

REGISTERED NUMBER: 1141676 (England and Wales)

**REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2008
FOR
THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

TUESDAY



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THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)

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FOR THE YEAR ENDED 31 DECEMBER 2008

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**THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**CHAIRMAN'S MESSAGE
FOR THE YEAR ENDED 31 DECEMBER 2008**

2008 has been a landmark year at Fairfield Hospital. In January our Chief Executive Officer John Williams gave notice that he wished to retire early. The search for a replacement began and in June the Board was delighted to welcome Cheryl Nolan to fill the post. Cheryl has brought with her a wealth of health service expertise and skills. The executive team has been changed through retirements and career moves. The new team is still in the process of being completed but the Board welcomes two internal promotions and a Finance Director will hopefully be appointed in the New Year.

Cheryl Nolan undertook a review of the management structure and has instigated new changes in procedures and staffing levels commensurate with our activity and to meet the changing healthcare market. Many of the changes in internal practices have originated from the staff as the new culture has taken shape.

Change is never easy but everyone has risen to the challenges that face us which is vital to ensure that we can move forward with confidence. The Consultants also have been very supportive of the changing face of Fairfield. As Chairman I extend my thanks and support to everyone who has worked hard to make this change possible. It is essential for us all to move successfully forward that we continue to work to the high standards that our patients have come to accept.

In addition to the internal changes the proposed introduction early in the New Year of the NHS Choose and Book has required a great deal of hard work requiring considerable effort by everyone and I would especially like to recognise in this report the achievements made so far.

I would like to record my grateful thanks to the Board who have been so supportive this year. We had two retirements from the Board Ian Pickles who has been a Trustee since the Hospital was founded and has given many years dedicated service together with Gordon Spencer who will also be missed for his financial and management experience.

Dr Michael Lynch resigned having decided to pass over leadership of the Medical Advisory Committee. We have much appreciated his contribution in that role.

We also welcome to the Board Paul Clark a retired pharmacist who has also served on a local NHS Trust Board. Paul brings to the Board a great deal of health service experience.

I am looking forward to 2009 with cautious optimism and with the full support of everyone at Fairfield I am sure it will be a successful year.

John Royle

**THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2008**

The trustees who are also directors of the charity for the purposes of the Companies Act 1985, present their report with the financial statements of the charity for the year ended 31 December 2008. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
1141676 (England and Wales)

Registered Charity number
502791

Registered office
Fairfield Independent Hospital
Crank
St Helens
Merseyside
WA11 7RS

Trustees

| | |
|--------------|----------------------|
| P Blackledge | |
| Mrs C Finney | |
| Dr C S Ince | |
| Dr M P Lynch | - resigned 31.12.08 |
| J W Royle | |
| I T Pickles | - resigned 31.12.08 |
| A Smith | |
| J G Spencer | - resigned 31.12.08 |
| J D Watts | |
| P Clarke | - appointed 11.12.08 |

Hospital Management:

Ms C Nolan
Chief Executive Officer

Sr J Ollerton
Acting Director of Clinical Services

Mr A Jones
Director of Hospital Services

Mr T Harrison
Director of Finance, IT and Performance

Medical Advisory Committee:

Dr J Ball
Chairman

Company Secretary
Ms C Nolan

**THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2008**

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

Styles & Co Accountants Limited
Registered Auditors
Heather House
473 Warrington Road
Culcheth
Warrington
Cheshire
WA3 5QU

Solicitors

| | |
|-----------------|--------------------|
| DLA Piper | Tickle Hall Cross |
| India Buildings | Carlton Chambers |
| Water Street | 25 Hardshaw Street |
| Liverpool | St Helens |
| L2 0NH | WA10 1RP |

Bankers

National Westminster Bank plc
5 Omskirk Street
St Helens
Merseyside
WA10 1OT

Advisors:

Peninsula - Employment Law

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Charitable company is governed by its Memorandum and Articles of Association.

The company has no share capital being a company limited by guarantee. The guarantee of each member is limited to £1. During 2008, three board members retired from office and have been replaced by one new member. The total number of Trustees is seven. The chair of the Medical Advisory Committee attends all Board Meetings.

Trustees

As set out in the Memorandum and Articles of Association, Trustees are elected and re-elected at the AGM; the next meeting will be held on 18 June 2009. Trustees may at their discretion appoint individuals who are willing to act as Trustees: such appointments must be approved at the next AGM. All trustees must be re-elected every three years.

