

Registered No SC 068503  
Charity Registration No SC 006704

**STRATHCARRON HOSPICE**

**REPORT AND ACCOUNTS**

**31 MARCH 2008**



## **STRATHCARRON HOSPICE**

### **COMPANY INFORMATION**

#### **Members of the Council of Management**

Dr S Wright (Chairman)  
Mr A Jannetta (Vice Chairman)  
Mr T Ogilvie (Honorary Treasurer) (appointed 26/9/07)  
Mr J Broadfoot C B E  
Dr C Dyer  
Rev Dr Jean Gallacher (appointed 26/9/07)  
Mr D McClements

Mrs C A Morrison  
Mrs R Parker  
Mr S Reid (appointed 26/9/07)  
Mrs A Simpson  
Mr A Smith  
Mr E Toal (appointed 26/9/07)

Mr W Hughes C B E (Honorary Treasurer) (resigned 18/10/07)  
Rev R J McDowall (resigned 26/9/07)  
Mrs C A Souter (resigned 26/9/07)

#### **Director of the Hospice**

Irene McKie

#### **Company Secretary**

Donald W Robertson

#### **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**

Tilney 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 2008. The company information sheet on the preceding page forms an integral part of this report.

**Review of activities**

The principle 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. In 2007/08 16% of all admissions were for non malignant conditions.

Overall activity increased during this period, with a 12% increase in referrals and 9% increase in admissions. The occupancy level remained steady, with patients staying for slightly fewer days, so bed availability was similar to previous years but the ward felt busier because there were more patients in total. Over the year, the management team reviewed admission, discharge and respite arrangements to ensure the best possible use of resource. An analysis of patient statistics for the past 3 years indicates particular periods of pressure, when the Hospice each year has the most admissions and any future upgrading work in the ward will be planned to avoid these busy months.

A particular concern was the sharp increase in referrals to the Community Clinical Nurse Specialists, a 24% increase on the previous year. In part this was caused by changes in the way numbers are collected but it translated into a 9% increase in the number of patients being visited by this service. Towards the end of 2007/08 arrangements were put in place to reduce this pressure in the forthcoming year by increasing the establishment by a further Community Nurse Specialist, bringing the complement up to 10 specialist nurses.

In this year the Hospice consolidated and developed the Children's Bereavement Support Service that had started towards the end of the previous year. The Hospice was surprised at the demand for this service, which was higher than anticipated, and has run groups for different age groups throughout the school year.

New posts this year included a part time Human Resources Assistant and a Clinical Assistant. The Clinical Assistant's post completed the changes arising from the medical staffing review and has ensured better cover to all aspects of the specialist service. The Hospice increased consultant cover to the Acute NHS Hospitals to 2 ½ days per week and identified medical staff with clear responsibility for day care and patients at home and in community settings to ensure that the service was as responsive as possible.

The Hospice continued to receive excellent reports from the Care Commission and have worked to improve quality not just through investment in staff and the fabric of the building, but also through the support of research and clinical audit activity. A Research and Audit Interest Group was set up to encourage wider participation in clinical audit activities. The introduction of a staff consultation process has also given the management an opportunity to learn from the rich and varied views of staff from all disciplines, often resulting in very tangible practical improvements. A joint initiative with SCEES (Securing Care for Ethnic Elders in Scotland) and the local Managed Clinical Network gave the Hospice the opportunity to host an event for Chinese Community elders, engaging with them to ensure an understanding of the services available and ensuring these services are provided in an appropriate way. Further events are planned for other ethnic groups.

Changes to the fabric of the Hospice included the refurbishment of the Day Care Unit. This included the upgrading and redecoration of the Day Care lounge and conservatory and also the treatment room and relaxation room, funded by a grant from the Rank Foundation. This has significantly improved the patient environment and has been very well received by Day Care patients. Elsewhere in the Hospice, some offices were upgraded and relocated to reflect changes in staff and in particular to significantly improve accommodation for our Community Clinical Nurse Specialists.

**REPORT OF THE COUNCIL OF MANAGEMENT**

(continued)

**Review of activities (continued)**

The Hospice has actively engaged with its partners in a range of organisations and structures. It continues to work closely with local NHS Boards, participating in both the Forth Valley and Lanarkshire Managed Clinical Networks. It has also been represented on the NHS Forth Valley Palliative Care Strategy Implementation Group and on a working group planning general palliative care for community hospitals. Nationally, the Hospice is represented on the Scottish Parliament's Cross Party on Palliative Care and is actively involved in the Scottish Partnership for Palliative Care. The Director represents fellow chief executives as the Scottish representative on the (UK wide) Advisory Council of Help the Hospices.

