

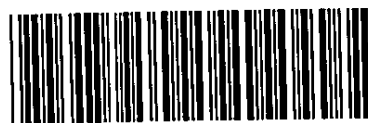
**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**REPORT AND ACCOUNTS**

**31 MARCH 2008**

**Company No. 1634942**  
**Charity Registration No. 511179**

SATURDAY



\*AMSV26E5\*

A29

10/01/2009

328

COMPANIES HOUSE

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**REFERENCE AND ADMINISTRATIVE INFORMATION**

**31 March 2008**

**CHARITY NAME:** St Michael's Hospice (incorporating the Freda Pearce Foundation)

**CHARITY REGISTRATION NUMBER:** 511179

**COMPANY REGISTRATION NUMBER:** 1634942

**ADDRESS OF REGISTERED OFFICE:** St Michael's Hospice  
Bartestree  
Hereford  
HR1 4HA

**DIRECTORS (WHO ARE ALSO  
TRUSTEES) IN SERVICE  
AS AT 31 MARCH 2008:**

Reverend Prebendary C N H Attwood (resigned as Chairman  
28 November 2007)  
Dr J H Ballance  
Mr D Bounds (appointed Vice Chairman 28 November 2007)  
Mr G M Bulmer (resigned 28 November 2007)  
Mr R N Cox (resigned 28 November 2007)  
Mrs B N Eastaugh  
Mr R D Gates (resigned 28 November 2007)  
Ms P A Greenwood  
Mrs E S Griffiths  
Dr B W A Herriot (resigned 28 November 2007)  
Mr T D R Jenkins  
Mrs S J Jones (appointed Chairman 28 November 2007)  
Dr J J Kramer  
Dr R G Miller  
Mr G Nairn  
Mrs H A Shenton  
Mr D R Teague  
Mrs J Vanston  
Mr A L Williams (resigned 28 November 2007)  
Mr A J Walshe (appointed Vice Chairman 28 November 2007)

**RETIRING DIRECTORS (WHO ARE  
ALSO TRUSTEES) IN THE YEAR**

Mr G M Bulmer  
Mr R D Gates  
Dr R G Miller (re-elected)  
Mr A L Williams

**CHIEF EXECUTIVE OFFICER:**

Mrs N West

**HOSPICE MANAGEMENT TEAM  
AT 31 MARCH 2008:**

Dr T Blower (Medical Director)  
Mrs J Fisher (Head of Education)  
Mrs S Higginson (Head of Social Care)  
Mrs A Lemon (Head of Administration)  
Mrs J Mason (Head of Nursing)  
Mr S Rabbitts (Head of Support Services)  
Mr R Shackelford (Head of Fundraising) (resigned 22 June 2007)  
Reverend D Vonberg (Head of Spiritual Care)  
Ms G Rose (Head of Fundraising, Marketing and Communications)  
(appointed 22 July 2007)

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**REFERENCE AND ADMINISTRATIVE INFORMATION**

**31 March 2008**

**HOSPICE MANAGEMENT TEAM  
IN POST IN FINANCIAL YEAR:**

**COMPANY SECRETARY:**

Mrs E P Drew

**BANKERS:**

The Royal Bank of Scotland PLC  
21 Broad Street  
Hereford  
HR4 9AP

**SOLICITORS:**

Gabbs  
14 Broad Street  
Hereford  
HR4 9AP

**AUDITORS:**

Baker Tilly UK Audit LLP  
Elgar House  
Holmer Road  
Hereford  
HR4 9SF

**INVESTMENT MANAGERS:**

Thesis Asset Management plc (appointed 5 March 2008)  
Exchange Building  
St John's Street  
Chichester  
West Sussex  
PO19 1UP

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**DIRECTORS' REPORT**

**31 March 2008**

The directors present to the members their report and the audited accounts for the year ended 31 March 2008. The accounts have been prepared in accordance with the accounting policies set out on pages 18 to 20 and comply with the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005.

**Results**

The results for the year are shown in the Statement of Financial Activities. The company is not empowered to pay dividends.

**Structure, Governance and Management**

The Hospice is a company limited by guarantee and not having a share capital. It is governed by its Memorandum and Articles of Association dated 12 May 1982, as amended by Special resolutions on 2 November 1998 and 2 October 2002.

Subscribers to the Memorandum of Association and such other persons elected by the Board of Directors shall be admitted to membership. The minimum number of Board Directors is four. The maximum number of members may be determined by the Board of Directors from time to time.

The Articles of Association of St Michael's Hospice outline the criteria for Board member recruitment. The Board of Directors has the power to appoint any member to be a Director to serve for a three year term and to be subject to re-election at the next Annual General Meeting. The elected Directors retire by rotation. No Director may serve more than three terms in office in succession unless more than two thirds of the Board vote in a secret ballot for the Director to serve a further term. The Board may in their absolute discretion decline to accept any person as a member and do not need to give a reason for doing so. The Board may from time to time prescribe criteria for membership but shall not by doing so become obliged to accept persons fulfilling those criteria as Members.

Every person who wishes to become a Member of the Board submits a written application for membership, as required by the Board. Potential Members undergo an appropriate recruitment process outlined in the Director Recruitment Procedural Guide incorporating short-listing against a required person specification and role description and interviewing as appropriate. Members may be recruited according to a skills gap analysis. The recruitment process includes an enhanced Criminal Record Bureau check.

On successful recruitment all new Board members are allocated a mentor, chosen from the Board. They undergo an individually focused induction depending on their training and development needs and are invited to join an Organisational induction programme within a few months of starting. Individual performance and development is monitored by the Chairman and Executive Committee where appropriate and the Board members undergo a full appraisal. Training is offered to develop skills needed by the Hospice and personal development is supported. New Board members are encouraged to attend all committee meetings by rotation over the course of the first year. A skills and experience matrix is maintained and reviewed frequently by the Chairman.

Directors may delegate any of their powers or the implementation of any of their resolutions to any Committee. The composition of each Committee is entirely at the discretion of the Directors. The deliberation of such Committees shall be reported to the Directors and any resolution passed or decisions taken by any such committee shall be reported to the Directors at the following board meeting.

The Directors may make regulations and give such mandates as they see fit. All delegations are revocable at any time.