Trustee Induction

New trustees spend time with the Hospital Management having the aims and objectives and the policies and procedures of the hospital explained to them and are issued with an induction pack.

**THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2008**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The Chief Executive has responsibility for the leadership and strategic development of the organisation ensuring that the organisation is financially stable and that it meets its aims and objects. A new management structure is being introduced across the organisation in order to effectively meet this requirement. The Chief Executive will ensure that the staff team is recruited and supported to provide the skills, expertise and competencies required in order to run and develop a successful organisation.

The Governance of the Hospital is the responsibility of the Board with support from the Medical Advisory Committee and the Executive. New procedures for identifying and assessing risks have been introduced and all risks are reviewed at Board Meetings ensuring that such reviews consider the organisations ability to deliver its strategy, current control measures and identifying where controls could be strengthened. An Audit Committee has also been established which is chaired by a Board member.

The Trustees are responsible for preparing the annual report and financial statements. Company law requires Trustees to prepare financial statements for each financial year which give a true and fair view of the Charity's affairs. Trustees' responsibilities extend to ensuring that the assets of the organisation are safeguarded and that all reasonable steps have been taken to protect the organisation against fraud or other irregularities.

Public benefit

Whilst there is not a statutory requirement to include details on Public Benefit in this year's Report, the Board felt it would be prudent to do so as a means of ensuring that planned services contribute to the objects that have been set for the organisation. The financial situation of the Hospital coupled with the general economic climate has meant the resources available have been limited in 2008. Services at the Hospital are provided equitably to both fee paying and non fee paying patients

The Hospital provides a number ways that a wide variety of members of the public can access our services and facilities. Many of our patients benefit from membership of low cost mutual healthcare plans, others are able to benefit from schemes funded by current or former employers. A range of services are also available at no cost to patients and are funded via the NHS.

National quality standards are met and in many cases exceeded and the Hospital is proud in its achievement of helping people to get healthy and stay healthy whilst effectively managing complex conditions, combining our charitable values with good business practice in order to maximise our contribution to public benefit.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

**THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2008**

OBJECTIVES AND ACTIVITIES

Principle achievements

The Memorandum and Articles of Association govern the principle objectives and activities of the hospital.

During the year, the Hospital went through some major and significant changes. The Hospital was successful in gaining the ISO27001 accreditation standard to enable it to participate in directly bookable Choice, which is an NHS initiative. The Hospital went 'live' with this initiative on 25th November 2008.

Further accreditation was also gained for the Investors in People standard and the Hospital was successful in achieving a Food Hygiene Award.

The Hospital introduced a new digital telephone system which has enabled improved call management, call handling and reporting, ensuring that our customers receive an efficient and effective service when telephoning the organisation.

Due to increasing pressure and demands, the Board of Trustees has had to consider the cost effectiveness and the viability of some of our existing equipment. In December 2008 approval was given for new digital x-ray equipment which will be installed in the early part of 2009.

In June 2008 a new Chief Executive was appointed and structural/personnel changes within the management structure have and will continue to be made.

The Hospital continues to invest in training in order that the workforce have the appropriate skills and competencies in order to maintain our high standards, best practice and knowledge and be a workforce that is fit for purpose. The rolling programme of mandatory training continues with all staff completing the appropriate training.

It is important that as an organisation we develop pathways of care and update existing pathways. In 2008 the following were introduced and updated:

- Total Hip replacement
- Total Knee replacement
- Bilateral breast reduction
- Bilateral breast augmentation
- Abdominoplasty

FINANCIAL REVIEW

Reserves policy

The charity's reserves should include sufficient net cash balances to cover at least one month's expenditure to enable the hospital to function in the short term. At 31 December 2008 the freely available reserves amounted to £195,314 which is lower than the reserves policy and the Trustees are addressing this issue.

Investment policy

The investment policy of the charity is to deposit reserves with recognised banking organisations in an interest bearing account, therefore achieving an investment strategy with low risk.

**THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2008**

FINANCIAL REVIEW

Review of financial position

The charity had a difficult year financially. Traditionally, activity in the busier autumn period has helped to cover the high fixed costs of its operations. In 2008, the number of patients in the autumn fell and consequently the financial performance did not deliver the required income. While there was some extra income from providing intermediate care beds and some patient choice activity in late November and December, the overall outturn for the year was disappointing with a deficit of £264,694 being recorded. This deficit has been funded from the accumulated reserves of the charity.