The Hospice is ambitious to develop its services and to fund this has been working hard to increase its income from voluntary sources and fundraising activities. The Fundraising Department has been restructured and the range and number of fundraising events organised by the Hospice has increased significantly, resulting in a 21% increase in income from fundraising events and an 8% increase in voluntary source income. The range of fundraising activities has broadened to appeal to as many people as possible and the Hospice newsletter has been redesigned, sponsored and is now distributed to over 14,000 supporters.

**Structure, Governance and Management**

Strathcarron Hospice is a company limited by guarantee. The number of members is limited to 500. On 31 March 2008 the company had 121 members, each of whom agree to contribute £5 in the event of the charity winding up.

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.

<b>Committee</b>	<b>Number of Meetings in Year</b>
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 2008 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. An Appointments Committee has been established to oversee the recruitment and appointment of Council Members and four people with appropriate expertise and interests have been co-opted on 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 we provide.

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

**REPORT OF THE COUNCIL OF MANAGEMENT**

(continued)

**Financial review*****Results for the year***

The results for the year show a net outgoing resource of £148,314 (2006 07 £115,997) before taking into account the gains on investments, increase in the provision for investment losses and the actuarial gain on one of the pension schemes £1.2 million (2006 07, £641,200). The total net movement in funds was an increase of £1,022,072 (2006 07, £525,203). 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.

***Fundraising activities***

Income from voluntary sources, legacies, fundraising activities and investments was £2.3 million, compared to £2.1 million in 2006 07, showing an increase of 9.5%. As part of this increase, voluntary source income increased by £79,000 (8%), legacies decreased by £13,000 (6%), fundraising activities increased by £131,000 (21%) and investment income largely remained static.

***Statutory funding***

Statutory funding increased by £87,500 (6%) to £1,787,368 as a result of the cost of living uplift and moves towards 50% funding of agreed costs. The percentage level of agreed statutory funding is now 46.77%.

***Costs of generating fundraising income***

The fundraising costs of £228,876 show an increase of £42,500 (22%) 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 million (2006 07, £3.8 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 Tilney Investment 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 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.

***Plans for Future Periods***

Strathcarron Hospice will continue to work with its NHS, Academic and Social Care partners to provide specialist palliative care to the communities it serves. In particular the Hospice will continue to engage in wider strategic discussions both locally and nationally and awaits the report of the Audit Scotland Review of Palliative Care Services and also the forthcoming Scottish Government Plan for Palliative Care.

In the near future the Hospice will develop its services by strengthening its team of complementary therapists and auditing the effectiveness of the therapies provided. Presently the service meets only about 60% of the requests for relaxation therapy.

The Hospice will continue to upgrade the fabric of its building both through specific upgrading projects mainly in the inpatient ward and by supplementing its maintenance staff to improve the responsiveness to any breakdowns or faults.

**REPORT OF THE COUNCIL OF MANAGEMENT**

(continued)

**Plans for Future Periods (continued)**

The Hospice will seek to improve its communications further by introducing updated literature on its services and by redesigning the Hospice website. It will work with partners to develop the concept of a Health Promoting Hospice and seek to engage the local communities in looking at ways of reducing the fear and stigma of Hospice care.

The Hospice will continue to set challenging targets to increase its fundraising income so that it can develop the services it needs to provide.

**Risk management**

Development is ongoing to embed Risk management across the organisation and the Audit Committee will oversee this process.

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 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 complemented within the Council of Management through the wide ranging committee structure.

**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**

Wylie & Bisset LLP succeeded Wylie & Bisset as auditors to the company subsequent to the year end. 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**  
X  **DR S WRIGHT**

Chairman of the Council of Management

1 September 2008

This report is issued in respect of an audit carried out under section 235 of the Companies Act 1985 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005

We have audited the financial statements of Strathcarron Hospice for the year ended 31 March 2008 which comprise the Statement of Financial Activities, the Balance Sheet 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.

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. We also report to you if, in our opinion, the information given in the Annual Report of the Council of Management is consistent with the financial statements, if the charity has not kept proper accounting records, or if information specified by law regarding directors' remuneration and transactions with the charity is not disclosed, or if we have not received all the information and explanations we require for our audit.