**ST MICHAEL'S HOSPICE**  
(incorporating The Freda Pearce Foundation)

**DIRECTORS' REPORT**

**31 March 2008**

The Board of Directors delegate to a variety of committees as appropriate to the Hospice's structure and activities. Committees exist for care and support services, personnel, education and training and fundraising. All financial matters are delegated to the Finance and Investment Committee. The deliberations of all Committees are reported at least quarterly to the Board. Any extraordinary decisions are passed by an Executive Committee comprising the Chairman, Vice Chairmen, Chair of the Finance Committee (as delegated) and Chair of the Events and Fundraising Committees. The Executive Committee meets monthly.

The directors/trustees carry ultimate responsibility for the Hospice's activities. The following is a record of their attendance to board and committee meetings for the Year 2007/08.

Year 2007/08 No. of meetings	Main Board	Committee Executive	Investment	Finance	Fund- raising and Events	Support Services	Patient Care	(Personnel) Education and Training
No of meetings	4	12						
C. Attwood	2	3						
J. Ballance	1						1	2
D. Bounds	3	5			4		2	
G. Bulmer	2		3	3		1		
R. Cox	3					1		3
B Eastaugh	1				4	3		
R. Gates	3	7	3	3	2			
P. Greenwood	4				4			
S. Griffiths	2							
B. Herriot	-						1	
T. Jenkins	4							4
S. Jones	3	12	1	1			3	1
J. Kramer	3	1					3	
G Nairn	1	1						
R Miller	3					3	2	4
H Shenton	3							
D Teague	3	2	4	4				
J Vanston	4		4	4			2	
A Walshe	4	12			3			
A Williams	-				-			

Significant strategic decisions and those with budgetary implications are made by the Board. Operational management decisions are made by Heads of Department and the Hospice Management Team which meets weekly.

There is a process by which major risks to the Hospice are identified, reported, managed and reviewed. Committees meeting quarterly update the risk register and report any significant change to the Board. The Board formally reviews and audits the Hospice's Risk Register annually. The Executive Committee monitor the risk management and register monthly.

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**DIRECTORS' REPORT**

**31 March 2008**

**Objectives and Activities**

The Hospice is a charitable foundation whose principal activity is the establishment of the St Michael's Hospice for the palliative care and treatment of persons suffering from chronic and terminal illness. The Hospice also promotes and encourages research into care and treatments of persons suffering from cancer and terminal illness and has a responsibility to cascade the findings to enhance care. Similarly the Hospice promotes and encourages the teaching and professional development of professional carers and others responsible for providing care.

To meet its charitable objectives, the Hospice applies its resources to the employment of professionally qualified and unqualified staff to provide skilled physical, spiritual and emotional care to people in Herefordshire and surrounding areas who are suffering from life-limiting conditions. It also supports those who provide the care. The care is provided at the Hospice's main premises, St Michael's Hospice Bartestree, which it owns and maintains, and at specific locations in the County of Herefordshire and in patients' homes.

**Aims**

The Hospice endeavours to provide a range of palliative care, which is responsive to individual need, for patients with progressive life-limiting conditions and for their families. Care encompasses all aspects which are important to the patient and family – emotional care, physical care, good pain and symptom control, advice and support with everyday living, information about financial advice, preparation for loss and bereavement. The Hospice does not take control away from the patient or take over the care if the family is able to cope, but advises, educates, supports and influences carers both informal and professional, in whatever setting the patient is being cared for. It provides information to enable patients and their families to make choices about their care and the environment they are cared for in. The focus of the Hospice's involvement is on maintaining the patients' dignity and identity, being alongside them and their family in their journey and bringing meaning to their lives and their dying.

During the year, the Hospice received 8.5% of its income from statutory grants. This income contributed to just 11.68% of the annual expenditure and is neither guaranteed nor recurrent. The remaining income is derived from fundraising including lottery, events and corporate giving and from donations, legacies, grant-making trusts, shops income from donated goods and from investments. The Hospice aims to raise sufficient funds to ensure the delivery of the current service to a high standard and to further develop services and support functions and the environment in which the service is delivered appropriately in response to identified need.

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**DIRECTORS' REPORT**

**31 March 2008**

The Hospice has been established since 1984 and has a strong relationship with its community population of around 178,000. The Hospice serves a community in which there is a degree of social deprivation with low average wages. There is a high degree of community commitment which provides the Hospice with its voluntary income though this also cannot be guaranteed. Statutory funding is currently negotiated annually and is subject to the positioning of specialist palliative care as a Government priority and to the financial state of the PCT (Primary Care Trust). The Hospice faces a situation in which its statutory funding mechanism may change in response to recent Government initiatives including the Darzi review of NHS services and a national End of Life Care review. Whilst the Hospice is an independent charity and not therefore under the control of the NHS, directives from the Department of Health can significantly impact on the commissioning of its services by the PCT. Current NHS priorities include attempting to deliver care in the preferred place of choice of the patient and their family. Recent centrally driven work has indicated that for many people, early in their care pathway, this is ideally their home. PCTs will therefore be directed to ensure that resources are focused on improving community services, to enable people to be cared for in their homes at the end of their lives. The Hospice supports initiatives which try to enable patient choice and holds this central to its own service model ethos. However, realistically in a rural environment such as Herefordshire it is not always possible or financially efficient to resource the whole County and beyond to enable seamless ongoing 24 hour care. Additionally there is some indication that for many people in Herefordshire, the Hospice is their preferred place of care at the end of life, particularly if symptoms become more difficult to manage and access to regular expert advice and observation is essential. The Hospice may therefore become more reliant on the financial support of its community to support the additional services it deems essential to enable patients' choice in their preferred place of care. Organisational objectives therefore have to take into consideration the fragility of the donor market and the future changes of statutory income and are focused on identifying recurrent and guaranteed income streams.

***Development plan 2007 - 2008***

The Hospice maintains a rolling development plan to identify the main objectives for the year. Strategic planning to achieve the objectives set out in the development plan is achieved through the various committees and progressed by the Hospice Management team. Objectives are set according to the Objects for which the Hospice is established as laid down in the Memorandum of Association.