The Board of Trustees also made some important decisions which recognised that many of the assets in the Hospital's books were not being depreciated at a high enough level and a more prudent depreciation policy has been adopted. The Hospital was also carrying assets that were no longer in use and significant numbers of items of fixtures, fittings and medical equipment has been disposed of.

A further consequence of the decline in activity during 2008 is the lower levels of staffing cost. However, lower activity does not impact on many of the other elements of the cost base and there are other significant savings in the expenditure of the hospital. The Hospital did make significant investment in IT, especially in the area which relates to the provision of the public benefit services related to the "Choose and Book". The investment will enable many more people to benefit from the excellent care and medical expertise at Fairfield Hospital.

The Hospital's cash position at the year end was lower than considered necessary and the Trustees have set a budget for 2009 which will generate a cash inflow and put the Hospital on a more secure financial base.

PLANS FOR FUTURE PERIODS

The organisation is going through a considerable period of change and effective leadership will be key to making the changes happen and supporting staff through the process.

The priority for the coming year is to increase the hospitals market share of both private and NHS work. This will be achieved through the introduction of directly bookable Choice, positive marketing of our services in order to raise the profile of the Hospital and ensuring we become the provider of choice locally.

One of the major projects we will be undertaking is the continued roll out of directly bookable Choice. This will entail changes to our computer software compliance to rigorous Department of Health Standards and a comprehensive training programme for our staff.

The installation of the new digital x-ray equipment will mean that Fairfield can offer state of the art technology to those who use and commission our services, which in turn will improve the effectiveness and efficiency of the organisation.

Partnership working will feature highly in the coming year. The new management team will be looking to rapidly build relationships with our commissioners and also other local stakeholders, in order to continue to meet our Public Benefit Criteria.

With the move from inpatient stays to day case work, the Hospital will be looking to develop a dedicated day case unit in order to accommodate the throughput of day case patients.

New ways of working are being piloted across the organisation. These are being developed, implemented and run by the staff themselves as part of a process of continuous improvement.

**THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2008**

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing those financial statements, the trustees are required to

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

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

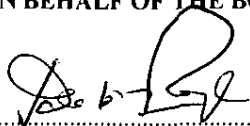
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 234ZA of the Companies Act 1985) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Styles & Co Accountants Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD :



Trustee

Date: 18 June 2009

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

We have audited the financial statements of The Guy Pilkington Memorial Home Limited (A company limited by guarantee) for the year ended 31 December 2008 on pages ten to twenty five. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustee's responsibilities 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 on page seven.

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. We also report to you whether in our opinion the information given in the Report of the Trustees is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Trustees and the Chairman's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with 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 charitable company'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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

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 charitable company's affairs as at 31 December 2008 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Trustees is consistent with the financial statements.

Styles + Co Accountants Ltd

Styles & Co Accountants Limited
Registered Auditors
Heather House
473 Warrington Road
Culcheth
Warrington
Cheshire
WA3 5QU

Date: 18/6/09

THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2008

| | | 31.12.08 Unrestricted funds £ | 31.12.07 Total funds £ |
|--|-------|--|---------------------------------|
| | Notes | | |
| INCOMING RESOURCES | | | |
| Incoming resources from generated funds | | | |
| Voluntary income | 2 | 2,225 | 1,120 |
| Investment income | 3 | 33,087 | 36,626 |
| Incoming resources from charitable activities | 4 | | |
| Medical services provided | | 6,853,038 | 6,230,279 |
| Total incoming resources | | 6,888,350 | 6,268,025 |
| RESOURCES EXPENDED | | | |
| Charitable activities | 5 | | |
| Medical services provided | | 7,140,239 | 6,392,971 |
| Governance costs | 7 | 12,805 | 10,000 |
| Total resources expended | | 7,153,044 | 6,402,971 |
| NET INCOMING/(OUTGOING) RESOURCES | | (264,694) | (134,946) |
| RECONCILIATION OF FUNDS | | | |
| Total funds brought forward | | 5,845,356 | 5,980,302 |
| TOTAL FUNDS CARRIED FORWARD | | 5,580,662 | 5,845,356 |

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

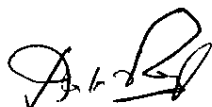
The notes form part of these financial statements

THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET
AT 31 DECEMBER 2008

| | Notes | 31.12.08 Unrestricted funds £ | 31.12.07 Total funds £ |
|--|-------|--|---------------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 12 | 7,638,836 | 7,769,628 |
| CURRENT ASSETS | | | |
| Stocks | 13 | 143,569 | 141,476 |
| Debtors: amounts falling due within one year | 14 | 772,182 | 1,195,156 |
| Cash at bank | | 589,610 | 655,778 |
| | | <u>1,505,361</u> | <u>1,992,410</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 15 | (1,543,418) | (1,830,917) |
| NET CURRENT ASSETS/(LIABILITIES) | | <u>(38,057)</u> | <u>161,493</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>7,600,779</u> | <u>7,931,121</u> |
| CREDITORS | | | |
| Amounts falling due after more than one year | 16 | (1,689,392) | (1,755,040) |
| PROVISIONS FOR LIABILITIES | 20 | (330,725) | (330,725) |
| NET ASSETS | | <u><u>5,580,662</u></u> | <u><u>5,845,356</u></u> |
| FUNDS | 21 | | |
| Unrestricted funds | | <u>5,580,662</u> | <u>5,845,356</u> |
| TOTAL FUNDS | | <u><u>5,580,662</u></u> | <u><u>5,845,356</u></u> |

The financial statements were approved by the Board of Trustees on 15 June 2009 and were signed on its behalf by:



Trustee

The notes form part of these financial statements

THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

| | | 31.12.08 | 31.12.07 |
|---|-------|------------------|------------------|
| | Notes | £ | £ |
| Net cash (outflow)/inflow from operating activities | 1 | (28,729) | 191,457 |
| Returns on investments and servicing of finance | 2 | (31,318) | (24,389) |
| Capital expenditure and financial investment | 2 | (134,017) | (522,513) |
| | | <u>(194,064)</u> | <u>(355,445)</u> |
| Financing | 2 | (73,489) | (60,384) |
| Decrease in cash in the period | | <u>(267,553)</u> | <u>(415,829)</u> |
| <hr/> | | | |
| Reconciliation of net cash flow to movement in net debt | 3 | | |
| Decrease in cash in the period | | (267,553) | (415,829) |
| Cash outflow from decrease in debt and lease financing | | 73,489 | 60,384 |
| Change in net debt resulting from cash flows | | <u>(194,064)</u> | <u>(355,445)</u> |
| Movement in net debt in the period | | (194,064) | (355,445) |
| Net debt at 1 January | | <u>(604,971)</u> | <u>(249,526)</u> |
| Net debt at 31 December | | <u>(799,035)</u> | <u>(604,971)</u> |

The notes form part of these financial statements

THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

1. RECONCILIATION OF NET OUTGOING RESOURCES TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

| | 31.12.08 | 31.12.07 |
|--|------------------------|-----------------------|
| | £ | £ |
| Net outgoing resources | (264,694) | (134,946) |
| Depreciation charges | 174,082 | 144,500 |
| Loss/(profit) on disposal of fixed assets | 90,730 | (3,629) |
| Interest received | (33,087) | (36,626) |
| Interest paid | 64,405 | 61,015 |
| (Increase)/decrease in stocks | (2,093) | 6,212 |
| Decrease/(increase) in debtors | 422,974 | (560,115) |
| (Decrease)/increase in creditors | (481,046) | 384,321 |
| Difference between pension charge and cash contributions | - | 330,725 |
| Net cash (outflow)/inflow from operating activities | <u>(28,729)</u> | <u>191,457</u> |

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

| | 31.12.08 | 31.12.07 |
|---|-------------------------|-------------------------|
| | £ | £ |
| Returns on investments and servicing of finance | | |
| Interest received | 33,087 | 36,626 |
| Interest paid | (64,405) | (61,015) |
| Net cash outflow for returns on investments and servicing of finance | <u>(31,318)</u> | <u>(24,389)</u> |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (152,715) | (529,088) |
| Sale of tangible fixed assets | 18,698 | 6,575 |
| Net cash outflow for capital expenditure and financial investment | <u>(134,017)</u> | <u>(522,513)</u> |
| Financing | | |
| New loans in year | 97,984 | 78,619 |
| Capital repayments in year | (171,473) | (139,003) |
| Net cash outflow from financing | <u>(73,489)</u> | <u>(60,384)</u> |

THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

3. ANALYSIS OF CHANGES IN NET DEBT

| | At 1.1.08 £ | Cash flow £ | At 31.12.08 £ |
|-----------------------------------|------------------|------------------|------------------|
| Net cash: | | | |
| Cash at bank | 655,778 | (66,168) | 589,610 |
| Bank overdrafts | (551,071) | (201,385) | (752,456) |
| | <u>104,707</u> | <u>(267,553)</u> | <u>(162,846)</u> |
| Debt: | | | |
| Hire purchase | (199,137) | 77,201 | (121,936) |
| Debts falling due within one year | (96,525) | 6,803 | (89,722) |
| Debts falling due after one year | (414,016) | (10,515) | (424,531) |
| | <u>(709,678)</u> | <u>73,489</u> | <u>(636,189)</u> |
| Total | <u>(604,971)</u> | <u>(194,064)</u> | <u>(799,035)</u> |

**THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, the Companies Act 1985 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) issued in March 2005.

Incoming resources

Voluntary income including donations, gifts and legacies and grants provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such 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.

Donations received are accounted for when the resources are receivable or when the charity's entitlement is legally enforceable. No gifts in kind are received.

Income from medical services provided is recognised as earned (as the related goods and services are provided).

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided).

Investment income is recognised on a receivable basis.

Resources expended

Expenditure is accounted for on an accruals basis. Contractual arrangements and performance related grants are recognised as goods or services as supplied.

Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in charitable activities.

Charitable activities include expenditure with the operation of the hospital.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory arrangements.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

| | |
|---|--|
| Freehold property | -Nil |
| Fixtures, fittings & computer equipment | -20% on cost and -15% on reducing balance |
| Motor vehicles | -25% on cost |

Individual assets costing £1,000 or more are capitalised at cost.

Freehold Property has not been depreciated in the financial statements, this is a departure from the requirements of Financial Reporting Standard 15 Tangible Fixed Assets. The Trustees believe it is appropriate not to depreciate Freehold Property as this more accurately reflects the asset value.

THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES - continued

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

As a registered charity the company is not liable to corporation tax on its income.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

All the charity's funds are unrestricted income funds.

Operating leases

The charity classifies the lease of specialist medical equipment as operating leases; the title to this equipment remains with the lessor. Rental charges are charged on a straight line basis over the term of the lease.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the statement of financial activities over the relevant period. The capital element of the future payments is treated as a liability.

Pension costs and other post-retirement benefits

The company operates a defined contribution scheme approved by the Pension Schemes Office of the Inland Revenue. The company also runs a stakeholder pension scheme for the benefit of the employees. Contributions are charged to salaries and wages in the Statement of Financial Activities as they become payable. The assets of the two schemes are held separately from the assets of the company.

Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources for which it was incurred.

2. VOLUNTARY INCOME

| | 31.12.08 | 31.12.07 |
|----------|--------------|--------------|
| | £ | £ |
| Legacies | 2,225 | 1,120 |
| | <u>2,225</u> | <u>1,120</u> |

3. INVESTMENT INCOME

| | 31.12.08 | 31.12.07 |
|---------------|---------------|---------------|
| | £ | £ |
| Bank interest | 33,087 | 36,626 |
| | <u>33,087</u> | <u>36,626</u> |

THE GUY PILKINGTON MEMORIAL HOME LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2008

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

| | | 31.12.08 | 31.12.07 |
|---------------------------|---------------------------|-------------------------|-------------------------|
| | Activity | £ | £ |
| Medical services provided | Medical services provided | 6,853,038 | 6,206,279 |
| Bungalow sellers fees | Medical services provided | - | 24,000 |
| | | <u>6,853,038</u> | <u>6,230,279</u> |

5. CHARITABLE ACTIVITIES COSTS

| | Direct costs | Totals |
|---------------------------|-------------------------|-------------------------|
| | (See note 6) | |
| | £ | £ |
| Medical services provided | <u>7,140,239</u> | <u>7,140,239</u> |

THE GUY PILKINGTON MEMORIAL HOME LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2008