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**

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 March 2008, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investments (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006,
- the information given in the Annual Report of the Council of Management is consistent with the financial statements.

Wylie + Bisset LLP

## INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2008

	Notes	Restricted £	Unrestricted £	2008 Total £	2007 £
Operating income	3	55,900	3,625,938	3,681,838	3,427,847
Operating costs	4	29,081	3,856,725	3,885,806	3,610,701
		26,819	(230,787)	(203,968)	(182,854)
Research costs			(112,350)	(112,350)	(68,645)
Administration costs	5	-	(337,213)	(337,213)	(350,640)
Operating (deficit)/surplus	6 & 7	26,819	(680,350)	(653,531)	(602,139)
Investment income	8		262,902	262,902	257,280
Legacy income			198,315	198,315	211,862
Net return on pension finance			44,000	44,000	17,000
		26,819	(175,133)	(148,314)	(115,997)
Funds transfer					
		26,819	(175,133)	(148,314)	(115,997)
Realised investment gains /(losses)			122,633	122,633	(16,007)
Investment loss provision increase			(62,247)	(62,247)	(1,793)
Surplus/(deficit) for year		26,819	(114,747)	(87,928)	(133,797)
Actuarial gains on defined benefit pension schemes	15		1,110,000	1,110,000	659,000
Net movement in funds		26,819	995,253	1,022,072	525,203
Balances brought forward		52,969	5,045,114	5,098,083	4,572,880
		£ 79,788	£ 6,040,367	£ 6,120,155	£ 5,098,083

## Continuing operations

None of the company's activities was acquired or discontinued during the current and previous year



## BALANCE SHEET

AT 31 MARCH 2008

	Notes	£	2008 £	2007 £
<b>Fixed assets:</b>				
Tangible assets	9		2,321,130	2,374,015
Investments	10		4,585,308	4,541,190
			<hr/>	<hr/>
			6,906,438	6,915,205
<b>Current assets:</b>				
Debtors		134,208		67,024
Cash at bank		265,400		175,452
Cash on hand		106		134
		<hr/>		<hr/>
		399,714		242,610
<b>Creditors:</b> amounts falling due within one year	11	466,997		258,732
		<hr/>		<hr/>
<b>Net current liabilities</b>			(67,283)	(16,122)
			<hr/>	<hr/>
			6,839,155	6,899,083
Defined benefit pension scheme liability	15		(719,000)	(1,801,000)
			<hr/>	<hr/>
<b>Total assets less current liabilities</b>			£ 6,120,155	£ 5,098,083
			<hr/>	<hr/>
<b>Reserves:</b>				
Restricted income funds			79,788	52,969
			<hr/>	<hr/>
Unrestricted income funds				
Designated fixed asset fund			2,321,130	2,374,015
General funds available for distribution			4,438,237	4,472,099
			<hr/>	<hr/>
Unrestricted income funds excluding pension liability			6,759,367	6,846,114
Pension reserve	15		(719,000)	(1,801,000)
			<hr/>	<hr/>
<b>Total unrestricted funds</b>			6,040,367	5,045,114
			<hr/>	<hr/>
Accumulated funds (page 9)	12		£ 6,120,155	£ 5,098,083
			<hr/>	<hr/>

The accounts were approved by the Council of Management on 1 September 2008 and signed on its behalf by

X   
DR S WRIGHT

SW  
Chairman of the Council of Management

X   
MR T OGILVIE

TO  
Member of Council and Honorary Treasurer

The notes on pages 10 to 16 form part of these accounts

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

		2008	2007
	£	£	£
<b>Deficit on ordinary activities</b>		(653,531)	(602,139)
Depreciation		125,577	162,965
FRS17 pension adjustment		72,000	2,000
(Increase)/decrease in debtors		(67,184)	15,302
Increase in creditors		208,265	30,302
		<hr/>	<hr/>
<b>Net cash outflow from operating activities</b>		(314,873)	(391,570)
			<hr/>
<b>Net cash inflow from return on investments and servicing of finance</b>			
Investment income	242,780		238,126
Interest received	20,122		19,154
	<hr/>		<hr/>
		262,902	257,280
		<hr/>	<hr/>
		(51,971)	(134,290)
			<hr/>
<b>Net cash inflow/(outflow) from investing activities</b>			
Purchase of tangible fixed assets	(72,692)		(228,647)
Acquisition of investments	(919,806)		(1,035,395)
Proceeds on sale of investments	936,074		1,222,929
Legacy income	198,315		211,862
	<hr/>		<hr/>
		141,891	170,749
		<hr/>	<hr/>
<b>Increase in cash</b>		£ 89,920	£ 36,459
		<hr/>	<hr/>
<b>Analysis of changes in cash</b>			
		£	£
At 1 April 2007		175,586	139,127
Net cash inflow		89,920	36,459
		<hr/>	<hr/>
At 31 March 2008		£ 265,506	£ 175,586
		<hr/>	<hr/>

