

St Catherine's Hospice Limited

(A CHARITABLE COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL)

FINANCIAL STATEMENTS

for the year ended 31 March 2007



Company Registration No	1525404
Charity Registration No	281362

St Catherine's Hospice Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS AND TRUSTEES

Mrs E R Cowley, CBE
A G Cuppage
Mrs M I Finch Hatton
Dr J H House
M Qamaruddin
Dr M J Waldron
D G Jones (appointed 30/10/06)
J L StP Mansfield JP (appointed 30/10/06)

Ex Officio member of the Board
M S O'Leary – Chief Executive

SECRETARY

R G Stockwell

REGISTERED COMPANY NUMBER

1525404 (England and Wales)

REGISTERED CHARITY NUMBER

281362

REGISTERED OFFICE

Malthouse Road
Crawley
West Sussex
RH10 6BH

AUDITORS

Baker Tilly UK Audit LLP
12 Gleneagles Court
Brighton Road
Crawley
West Sussex
RH10 6AD

St Catherine's Hospice Limited

OFFICERS AND PROFESSIONAL ADVISERS

BANKERS

Barclays Bank Plc
90-92 High Street
Crawley
West Sussex
RH10 1YX

SOLICITORS

Rawlison Butler
135 High Street
Crawley
West Sussex
RH10 1DQ

INVESTMENT ADVISERS

RCM (UK) Ltd
155 Bishopsgate
London
EC2M 3AD

The Charities Property Fund
Carr Shepherds Crosthwaite Limited
2 Gresham Street
London EC2B 2AL

GAM London Limited
12 St James's Place
London
SW1A 1NX

St Catherine's Hospice Limited

DIRECTORS' REPORT

The Directors, who are the Trustees under Charity law, submit their report and the financial statements of St Catherine's Hospice Limited for the year ended 31 March 2007

The Hospice is a company limited by guarantee and a registered charity governed by its memorandum and articles of association

The principal activity of the company is that of a Hospice caring for the terminally ill

In addition there is a wholly owned subsidiary company, St Catherine's Hospice Trading (Sussex) Limited, which raises further funds for the Hospice

DIRECTORS AND TRUSTEES

Under the Articles of Association, there shall be at least three and not more than 12 Trustees. Trustees shall be elected by the members at the Annual General Meeting. At each Annual General Meeting, one third of the Trustees shall retire from office, but are eligible for re-election. Any Trustee aged over 70 shall retire at each Annual General Meeting, but will be eligible for re-election.

The Trustees are required to hold at least four meetings in any year.

The Directors who served in an honorary capacity during the year were as follows:

Mrs E R Cowley, CBE	Chairman
R Main (resigned 06/07/07)	Vice Chairman
A G Cuppage	
Mrs M I Finch Hatton	
Dr J H House	
D G Jones (appointed 30/10/06)	Hon Treasurer
J L StP Mansfield JP (appointed 30/10/06)	
M Qamaruddin	
Dr M J Waldron	

M S O'Leary, Chief Executive of the Hospice, serves as an ex-officio member of the Board of Directors.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Under the Company's Memorandum and Articles of Association, adopted by special resolution on 4 April 2000 and amended by special resolution dated 22 September 2003 the Trustees' Responsibilities are defined as follows:

- 1 To ensure that the Charity exercises only in the promotion of its Objects which are defined in the Memorandum, Clause 3
- 2 To ensure appropriate application of the Charity's powers which are defined in the Memorandum, Clause 4, paras 4.1 to 4.20
- 3 Specifically,
 - To act together, only in the Charity's interests and not delegate control of the Charity to others
 - To exercise prudent governance and derive no personal financial or material benefit
 - To seek appropriate professional advice when necessary
 - To ensure proper records of account of the Charity's finances are maintained and the Charity's property is adequately controlled
 - To ensure all reasonable risks to the Charity's possessions including properties and equipment are covered

by suitable insurance

- To invest prudently and as authorised under the Memorandum
- To ensure the Charity observes its obligations as to the employment of staff
- To ensure all activities involving the raising of funds are properly authorised, describe fully what the funds will be used for and that all funds raised are fully accounted for
- To ensure all activities of the Charity are conducted without fear of public scrutiny

CHARITABLE OBJECTIVES AND ACTIVITIES

This year has seen the announcement by Mike Richards, National Cancer Director that the Department of Health intends to develop a national End of Life Care strategy, which is due for publication in November 2007. It is far-reaching in its brief, seeking to address the need for more provision in the community, long term conditions, continuing care, social care, the needs of people coming out of long term institutional care and the rapid growth of our ageing population. It is intended to be an end of life care strategy for the majority and, as such, presents challenges to specialist palliative care providers, who currently only provide end of life services to the minority of the population. It is likely that specialist palliative care providers will have to develop more effective ways of sharing our knowledge with the staff in care homes and hospitals who look after the majority of dying people in this country. This is a challenge to which St Catherine's is already responding, but on which it will place a higher priority for the future.

1.0 Clinical Care

A total of 757 patients were referred during the year, of whom 215 people were admitted as Hospice inpatients.