6. DIRECT COSTS OF CHARITABLE ACTIVITIES

| | 31.12.08 | 31.12.07 |
|--------------------------------------|------------------|------------------|
| | £ | £ |
| Staff costs | 2,528,841 | 2,832,444 |
| Purchases- direct patient care | 2,583,237 | 1,717,905 |
| Purchases - catering | 103,996 | 104,061 |
| Residential medical cover | 139,534 | 136,411 |
| M.R.I unit and C.T | 201,273 | 232,903 |
| Postage and stationery | 30,303 | 40,871 |
| Sundries | 21,401 | 23,391 |
| Uniforms | 25,356 | 17,830 |
| BUPA Staff Scheme | 60,105 | 56,399 |
| Insurance | 128,801 | 125,638 |
| Rates, light & heat | 143,642 | 155,630 |
| Telephone | 40,596 | 22,577 |
| Recruitment costs | 28,896 | 17,642 |
| Training costs | 9,235 | 20,548 |
| Equipment rental | 2,551 | 1,463 |
| Motor & travel | 10,238 | 12,388 |
| Repairs & renewals | 259,105 | 334,138 |
| Cleaning | 19,713 | 24,223 |
| Laundry | 28,051 | 31,896 |
| Waste disposal | 16,383 | 7,029 |
| Bungalow costs | (6,923) | 12,477 |
| Security costs | 2,584 | (1,038) |
| Taxis & carriage | 7,230 | 8,547 |
| Newspapers & Sky television | 13,880 | 16,218 |
| Subscriptions | 877 | 454 |
| Computer maintenance charges | 125,521 | 97,021 |
| Professional fees | 105,141 | 76,128 |
| Donations | 150 | 675 |
| Bad Debt | 146,000 | 25,458 |
| Bank charges | 35,305 | 39,758 |
| Depreciation | 174,082 | 144,500 |
| Loss on sale of assets | 90,730 | (3,629) |
| Interest payable and similar charges | 64,405 | 61,015 |
| | <u>7,140,239</u> | <u>6,392,971</u> |

7. GOVERNANCE COSTS

| | 31.12.08 | 31.12.07 |
|------------------------|---------------|---------------|
| | £ | £ |
| Auditors' remuneration | <u>12,805</u> | <u>10,000</u> |

8. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

| | 31.12.08 | 31.12.07 |
|------------------------|----------|----------|
| | £ | £ |
| Auditor's remuneration | 12,805 | 10,000 |

THE GUY PILKINGTON MEMORIAL HOME LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2008

8. NET INCOMING/(OUTGOING) RESOURCES - continued

| | | |
|---|----------------|---------------|
| Depreciation - owned assets | 137,177 | 96,796 |
| Depreciation - assets on hire purchase contracts and finance leases | 33,704 | 45,429 |
| Deficit/ (Surplus) on disposal of fixed assets | 90,730 | (3,629) |
| | <u>137,177</u> | <u>96,796</u> |

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2008 nor for the year ended 31 December 2007.

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31 December 2008 nor for the year ended 31 December 2007.

10. STAFF COSTS

| | 31.12.08 £ | 31.12.07 £ |
|-----------------------------------|------------------|------------------|
| Salaries and wages: | | |
| - Nursing | 1,409,521 | 1,665,608 |
| - Catering | 160,964 | 184,553 |
| - Management and administration | 958,356 | 982,283 |
| | <u>2,528,841</u> | <u>2,832,444</u> |
| Wages, salaries and pension costs | 2,331,919 | 2,635,828 |
| Social security costs | 196,922 | 196,616 |
| | <u>2,528,841</u> | <u>2,832,444</u> |

The following number of employees received remuneration falling within the following ranges:

| | 31.12.08 Number | 31.12.07 Number |
|-------------------|--------------------|--------------------|
| £70,001 - £80,000 | - | 1 |
| £60,001 - £70,000 | - | - |
| | <u>-</u> | <u>-</u> |

Average number employed (including temporary staff):

| | | |
|-----------------------------------|------------|------------|
| Nursing | 72 | 70 |
| Management, clerical and domestic | 67 | 62 |
| | <u>139</u> | <u>132</u> |

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2008

11. SUPPORT COSTS

Support costs incurred in the year in relation to charitable activities were as follows:

| | 31.12.08 £ | 31.12.07 £ |
|------------------------|------------------|------------------|
| Management | 1,028,978 | 1,304,095 |
| Finance | 349,245 | 132,602 |
| Information Technology | 160,337 | 125,921 |
| Property | 476,898 | 507,411 |
| | <u>2,015,458</u> | <u>2,070,029</u> |