**STRATHCARRON HOSPICE**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES (PRIMARY REPORTING DOCUMENT)  
FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	General Fund £	Fixed assets (designated) £	Research Fund (designated) £	New Equipment Fund (restricted) £	Big Lottery Fund (restricted) £	Seasons for Growth Fund (restricted) £	2008 Total £	2007 Total £
<b>Incoming resources:</b>									
Charitable activities	3	1 787 368	-	-	-	15 219	40 681	1 843 268	1 800 180
Generated funds									
Voluntary source income		1 089 026	-	-	-	-	-	1 089 026	1 009 650
Legacies		85 965	-	112 350	-	-	-	198 315	211 862
Fundraising activities		749 544	-	-	-	-	-	749 544	618 017
Income from investments		262 902	-	-	-	-	-	262 902	257 280
<b>Total incoming resources</b>	3	3 974 805	-	112 350	-	15 219	40 681	4 143 055	3 896 989
<b>Resources Expended.</b>									
Charitable activities	4 & 5	3 847 686	-	112 350	-	8 476	20 605	3 989 117	3 758 195
Generating funds	4 & 5	228 876	-	-	-	-	-	228 876	186 408
Governance costs	5	73 376	-	-	-	-	-	73 376	68 383
<b>Total outgoing resources</b>		4 149 938	-	112 350	-	8 476	20 605	4 291 369	4 012 986
<b>Net (outgoing)/incoming resources before transfers</b>		(175 133)		-	-	6 743	20 076	(148 314)	(115 997)
Funds transferred		52 885	(52 885)	-	-	-	-	-	-
<b>Net (outgoing)/incoming resources before gains and losses</b>		(122 248)	(52 885)	-	-	6 743	20 076	(148 314)	(115 997)
Gains/(losses) on investments		122 633	-	-	-	-	-	122 633	(16 007)
Investment loss provision increase	10	(62 247)	-	-	-	-	-	(62 247)	(1 793)
Actuarial gains on pension schemes	15	1 110 000	-	-	-	-	-	1 110 000	659 000
<b>Net movement in funds</b>		1 048 138	(52 885)	-	-	6 743	20 076	1 022 072	525 203
Balances brought forward		2 671 099	2 374 015	-	26 211	(6 743)	33 501	5 098 083	4 572 880
<b>Balances carried forward</b>		£ 3 719 237	£ 2 321 130	£ -	£ 26 211	£ -	£ 53 577	£ 6 120 155	£ 5 098 083

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

### 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 2008 the company had 121 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 accounts are prepared in accordance with relevant 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.

#### Income

Legacies are 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.

All other income is credited to the Revenue Fund on the accruals basis with the exception of interest receivable which is credited using the cash basis.

#### Expenditure

Expenditure is charged to the Revenue Fund using the accruals basis and including Value Added Tax. Expenditure relating to a specific fund is charged to that Fund.

#### Depreciation

Depreciation is provided on fixed asset expenditure 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

#### 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.

#### Pensions

A provision is made, in accordance with FRS17, for the net pension liability calculated by the actuary at the year end.

The pension costs charged within operating surplus represent the contributions payable by the company during the year in accordance with FRS17.