The focus during the Plan period is to respond to what is seen as the six key issues that are likely to have the greatest impact on hospices over the next five to ten years. These are:

- The unrelenting increase in the costs of services due particularly to the effects of national pay agreements and growing legislative controls
- The growing proportion of elderly people in the geographical catchment area and other demographic and epidemiological factors
- The recruitment and retention of skilled and experienced staff and volunteers
- The increasing awareness of the value of specialist palliative care in the management of non-malignant, life threatening diseases and the demands on services that this will create
- The likely increase in competition as a result of the encouragement of the private sector in the delivery of health and social care services
- The ability to maintain income growth at a sufficient rate to keep pace with rising costs

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**DIRECTORS' REPORT**

**31 March 2008**

***Development plan 2007 – 2008 (continued)***

The Hospice needs to retain its autonomy as a provider of specialist services whilst maintaining an ability to respond to local need. It cannot aim to become involved in general health care or in providing statutory services, but will maintain and develop services for local provision in partnership with other non-statutory agencies.

The Hospice recognises the importance of the workforce in the quality of services provided by the Hospice and is therefore committed to:

- Investing heavily in staff training and education
- Ensuring that practice standards are maintained at the highest level
- Ensuring that terms and conditions of employment and salaries are fair, equitable and compliant with legislation
- Maintaining open communication links between staff at all levels and senior managers and directors
- Shaping the environment and ensuring its fitness for purpose through proposals for the redevelopment of the Hospice buildings

The skills and abilities of staff will be further developed to meet the needs of patients with non-cancer life-threatening illnesses.

Options will be examined for widening the range of services on offer, particularly in response to directive and the growing demand for more comprehensive home care, and, in this context, developing partnerships with other non-statutory organisations.

Income generation will continue to be focused on developing a range of funding streams under the direct control of the Hospice to reduce the reliance on public sector funding and unpredictable community giving. The aim will be to optimise recurrent statutory income and achieve the greatest degree of financial self-sufficiency possible within the next ten years.

***Main Organisational Objectives for the financial year 2007/2008 were as follows:***

To ensure the ongoing provision of a high quality service which is responsive to the changing health and social care environments, the demographics and epidemiology of the community and appropriately meets identified need for the people of Herefordshire and surrounding areas

To generate sufficient income to ensure sustainability of the service into the future through a robust income generation and marketing and communications strategy which optimises current fundraising streams and creates new and diverse opportunities.

To undertake a full terms and conditions and salary review to ensure that the Hospice is seen as an employer of choice and is able to recruit and retain sufficient skilled staff and volunteers to provide the services to a recognised standard and to ensure that the paid and voluntary workforce feels valued, and is supported and developed to enable it to fulfil its role to the best standards.

To further develop a marketing and communications strategy to ensure that all stakeholders, supporters and future contact's information needs are met and to support care provision, education and fundraising strategies.



**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**DIRECTORS' REPORT**

**31 March 2008**

***Main Organisational Objectives (continued)***

To ensure that the Hospice maintains an active role at the centre of the Hospice and palliative care movement locally, regionally and nationally in order to influence the shape of palliative care service development internally and locally.

To fulfil the Hospice's charitable objective to share knowledge skills and experience in order to enhance others understanding of palliative care and influence palliative care standards outside of the organization through the delivery of a comprehensive and tailored education strategy,

To secure funding for necessary refurbishment of the Hospice building and consider future proposals for the re-development of the Hospice building and an associated Capital appeal strategy, to ensure that the environment is fit for current and future purpose, is compliant with legislation and provides a therapeutic environment for patient care.

To further develop the knowledge and expertise of the governing Board and promote the sound governance of the Hospice through the recruitment of new Board members in response to identified gaps in skills and experience.

*Further information regarding the development plan can be obtained from the Hospice*

***Significant Activities***

The significant Organisational activities fall into the following categories:

- Expert care of patients with progressive life-limiting and life-threatening conditions and of their families to include medical and nursing care, social care, spiritual care and bereavement support.
- Education and training of internal staff and volunteers and external professionals and carers to promote knowledge, understanding, skills and competence in providing palliative care.
- Provision of support services including catering, housekeeping, maintenance and administration to ensure the smooth running and efficiency of the Hospice and the best environment for the delivery of care.
- Fundraising and income generation to support the provision and development of core services and the environment in which they are delivered.
- Operational management and governance to ensure the standards and quality of service provision and environment.

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**DIRECTORS' REPORT**

**31 March 2008**

***The role and contribution of Volunteers***

The Hospice is entirely dependent on its voluntary workforce of just under 700 formally appointed volunteers which are estimated to save the Hospice at least £700,000 per annum. Volunteers are recruited into every aspect of the Hospice according to a strict recruitment process. The contribution of hours offered by each volunteer varies greatly from occasional hours which support one-off functions to regular hours up to 2 or 3 times per week.

The members of the Board of Directors are all recruited in a voluntary capacity according to the skills and experience they bring and contribute significant hours in their governance, strategic and monitoring roles and in their public relations role within the Community

The retail function of the Hospice is structured around a volunteer model and is managed overall by one paid head of department and a deputy manager. 2 warehouses are managed by part time paid staff. The remaining 12 shops are managed and run by volunteers.

The Hospice reception is entirely run by a rotation of volunteers and volunteers also provide significant input into administrative support, spiritual and social care, bereavement support, complementary therapy and care in the day hospice and inpatient unit.

All volunteers are subject to personal appraisal and are offered support with the development of identified skills and mandatory training. There is also a significant number of additional volunteers supporting individual fundraising initiatives and support groups, without whom the events and income generation from these would not take place. The financial contribution of the latter fundraising groups is difficult to define.

**Achievements and performance 2007/2008**

5 year clinical, educational and fundraising strategies have been developed taking into account demographic and epidemiological changes, government directives and regulatory drivers. These have been incorporated into a development plan which takes into account the aims and objects of the Hospice and the Hospice's ability to afford and to continue to afford its service.