The Hospice provided 1050 counselling hours and 1500 contacts were made with patients, their families and/or carers.

The biggest change in practice for all staff involved in patient care services was the implementation of Crosscare, a new electronic patients' notes system, which ultimately will operate across all patient service areas. Apart from improving communication between the multiprofessional team members and improving the mechanism for audit, it allows improved data capture and reporting on all aspects of our patient care: the interventions we make, the beds patients occupy, the rooms we use for appointments, the drugs that are administered and the equipment we use, as well as where and how we input the data. A project steering group was established to ensure that sufficient resources and time are made available during the training and implementation phase. Implementation started in July 2006 and different departments were phased for inclusion through to June 2007.

The Healthcare Commission inspected the Hospice in June 2006 and a favourable report on their findings and recommendations was received in September 2006.

The Specialist Community Team continued to see a high level of demand for their services. During the year they streamlined the referral and initial assessment processes to allow for the more frequent review and assessment of all patients. This resulted in procedures that effectively manage the high demand in the short-term, but the need to examine more fundamentally our chosen models of care for patients in the community remains.

In an attempt to measure the impact of out-of-hours calls from our community contacts to the Inpatient Unit, an audit of calls received over a period of months was undertaken. This, in turn, informed the thinking about the need to extend the available hours of the community-based services.

The annual patient questionnaire was completed and the University of Kent took them for benchmarking. We had a disappointingly low response in comparison with previous years, largely due to the fact that a large number of

St Catherine's Hospice Limited

DIRECTORS' REPORT

patients who met the strict eligibility criteria for participation had died in the period after Christmas when the survey was scheduled to take place

We successfully secured a grant of £15,000 from The Ellerman Foundation (via Help the Hospices) to pay for the first year of an additional Patient Welfare post, which increased our capacity to provide benefits advice to patients and carers

Rosetta Life is a digital arts-based organisation, which funds artists' residencies to enable hospice patients and their carers to create audio visual works. Following a generous donation and successful discussions with Rosetta Life we hosted an artist in residence project for 10 months and patients and carers – particularly those linked to the Day Hospice - produced photographic and digital and text-based work of significance to themselves and their families

2.0 Partnerships

The uncertainties generated by the reconfiguration of the Strategic Health Authorities (SHAs) and Primary Care Trusts (PCTs) continued to shape the external health agenda. The year was characterised by minimal ongoing contact with local Commissioners as they underwent radical re-structuring and faced ongoing job uncertainties.

The urgency and scale of the NHS debt and the problems experienced by the acute sector with implementation of Payment by Results (PbR) have been a threat to the visibility and financial viability of the voluntary hospice sector.

In both Palliative Care Networks (SWSH & Sussex) there was considerable work undertaken towards the end of the year as they endeavoured to conclude pieces of work on out-of-hours support and population-based needs assessments, in order to map current demands for services and inform commissioning bodies of future needs.

3.0 Education, Training and Research

It was agreed with the Strategic Health Authority that St Catherine's would host the Gold Standards Framework training programme to improve end of life care in care homes, for a period of two years. This included facilitating the programme in conjunction with Dr Keri Thomas and the Gold Standards national team. The first course saw 82 local care home managers successfully completing the programme.

Forty-eight students successfully completed their Advanced Communication Skills training at St Catherine's. This is a three day training programme aimed at senior healthcare and allied professionals, with the aim of improving communications in end of life care. Funding was negotiated with the SWSH Cancer Network to facilitate three programmes per year. St Catherine's Lecturer Practitioner now runs the course in partnership with the University of Surrey. The course has also now been validated at Masters level by the University.

The Naya Rasta programme for people with cancer from Asian communities and the Living with Cancer programme taught by people who have had cancer, delivered respectively in partnership with Macmillan Cancer Support and The Olive Tree Centre, were two new support groups initiated during the year.

A grant of £3.5k was awarded by Help the Hospices to support our Carers' Education Programme, and funded the facilitation of a small group of carers.

An audit of usage of St Catherine's library was undertaken and it was clear from the findings that there was significant under-usage of the Library facilities and personnel. This had implications for the continued professional and personal development of staff and volunteers. Operational managers were reminded to encourage their staff to utilise the available resource. The Library developed a series of successful tactics to raise its profile, and increase its communication with staff.

St Catherine's Hospice Limited

DIRECTORS' REPORT

4 0 Communication, Fundraising & Marketing

Following the previous year's review of the Fundraising department, the overall restructuring process was completed, and key staff were appointed to fill gaps in the structure. We accepted this would be a year of transition and, as a result, some of the income streams would be adversely affected.

New members of the Fundraising team researched patterns of giving and support. We looked at the top 20% (by income) of our corporate supporters, and the kinds of activities they support at St Catherine's. Longer term, this research will inform how we strengthen existing relationships and work to replicate them. Likewise, work was undertaken to examine supporters on the database, on an area by area basis, in order to identify long-term donors who could be approached to join Friends groups.

We received notification of a national distribution of £40m from the Department of Health to voluntary hospices for capital projects, distributed by Help the Hospices, and our application for the refurbishment of our Day Hospice was successful. A grant of £183k will be payable in 2007/08 when the work will be undertaken.

