

REGISTERED COMPANY NUMBER: 1141676 (England and Wales)

**REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2009
FOR
THE GUY PILKINGTON MEMORIAL HOME LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

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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 2009**

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

**CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009**

In my Chairman's report for 2008, I stated that I was looking forward to 2009 with cautious optimism. I am delighted to report that the management changes introduced in 2008 are now substantially in place and the staff and new management team have responded in a very positive and constructive manner led by our Chief Executive, Cheryl Nolan who has managed the change with considerable skill and hard work.

We have commissioned "state of the art" Digital x-ray equipment at a cost of £328,000 which will enhance the patient experience and provide high quality images for diagnostic purposes by the time the patient returns to the consulting room. This equipment is part of the development programme for continued upgrading of the hospital facilities.

Fairfield has seen a record number of patients being treated during the year and my thanks also go to the Consultants who serve the patients so effectively.

At the Board level, I welcome to the Board Jeff Ball, Consultant Cardiologist and Chairman of the Medical Advisory Committee. The Board has also been strengthened by the appointment of a Chartered Accountant, Colin Sills. The Board has established Remuneration, Audit and Trustee (Director) Appointment Committees to support the Board and ensure that we conform to legislative and regulatory requirements.

My thanks again also go to the Management team, staff and Consultants of Fairfield Hospital who contribute so highly to the continued maintenance of high standards at the hospital.

Finally I am delighted to report that due to much hard work and dedication the financial fortunes at Fairfield have been revived and that a net surplus of £380,000 is reported.

J W ROYLE
CHAIRMAN

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

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2009**

The Trustees, who are also directors of the Charity for the purposes of the Companies Act 2006, present their Annual Report together with the Financial Statements for the year ended 31st December 2009. The Guy Pilkington Memorial Home (the Company) is a charitable company limited by guarantee established under a Memorandum of Association and governed by its Articles of Association. The Company operates Fairfield Independent Hospital in order to meet its objectives. The Trustees confirm that the Annual Report and Financial Statements of the company comply with the current statutory requirements, the requirements of the company's governing document and 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 L Blackledge
Mrs C Finney
Dr C S Ince
J W Royle
A Smith
J D Watts
P N Clark
C A Sills
Dr J Ball

Chairman of Trustees

- appointed October 2009
- appointed March 2009

Hospital Management

Ms C Nolan
Chief Executive Officer

Sister J Ollerton
Chief Nurse

Mr A Jones
Director of Hospital Services

Mr T Harrison, IPFA
Director of Finance, IT and Performance

Medical Advisory Committee:

Dr J Ball
Chairman

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

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2009**

REFERENCE AND ADMINISTRATIVE DETAILS

Company Secretary
Ms C Nolan

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

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Guy Pilkington Memorial Home (the Company) is a charitable company limited by guarantee established under a Memorandum of Association and governed by its Articles of Association

The company has no share capital being a company limited by guarantee The guarantee of each member is limited to £1

Trustees

The Trustees may appoint replacement or additional directors at any time However, the Members at the next Annual General Meeting must formally elect these members The Trustees who served during the year are set out on the Company Information page at the start of the Annual Report

The Trustees meet every two months and during 2009, three subcommittees were established - for audit, remuneration and trustee development and appointment The Director Appointments Committee assists the Board in assessing its skills and identifying new Trustees 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 A Medical Advisory Committee (MAC) and an Adverse Events Committee also form part of the governance framework with the Chair of the MAC serving as a Board member

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

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2009**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The Chief Executive has responsibility for the leadership and strategic development of the organisation. The Chief Executive ensures that the organisation is financially stable and that it meets its aims and objects. 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. Procedures for identifying and assessing risks are in place and are reviewed at Board Meetings. The assessment of these reviews ensures that the organisation has the ability to deliver its objectives and identifies where controls could be strengthened.