#### Restricted funds

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

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**  
(continued)

3	Income			2008	2007
		Charitable	Generated	Total	
		£	£	£	£
	Public source income (below)	1,787,368		1,787,368	1,699,850
	Voluntary source income		998,215	998,215	923,455
	Fundraising		749,544	749,544	618,017
	Education		45,236	45,236	30,110
	Day care		14,762	14,762	24,491
	Other income	55,900	30,813	86,713	131,924
		<u>1,843,268</u>	<u>1,838,570</u>	<u>3,681,838</u>	<u>3,427,847</u>
	Legacy income		198,315	198,315	211,862
	Investment income		262,902	262,902	257,280
		<u>£ 1,843,268</u>	<u>£ 2,299,787</u>	<u>£ 4,143,055</u>	<u>£ 3,896,989</u>
	Public source income includes the following income exceeding 2% of the gross income of the Hospice				
				£	£
	Forth Valley Health Board			1,280,691	1,227,107
	Lanarkshire Health Board			477,174	430,875
				<u></u>	<u></u>
4	Operating costs			2008	2007
		Charitable	Fundraising	Total	
		£	£	£	£
	Care within hospice	2,626,879		2,626,879	2,506,371
	Day care	170,781		170,781	162,244
	Home care	352,978		352,978	330,862
	Education	175,078		175,078	171,690
	Appeals		195,763	195,763	151,156
	Catering	73,406		73,406	58,891
	Fabric	66,856		66,856	44,044
	Periodic maintenance	26,488		26,488	20,478
	Depreciation	125,577		125,577	162,965
	Pension service cost provision	72,000		72,000	2,000
		<u>3,690,043</u>	<u>195,763</u>	<u>3,885,806</u>	<u>3,610,701</u>
	Research	112,350		112,350	68,645
	Net return on pension finance	(44,000)		(44,000)	(17,000)
		<u>£ 3,758,393</u>	<u>£ 195,763</u>	<u>£ 3,954,156</u>	<u>£ 3,662,346</u>
		<u></u>	<u></u>	<u></u>	<u></u>
5	Administration expenses			2008	2007
		Charitable	Fundraising	Governance	Total
		£	£	£	£
	Salaries (incl NIC)	171,985	28,271	35,339	235,595
	Travel				
	Insurance	24,675			24,675
	Telephone	9,093	1,495	1,869	12,457
	Postage	6,511	1,070	1,338	8,919
	Printing & stationery	13,848	2,277	2,846	18,971
	Professional fees	4,612		31,984	36,596
		<u>£ 230,724</u>	<u>£ 33,113</u>	<u>£ 73,376</u>	<u>£ 337,213</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 2008**  
(continued)

6	Staff costs	2008 £	2007 £
	Administration	192,236	187,503
	Medical	464,091	413,984
	Nursing	1,435,057	1,275,932
	Para-medical and chaplaincy	231,076	228,754
	Education	140,902	124,415
	Domestic & catering	295,620	273,893
	Appeals	73,664	68,917
	Big Lotteries Fund	7,121	30,447
	Research	128,288	53,756
		<u>2,968,055</u>	<u>2,657,601</u>
	Social Security	197,340	173,135
	Pension costs		
	Employer's contribution paid	384,612	323,863
	Exceptional payments on retirees		154,111
	Current service cost provision	72,000	(8,000)
		<u>£ 3,622,007</u>	<u>£ 3,300,710</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 £10,000 (2007 £20,000)

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

	2008			2007		
	F/T	P/T	Total	F/T	P/T	Total
Administration	5	5	10	5	2	7
Medical	4	3	7	3	4	7
Nursing	21	48	69	18	49	67
Para medical & chaplaincy	4	9	13	4	7	11
Education	3	2	5	3	2	5
Domestic & catering	3	21	24	3	21	24
Fundraising	3	1	4	3		3
	<u>43</u>	<u>89</u>	<u>132</u>	<u>39</u>	<u>85</u>	<u>124</u>

Two of the medical consultants and an executive employed by the Hospice earn in excess of £60,000 per annum. One salary falls in the £100,001 to £110,000 band, one in the band £110,001 to £120,000 and the executive's salary falls in the band £60,001 to £70,000. Pension contributions are paid for these employees.