Priorities have focused on:

- development of clinical services, in particular the spiritual and psychosocial care services to remain responsive to changing need
- attention to controls and operational procedures, governance and standards
- the development of staff skills and organisational staffing structure to optimise efficiency and quality of human resources
- refurbishment plans to complement future building re-development and to ensure fitness of purpose of the building and its facilities
- the early stages of diversification of income streams and fundraising potential;
- a terms and conditions review and review of salaries and pensions to optimise recruitment and retention potential for the future and to ensure equity and fair treatment of employees;
- attention to health and safety and risk management to ensure regulatory compliance and best practice
- recruitment of skilled individuals to the Board of Directors according to a skills gap analysis, to inform organisational governance and direction

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**DIRECTORS' REPORT**

**31 March 2008**

Achievements over the past year include

- Development of social and spiritual care services including support for children affected by living with someone with Life-limiting illnesses (Saturday Club) and support for bereaved adults ((CAMEO) Come And Meet Each Other) to meet identified need.
- Introduction of a new medicines management system on the In patient Unit to promote best practice and efficiency
- Development of bespoke courses for externally commissioned training and education to enable sharing of best practice and knowledge
- Undertaking and recognition of a Regional review of palliative education to support future commissioning and delivery of education services across the Region
- Development of a DVD about the Hospice services for patients and carers to enhance information giving
- Securing of funding for education and training to enable access to courses
- Securing of Department of Health grant for re-furbishment of part of the building to promote the privacy and dignity of older people.
- Undertaking and completion of a review of terms and conditions of employment and salary structure to ensure compliance with legislation and promote recruitment and retention of skilled workforce and the Hospice as a local employer of choice
- Appointment of Investment Managers and further development of investment strategy to assist in further developing the Investment policy and to achieve the objectives set out in such policy.
- Further development of Fundraising and Marketing and Communications strategies to support future income generation, diversification of income streams and tap sustainable income sources.
- Delivery of recognised high standards of clinical performance, education and training and support services as evidenced in Healthcare Commission reports and Clinical Governance and Committee reviews.
- Maintaining recognised high standards of safety, cleanliness and the maintenance of buildings and assets. Care has been taken to manage these within a budget without compromise of safe and acceptable standards.
- Further development of the events portfolio (including the Venus Challenge Night Walk raising circa £41,000) and recruitment of staff to optimise income from events

**Financial review**

Financially the Hospice has a net deficit in movement in funds of £217,059 after taking account of the unrealised loss on investments, of £485,221, the revaluation movement of £126,597 and the diminution in the value of freehold buildings of £764,575 as a result of the development plan process.

This development plan process identified that the Hospice buildings are likely to become obsolete sometime in the future and at that time will require a rebuild programme. As a result, the written down value of the buildings has been reduced as at 31 March 2008 and the buildings will be depreciated in each financial year thereafter so that the cost of the buildings is written off over their estimated life span.

The furtherance of the investment and reserves policies will take into account the future development of care services in response to changing demographics and epidemiology, with consideration to national strategic directives, fundraising and marketing strategies and the potential for diversification and optimisation of sustainable income streams and a future Capital Appeal for re-development of the building. Investment will be spread across a portfolio which will balance good return with reasonable realistic risk.

The Hospice holds reserves to ensure that it can sustain its services in a way that meets the needs of the community it serves so that the short to medium term future of the Hospice is secure. It currently administers a reserves policy requiring a sum equivalent to twelve to twenty four months of operating costs be held in reserve. The term "reserves" describes that part of a Hospice's income funds that is freely available for its general (unrestricted) purposes. "Reserves" are therefore the resources the Hospice has or can make available to spend, for any or all of the Hospice's purposes, once it has met its commitments and covered its other planned expenditure.

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**DIRECTORS' REPORT**

**31 March 2008**

Legacy performance has continued beyond expectation. Legacies are a valued source of income, which are to be encouraged but cannot be solely relied upon to sustain existing services or for service planning and development. Legacies are accounted for once received by the Hospice.

The Hospice ensures the governance of its finances and investments through the Finance and Investment Committee set up for this purpose and such committee is provided with mandates to make decisions as appropriate. Such decisions are supported by sound structures and processes and by policies, including control of signatories to accounts and for investments and reserves. Money not immediately required by the Hospice for its purposes is invested in accordance with the investment policy. Investment performance is reported to the Finance and Investment committee and to the Board regularly.

There are sufficient funds to maintain the current level of services to a high standard and to continue to progress identified developments over the coming year. There is sufficient in reserve to ensure over twelve months operating capability in the event of an unforeseen situation.

An objective review by an external consultant of the past 10 years financial performance of both income generation and expenditure has affirmed the view that direct costs are contained as fully as possible and that expenditure is efficient and focused on patient care services or to generating the income necessary for these. There is a significant degree of uncertainty regarding most income streams. The current fundraising strategy is to optimise successful areas of income generation such as the lottery, retail and trading, legacies, third party events, corporate support and sponsorship and to seek alternative sustainable fundraising sources. Any future Capital Appeal must be self generating and must not negatively impact on the generation of revenue income.

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**DIRECTORS' REPORT**

**31 March 2008**

**Significant Plans for the Future (2008 – 2009 onwards)**

Extensive re-development of the building is becoming essential if the Hospice is to remain able to respond to the changing care needs of its population. Refurbishment which is complementary to longer term re-development is being undertaken in 2008 using funding from a successful application for a Government grant to do this. Recruitment of architects and planning for re-development will be undertaken in late 2008 with a view to launching a Capital appeal in 2009. An external Consultant will be appointed to assist with the Capital appeal

The mechanism for statutory funding is likely to be strongly influenced by national directive. It is hoped that a greater level of funding can be secured though this will still be dependent on local negotiation with the Primary Care Trusts. Dialogue with commissioners and an ability to respond to identified commissioning need will be ongoing through 2008/2009. Services are provided and developed by the Hospice in response to needs identified and analysed by the Commissioners. Every effort must be made to ensure the Hospice remains the main provider of palliative care services and the preferred service of choice in order to increase this income stream. Since the income from statutory sources comprises less than 15% of the total operating costs, in order to survive, the Hospice has a requirement and moral duty to retain its ability to respond to the local need identified by its supporting community and main source of income.