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

The Trustees have considered the extent to which their activities and plans meet the objectives of the Charity and contribute to the public benefit. As part of the processes of review the Trustees have considered in detail the services currently provided and their accessibility and affordability to all members of the public. The Trustees are satisfied that activities of the charity are consistent with the public benefit criteria. As a result of their review they identified the following as key areas by which the Charity meets its objectives and serves the public benefit:

- 1 The Hospital was able to treat almost twice as many patients in 2009 as it did in 2008. Patients are able to access the services provided by the Hospital through a variety of funding routes and in many instances the Charity does not charge them directly for the treatment they receive.
- 2 Patients who are members of friendly societies and other mutual societies are able to access services at Fairfield Independent Hospital by making modest weekly or monthly contributions, which are not related to their medical needs or their financial means. Similarly patients funded by the NHS also benefit from exactly the same levels of care and treatment but do not pay directly for the treatment they receive.
- 3 The Charity worked closely with local GP commissioning groups in St Helens to develop a physio service which during 2009 helped 12,000 patients to receive treatment irrespective of their ability to pay. The Charity also helped the local PCT by providing longer term nursing care beds for 10 patients. This enables the local general hospitals to treat many more patients as a result of the support from the Charity.

Risk management

The Charity has a strong culture of risk awareness. Activities both new and continuing are regularly subject to risk assessments which include issues of clinical matters, health and safety, financial impact, operational effectiveness and continuity and reputation threats. The Trustees acknowledge that they 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 2009**

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Charity's objectives are to promote, manage and maintain a nursing and residential home to relieve sickness, injury, poor health and old age amongst the sick, convalescent and disabled and infirm and to promote and preserve good physical and mental health

Our principle activities are to provide a broad range of clinical and health services to the public. We provide consulting rooms, imaging and scanning functions, treatment rooms, operating facilities and the ancillary facilities necessary to fulfil this role

Our Vision

"We will continue to be the leading charitable hospital in the local area which delivers the highest possible standard of safe and effective care that is accessible and affordable to all "

ACHIEVEMENT AND PERFORMANCE

2009 Achievements

We made the following investments in the operating infrastructure of the hospital

- 1 Hospital wide refurbishment programme commenced
- 2 Acquisition and installation of new digital X-ray equipment and the implementation of a full picture archiving and communication system for the hospital which enables images to be shared across the hospital IT network
- 3 The IT network has been extended and improved
- 4 Provision of a third theatre which is being used for the new laser vein treatment
- 5 We made the following investment in the people at our hospital
 - Training and development of 156 staff
 - Accreditation of staff via a number of nationally recognised qualifications
 - Appointment of staff with specific responsibilities including leads for clinical governance, infection control and outpatient nursing

We made the following service improvements to improve our efficiency and effectiveness

- 1 Completion of a programme of contract re-negotiation with suppliers in order to make efficiencies and realign service contracts
- 2 Development of new services based on needs of the population
- 3 Participation in Patient Reported Outcome Measures (PROMs) which assess quality from the patient perspective and initially covering four clinical procedures
- 4 Retained full accreditation of ISO 27001 and ISO 9001 quality system standards
- 5 Robust governance framework introduced with appropriate training
- 6 Production of a range of policies to support all aspects of governance

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

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2009**

ACHIEVEMENT AND PERFORMANCE

Review of the Year

In 2009 we started to provide services via the NHS Choice network and have made a considerable investment in our IT infrastructure and our workforce to support this initiative. Many people both locally and beyond who do not have access to private medical insurance now have the choice to choose our Hospital receiving the same high standard of care and services.