12. TANGIBLE FIXED ASSETS

| | Freehold property £ | Fixtures, fittings & computer equipment £ | Motor vehicles £ | Totals £ |
|------------------------|---------------------------|---|------------------------|------------------|
| COST | | | | |
| At 1 January 2008 | 6,584,070 | 3,220,007 | 41,667 | 9,845,744 |
| Additions | 5,858 | 143,659 | - | 149,517 |
| Disposals | - | (837,689) | (41,667) | (879,356) |
| | <u>6,589,928</u> | <u>2,525,977</u> | <u>-</u> | <u>9,115,905</u> |
| At 31 December 2008 | 6,589,928 | 2,525,977 | - | 9,115,905 |
| DEPRECIATION | | | | |
| At 1 January 2008 | - | 2,050,840 | 25,276 | 2,076,116 |
| Charge for year | - | 168,081 | 2,800 | 170,881 |
| Eliminated on disposal | - | (741,852) | (28,076) | (769,928) |
| | <u>-</u> | <u>1,477,069</u> | <u>-</u> | <u>1,477,069</u> |
| At 31 December 2008 | - | 1,477,069 | - | 1,477,069 |
| NET BOOK VALUE | | | | |
| At 31 December 2008 | <u>6,589,928</u> | <u>1,048,908</u> | <u>-</u> | <u>7,638,836</u> |
| At 31 December 2007 | <u>6,584,070</u> | <u>1,169,167</u> | <u>16,391</u> | <u>7,769,628</u> |

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2008

12. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

| | Fixtures, fittings & computer equipment £ | Motor vehicles £ | Totals £ |
|------------------------|---|------------------------|----------------|
| COST | | | |
| At 1 January 2008 | 322,155 | 23,426 | 345,581 |
| Disposals | - | (23,426) | (23,426) |
| | <u>322,155</u> | <u>-</u> | <u>322,155</u> |
| At 31 December 2008 | 322,155 | - | 322,155 |
| DEPRECIATION | | | |
| At 1 January 2008 | 82,486 | 5,856 | 88,342 |
| Charge for year | 30,904 | 2,800 | 33,704 |
| Eliminated on disposal | - | (8,656) | (8,656) |
| | <u>113,390</u> | <u>-</u> | <u>113,390</u> |
| At 31 December 2008 | 113,390 | - | 113,390 |
| NET BOOK VALUE | | | |
| At 31 December 2008 | <u>208,765</u> | <u>-</u> | <u>208,765</u> |
| At 31 December 2007 | <u>239,669</u> | <u>17,570</u> | <u>257,239</u> |

13. STOCKS

| | 31.12.08 £ | 31.12.07 £ |
|-----------------------------|----------------|----------------|
| Consumable medical supplies | 113,939 | 116,442 |
| Pharmacy | 26,360 | 21,673 |
| Catering | 3,270 | 3,361 |
| | <u>143,569</u> | <u>141,476</u> |

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.08 £ | 31.12.07 £ |
|--------------------------------|----------------|------------------|
| Trade debtors | 637,986 | 1,106,512 |
| Other debtors | 14,684 | 43,336 |
| Prepayments and accrued income | 119,512 | 45,308 |
| | <u>772,182</u> | <u>1,195,156</u> |

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2008

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.08 | 31.12.07 |
|---|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts (see note 17) | 842,178 | 647,596 |
| Hire purchase (see note 18) | 61,655 | 68,832 |
| Trade creditors | 325,926 | 676,412 |
| Social security and other taxes | 53,259 | 60,878 |
| Other creditors | 15,138 | - |
| Accruals and deferred income | 245,262 | 377,199 |
| | <u>1,543,418</u> | <u>1,830,917</u> |

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 31.12.08 | 31.12.07 |
|-----------------------------|------------------|------------------|
| | £ | £ |
| Bank loans (see note 17) | 424,531 | 414,016 |
| Hire purchase (see note 18) | 60,281 | 130,305 |
| Lease deposits | 1,204,580 | 1,210,719 |
| | <u>1,689,392</u> | <u>1,755,040</u> |

17. LOANS

An analysis of the maturity of loans is given below:

| | 31.12.08 | 31.12.07 |
|---|----------------|----------------|
| | £ | £ |
| Amounts falling due within one year on demand: | | |
| Bank overdraft | 752,456 | 551,071 |
| Bank loans | 89,722 | 96,525 |
| | <u>842,178</u> | <u>647,596</u> |
| Amounts falling between one and two years: | | |
| Bank loans - 1-2 years | <u>94,264</u> | <u>84,000</u> |
| Amounts falling due between two and five years: | | |
| Bank loans - 2-5 years | <u>317,098</u> | <u>252,000</u> |
| Amounts falling due in more than five years: | | |
| Repayable by instalments: | | |
| Bank loans more 5 yr by instal | <u>13,169</u> | <u>78,016</u> |

Amounts wholly repayable after five years:

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2008

17. LOANS - continued

| | | |
|----------------|------------------|------------------|
| Lease deposits | <u>1,204,580</u> | <u>1,210,719</u> |
|----------------|------------------|------------------|

Lease deposits are amounts advanced by tenants of the bungalows at Fairfield Gardens as security for their leases. They are repayable on termination of the leases or sale of the property.

18. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

| | Hire purchase contracts | |
|----------------------------|--------------------------------|-----------------|
| | 31.12.08 | 31.12.07 |
| | £ | £ |
| Net obligations repayable: | | |
| Within one year | 61,655 | 68,832 |
| Between one and five years | <u>60,281</u> | <u>130,305</u> |
| | <u>121,936</u> | <u>199,137</u> |

The following operating lease payments are committed to be paid within one year:

| | Other operating leases | |
|----------------------------|-------------------------------|-----------------|
| | 31.12.08 | 31.12.07 |
| | £ | £ |
| Expiring: | | |
| Within one year | - | 10,800 |
| Between one and five years | <u>-</u> | <u>35,580</u> |
| | <u>-</u> | <u>46,380</u> |

19. SECURED DEBTS

The following secured debts are included within creditors:

| | 31.12.08 | 31.12.07 |
|-------------------------|------------------|------------------|
| | £ | £ |
| Bank overdraft | 752,456 | 551,071 |
| Bank loans | 514,253 | 510,541 |
| Hire purchase contracts | <u>121,936</u> | <u>199,137</u> |
| | <u>1,388,645</u> | <u>1,260,749</u> |

Bank loans and overdrafts are secured by a legal charge over Fairfield Hospital, Crank Road, Crank, St Helens, Merseyside.

Obligations under finance leases and hire purchase contracts are secured on the relevant fixed assets.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2008

20. PROVISIONS FOR LIABILITIES

| | 31.12.08 | 31.12.07 |
|------------|----------------|----------------|
| | £ | £ |
| Provisions | <u>330,725</u> | <u>330,725</u> |

The provision relates to estimated pension costs in relation to employees who had been excluded from the company pension scheme. There has been no movement in the provision in the year.

21. MOVEMENT IN FUNDS

| | At 1.1.08 | Net movement in funds | At 31.12.08 |
|--------------------|------------------|--------------------------|------------------|
| | £ | £ | £ |
| Unrestricted funds | | | |
| General fund | 5,845,356 | (264,694) | 5,580,662 |
| TOTAL FUNDS | <u>5,845,356</u> | <u>(264,694)</u> | <u>5,580,662</u> |

Net movement in funds, included in the above are as follows:

| | Incoming resources | Resources expended | Movement in funds |
|--------------------|-----------------------|-----------------------|----------------------|
| | £ | £ | £ |
| Unrestricted funds | | | |
| General fund | 6,888,350 | (7,153,044) | (264,694) |
| TOTAL FUNDS | <u>6,888,350</u> | <u>(7,153,044)</u> | <u>(264,694)</u> |

22. CAPITAL COMMITMENTS

| | 31.12.08 | 31.12.07 |
|---|----------------|----------|
| | £ | £ |
| Contracted but not provided for in the financial statements | <u>352,000</u> | <u>-</u> |

**THE GUY PILKINGTON MEMORIAL HOME LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2008**

23. RELATED PARTY DISCLOSURES

| Director, officer or connected person | Company | Nature of dealings | 31.12.08 | 31.12.07 |
|--|-----------------------------------|-----------------------|----------|----------|
| | | | £ | £ |
| J W Royle | John Royle Chartered Surveyor | Expenditure | - | 9,859 |
| P Blackledge | Tickle Hall & Cross Solicitors | Expenditure | 119 | |

All directors' interests stated above are disclosed for the full financial year.

24. ANALYSIS OF RESERVES

| | | |
|---|----------------|----------------|
| | 31.12.08 | 31.12.07 |
| | £ | £ |
| Total reserves | 5,580,662 | 5,845,356 |
| Less: | | |
| Land and buildings | (6,589,928) | (6,584,070) |
| Add: | | |
| Lease deposits relating to land and buildings | 1,204,580 | 1,210,719 |
| Freely available reserves | <u>195,314</u> | <u>472,005</u> |