The formal opening of the revamped Hospice gardens took place. The event was an opportunity to thank all our supporters and particularly to recognise specific contributions to the garden appeal over the previous two years. Supporters who attended were able to see the newly planted gardens at their midsummer best.

We started to investigate how we might refresh the current St Catherine's Hospice brand and look, not with the intention of implementing full scale change, or total abandonment of our current logo, but to see how, following consultation, we could improve our consistency and impact.

The website has been a project long overdue for updating and renewal and during November 2006 the project got under way. A summary of key audiences was compiled, along with a list of desired features identified from key internal discussions. This list is likely to change as the functional specification develops, but serves as a useful initial guide. A core project team was identified and a functional specification completed. A cost/benefit analysis and a full assessment and implementation plan were produced by April 2007.

5 0 Support Services

National Volunteers Week took place in the first week of June. St Catherine's celebrated this with a tea party, the first of what will become an annual event, incorporating the presentation of Long Service Awards. As this was the first year of such an occasion, in order to manage numbers it was divided into two events, the first acknowledging the efforts of volunteers based at the Hospice itself, the second event acknowledging the contribution made by volunteers in our shops.

PLANS FOR FUTURE PERIODS

The work on mission, vision and values commenced in 2006/07 will be ongoing and inform St Catherine's developing strategy. The work is planned to conclude by September 2007.

Whilst we will be involved in the consultation around the development of the national end of life care strategy, we shall also be establishing with greater clarity our role as a specialist palliative care provider within the context of broader end of life care services.

A significant strand of the strategic planning work will focus on establishing how best St Catherine's can provide seven days a week assessment and visiting services for community-based patients.

Following the increased investment in the restructured Fundraising and Marketing team, the focus will be on consolidating the work of the new team, clarifying strategic goals, and ensuring a more systematic and sustainable approach to income generation.

St Catherine's Hospice Limited

DIRECTORS' REPORT

The whole Day Hospice project will need to start and finish within this one financial year. This will have operational implications for the Day Hospice, Outpatients area and the relatives' Coffee Shop.

FINANCIAL REVIEW

The net movement in funds for the year, including gains on investments, amounted to £747,246 compared with the previous year's level of £553,192. The main reason for the increase is legacy income, which at £1,300,383 is only just short of our all time record high. The surplus increased our fund balances to £7,222,039.

Income from donations and fundraising events were also up on last year, but our Lottery funds fell. The income from our shops increased by £68,393, but expenditure increased by a similar amount. Investment income increased by 33% to £129,677.

The cost of generating funds increased by 14%, but this was more than matched by an increase in incoming resources of 15%.

INVESTMENT POLICY

The trustees have the power to invest in such stocks, shares, investments and property as they see fit. The trustees engage investment managers from RCM (UK) Limited, GAM London Limited and The Charities Property Fund to manage their appropriate funds and review the performances annually.

In the year to 31 March 2007 the restricted fund portfolio and the general fund portfolio with RCM recorded a return of 8.2% and 8.1% respectively. The compound annual performance of our GAM portfolio was 8.9% and The Charities Property Fund delivered a total return (income and capital) of 17.5%. The trustees are of the opinion that the funds performed at a satisfactory level.

RISK ASSESSMENT

St Catherine's Hospice's risk management policy was agreed in June 2004 and a review will be completed by September 2007. The assessment of risk underpins all aspects of the Hospice's work. The Health and Safety Committee continue to coordinate all strands of risk assessment, keeping the Clinical Governance Group informed and making regular reports to the Board on accidents, incidents, near misses and complaints.

Improvements to employment contracts continued to be rolled out to different groups of staff. Mandatory and compulsory training procedures for staff were reviewed and consequently revised. Recommendations following the Healthcare Commission inspection focused on the reporting process for accidents and incidents, non-clinical waste removal, the registered provider visit appraisals, and some infection control administrative procedures. All were followed up according to the agreed timescale. The Healthcare Commission deemed that St Catherine's had exceeded the standards set in terms of patient care and referral procedures, as well as pharmacy services, an aspect which had been criticised in previous inspections.

RESERVES POLICY

The trustees have examined the requirement for reserves, excluding those funds invested in fixed assets, and consider that this should be £6 million. These reserves at 31 March total £4,837,431, consisting of free reserves totalling £3,645,872 and restricted funds of £1,191,559.

Restricted funds include The Foundation Fund, which exists primarily to support the day to day running costs of the hospice should the general fund fall below six months future running costs or if operating costs are exceeding income on a regular monthly basis.