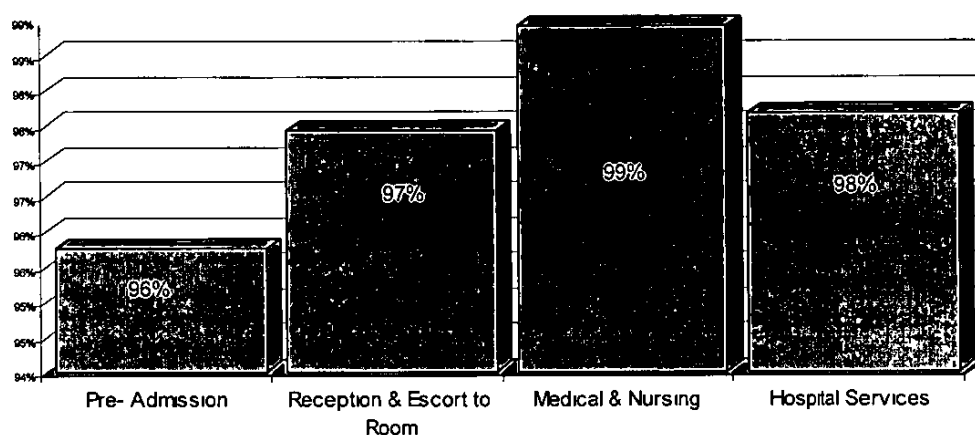
We were also successful in winning a contract with one of the local practice-based commissioning consortia to provide physiotherapy services. The pressure on the local NHS service meant patients were having considerable waits for treatment. The introduction of the service at Fairfield has increased capacity locally, expedited treatment and enabled patients to return to normal activities without long periods of sickness.

The implementation of new digital X-ray has meant that we now have state of the art digital imaging, which is available to all of our clinicians across the Hospital.

We do continue to promote partnership working with our Private Medical Insurance commissioners and also the NHS and Local Authority commissioners via regular contract review meetings.

The levels of patient satisfaction with our services remain high with a general satisfaction rate of 97.5%. The chart below shows the statistics split for the component services.

2009 Patient Satisfaction



The Hospital continues to take student nursing placements from the local university and during 2009, 5 student nurses had placements at Fairfield. Also in 2009 the Hospital set up links with the Shaw Trust in order to offer placements and work experience to individuals who find it difficult to access work.

We continue to invest in our onsite decontamination facilities and the staff who manage the service ensuring that equipment and staff are fully up-to-date and compliant with relevant legislation further demonstrating our commitment to the highest levels of patient safety.

We continue to experience zero levels of Hospital-acquired infection rates.

The Hospital is participating in a national project (Hellenic), which will enable key performance indicators on the activity within our Hospital to be reported and compared. This will enable those who commission and use our services to be assured that we are providing high quality, safe, cost-effective services.

We continue to care for one resident who in 2009 celebrated her 101st birthday.

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

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2009**

ACHIEVEMENT AND PERFORMANCE

Who has benefited from our Service

The statistics shown below are examples of the services we have provided in 2009

- Over 4,800 NHS patients attended as new outpatients
- Over 2,300 procedures were carried out on NHS patients under the Choose and Book scheme
- Over 12,000 patients visited our physiotherapy services
- 10 patients were able to return to their normal place of residence following a successful period of intermediate care

In 2009, 66% of our patients had treatment funded by the NHS or mutual societies compared to 53% in 2008

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 2009 the freely available reserves amounted to £566,303 (2008 £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

Review of financial position

The economic downturn has proved difficult for the Charity. However, during 2009 we have reduced or eliminated unnecessary expenditure and tried to identify processes and deliver processes and procedures that do add any value to our work or enhance the patient's experience

However, despite the economic challenges and the need for significant investment, the Hospital's financial position has improved in 2009. We have increased our income from treating medical, surgical and physio patients and the extra income, and particularly that from the NHS Choices work, has contributed significantly to our ability to meet the high fixed costs of the provision of medical services. We were also able to raise new finance from bank loans and finance leases to acquire the new imaging equipment. Our income from providing medical services grew by a third while costs of providing those services increased by just under the quarter and this gave us the opportunity to generate a modest level of surplus. The cash generated through the provision of services has meant that we have been able to significantly reduce our overdraft. The Hospital has also increased the depreciation charge to more reliably reflect the usage of the equipment and the shorter lifespan of medical equipment

The demand for the Hospital's services continues to be strong and the Charity envisages that its financial position will continue to improve as it makes small levels of surplus over the next financial periods

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

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2009**

PLANS FOR FUTURE PERIODS

The Trustees have identified the following actions for 2010 to improve the patient experience