It is acknowledged that the local and surrounding community with a local population of around 178,000 was largely responsible for donations which converted to an income of over £3.5 million in 2007 - 2008. The potential for increasing public donations in the form of money or donated goods is limited though not yet optimised. Maximising income from grant making trusts and corporate sponsorship and other initiatives including development of the supporter database and implementation of a communication strategy is therefore a high priority for the coming year. Campaigns are planned for legacies and further development of the lottery. New retail initiatives, further investment in the warehouse function and the development of trading streams are also planned. A review of the fundraising model and strategy has indicated the best areas for attention and financial and resource investment in order to optimise performance. This strategy is in progress.

A new policy and procedures are being developed for the recruitment of Board members with a view to strengthening the governance of the Hospice. Analysis of Board member's skills and experience is in progress.

In 2009 the Hospice celebrates its 25<sup>th</sup> anniversary. This creates a good opportunity for the Hospice to thank the members of its community for their ongoing support, to celebrate its achievements, inform the public of its care services and funding mechanisms, undertake significant celebratory fundraising events and to prepare its community for Capital appeal for re-development of the building. To this end a programme of events will be developed in addition to the usual annual events programme.

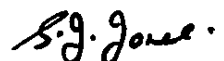
**Auditors**

Baker Tilly UK Audit LLP have agreed to offer themselves for re-appointment as auditors of the company.

**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 auditor.

**On behalf of the Board**



**Mrs S J Jones**

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**31 March 2008**

We are required under company and charity law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company, and of the net movement in funds of the company for that period. In preparing these accounts the directors are required to:

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgments and estimates
- prepare the accounts on a going concern basis unless in our view the company will be unable to continue in business.

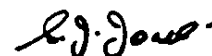
The directors are also responsible for:

- keeping proper accounting records
- safeguarding the company's assets
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

there is no relevant audit information of which the company's auditors are unaware, and the directors have taken all steps that ought to be taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board



Mrs S J Jones

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**AUDITORS' REPORT**

**Independent auditors' report to the members of St Michael's Hospice**

We have audited the financial statements on pages 15 to 29.

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 charitable 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 directors and auditors**

The responsibilities of the directors 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 Directors' 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 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 directors' remuneration and other 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 directors 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 as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**Baker Tilly UK Audit LLP**  
**Registered Auditors**  
**Chartered Accountants**  
**Elgar House**  
**Holmer Road**  
**Hereford**  
**HR4 9SF**

27 October 2008

**ST MICHAEL'S HOSPICE**  
(incorporating The Freda Pearce Foundation)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

for the year ended 31 March 2008

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2008 £	Total Funds 2007 £
<b>Income and expenditure</b>					
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds:</b>					
<b>Voluntary income</b>					
Donations, covenants, corporate and GAYE		978,479	33,233	1,011,712	719,974
Support groups		66,904	-	66,904	62,196
Legacies		1,341,885	-	1,341,885	575,706
Other income		65,297	-	65,297	43,784
<b>Activities for generating funds:</b>					
Retail shop income	2	705,433	-	705,433	626,886
Lottery income		362,031	-	362,031	357,920
Investment income		230,565	-	230,565	149,991
<b>Incoming resources from charitable activities:</b>					
Grants from Health Authorities and Social Services		387,778	-	387,778	386,829
Grants from grant making trusts		21,463	-	21,463	29,448
<b>Other incoming resources:</b>					
Profit on disposal of fixed assets		1,450	-	1,450	-
<b>Total incoming resources</b>		<u>4,161,285</u>	<u>33,233</u>	<u>4,194,518</u>	<u>2,952,734</u>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds:</b>					
<b>Costs of generating voluntary income</b>					
Fundraising and publicity		248,554	2,439	250,993	210,356
Retail shop expenditure	2	363,779	1,737	365,516	327,297
Lottery expenditure		141,219	657	141,876	154,934
<b>Charitable activities:</b>					
Nursing services		1,898,616	24,539	1,923,155	1,869,304
Medical care services		335,908	4,567	340,475	322,560
Governance costs		12,717	-	12,717	15,769
<b>Total resources expended</b>	3	<u>3,000,793</u>	<u>33,939</u>	<u>3,034,732</u>	<u>2,900,220</u>
<b>Net incoming resources before transfers</b>		1,160,492	(706)	1,159,786	52,514
<b>Gross transfers between funds</b>		-	-	-	-
<b>Net incoming/(outgoing) resources before revaluations/Net income/(expenditure)</b>		1,160,492	(706)	1,159,786	52,514
<b>Other recognised gains/losses</b>					
Unrealised (loss)/profit on investments		(485,221)	-	(485,221)	131,036
Realised (loss)/profit on investments		(452)	-	(452)	(242)
Revaluation movement	1	(126,597)	-	(126,597)	-
Diminution in value of freehold land and buildings	1	(764,575)	-	(764,575)	-
<b>Net movement in funds</b>		(216,353)	(706)	(217,059)	183,308
<b>Reconciliation of funds</b>					
<b>Total funds at 1 April 2007</b>		<u>6,610,623</u>	<u>44,148</u>	<u>6,654,771</u>	<u>6,471,463</u>
<b>Total funds at 31 March 2008</b>	10-13	<u>6,394,270</u>	<u>43,442</u>	<u>6,437,712</u>	<u>6,654,771</u>

The notes on pages 18 to 29 form part of these accounts.

The above results were derived from continuing operations. All gains and losses in the year are included above.

The surplus for the year for Companies Act purposes comprises the net incoming resources for the year plus realised losses on investments and was £1,159,334 (2007: £52,272).



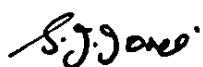
**ST MICHAEL'S HOSPICE**  
(incorporating The Freda Pearce Foundation)

**BALANCE SHEET**

at 31 March 2008

	Note	31 March 2008		31 March 2007	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	5		1,508,802		2,432,665
Investments	6		1,838,083		2,310,532
			<hr/>		<hr/>
			3,346,885		4,743,197
<b>Current assets</b>					
Stocks		15,157		7,589	
Debtors	7	242,267		79,332	
Short term deposits		3,556,711		2,175,587	
Cash at bank and in hand		135		2,049	
		<hr/>		<hr/>	
		3,814,270		2,264,557	
<b>Liabilities:</b> amounts falling due within one year	8	(456,703)		(352,983)	
		<hr/>		<hr/>	
<b>Net current assets</b>			3,357,567		1,911,574
<b>Provision for liabilities</b>					
Capital grant	9		(266,740)		-
			<hr/>		<hr/>
<b>Net assets</b>			6,437,712		6,654,771
			<hr/>		<hr/>
<b>Funds</b>					
Unrestricted general fund	10		5,008,186		4,334,532
Restricted fund	11		43,442		44,148
Designated fund	12		1,386,084		2,276,091
			<hr/>		<hr/>
<b>Total funds</b>	13		6,437,712		6,654,771
			<hr/>		<hr/>

The accounts on pages 15 to 29 were approved by the board of directors and authorised for issue on 13.10.08 and are signed on its behalf by.