The reserves of the Hospice are divided into separate funds, defined as follows:

St Catherine's Hospice Limited

DIRECTORS' REPORT

FOUNDATION FUND

This is a restricted fund and exists primarily to support the day to day running costs of the Hospice should the following events occur

- the General Fund is below six months future running costs,
- the Hospice operating costs are exceeding its income on a regular monthly basis

Before any capital or income of The Foundation Fund is appropriated the view of the New Horizons Ladies Committee will be sought. The Directors must approve and finally determine the use of all Foundation Fund assets

OTHER RESTRICTED FUNDS

From time to time the Hospice may receive grants or donations whose use is restricted by the donor. In these circumstances, the funds are shown as restricted

CAPITAL ASSETS FUND

This comprises the book value of the tangible assets of the Hospice as shown in its balance sheet. The Capital Assets Fund is automatically excluded from the General Fund as it could only be realised by disposing of or mortgaging tangible assets

GENERAL FUND

This is an unrestricted fund and is available to be used for

- the day to day running of the Hospice,
- the costs of any capital projects in whole or in part where the cost is not met from any other fund, and
- for any other purpose as the Directors see fit to fulfil the objectives of the Hospice

The Trustees have agreed to review the overall reserves policy during 2007/08, with the aim of ensuring that the correct balance is struck between a realistic level of financial reserves for use in extremis and freeing up money to support essential new Hospice projects

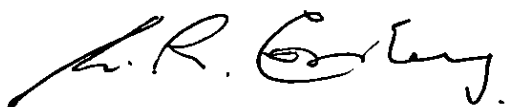
MARKET VALUE OF LAND AND BUILDINGS

Freehold land was donated to the Hospice and valued at £60,000 by the Directors in December 1983. All other freehold land and buildings are included in the financial statements at cost or open market value if lower. In the opinion of the Directors, the open market value of the freehold land and buildings are not less than the amounts shown in the financial statements

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors

By order of the board on 23 July 2007



Mrs E R Cowley, CBE
Chairman

St Catherine's Hospice Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to

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

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

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ST CATHERINE'S HOSPICE LIMITED

We have audited the financial statements on pages 11 to 28

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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of St Catherine's Hospice Limited for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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 and whether the information given in the Trustees'/Directors' Report is consistent with the financial statements. We also 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 transactions is not disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company and group as at 31 March 2007 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees'/Directors' Report is consistent with the financial statements.

BAKER TILLY UK AUDIT LLP
Chartered Accountants
Registered Auditor
12 Gleneagles Court
Brighton Road
Crawley
West Sussex
RH10 6AD

23 July 2007

St Catherine's Hospice Limited
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2007

	<i>Notes</i>	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>Total 2007 £</i>	<i>Total 2006 £</i>
INCOMING RESOURCES	1				
Incoming resources from generated funds					
Voluntary Income					
Donations		1,041,423	70,513	1,111,936	832,303
Legacies		1,300,383	-	1,300,383	750,323
Fundraising Events		403,138	40,546	443,684	550,434
Shop Income		1,235,838	-	1,235,838	1,167,445
Lottery Income		514,041	-	514,041	523,435
Investment Income	2	118,891	10,786	129,677	97,517
Incoming resources from charitable activities					
Income from provision of education & training		7,405	-	7,405	6,478
NHS Grants		1,040,089	-	1,040,089	1,009,844
Other Grants		143,330	-	143,330	177,747
Miscellaneous Income		109,851	-	109,851	134,605
TOTAL INCOMING RESOURCES		5,914,389	121,845	6,036,234	5,250,131
RESOURCES EXPENDED					
Cost of generating funds					
Voluntary income		514,624	2,767	517,391	396,343
Fundraising events		218,314	24,362	242,676	233,338
Retail shops		802,647	-	802,647	732,608
Lottery costs		217,245	-	217,245	206,077
Investment management costs		-	-	-	1,857
Total cost of generating funds		1,752,830	27,129	1,779,959	1,570,223
Cost of charitable activities					
Inpatient care		1,845,983	16,604	1,862,587	1,885,355
Community care		812,530	21,906	834,436	785,533
Daycare		263,952	2,373	266,325	243,144
Social support services		237,434	20,063	257,497	216,423
Education		436,468	6,327	442,795	424,545
Total cost of charitable activities		3,596,367	67,273	3,663,640	3,555,000
Governance costs		54,410	-	54,410	49,176
TOTAL RESOURCES EXPENDED	4	5,403,607	94,402	5,498,009	5,174,399
NET INCOMING RESOURCES	5	510,782	27,443	538,225	75,732
Gains on investments					
Realised		2,320	654	2,974	8,194
Unrealised	10	155,375	50,672	206,047	469,266
Net movement in funds		668,477	78,769	747,246	553,192
Fund balances brought forward at 1 April 2006		5,362,003	1,112,790	6,474,793	5,921,601
Fund balances carried forward at 31 March 2007		<u>6,030,480</u>	<u>1,191,559</u>	<u>7,222,039</u>	<u>6,474,793</u>

St Catherine's Hospice Limited
CONSOLIDATED BALANCE SHEET
31 March 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	11	2,403,598	2,462,449
Investments	12	1,090,065	1,031,739
		<u>3,493,663</u>	<u>3,494,188</u>
CURRENT ASSETS			
Investments	13	2,565,896	2,431,135
Stock	14	2,505	4,601
Debtors	15	156,557	139,073
Restricted funds – deposits at bank		83,041	66,949
Cash at bank and in hand	16	1,360,958	855,524
		<u>4,168,957</u>	<u>3,497,282</u>
CREDITORS Amounts falling due within one year	17	(440,581)	(516,677)
NET CURRENT ASSETS		<u>3,728,376</u>	<u>2,980,605</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,222,039</u>	<u>6,474,793</u>
CAPITAL AND RESERVES			
Restricted Fund	18	1,191,559	1,112,790
Unrestricted Funds			
Capital Assets	19	2,380,738	2,438,828
General		3,649,742	2,923,175
		<u>7,222,039</u>	<u>6,474,793</u>