- 1 Review how we can extend the variety of routes that are available to access our services and the range of services that are available to patients
- 2 Ensure all our staff have diversity and equality training as we want to improve the way patients and customers are treated at all stages of their experience of Fairfield Independent Hospital
- 3 Enhance our imaging service with links to the regional network which will improve the service to our patients and should reduce the number of times they are subject to scanning procedures
- 4 Improve our pathology service so that results are available more quickly and the service to patients is improved
- 5 Review our use of the single bedrooms for day cases so that patients can be treated in a more relaxed waiting and recovery environment

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of The Guy Pilkington Memorial Home Limited (A company limited by guarantee) for the purposes of company law) 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 which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charity SORP,
- 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 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

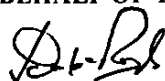
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) 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 Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD



J W Royle – Trustee

Date 15 June 2010

**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 2009 on pages eleven to twenty four. The 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in a Report of the Auditors 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 trustees' (who are also the directors of the charitable company for the purposes of company law) 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) and for being satisfied that the financial statements give a true and fair view are set out on page eight.

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, are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and are prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Report of the Trustees is consistent with those financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

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.

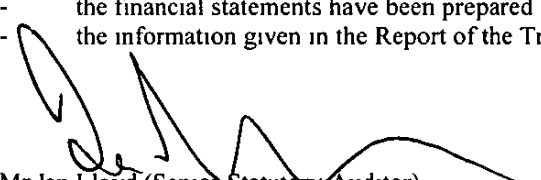
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 of the state of the charitable company's affairs as at 31 December 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Report of the Trustees is consistent with the financial statements



Mr Ian Lloyd (Senior Statutory Auditor)
for and on behalf of Styles & Co Accountants Ltd
Registered Auditors
Heather House
473 Warrington Road
Culcheth
Warrington
Cheshire
WA3 5QU

Date 16 June 2010

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 2009

| | | 31.12.09 | 31.12.08 |
|--|-------|-----------------------------|-----------------------------|
| | | Unrestricted | Total |
| | | funds | funds |
| | Notes | £ | £ |
| INCOMING RESOURCES | | | |
| Incoming resources from generated funds | | | |
| Voluntary income | 2 | 4,040 | 2,225 |
| Investment income | 3 | 3,328 | 33,087 |
| Incoming resources from charitable activities | | | |
| Medical services provided | 4 | 9,128,862 | 6,844,633 |
| Other incoming resources | | <u>13,880</u> | <u>8,405</u> |
| Total incoming resources | | 9,150,110 | 6,888,350 |
| RESOURCES EXPENDED | | | |
| Charitable activities | 5 | | |
| Medical services provided | | 8,757,390 | 7,140,239 |
| Governance costs | 7 | <u>12,300</u> | <u>12,805</u> |
| Total resources expended | | 8,769,690 | 7,153,044 |
| NET INCOMING/(OUTGOING) RESOURCES | | | |
| | | 380,420 | (264,694) |
| RECONCILIATION OF FUNDS | | | |
| Total funds brought forward | | 5,580,662 | 5,845,356 |
| TOTAL FUNDS CARRIED FORWARD | | <u>5,961,082</u> | <u>5,580,662</u> |

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities

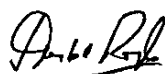
The notes form part of these financial statements

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

BALANCE SHEET
AT 31 DECEMBER 2009

| | | 31.12.09 Unrestricted funds £ | 31 12 08 Total funds £ |
|--|-------|--|---------------------------------|
| | Notes | | |
| FIXED ASSETS | | | |
| Tangible assets | 12 | 7,689,498 | 7,638,836 |
| CURRENT ASSETS | | | |
| Stocks | 13 | 160,399 | 143,569 |
| Debtors amounts falling due within one year | 14 | 1,274,115 | 772,182 |
| Cash at bank | | <u>148,640</u> | <u>589,610</u> |
| | | 1,583,154 | 1,505,361 |
| CREDITORS | | | |
| Amounts falling due within one year | 15 | (1,384,888) | (1,543,418) |
| NET CURRENT ASSETS/(LIABILITIES) | | <u>198,266</u> | <u>(38,057)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 7,887,764 | 7,600,779 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 16 | (1,713,182) | (1,689,392) |
| PROVISIONS FOR LIABILITIES | 20 | (213,500) | (330,725) |
| NET ASSETS | | <u>5,961,082</u> | <u>5,580,662</u> |
| FUNDS | 21 | | |
| Unrestricted funds | | <u>5,961,082</u> | <u>5,580,662</u> |
| TOTAL FUNDS | | <u>5,961,082</u> | <u>5,580,662</u> |