7	Professional fees	2008 £	2007 £
	Included in professional fees are		
	External auditors' remuneration	5,800	5,800
	Internal auditors' remuneration	4,203	5,000
		<u>10,003</u>	<u>10,800</u>
8	Income from investments	2008 £	2007 £
	Dividend income	242,780	238,126
	Interest from short term deposits	20,122	19,154
		<u>£ 262,902</u>	<u>£ 257,280</u>

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**  
(continued)

**9 Fixed assets**

	<b>Heritable property £</b>	<b>Fittings and equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2007	3,766,921	545,621	4,312,542
Additions		72,692	72,692
At 31 March 2008	<u>3,766,921</u>	<u>618,313</u>	<u>4,385,234</u>
<b>Depreciation</b>			
At 1 April 2007	1,549,870	388,657	1,938,527
Provided during year	75,338	50,239	125,577
At 31 March 2008	<u>1,625,208</u>	<u>438,896</u>	<u>2,064,104</u>
<b>Net book value</b>			
At 31 March 2008	<u>£ 2,141,713</u>	<u>£ 179,417</u>	<u>£ 2,321,130</u>
At 31 March 2007	<u>£ 2,217,051</u>	<u>£ 156,964</u>	<u>£ 2,374,015</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**

	<b>2008 £</b>	<b>2007 £</b>
<b>Investments at cost</b>		
At 1 April 2007	4,620,846	4,824,387
Additions	919,806	1,035,395
Disposals	(813,441)	(1,238,936)
At 31 March 2008	<u>4,727,211</u>	<u>4,620,846</u>
<b>Provision for diminution in value of investments</b>		
At 1 April 2007	79,656	77,863
Movement in year	62,247	1,793
At 31 March 2008	<u>141,903</u>	<u>79,656</u>
<b>Net book value:</b>		
At 31 March 2008	<u>£ 4,585,308</u>	<u>£ 4,541,190</u>
<b>Investments at market value</b>	<u>£ 5,167,389</u>	<u>£ 5,534,003</u>

Investments consist of quoted investments and cash of £19,919 (2007 £406,696) awaiting re investment

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**  
(continued)

<b>11</b>	<b>Creditors falling due within one year</b>	<b>2008</b>	<b>2007</b>
		£	£
	Sundry creditors & accrued charges	401,107	197,640
	Taxes & social security	65,890	61,092
		<u>£ 466,997</u>	<u>£ 258,732</u>

**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 establish, on a rolling basis, 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 Revenue Fund once the purchase has been made.

**Big Lottery Fund (formerly New Opportunities Fund)**

Three two year funded projects continued during the year (second year of operation) as follows

£94,200	Development of home based palliative care to rural communities
£37,500	Extension of day care provision
£36,600	Structured clinical placements in palliative care for General Practitioners

**Child Bereavement Fund (Seasons for Growth)**

This is a three year funding of a part time social worker advising in cases of child bereavement. The project will cover the Strathcarron Hospice catchment area but is not limited to those directly connected to the Hospice. A basic grant of £30,000 will be received over the 3 years and donations of £30,000 have also been received.

**13**     **Financial commitment**

The Hospice has entered into a five year operating lease for shop premises at a rate of £11,000 per annum and a year by year operating lease for shop premises at a rate of £12,408 per annum. The rental is paid by the Friends of Strathcarron Hospice.

**14**     **Related parties**

The Friends of Strathcarron Hospice 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.

The Central Scotland Medical Aid Trust is an independent charity which runs the Strathcarron 200 Club, the proceeds of which are used solely for the benefit of Strathcarron Hospice.



**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**  
(continued)

**15 Pension commitments**

Four members of staff are members of the unfunded National Health Service Superannuation Scheme for Scotland. Contributions paid to this scheme in the year were £22,887 (2007 £13,270).

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 2008. 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 £361,725 (2007 £464,704).

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

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	% p a	% p a	% p a
Price increases	3.6	3.2	3.1
Salary increases	5.1	4.7	4.6
Pension increases	3.6	3.2	3.1
Discount rate	6.9	5.4	4.9

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

	<b>Long</b>	<b>2008</b>	<b>Long</b>	<b>2007</b>
	<b>Term Ret.</b>	<b>Fund</b>	<b>Term Ret.</b>	<b>Fund</b>
	% p.a.	<b>Value</b>	% p.a.	<b>Value</b>
		£000's		£000's
Equities	7.7	5,979	7.8	5,979
Bonds	5.7	1,188	4.9	1,120
Property	5.7	853	5.8	882
Cash	4.8	278	4.9	204
	<u>7.1</u>	<u>8,298</u>	<u>7.1</u>	<u>8,185</u>

The net pension liability was

	<b>2008</b>	<b>2007</b>
	<b>£000's</b>	<b>£000's</b>
Estimated Employer Assets	8,298	8,185
Present Value of Scheme Liabilities	(9,017)	(9,986)
<b>Net Pension liability</b>	<b>(719)</b>	<b>(1,801)</b>

The reduction in the FRS17 pension deficit from £1,801,000 at 31 March 2007 to £719,000 at 31 March 2008 is due principally to changes in the assumptions by the actuary in valuing the scheme. This area is outside the direct control of the Hospice and is likely to result in significant increases and decreases in the FRS17 pension deficit in future years.