The financial statements on pages 11 to 28 were approved by the board of directors and authorised for issue on 23 July 2007 and are signed on its behalf by



Mrs E R Cowley, C B E
Chairman

St Catherine's Hospice Limited
BALANCE SHEET
31 March 2007

		2007 £	2006 £
FIXED ASSETS			
Tangible assets	11	2,380,738	2,438,828
Investments	12	1,140,065	1,081,739
		<u>3,520,803</u>	<u>3,520,567</u>
CURRENT ASSETS			
Investments	13	2,565,896	2,431,135
Debtors	15	168,287	134,369
Restricted funds – deposits at bank		83,041	66,949
Cash at bank and in hand	16	1,300,146	812,928
		<u>4,117,370</u>	<u>3,445,381</u>
CREDITORS Amounts falling due within one year	17	<u>(416,134)</u>	<u>(491,155)</u>
NET CURRENT ASSETS		<u>3,701,236</u>	<u>2,954,226</u>
TOTAL ASSETS LESS LIABILITIES		<u>7,222,039</u>	<u>6,474,793</u>
CAPITAL AND RESERVES			
Restricted Fund	18	1,191,559	1,112,790
Unrestricted Funds			
Capital Assets	19	2,380,738	2,438,828
General		3,649,742	2,923,175
		<u>7,222,039</u>	<u>6,474,793</u>

The financial statements on pages 11 to 28 were approved by the board of directors and authorised for issue on 23 July 2007 and are signed on its behalf by



Mrs E R Cowley C B E
Chairman

St Catherine's Hospice Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2007

	<i>Notes</i>	2007 £	2006 £
NET CASH FLOW FROM OPERATING ACTIVITIES	23a	444,275	377,518
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from listed investments		103,030	78,226
Bank interest received		15,861	5,768
Restricted funds – interest received		10,786	13,523
		<u>129,677</u>	<u>97,517</u>
Net cash flow after returns on investment and servicing of finance		573,952	475,035
Taxation paid		<u>-</u>	<u>-</u>
CAPITAL EXPENDITURE			
Sale of fixed assets		-	-
Purchase of listed investments held as fixed assets		(17,000)	(42,000)
Sale of listed investments held as fixed assets		10,000	13,000
Purchase of fixed assets		(68,360)	(406,883)
Net cash outflow for capital expenditure		<u>(75,360)</u>	<u>(435,883)</u>
MANAGEMENT OF LIQUID RESOURCES			
Purchase of listed securities		(15,000)	(350,000)
Sale of listed securities		74,265	149,635
Net cash flow from management of liquid resources		<u>59,265</u>	<u>(200,365)</u>
INCREASE/(DECREASE) IN CASH	23c	<u>557,857</u>	<u>(161,213)</u>

St Catherine's Hospice Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at market value and in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005) published in March 2005, applicable accounting standards and the Companies Act 1985

DONATED ASSETS

Tangible assets donated to the Hospice are recorded at the original estimate of their value to the company

TANGIBLE FIXED ASSETS

Fixed assets other than donated assets are stated at historical cost

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows -

Freehold buildings	2% per annum on cost
Freehold conservatory	10% per annum on cost
Equipment (excluding computers and leasehold improvements)	25% per annum on cost
Computers	33⅓% per annum on cost
Leasehold improvements	based on length of lease
Motor vehicles	25% per annum on cost

TAXATION

The company has been granted charitable status and is therefore not liable to corporation tax

LEASED ASSETS AND OBLIGATIONS

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the general fund operating account in equal annual amounts over the periods of the leases.

PENSIONS CONTRIBUTIONS

Retirement benefits to certain employees are provided by defined contribution schemes which are funded by contributions from the company. Payments are made to insurance companies and these are charged against income of the year in which they become payable. The estimated amount of employer debt on withdrawal liability from the growth plan with The Pensions Trust as at 30th September 2006 was £361,310.

Some clinical staff are members of the National Health Services scheme and contributions are determined by the Government actuary. Payments are charged against income as they become payable.

DONATIONS, GRANTS AND OTHER INCOME

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

St Catherine's Hospice Limited

ACCOUNTING POLICIES

Credit for other income including legacies, donations and investment income is taken when received

Income in the trading company represents the amount receivable for goods supplied to customers

RESOURCES EXPENDED

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

INVESTMENTS

Investments are stated at market value

STOCK

Stock is valued at the lower of cost and net realisable value

GROUP FINANCIAL STATEMENTS

These financial statements consolidate the results of the charity and its wholly-owned subsidiary St Catherine's Hospice Trading (Sussex) Limited on a line by line basis. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 397 of SORP 2005.