The financial statements were approved by the Board of Trustees on **15 June 2010** and were signed on its behalf by



J W Royle -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 2009

| | Notes | 31.12 09 £ | 31 12 08 £ |
|--|-------|------------------|------------------|
| Net cash inflow/(outflow) from operating activities | 1 | 407,786 | (17,459) |
| Returns on investments and servicing of finance | 2 | (34,452) | (42,588) |
| Capital expenditure and financial investment | 2 | (234,810) | (134,017) |
| | | <u>138,524</u> | <u>(194,064)</u> |
| Financing | 2 | 9,617 | (73,489) |
| | | <u>148,141</u> | <u>(267,553)</u> |
| <hr/> | | | |
| Reconciliation of net cash flow to movement in net debt | 3 | | |
| Increase/(decrease) in cash in the period | | 148,141 | (267,553) |
| Cash inflow/(outflow) from increase/(decrease) in debt and lease financing | | <u>(9,617)</u> | <u>73,489</u> |
| Change in net debt resulting from cash flows | | 138,524 | (194,064) |
| New finance leases | | <u>(120,000)</u> | <u>-</u> |
| Movement in net debt in the period | | 18,524 | (194,064) |
| Net debt at 1 January | | <u>(799,035)</u> | <u>(604,971)</u> |
| Net debt at 31 December | | <u>(780,511)</u> | <u>(799,035)</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 2009

1. RECONCILIATION OF NET INCOMING\OUTGOING) RESOURCES TO NET CASH INFLOW\OUTFLOW) FROM OPERATING ACTIVITIES

| | 31.12.09 | 31 12 08 |
|---|-----------------------|-------------------------|
| | £ | £ |
| Net incoming\outgoing) resources | 380,420 | (264,694) |
| Depreciation charges | 304,145 | 174,082 |
| Loss on disposal of fixed assets | - | 90,730 |
| Interest received | (3,328) | (33,087) |
| Interest paid | 24,023 | 64,405 |
| Interest element of hire purchase and finance lease rental payments | 13,757 | 11,270 |
| Increase in provisions | 53,785 | - |
| Payments made from provisions | (171,010) | - |
| Increase in stocks | (16,830) | (2,093) |
| (Increase)/decrease in debtors | (501,933) | 422,974 |
| Increase/(decrease) in creditors | <u>324,757</u> | <u>(481,046)</u> |
| Net cash inflow/(outflow) from operating activities | <u>407,786</u> | <u>(17,459)</u> |

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

| | 31 12.09 | 31 12 08 |
|---|-------------------------|-------------------------|
| | £ | £ |
| Returns on investments and servicing of finance | | |
| Interest received | 3,328 | 33,087 |
| Interest paid | (24,023) | (64,405) |
| Interest element of hire purchase and finance lease rental payments | <u>(13,757)</u> | <u>(11,270)</u> |
| Net cash outflow for returns on investments and servicing of finance | <u>(34,452)</u> | <u>(42,588)</u> |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (234,810) | (152,715) |
| Sale of tangible fixed assets | - | <u>18,698</u> |
| Net cash outflow for capital expenditure and financial investment | <u>(234,810)</u> | <u>(134,017)</u> |
| Financing | | |
| New loans in year | 290,000 | 97,984 |
| Loan repayments in year | (208,876) | - |
| Capital repayments in year | <u>(71,507)</u> | <u>(171,473)</u> |
| Net cash inflow/(outflow) from financing | <u>9,617</u> | <u>(73,489)</u> |