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

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**  
(continued)

**15 Pension commitments (continued)**

**FRS17 – Income and Expenditure disclosure**

The current service cost for the year ended 31 March 2008 was £433,000 (2007 £457,000) and the past service cost was £Nil (2007 £10,000). There are no adjustments to be made for curtailments, settlements or surpluses relating to them.

The amount charged against other finance income for the years ended 31 March was

	<b>2008</b>	<b>2007</b>
	<b>£000's</b>	<b>£000's</b>
Expected Return on Employer Assets	594	507
Interest on Pension Scheme Liabilities	(550)	(490)
	<hr/>	<hr/>
Net Return on financing and assets	44	17
	<hr/>	<hr/>

**FRS17 – Statement of Financial Activities**

The actuarial gain for the years ended 31 March recognisable in the Statement of Financial Activities was

	<b>2008</b>	<b>2007</b>
	<b>£000's</b>	<b>£000's</b>
Actual return less expected return on assets	(821)	(65)
Experience gains and losses arising on liabilities	(1)	1
Changes in financial assumptions underlying the present value of scheme liabilities	1,932	723
	<hr/>	<hr/>
Actuarial gain in pension scheme	1,110	659
	<hr/>	<hr/>

The deficit for the years ended 31 March was

	<b>2008</b>	<b>2007</b>
	<b>£000's</b>	<b>£000's</b>
Deficit at beginning of the year	(1,801)	(2,475)
Current Service Cost	(433)	(457)
Employer contributions	361	465
Past service costs		(10)
Net return on financing and assets	44	17
Actuarial gains/(losses)	1,110	659
	<hr/>	<hr/>
Deficit at end of year	(719)	(1,801)
	<hr/>	<hr/>

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

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Difference between the expected and actual return on assets	(821)	(65)	986	177
Value of assets	8,298	8,185	7,303	5,952
Percentage of assets	(9.9)%	(0.8)%	13.5%	3.0%
Experience gains/(losses) on liabilities	(1)	1	(191)	
Total present value of liabilities	9,017	9,986	9,778	7,955
Percentage of the total present value of liabilities	0.0%	0.0%	2.0%	
Actuarial gains/(losses) recognised in the Statement of Financial Activities	1,110	659	(341)	22
Total present value of liabilities	9,017	9,986	9,778	7,955
Percentage of the total present value of Liabilities	12.3%	6.6%	(3.5)%	0.3%