RESERVES POLICY

The trustees have examined the requirement for reserves, excluding those funds invested in fixed assets, and consider that this should be £6 million.

Restricted funds include the foundation fund, which exists primarily to support the day to day running costs of the hospice should the general fund fall below six months future running costs or if operating costs are exceeding income on a regular monthly basis.

The Reserves Policy is subject to annual review in the light of changing circumstances.

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

1 INCOMING RESOURCES

Incoming resources derive from the group's principal activities carried on wholly in the United Kingdom

2 INVESTMENT INCOME	2007	2006
	£	£
Income from investments		
General fund		
Listed	103,030	78,226
Interest received	15,861	5,768
	<u>118,891</u>	<u>83,994</u>
Foundation Fund	10,786	13,523
	<u>129,677</u>	<u>97,517</u>

3 TRADING OPERATIONS

The wholly owned trading subsidiary, St Catherine's Hospice Trading (Sussex) Limited, which is incorporated in England, pays all of its profits to the charity under Gift Aid. St Catherine's Hospice Trading (Sussex) Limited operates shops selling donated goods and manages the Education Centre. The charity owns the entire issued share capital of £50,000 shares of £1 each. A summary of the trading results is shown below.

	2007	2006
	£	£
Turnover	1,284,459	1,226,384
Cost of sales	84,489	75,078
Gross profit	<u>1,199,970</u>	<u>1,151,306</u>
Other operating expenses (net)	705,169	645,751
Profit on ordinary activities	<u>494,801</u>	<u>505,555</u>
Donations under Gift Aid	(494,801)	(505,555)
Retained in the subsidiary	<u>-</u>	<u>-</u>

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

4	RESOURCES EXPENDED	Staff Costs	Other Costs	Depreciation	Total 2007	Total 2006
		£	£	£	£	£
	Cost of generating funds					
	Voluntary income	331,089	177,390	8,912	517,391	396,343
	Fundraising events	116,432	125,363	881	242,676	233,338
	Retail shops	347,058	452,917	2,672	802,647	732,607
	Lottery costs	93,601	123,644	-	217,245	206,077
	Investment management costs	-	-	-	-	1,857
	Cost of charitable activities					
	Inpatient care	1,482,528	308,576	71,483	1,862,587	1,885,355
	Community care	690,295	131,454	12,687	834,436	785,533
	Daycare	199,024	59,604	7,697	266,325	243,144
	Social support services	211,622	43,168	2,707	257,497	216,423
	Education	268,069	154,554	20,172	442,795	424,546
	Governance costs	47,913	6,497	-	54,410	49,176
		<u>3,787,631</u>	<u>1,583,167</u>	<u>127,211</u>	<u>5,498,009</u>	<u>5,174,399</u>

Other costs include catering and domestic supplies, building and equipment maintenance, IT, insurance, professional fees and heat, light and water. Where a direct allocation is not possible, the costs have been allocated on floor area, number of computers, staff numbers (whole time equivalent) and number of phone extensions etc.

5	NET INCOMING RESOURCES	2007 £	2006 £
	Net incoming resources are stated after charging Depreciation and amounts written off tangible fixed assets		
	Charge for the year		
	Owned assets	127,211	143,963
	Operating lease rentals		
	Equipment	10,000	9,293
	Vehicles	14,758	12,692
	Shops	238,257	244,373
	Auditors' remuneration		
	External Audit of Group	14,880	12,425
	Other services to Group	6,530	5,450
		<u> </u>	<u> </u>

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

6	EMPLOYEES	2007	2006
		No	No
	The average weekly number of persons employed by the group during the year was		
	Fundraising	14	11
	Trading company	20	20
	Inpatient care	39	41
	Community care	18	16
	Daycare	3	2
	Social support services	5	3
	Education	6	6
	Chief executive	1	1
	Admin & support staff	26	25
		<u>132</u>	<u>125</u>

The Hospice employs a significant number of staff on a part-time basis. The average number of staff shown above are calculated to show the full time equivalent staff numbers

	2007	2006
	£	£
Staff costs for the above persons		
Wages and salaries	3,183,028	2,888,350
Social security costs	267,057	240,513
Other pension costs	135,964	133,499
	<u>3,586,049</u>	<u>3,262,362</u>

No emoluments were paid during the year to the Directors (2006 £Nil)

The number of employees who received emoluments in the following ranges was

	2007	2006
	£	£
£60,001 - £70,000	2	2
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1
	<u>1</u>	<u>1</u>

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

7 RELATED PARTY TRANSACTION

During the year, the Hospice completed the purchase of a software package from Healthy Software Limited, a company in which Dr M Waldron, a Trustee of the Hospice, is a director and shareholder. The cost of the package was £29,750, the normal commercial price.

8 PENSION CONTRIBUTIONS

Retirement benefits to certain employees are provided by defined contribution schemes which are funded by contributions from the company. Payments are made to insurance companies.

Some clinical staff are members of the National Health Services Scheme and contributions are determined by the Government actuary.

The pension cost charge represents contributions payable by the company and amounted to £135,964 (2006 £133,499).