Mrs S J Jones

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**CASH FLOW STATEMENT**

**for the year ended 31 March 2008**

	<b>2008</b>		<b>2007</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Net cash inflow from operating activities</b>		1,216,845		215,546
<b>Returns on investments and servicing of finance</b>				
Investment income		230,565		149,991
		<hr/>		<hr/>
		1,447,410		365,537
<b>Capital expenditure and financial investment</b>				
Payments to acquire investments	(63,849)		(202,180)	
Payments to acquire tangible fixed assets	(34,859)		(105,092)	
Receipts from sale of investments	50,626		6,722	
	<hr/>	(48,082)	<hr/>	(300,550)
		<hr/>		<hr/>
<b>Increase in cash</b>		1,399,328		64,987
		<hr/>		<hr/>

Further information is shown in note 15.

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**NOTES ON ACCOUNTS**

**31 March 2008**

**1 Principal accounting policies**

**Basis of accounting**

The accounts have been prepared in accordance with the Charities Act 1993, the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005), the Companies Act 1985, and under the historical cost accounting rules except for investments which are stated at valuation.

**Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts (note 6).

**Depreciation**

Items are capitalised where the purchase price exceeds £250.

Depreciation of fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost or valuation less any residual value at the following rates:

Freehold land and buildings	See below
Leasehold improvements	Over the period of the lease
Medical and nursing equipment and beds	33⅓%
Motor vehicles	20%
Other equipment, fixtures, furnishings and fixtures	20%
Computer equipment	33⅓%
Shop equipment	25%

Land and buildings are included at cost. The net book value of buildings has been written down to the existing use value at 31 March 2008 and in future years these buildings will be depreciated over their remaining expected useful life.

Furnishings, crockery and linen are not depreciated but their replacements are charged to repairs and renewals.

**Pension schemes**

**Defined benefit scheme**

The company contributes to the NHS pension scheme. Such contributions are a fixed percentage of salary. Contributions are charged to the profit and loss account in accordance with the rules of the schemes.

**Defined contribution scheme**

The company contributes to the personal schemes of individual employees. Such contributions are a fixed percentage of salary. Contributions are charged to the profit and loss account in accordance with the rules of the schemes.

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**NOTES ON ACCOUNTS**

**31 March 2008**

**(continued)**

**1 Principal accounting policies (continued)**

**Stocks and donated goods**

Income from goods donated for resale in the Hospice shops is accounted for in the year in which the goods are sold. No value is placed on any stock of donated goods. Other stocks are valued at the lower of cost and net realisable value.

**Investments**

Investments are stated at market value, calculated as follows:-

UK Equities	Middle of the quotation from Stock Exchange daily official list.
Unit Trusts	Bid price.
Others	As valued by investment managers.

Realised gains or losses arising on the disposal of investments are determined by reference to the difference between the market valuation at the beginning of the year and the sale proceeds. Unrealised gains or losses are determined by the movement in the market valuations at the beginning of the year (plus the cost of additions) and the market valuations at the balance sheet date, and are taken to the Statement of Financial Activities.

**Income**

Income including grants and legacies is accounted for in the year in which it is received. Income relating to tax claims for donations made net of tax relief is accounted for in the year in which the donation was received.

Donated investments are accounted for at market value at the date the donation became receivable.

The value of services provided by volunteers has not been included.

**Resources expended**

Resources expended are recognised in the period in which they are incurred.

Direct and support costs represent specific attributable costs directly in relation to the activity and where specific allocation has not been possible these have been allocated on the basis of average salary (see note 3).

Governance costs include those costs associated with meeting constitutional and statutory requirements and include audit fees and costs linked to strategic management.

**Operating leases**

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred.

**Funds**

Unrestricted funds are those available for use at the discretion of the directors in furtherance of the general objectives of the company and which have not been designated for any other purpose.

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for a specific purpose. The notes to the accounts provide further details. Once the terms and conditions of the restrictions have been met, tangible fixed assets purchased with restricted monies, are transferred to unrestricted funds.

Designated funds represent the total Net Book Value of the freehold land and buildings held at the balance sheet date.

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 March 2008**  
**(continued)**

**1 Principal accounting policies (continued)**

**Deferred Capital Grants**

Deferred capital grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

**2 Incoming Resources**

**Shop Income and Expenditure**

	<b>Total 2008</b>		<b>Total 2007</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Takings</b>		705,433		626,886
<b>Less:</b>				
Purchases	26,479		25,024	
Insurance	2,674		3,656	
Light and heat	12,387		8,155	
Repairs and renewals	12,991		8,336	
Rent	135,292		122,139	
Rates and water	2,464		3,321	
Telephone	2,411		1,923	
Legal and professional fees	1,278		8,173	
Sundries	13,212		4,262	
Salaries, expenses and apportioned Hospice costs	148,570		124,350	
Motor and travel expenses	7,758		8,934	
Purchases and stock adjustment	-		9,024	
		<b>(365,516)</b>		<b>(327,297)</b>
<b>Net income</b>		<b>339,917</b>		<b>299,589</b>

**ST MICHAEL'S HOSPICE**  
(incorporating The Freda Pearce Foundation)

**NOTES ON ACCOUNTS**

**31 March 2008**

(continued)

	<b>Direct Costs £</b>	<b>Support Costs £</b>	<b>Total Funds 2008 £</b>	<b>Total Funds 2007 £</b>
<b>3 Total resources expended</b>				
Retail shop expenditure	343,515	22,001	365,516	327,297
Fundraising and publicity	228,992	22,001	250,993	210,356
Lottery expenditure	141,876	-	141,876	154,934
Nursing services	1,839,148	84,006	1,923,155	1,869,304
Medical care services	318,475	22,001	340,475	322,560
Governance costs	-	12,717	12,717	15,769
	<hr/>	<hr/>	<hr/>	<hr/>
	2,872,006	162,726	3,034,732	2,900,220
	<hr/>	<hr/>	<hr/>	<hr/>