FIVE YEAR SUMMARY OF ACCOUNTS  
INCOME AND EXPENDITURE ACCOUNTS

	2008	2007	2006	2005 (restated)	2004 (restated)
	£	£	£	£	£
<b>Expenditure:</b>					
<b>Operating costs:</b>					
Fabric	93,344	64,522	52,982	66,987	61,163
Care within hospice	2,626,879	2,506,371	2,165,990	1,986,330	1,962,321
Day care	170,781	162,244	135,626	132,937	120,225
Home care	352,978	330,862	306,399	301,484	252,857
Education	287,428	240,335	298,191	269,941	199,135
Appeals	195,763	151,156	118,648	116,764	114,941
Catering	73,406	58,891	60,450	54,113	54,510
Depreciation	125,577	162,965	137,606	127,224	130,127
Pension service cost provision	72,000	2,000	101,000	119,000	106,000
Net return on pension finance	(44,000)	(17,000)	30,000	18,000	(2,000)
	<u>3,954,156</u>	<u>3,662,346</u>	<u>3,406,892</u>	<u>3,192,780</u>	<u>2,999,279</u>
<b>Administration expenses:</b>					
Salaries	235,595	256,999	206,862	169,756	158,079
Travel		1,764	629	36	44
Insurance	24,675	25,665	25,724	30,999	25,178
Telephone	12,457	11,699	11,650	11,610	11,263
Postage	8,919	8,070	8,510	8,368	7,501
Printing & stationery	18,971	17,003	15,135	18,248	13,603
Professional fees	36,596	29,440	31,399	33,941	19,282
	<u>337,213</u>	<u>350,640</u>	<u>299,909</u>	<u>272,958</u>	<u>234,950</u>
<b>Total expenditure</b>	<u>4,291,369</u>	<u>4,012,986</u>	<u>3,706,801</u>	<u>3,465,738</u>	<u>3,234,229</u>
<b>Income:</b>					
Public source income	1,787,368	1,699,850	1,536,892	1,382,750	1,303,355
Voluntary source income	998,215	923,455	891,115	854,986	845,670
Legacies	198,315	211,862	574,722	444,582	244,237
Fundraising	749,544	618,017	566,895	675,279	632,765
Education	45,236	30,110	63,376	51,656	59,240
Day care	14,762	24,491	23,873	23,563	24,208
Other income	86,713	131,924	136,868	62,536	32,133
	<u>3,880,153</u>	<u>3,639,709</u>	<u>3,793,741</u>	<u>3,495,382</u>	<u>3,141,608</u>
Investment income	262,902	257,280	225,868	213,983	174,660
<b>Total income</b>	<u>4,143,055</u>	<u>3,896,989</u>	<u>4,019,609</u>	<u>3,709,335</u>	<u>3,316,268</u>
<b>Net (outgoing)/incoming resources</b>	<u>(148,314)</u>	<u>(115,997)</u>	<u>312,808</u>	<u>243,597</u>	<u>82,039</u>
(Losses)/Gains on sale of investments	122,633	(16,007)	22,044	11,089	(146,454)
Provision released/(Provision for losses)	(62,247)	(1,793)	14,262	94,025	374,610
<b>(Deficit)/surplus for year</b>	<u>(87,928)</u>	<u>(133,797)</u>	<u>349,114</u>	<u>348,711</u>	<u>310,195</u>
Actuarial gains/(losses) on pension	1,110,000	659,000	(341,000)	22,000	(465,000)
	<u>£ 1,022,072</u>	<u>£ 525,203</u>	<u>£ 8,114</u>	<u>£ 370,711</u>	<u>£ (154,805)</u>
<b>Number of staff</b>	<b>132</b>	<b>124</b>	<b>124</b>	<b>124</b>	<b>125</b>

FIVE YEAR SUMMARY OF ACCOUNTS  
BALANCE SHEETS

	2008	2007	2006	2005 (restated)	2004 (restated)
	£	£	£	£	£
<b>Fixed assets:</b>					
Tangible assets	2,321,130	2,374,015	2,308,333	2,292,199	2,314,517
Investments	4,585,308	4,541,190	4,746,524	4,081,273	3,476,422
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	6,906,438	6,915,205	7,054,857	6,373,472	5,790,939
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Current assets:</b>					
Debtors	134,208	67,024	82,326	29,639	5,251
Cash at bank	265,400	175,452	139,092	295,491	417,431
Cash on hand	106	134	35	112	70
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	399,714	242,610	221,453	325,242	422,752
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Current liabilities:</b>					
Sundry creditors	401,107	197,640	170,282	75,404	82,151
Taxes & Social Security	65,890	61,092	58,148	55,544	49,485
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	466,997	258,732	228,430	130,948	131,636
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net current assets/ (liabilities)</b>	(67,283)	(16,122)	(6,977)	194,294	291,116
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	6,839,155	6,899,083	7,047,880	6,567,766	6,082,055
Defined benefit pension scheme liability	(719,000)	(1,801,000)	(2,475,000)	(2,003,000)	(1,888,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net assets</b>	£ 6,120,155	£ 5,098,083	£ 4,572,880	£ 4,564,766	£ 4,194,055
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated funds</b>					
Restricted income funds	79,788	52,969	38,817	30,736	34,781
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted income funds					
Designated fixed asset fund	2,321,130	2,374,015	2,308,333	2,292,199	2,314,517
Education fund			95,574	87,070	78,360
General funds available for distribution	4,438,237	4,472,099	4,605,156	4,157,761	3,654,397
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted income funds excluding pension liability	6,759,367	6,846,114	7,009,063	6,537,030	6,047,274
Pension reserve	(719,000)	(1,801,000)	(2,475,000)	(2,003,000)	(1,888,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total unrestricted funds</b>	6,040,367	5,045,114	4,534,063	4,534,030	4,159,274
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	£ 6,120,155	£ 5,098,083	£ 4,572,880	£ 4,564,766	£ 4,194,055
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>