At the year end contributions outstanding totalled £13,970 (2006 £851).

9 VOLUNTARY HELP

The Charity is dependent upon a team of part-time voluntary helpers who assist in all areas of the charity's care.

10 UNREALISED GAIN (LOSS) ON INVESTMENTS

2007	2006
£	£

Adjustment to book value of current asset investments to bring them to their market value at 31 March 2007

General Fund	155,375	316,752
Foundation Fund	50,672	152,514
	<u>206,047</u>	<u>469,266</u>

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

11	TANGIBLE FIXED ASSETS	<i>Freehold land and buildings</i>	<i>Equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	GROUP	£	£	£	£
	Cost or valuation				
	1 April 2006	3,145,282	1,179,914	66,088	4,391,284
	Additions	32,940	35,420	-	68,360
	Disposals	-	-	(25,802)	(25,802)
	31 March 2007	3,178,222	1,215,334	40,286	4,433,842
	Depreciation				
	1 April 2006	821,303	1,041,444	66,088	1,928,835
	Charged in the year	62,923	64,288	-	127,211
	Disposals	-	-	(25,802)	(25,802)
	31 March 2007	884,226	1,105,732	40,286	2,030,244
	Net book value				
	31 March 2007	2,293,996	109,602	-	2,403,598
	31 March 2006	2,323,979	138,470	-	2,462,449

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

11 TANGIBLE FIXED ASSETS
(continued)

HOSPICE	<i>Freehold land and buildings</i> £	<i>Equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost				
1 April 2006	3,145,282	1,126,737	66,088	4,338,107
Additions	32,940	33,720	-	66,660
Disposals	-	-	(25,802)	(25,802)
31 March 2007	<u>3,178,222</u>	<u>1,160,457</u>	<u>40,286</u>	<u>4,378,965</u>
Depreciation				
1 April 2006	821,303	1,011,888	66,088	1,899,279
Charged in year	62,923	61,827	-	124,750
Disposals	-	-	(25,802)	(25,802)
31 March 2007	<u>884,226</u>	<u>1,073,715</u>	<u>40,286</u>	<u>1,998,227</u>
Net book value				
31 March 2007	<u>2,293,996</u>	<u>86,742</u>	<u>-</u>	<u>2,380,738</u>
31 March 2006	<u>2,323,979</u>	<u>114,849</u>	<u>-</u>	<u>2,438,828</u>

Freehold land was donated to the Hospice and valued at £60,000 by the Directors in December 1983

All freehold land and buildings are included in the financial statements at lower of cost and open market value. In the opinion of the Directors, the open market value of the freehold land and buildings are not less than the stated value

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

12	FIXED ASSETS INVESTMENTS	<i>Listed Investments £</i>
	Cost or market value	
	1 April 2006	1,031,739
	Additions	17,000
	Disposals	(9,346)
	31 March 2007	1,039,393
	Provision for unrealised gain	50,672
	Cost or market value	
	31 March 2007	1,090,065
	31 March 2006	1,031,739
	Historical cost	
	31 March 2007	887,679

Investments held by the Hospice also include an additional £50,000 (2006 £50,000) investment in the subsidiary company at cost

The listed investments held form part of the Foundation Fund and the portfolio is invested as follows

- 5% Chariguard Fixed Interest Fund
- 12% Chariguard Overseas Equity Fund
- 28% Chariguard UK Equity Fund
- 55% GAM Composite Absolute Return Fund

The additions to fixed asset investments were £17,000 in Chariguard investment funds

The £9,346 disposal was the sale of Chariguard funds

Subsidiary company				<i>Aggregate capital & reserves £</i>	<i>Result for the year £</i>
<i>Name</i>	<i>Country of incorporation</i>	<i>Class of holding</i>	<i>Proportion Held</i>		
St Catherine's Hospice Trading (Sussex) Limited	England	Ordinary	100%	50,000	-

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

13	INVESTMENTS HELD AS CURRENT ASSETS	<i>Listed investments</i> £	<i>Cash deposits</i> £	<i>Total</i> £
	Market value			
	1 April 2006	2,346,719	84,416	2,431,135
	Additions	15,000	-	15,000
	Disposals	(40,000)	(34,265)	(74,265)
	Net cash movement	2,321	36,330	38,651
	31 March 2007	2,324,040	86,481	2,410,521
	Provision for unrealised gain	155,375	-	155,375
	Market value			
	31 March 2007	2,479,415	86,481	2,565,896
	31 March 2006	2,346,719	84,416	2,431,135
	Historical cost			
	31 March 2007	1,961,506	86,481	2,047,987

The investments are managed by independent investment managers and the portfolio is invested as follows

- 5% Chariguard Fixed Interest Fund
- 12% Chariguard Overseas Equity Fund
- 24% GAM Composite Absolute Return Fund
- 29% Chariguard UK Equity Fund
- 30% The Charities Property Fund

The £15,000 addition to current asset investments has been invested in Chariguard investment funds