Direct and support costs represent specific attributable costs directly in relation to the activity and where specific allocation has not been possible these have been allocated on the basis of staff costs as follows:

	<b>Direct %</b>	<b>2008 Support %</b>	<b>Direct %</b>	<b>2007 Support %</b>
Average salary allocation:				
Retail shop expenditure	5.02	0.87	4.27	0.86
Fundraising and publicity	7.40	0.87	6.33	0.86
Lottery expenditure	1.15	-	1.93	-
Nursing services	68.81	2.56	69.78	2.52
Medical care services	12.45	0.87	12.59	0.86

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**NOTES ON ACCOUNTS**

**31 March 2008**

**(continued)**

**3 Total resources expended (continued)**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Staff costs:		
Wages and salaries	1,869,992	1,710,295
Social security costs	131,225	116,874
Pension costs	203,058	256,143
	<hr/>	<hr/>
	2,204,275	2,083,312
	<hr/>	<hr/>

The average number of employees, analysed by function, was:	<b>2008</b>	<b>2007</b>
Charitable activities	92	91
Fundraising and publicity	17	16
	<hr/>	<hr/>
	<u>109</u>	<u>107</u>

No directors have received remuneration during the year or the previous year. 1 director received reimbursement of expenses totalling £148 during the year (2007: one director totalling £892).

Insurance, which includes trustee and employee indemnity insurance, has been purchased during the year, at a cost of £20,863 (2007: £20,957).

**ST MICHAEL'S HOSPICE**  
**(incorporating The Freda Pearce Foundation)**

**NOTES ON ACCOUNTS**

**31 March 2008**

**(continued)**

**3 Total resources expended (continued)**

**Pension costs**

**Defined benefit scheme**

The company contributes to the NHS pension scheme. The NHS pension scheme is a multi-employer defined benefit pension scheme and the employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis.

The employer's contribution rate to the NHS pension scheme is 14%.

The pension cost charge represents contributions payable by the company to the funds and amounted to £99,605 (2007: £91,644). Contributions totalling £2,435 (2007: £2,141) were payable to the funds at the year end and are included in liabilities.

**Defined contribution scheme**

The company contributes to the pension schemes of individual employees. The assets of these schemes are held separately from those of the company in independently administered funds.

The pension cost charge represents contributions payable by the company to the funds and amounted to £103,453 (2007: £164,499). Contributions totalling £126,282 (2007: £135,555) were payable to the funds at the year end and are included in liabilities.

<b>4 Net incoming resources</b>	<b>2008 £</b>	<b>2007 £</b>
Net incoming resources are stated after charging:		
Staff costs (Note 3)	2,204,275	2,083,312
	<hr/>	<hr/>
Auditors' remuneration		
In their capacity as auditors	5,750	4,250
In respect of other services	6,500	4,575
	<hr/>	<hr/>
Operating leases		
- Land and buildings	135,292	122,139
	<hr/>	<hr/>
Depreciation of tangible fixed assets		
- Owned assets	67,550	71,268
	<hr/>	<hr/>



**ST MICHAEL'S HOSPICE**  
(incorporating The Freda Pearce Foundation)

**NOTES ON ACCOUNTS**

**31 March 2008**  
(continued)

**5 Tangible fixed assets**

	Freehold Land and Buildings	Leasehold Property	Other Equipment Medical and Nursing Equipment and Beds	Fixtures Furnishings and Fittings	Motor Vehicles	Total
	£	£	£	£	£	
<b>Cost or valuation</b>						
at 1 April 2007	2,297,580	54,486	212,903	450,765	62,639	3,078,373
Additions	5,101	15,726	2,464	11,568	-	34,859
Disposals	-	-	-	-	(7,669)	(7,669)
Revaluation movement	(126,597)	-	-	-	-	(126,597)
at 31 March 2008	2,176,084	70,212	215,367	462,333	54,970	2,978,966
<b>Accumulated depreciation</b>						
at 1 April 2007	21,489	30,445	157,775	374,236	61,763	645,708
Eliminated on disposal	-	-	-	-	(7,669)	(7,669)
Charge for year	3,936	5,854	18,115	38,771	874	67,550
Diminution	764,575	-	-	-	-	764,575
31 March 2008	790,000	36,299	175,890	413,007	54,968	1,470,164
<b>Net book values</b>						
at 31 March 2008	1,386,084	33,913	39,477	49,326	2	1,508,802
at 31 March 2007	2,276,091	24,041	55,128	76,529	876	2,432,665

Land and buildings are included at cost, with a provision for diminution in value of buildings, which reflects their existing use value at 31 March 2008.

All fixed assets were used for direct charitable purposes, with the exception of certain equipment included in Other Equipment, Fixtures, Furnishings and Fittings with a net book value at 31 March 2008 of £32,338 (2007: £46,813). These were also used, in part, in the running of the charity, and in part for fundraising and publicity.

Equipment purchased with restricted funds at a cost of £Nil (2007: £46,665) has been transferred to unrestricted funds now that the terms and conditions of the restrictions have been met.

	2008 £	2007 £
<b>Future capital commitments</b>		
Finance leases and hire purchase contracts	<u>Nil</u>	<u>Nil</u>
Other contracts	<u>227,012</u>	<u>Nil</u>

**ST MICHAEL'S HOSPICE**  
(incorporating The Freda Pearce Foundation)

**NOTES ON ACCOUNTS**

**31 March 2008**

(continued)

<b>6 Investments</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Quoted investments:		
Market value 31 March 2007	2,310,532	1,984,280
Disposals	(50,626)	(6,722)
Additions	63,849	202,180
Net unrealised investment (loss)/profit	(485,221)	131,036
Net realised investment (loss)/profit	(452)	(242)
	<u>1,838,082</u>	<u>2,310,532</u>
Group undertakings (see below)	1	-
	<u>1,838,083</u>	<u>2,310,532</u>
Market value 31 March 2008	<u>1,838,083</u>	<u>2,310,532</u>
Historical cost	<u>1,628,212</u>	<u>1,614,901</u>
FTSE 100		
31 March 2008	5,702	
31 March 2007	6,315	

At the balance sheet date, 83 % (2007: 81%) of the market value of investments was held in the CAF Balanced Growth Fund, 11% (2007: 11%) was held in Schroders Investments, 5% (2007: 5%) was held in M & G Investments and 1% (2007 : 3%) was held in other equity shares.