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

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

3. ANALYSIS OF CHANGES IN NET DEBT

| | At 1.1.09 £ | Cash flow £ | Other non- cash changes £ | At 31.12.09 £ |
|-----------------------------------|------------------|-----------------|---------------------------------|------------------|
| Net cash | | | | |
| Cash at bank | 589,610 | (440,970) | | 148,640 |
| Bank overdrafts | <u>(752,456)</u> | <u>589,111</u> | | <u>(163,345)</u> |
| | <u>(162,846)</u> | <u>148,141</u> | | <u>(14,705)</u> |
| Debt | | | | |
| Hire purchase | (121,936) | 71,507 | (120,000) | (170,429) |
| Debts falling due within one year | (89,722) | (48,203) | - | (137,925) |
| Debts falling due after one year | <u>(424,531)</u> | <u>(32,921)</u> | - | <u>(457,452)</u> |
| | <u>(636,189)</u> | <u>(9,617)</u> | | <u>(765,806)</u> |
| Total | <u>(799,035)</u> | <u>138,524</u> | <u>(120,000)</u> | <u>(780,511)</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities

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 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 | -10% 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

Stocks

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

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2009**

1 ACCOUNTING POLICIES - continued

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

| | 31.12.09 | 31 12 08 |
|----------|---------------------|---------------------|
| | £ | £ |
| Legacies | <u>4,040</u> | <u>2,225</u> |

3. INVESTMENT INCOME

| | 31 12.09 | 31 12 08 |
|---------------|---------------------|----------------------|
| | £ | £ |
| Bank interest | <u>3,328</u> | <u>33,087</u> |

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2009

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

| | 31.12.09 | 31 12 08 |
|---------------------------|------------------|------------------|
| | £ | £ |
| Medical services provided | <u>9,128,862</u> | <u>6,844,633</u> |

5 CHARITABLE ACTIVITIES COSTS

| | Direct costs (See note 6) | Totals |
|---------------------------|------------------------------|------------------|
| | £ | £ |
| Medical services provided | <u>8,757,390</u> | <u>8,757,390</u> |

6 DIRECT COSTS OF CHARITABLE ACTIVITIES

| | 31.12.09 | 31 12 08 |
|----------------------------------|------------------|------------------|
| | £ | £ |
| Staff costs | 2,811,696 | 2,662,671 |
| Direct medical costs | 4,367,493 | 2,924,044 |
| Insurance | 109,502 | 128,801 |
| Patient services | 147,373 | 182,023 |
| Premises | 519,171 | 441,555 |
| Office costs | 90,821 | 59,811 |
| Computer and IT | 207,458 | 125,521 |
| Professional fees | 110,423 | 105,141 |
| Donations | 300 | 150 |
| Bad debt | 31,258 | 146,000 |
| Bank charges and interest | 57,747 | 99,710 |
| Depreciation | 304,148 | 174,082 |
| Loss on disposal of fixed assets | - | 90,730 |
| | <u>8,757,390</u> | <u>7,140,239</u> |

7. GOVERNANCE COSTS

| | 31.12.09 | 31 12 08 |
|------------------------|---------------|---------------|
| | £ | £ |
| Auditors' remuneration | <u>12,300</u> | <u>12,805</u> |

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2009

8. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting)

| | 31.12.09 | 31 12 08 |
|---|----------|---------------|
| | £ | £ |
| Auditor's remuneration | 12,300 | 12,805 |
| Depreciation - owned assets | 258,329 | 137,177 |
| Depreciation - assets on hire purchase contracts and finance leases | 45,819 | 33,704 |
| Loss on disposal of fixed assets | - | 90,730 |
| | <u>-</u> | <u>90,730</u> |

9 TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2009 nor for the year ended 31 December 2008

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31 December 2009 nor for the year ended 31 December 2008

10 STAFF COSTS

| | 31 12.09 | 31 12 08 |
|-----------------------------------|------------------|------------------|
| | £ | £ |
| Salaries and wages | | |
| - Nursing | 1,560,604 | 1,409,521 |
| - Catering | 151,234 | 160,964 |
| - Management and administration | 1,009,738 | 958,356 |
| | <u>2,721,576</u> | <u>2,528,841</u> |
| Wages, salaries and pension costs | 2,520,051 | 2,331,919 |
| Social security costs | 201,525 | 196,922 |
| | <u>2,721,576</u> | <u>2,528,841</u> |

