362	61,759	76,783	69,474	64,949
Research	18,687	53,064	59,663	36,107	31,384
Shop expenses	434,330	278,369	218,021	191,808	202,044
Pension service cost provision	101,000	20,000	(13,000)	(1,551,000)	95,000
Net return on pension finance	126,000	107,000	9,000	98,000	211,000
	5,747,732	5,505,309	5,073,192	3,669,341	5,123,189
Administrative expenses:					
Salaries	272,120	287,565	265,372	236,950	219,699
Travel	533	900	916	706	139
Insurance	23,688	23,260	21,771	20,804	22,846
Telephone	20,215	15,155	17,747	17,110	13,269
Postage	23,455	26,601	16,249	15,115	21,645
Printing & Stationery	26,643	25,800	26,898	18,911	26,889
Professional fees	41,626	28,697	14,844	20,114	19,663
	408,280	407,978	363,797	329,710	324,150
Investment management fees	24,345	18,229	15,819	23,947	13,295
Total expenditure	6,180,357	5,931,516	5,452,808	4,022,998	5,460,634
Net (outgoing)/incoming resources	(327,532)	(9,776)	159,027	1,519,160	(382,846)
Gains/(losses) on sale of investments	205,354	29,965	6,585	(42,601)	(8,247)
(Provision for losses)/provision released	(13,898)	49,586	9,679	42,683	352,921
(Deficit)/surplus for year	(136,076)	69,775	175,291	1,519,242	(38,172)
Actuarial (losses)/gains on pension	(506,000)	(44,000)	(1,467,000)	1,553,000	3,392,000
	(642,076)	25,775	(1,291,709)	3,072,242	3,430,172

STRATHCARRON HOSPICE

FIVE YEAR SUMMARY OF FINANCIAL STATEMENTS BALANCE SHEET

	2014 £	2013 £	2012 £	2011 £	2010 £
Fixed assets:					
Tangible assets	1,910,710	1,941,785	1,983,942	2,067,930	2,122,719
Investments	4,817,618	4,727,918	4,595,906	4,452,385	4,367,261
	<u>6,728,328</u>	<u>6,669,703</u>	<u>6,579,848</u>	<u>6,520,315</u>	<u>6,489,980</u>
Current assets:					
Stock	11,679	10,894	11,978	13,410	16,255
Debtors	457,462	76,567	32,224	105,008	58,209
Cash at bank and on hand	113,609	388,914	312,630	215,798	132,013
	<u>582,750</u>	<u>476,375</u>	<u>356,832</u>	<u>334,216</u>	<u>206,477</u>
Current liabilities:					
Sundry creditors	257,901	181,991	176,147	260,247	193,969
Taxes & Social Security	78,716	80,550	73,771	78,813	75,259
	<u>336,617</u>	<u>262,541</u>	<u>249,918</u>	<u>339,060</u>	<u>269,228</u>
Net current assets/ (liabilities)	246,133	213,834	106,914	(4,844)	(62,751)
	<u>6,974,461</u>	<u>6,883,537</u>	<u>6,686,762</u>	<u>6,515,471</u>	<u>6,427,229</u>
Defined benefit pension scheme liability	(5,381,000)	(4,648,000)	(4,477,000)	(3,014,000)	(5,998,000)
	<u>1,593,461</u>	<u>2,235,537</u>	<u>2,209,762</u>	<u>3,501,471</u>	<u>429,229</u>
Net assets					
Accumulated funds					
Restricted income funds	-	7,157	28,426	-	1,657
Unrestricted income funds:					
Designated fixed asset fund	1,910,710	1,941,785	1,983,942	2,067,930	2,122,719
General funds	5,063,751	4,934,595	4,674,394	4,447,541	4,302,853
	<u>6,974,461</u>	<u>6,876,380</u>	<u>6,658,336</u>	<u>6,515,471</u>	<u>6,425,572</u>
Unrestricted income funds excluding pension liability					
Pension reserve	(5,381,000)	(4,648,000)	(4,477,000)	(3,014,000)	(5,998,000)
	<u>1,593,461</u>	<u>2,228,380</u>	<u>2,181,336</u>	<u>3,501,471</u>	<u>427,572</u>
Total unrestricted funds					
Total funds	1,593,461	2,235,537	2,209,762	3,501,471	429,229