**Group undertaking**

St Michaels Hospice owns 100% of issued share capital of SMH Trading Limited, a company incorporated in England.

The company was dormant for the year ended 31 March 2008.

The company was incorporated on 26 March 2008.

<b>7 Debtors: amounts falling due within one year</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade debtors	80,708	14,966
Other debtors	124,463	41,735
Prepayments and accrued income	37,096	22,631
	<u>242,267</u>	<u>79,332</u>

**ST MICHAEL'S HOSPICE**  
(incorporating The Freda Pearce Foundation)

**NOTES ON ACCOUNTS**

**31 March 2008**

(continued)

	2008 £	2007 £
<b>8 Liabilities: amounts falling due within one year</b>		
Bank overdraft	23,476	43,594
Trade creditors	10,186	31,937
Other creditors	19,642	51,585
Accruals and deferred income	403,399	225,867
	<hr/>	<hr/>
	456,703	352,983
	<hr/>	<hr/>
<b>9 Grants</b>		
Received and receivable:		
At 1 April 2007	-	-
Receivable during year	266,740	-
	<hr/>	<hr/>
At 31 March 2008	266,740	-
	<hr/>	<hr/>
Amortisation:		
At 1 April 2007	-	-
Credit to statement of financial activities	-	-
	<hr/>	<hr/>
At 31 March 2008	266,740	-
	<hr/>	<hr/>
Net balance at 31 March 2008	266,740	-
	<hr/>	<hr/>

Should St Michael's Hospice close down or merge with another organisation, the Secretary of State may require a refund of any grant which, at that time, had not been used for the purposes for which it was given.

<b>10 General unrestricted funds</b>	<b>£</b>
1 April 2007	4,334,532
Net movement in funds for the year	673,654
	<hr/>
31 March 2008	5,008,186
	<hr/>

**ST MICHAEL'S HOSPICE**  
(incorporating The Freda Pearce Foundation)

**NOTES ON ACCOUNTS**

**31 March 2008**

(continued)

<b>11 Restricted funds</b>	<b>Balance 1 April 2007 £</b>	<b>Incoming resources £</b>	<b>Expenditure including transfers £</b>	<b>Balance 31 March 2008 £</b>
Medical equipment	10,187	-	(5,272)	4,915
Other equipment	-	-	-	-
Funds for other specific items	33,961	18,233	(13,667)	38,527
Eric Bayliss Nurses Fund	-	15,000	(15,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	44,148	33,233	(33,939)	43,442
	<hr/>	<hr/>	<hr/>	<hr/>

The medical equipment fund is funded by donations for specific medical equipment. The Eric Bayliss Nurses Fund (formerly The Freda Pearce Nurses Fund) represents a restricted donation for nursing activities. The other funds represent other equipment funds.

<b>12 Designated funds</b>	<b>£</b>
1 April 2007	2,276,091
Transfer	(890,007)
	<hr/>
31 March 2008	1,386,084
	<hr/>

Designated funds represent the Net Book Value of the freehold land and buildings held at the balance sheet date.

**ST MICHAEL'S HOSPICE**  
(incorporating The Freda Pearce Foundation)

**NOTES ON ACCOUNTS**

**31 March 2008**

(continued)

**13 Analysis of net assets between funds**

	Fixed Assets £	Net Current Assets £	Total £
<b>Restricted funds</b>			
Medical equipment	-	4,915	4,915
Funds for other specific items	-	38,527	38,527
	-	43,442	43,442
<b>Unrestricted funds:</b>			
General fund	1,960,801	3,047,385	5,008,186
<b>Designated funds</b>	1,386,084	-	1,386,084
	3,346,885	3,090,827	6,437,712

**14 Financial commitments**

Financial commitments under non-cancellable operating leases for land and buildings will result in the following payments falling due in the next financial year.

	2008 £	2007 £
<b>Expiring</b>		
Between one and two years	22,375	22,175
Between two and five years	64,204	61,273
Over five years	51,700	49,700
	138,259	133,148

**ST MICHAEL'S HOSPICE**  
(incorporating The Freda Pearce Foundation)

**NOTES ON ACCOUNTS**

**31 March 2008**

(continued)

	2008 £	2007 £	
<b>15 Cash flow statement</b>			
<b>a) Reconciliation of net incoming resources before revaluations to net cash inflow from operating activities</b>			
Net incoming resources before revaluations	1,159,786	52,514	
Depreciation	67,550	71,268	
Investment income	(230,565)	(149,991)	
(Increase)/Decrease in stocks	(7,568)	719	
(Increase)/Decrease in debtors	(162,935)	51,328	
Increase in current liabilities	390,577	189,708	
	<hr/>	<hr/>	
<b>Net cash inflow</b>	1,216,845	215,546	
	<hr/>	<hr/>	
<b>b) Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the year/ Net movement in funds in the year	1,399,328	64,987	
Net funds at 1 April 2007	2,134,042	2,069,055	
	<hr/>	<hr/>	
Net funds at 31 March 2008	3,533,370	2,134,042	
	<hr/>	<hr/>	
<b>c) Analysis of changes in net funds</b>			
	<b>At 1 April 2007 £</b>	<b>Cash Flows £</b>	<b>At 31 March 2008 £</b>
Cash at bank and in hand	2,049	(1,914)	135
Short term deposits	2,175,587	1,381,124	3,556,711
Bank loans and overdrafts	(43,594)	20,118	(23,476)
	<hr/>	<hr/>	<hr/>
	2,134,042	1,399,328	3,533,370
	<hr/>	<hr/>	<hr/>
<b>16 Contingencies</b>			

There were no contingent assets or liabilities at the year end.

**17 Post balance sheet events**

There are no events after the balance sheet date which require disclosure in or revision of the accounts.