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

| | 31.12.09 | 31 12 08 |
|---|------------|------------|
| | Number | Number |
| £60,001 - £70,000 | <u>1</u> | <u>-</u> |
| Average number employed (including temporary staff) | | |
| Nursing | 77 | 72 |
| Management, clerical and domestic | 81 | 67 |
| | <u>158</u> | <u>139</u> |

THE GUY PILKINGTON MEMORIAL HOME LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2009

11. SUPPORT COSTS

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

| | 31 12.09 £ | 31 12 08 £ |
|------------------------|------------------|------------------|
| Management | 1,122,552 | 1,028,978 |
| Finance | 89,005 | 135,197 |
| Information Technology | 211,016 | 160,337 |
| Property | 493,714 | 476,898 |
| | <u>1,916,287</u> | <u>1,801,410</u> |

12. TANGIBLE FIXED ASSETS

| | Freehold property £ | Fixtures, fittings & computer equipment £ | Totals £ |
|------------------------|---------------------------|---|------------------|
| COST | | | |
| At 1 January 2009 | 6,589,928 | 2,525,977 | 9,115,905 |
| Additions | 4,240 | 350,570 | 354,810 |
| Disposals | - | (144,965) | (144,965) |
| At 31 December 2009 | <u>6,594,168</u> | <u>2,731,582</u> | <u>9,325,750</u> |
| DEPRECIATION | | | |
| At 1 January 2009 | - | 1,477,069 | 1,477,069 |
| Charge for year | - | 304,148 | 304,148 |
| Eliminated on disposal | - | (144,965) | (144,965) |
| At 31 December 2009 | <u>-</u> | <u>1,636,252</u> | <u>1,636,252</u> |
| NET BOOK VALUE | | | |
| At 31 December 2009 | <u>6,594,168</u> | <u>1,095,330</u> | <u>7,689,498</u> |
| At 31 December 2008 | <u>6,589,928</u> | <u>1,048,908</u> | <u>7,638,836</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2009**

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 £ |
|-----------------------|---|
| COST | |
| At 1 January 2009 | 322,155 |
| Additions | <u>233,197</u> |
| At 31 December 2009 | <u>555,352</u> |
| DEPRECIATION | |
| At 1 January 2009 | 113,390 |
| Charge for year | <u>45,819</u> |
| At 31 December 2009 | <u>159,209</u> |
| NET BOOK VALUE | |
| At 31 December 2009 | <u>396,143</u> |
| At 31 December 2008 | <u>208,765</u> |

13 STOCKS

| | 31.12.09 £ | 31.12.08 £ |
|-----------------------------|----------------|----------------|
| Consumable medical supplies | 126,879 | 113,939 |
| Pharmacy | 31,400 | 26,360 |
| Catering | <u>2,120</u> | <u>3,270</u> |
| | <u>160,399</u> | <u>143,569</u> |

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.09 £ | 31.12.08 £ |
|--------------------------------|------------------|----------------|
| Trade debtors | 1,187,531 | 637,986 |
| Other debtors | 7,480 | 14,684 |
| Prepayments and accrued income | <u>79,104</u> | <u>119,512</u> |
| | <u>1,274,115</u> | <u>772,182</u> |

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2009

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.09 | 31.12.08 |
|---|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts (see note 17) | 301,270 | 842,178 |
| Hire purchase (see note 18) | 66,088 | 61,655 |
| Trade creditors | 670,941 | 325,926 |
| Social security and other taxes | 64,854 | 53,259 |
| Other creditors | - | 15,138 |
| Lease deposits | 48,000 | - |
| Accruals and deferred income | 233,735 | 245,262 |
| | <u>1,384,888</u> | <u>1,543,418</u> |

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

| | 31.12.09 | 31.12.08 |
|-----------------------------|------------------|------------------|
| | £ | £ |
| Bank loans (see note 17) | 457,452 | 424,531 |
| Hire purchase (see note 18) | 104,341 | 60,281 |
| Lease deposits | 1,151,389 | 1,204,580 |
| | <u>1,713,182</u> | <u>1,689,392</u> |