14	STOCK	Group		Hospice	
		2007 £	2006 £	2007 £	2006 £
	Goods for resale	2,505	4,601	-	-

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

15	DEBTORS	Group		Hospice	
		2007	2006	2007	2006
		£	£	£	£
	Trade debtors	9,635	12,482	489	540
	Amount due from subsidiary company	-	-	83,795	80,412
	Other debtors	32,212	11,541	29,725	11,318
	Prepayments and accrued income	114,710	115,050	54,278	42,099
		<u>156,557</u>	<u>139,073</u>	<u>168,287</u>	<u>134,369</u>

16 CASH AT BANK

Cash from lottery tickets purchased in advance and for lottery prizes is held in a separate bank account exclusively for this purpose

17 CREDITORS Amounts falling due within one year

	Group		Hospice	
	2007	2006	2007	2006
	£	£	£	£
Trade and other creditors	151,404	240,755	142,751	224,509
Taxation and social security costs	81,869	71,517	81,869	71,517
Accruals & deferred income	207,308	204,405	191,514	195,129
	<u>440,581</u>	<u>516,677</u>	<u>416,134</u>	<u>491,155</u>

18 RESTRICTED FUNDS

	<i>Balance 1 April 2006</i>	<i>Incoming resources</i>	<i>Outgoing resources</i>	<i>Balance 31 March 2007</i>
	£	£	£	£
Foundation Fund	1,064,063	102,658	24,362	1,142,359
Garden Fund	10,775	13,061	17,531	6,305
Lymphoedema Project	17,952	-	17,952	-
Rosetta Life Fund	20,000	9,322	19,272	10,050
Equipment Fund	-	<u>48,130</u>	<u>15,285</u>	<u>32,845</u>
	<u>1,112,790</u>	<u>173,171</u>	<u>94,402</u>	<u>1,191,559</u>

Garden fund - represents monies raised through the 21st Birthday appeal to re-develop the Hospice garden
Lymphoedema Project – to fund the training of a lymphoedema nurse
Rosetta Life Fund – to enable patients and families to share thoughts through the arts via a resident artist
Equipment Fund – represents monies raised to fund specific items of equipment

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

19 CAPITAL ASSETS FUND

This represents the total net book value of the tangible fixed assets held by the Hospice

	£
1 April 2006	2,438,828
Transfer from General Fund	(58,090)
31 March 2007	<u>2,380,738</u>

20 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

<i>Unrestricted General and Designated Funds</i>	<i>Restricted</i>	<i>Total Funds</i>
£	£	£

Fund balances at 31 March 2007 are represented by

Tangible fixed assets	2,403,598	-	2,403,598
Investments	2,565,896	1,090,065	3,655,961
Current assets	1,501,567	101,494	1,603,061
Current liabilities	(440,581)	-	(440,581)
	<u>6,030,480</u>	<u>1,191,559</u>	<u>7,222,039</u>

21 MEMBERS OF THE HOSPICE

There are 62 members of the company who are required to contribute £1 each in the event of the company being wound up

22 OPERATING LEASE COMMITMENTS

At 31 March 2007 the group was committed to make the following payments in respect of operating leases

	2007 £	2006 £
Land and buildings		
expiring within one year	7,313	-
expiring two to five years	230,313	234,802
over five years	689,365	936,606
Other		
expiring within one year	966	1,631
expiring two to five years	15,314	12,369
	<u>943,271</u>	<u>1,185,408</u>

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

23	CASH FLOWS	2007 £	2006 £
a	Reconciliation of operating surplus to net cash inflow from operating activities		
	Surplus/(deficit)		
	General fund	391,891	(25,660)
	Restricted funds	16,657	3,875
	Decrease in stock	2,096	3,072
	Depreciation	127,211	143,963
	(Increase) Decrease in debtors	(17,484)	164,905
	(Decrease) Increase in creditors	(76,096)	87,363
		<u>444,275</u>	<u>377,518</u>
b	Analysis of changes in net debt	<i>1 April</i> 2006 £	<i>Cash flows</i> £
	Cash at bank and in hand	904,251	505,907
	Deposits at bank	18,221	15,620
	Cash held as current asset investment	296,302	36,330
		<u>1,218,774</u>	<u>557,857</u>
	Securities held as current asset investments	2,346,719	132,696
		<u>3,565,493</u>	<u>690,553</u>
			<u>4,256,046</u>

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

23 CASH FLOWS (continued)

c	Reconciliation of net cash flow to movement in net debt	2007	2006
		£	£
	Increase (Decrease) in cash in the year	557,857	(161,213)
	Cash used to (decrease) increase liquid resources	(24,999)	300,000
		<u>532,858</u>	<u>138,787</u>
	Unrealised gain on current asset investments	157,695	323,107
		<u>690,553</u>	<u>461,894</u>
	Movement in net debt in the year	690,553	461,894
	Net debt at 1 April 2006	3,565,493	3,103,599
		<u>4,256,046</u>	<u>3,565,493</u>
	Net debt at 31 March 2007	4,256,046	3,565,493

24 CAPITAL COMMITMENTS

	2007	2006
	£	£
Capital expenditure contracted for but not provided for in the financial statements	61,234	-