17. LOANS

An analysis of the maturity of loans is given below

| | 31.12.09 | 31.12.08 |
|--|----------------|----------------|
| | £ | £ |
| Amounts falling due within one year on demand | | |
| Bank overdraft | 163,345 | 752,456 |
| Bank loans | 137,925 | 89,722 |
| | <u>301,270</u> | <u>842,178</u> |
| Amounts falling between one and two years | | |
| Bank loans - 1-2 years | 132,191 | 94,264 |
| Amounts falling due between two and five years | | |
| Bank loans - 2-5 years | 325,261 | 317,098 |
| Amounts falling due in more than five years | | |
| Repayable by instalments | | |
| Bank loans more 5 yr by instal | - | 13,169 |

THE GUY PILKINGTON MEMORIAL HOME LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2009

17. LOANS - continued

| | 31.12.09 | 31 12 08 |
|----------------|------------------|------------------|
| | £ | £ |
| Lease deposits | <u>1,151,389</u> | <u>1,204,580</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

| | Hire purchase contracts 31.12.09 | 31 12 08 |
|----------------------------|-------------------------------------|----------------|
| | £ | £ |
| Net obligations repayable | | |
| Within one year | 66,088 | 61,655 |
| Between one and five years | <u>104,341</u> | <u>60,281</u> |
| | <u>170,429</u> | <u>121,936</u> |

19. SECURED DEBTS

The following secured debts are included within creditors

| | 31.12.09 | 31 12 08 |
|----------------|----------------|------------------|
| | £ | £ |
| Bank overdraft | 163,345 | 752,456 |
| Bank loans | <u>595,377</u> | <u>514,253</u> |
| | <u>758,722</u> | <u>1,266,709</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.

20. PROVISIONS FOR LIABILITIES

| | 31.12.09 | 31 12 08 |
|------------|----------------|----------------|
| | £ | £ |
| Provisions | <u>213,500</u> | <u>330,725</u> |

| | Provision £ |
|-----------------------------|------------------|
| Balance at 1 January 2009 | 330,725 |
| Additional provision | 53,785 |
| Amounts used | <u>(171,010)</u> |
| Balance at 31 December 2009 | <u>213,500</u> |

THE GUY PILKINGTON MEMORIAL HOME LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2009

20. PROVISIONS FOR LIABILITIES - continued

The provision relates to estimated pension costs in relation to employees who had been excluded from the company pension scheme

21. MOVEMENT IN FUNDS

| | At 1.1.09 £ | Net movement in funds £ | At 31.12.09 £ |
|---------------------------|------------------|----------------------------------|------------------|
| Unrestricted funds | | | |
| General fund | 5,580,662 | 380,420 | 5,961,082 |
| | <u>5,580,662</u> | <u>380,420</u> | <u>5,961,082</u> |
| TOTAL FUNDS | <u>5,580,662</u> | <u>380,420</u> | <u>5,961,082</u> |

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

| | Incoming resources £ | Resources expended £ | Movement in funds £ |
|---------------------------|----------------------------|----------------------------|---------------------------|
| Unrestricted funds | | | |
| General fund | 9,150,110 | (8,769,690) | 380,420 |
| | <u>9,150,110</u> | <u>(8,769,690)</u> | <u>380,420</u> |
| TOTAL FUNDS | <u>9,150,110</u> | <u>(8,769,690)</u> | <u>380,420</u> |

22. CAPITAL COMMITMENTS

| | 31.12.09 £ | 31 12 08 £ |
|---|---------------|----------------|
| Contracted but not provided for in the financial statements | <u>-</u> | <u>352,000</u> |

23. ANALYSIS OF RESERVES

| | 31.12.09 £ | 31 12 08 £ |
|---|------------------|------------------|
| Total reserves | 5,961,082 | 5,580,662 |
| Less | | |
| Land and buildings | (6,594,168) | (6,589,928) |
| Add | | |
| Lease deposits relating to land and buildings | <u>1,199,389</u> | <u>1,204,580</u> |
| Freely available reserves | <u>566,303</u> | <u>195,314</u> |