

ST. LUKE'S HOSPICE (HARROW & BRENT) LIMITED

Company No: 2141770

FINANCIAL STATEMENTS

- for the year ended –

31st December 1999



ST. LUKE'S HOSPICE (HARROW & BRENT) LIMITED

DIRECTORS

Mr J.A. Corner	Chairman
Revd. P.H. Cross	
Mrs S.J. Diamond	(appointed 19/5/99)
Dr. D. Fermont	
Mrs J. Gaffin OBE	
Mrs H.N. McNair	
Mr S. Giles-Medhurst	
Dr. E.H. Milne	
Mr J.A. Shrimpton OBE	Vice Chairman
Mr T.P. Taylor	Hon. Treasurer
Mrs I.C.M. Wilson	

SECRETARY

Mr P.A.C. Bargent

REGISTERED OFFICE

Kenton Grange
Kenton Road
Harrow
Middlesex
HA3 0YG

AUDITORS

Sproull & Company
Chartered Accountants
31/33 College Road
Harrow
Middlesex HA1 1EJ

PRINCIPAL BANKERS

National Westminster Bank Plc
567 Kingsbury Road
Kingsbury
London NW9 9EL

PRINCIPAL OFFICERS

Chief Executive:	Michael Coward (appointed April 2000)
Company Secretary:	Philip Bargent
Director of Patient Services:	Geraldine Burke
Medical Director:	Dr. Charles Daniels
Sister-in-Charge Inpatient:	Jan Haines
Sister-in-Charge Day Care:	Ann Hatswell

INDEX TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1999

Page

1 - 3	Report of the Directors
4	Auditor's report
5	Consolidated statement of financial activities
6	Balance sheets
7	Consolidated cashflow statement
8 - 12	Notes to the financial statements

REPORT OF THE DIRECTORS

The Directors of St. Luke's Hospice (Harrow & Brent) Limited present their report and the audited financial statement for the year ended 31st December 1999.

CHARITY STATUS

St. Luke's Hospice (Harrow & Brent) Limited is a registered charity, number 298555.

COMPANY STATUS

The Company was incorporated on 22nd June 1987. It has no share capital, being limited by guarantee. It is registered in England, number 2141770. See note 15 in the accounts.

PRINCIPAL ACTIVITIES AND REVIEW OF DEVELOPMENT

(a) Objects

St. Luke's Hospice (Harrow & Brent) Limited is dedicated to the provision of first class hospice care in partnership with other healthcare, social and voluntary organisations for and in the community of North Brent and Harrow.

(b) Review of Development

During 1999 St. Luke's Hospice continued to operate a day hospice at 59 Harrow View, Harrow. Whilst at Harrow View 1,074 patients were registered and 18,483 visits were made to the hospice until it closed on 28th February 2000 when activities were transferred to new premises at Kenton Grange. In addition, St. Luke's continued to fund in full a nurse working within the Harrow Community Care Team operated by Harrow & Hillingdon Healthcare NHS Trust and 50% of the costs of employing 2 nurses operating with the Parkside NHS Trust. It is estimated that each nurse was the prime contact for some 250 patients. The Continuing Care Teams will be based at Kenton Grange in the future.

Work continued on the construction of the new day and inpatient hospice during 1999 and the building was taken over from the contractors on 22nd November 1999, one year after the scheduled completion date. However, the commissioning of the building has revealed a number of major faults which have materially delayed the opening of the inpatient unit.

(c) Significant Events from 1st January 2000 to the date of this Report

- i) The Day Hospice operation was transferred to Kenton Grange on 28th February 2000. The new facilities enable 18 rather than 10 patients to attend the day unit. Kenton Grange also provides a wider range of clinical care and complementary therapies than was previously the case.
- ii) Recruitment of additional staff for Kenton Grange has been scheduled at a rate commensurate with the commissioning of the new facilities. An assistant medical officer has been recruited and a number of local GP's recruited to provide 24 hour medical cover. A new Chief Executive has been appointed from 1st April 2000.
- iii) The National Lottery Charities Board granted £148,000 towards the cost of furnishing the inpatient unit.
- iv) The Brent & Harrow Health Authority granted £200,000 towards the cost of commissioning Kenton Grange. (Note 1.9 refers). Additionally a service contract for the year ending 31st March 2001 has been awarded. This means that the Health Authority will be funding approximately 30% of the Hospice's operational costs.
- v) The sale of 59 Harrow View was completed on 28th February 2000 and the net proceeds of £400,579 have been set aside against possible future expansion.
- vi) The Directors acknowledge with gratitude the important contribution to funds made, either in 1999 or in 2000 by the following charitable trusts:
 - Bridge House Estates Trust Fund
 - Allied Dunbar Foundation
 - The D.D. McPhail Charitable Settlement
 - The Wolfson Foundation
 - John Lyon Charitable Trust
 - The Willesden Housing Society

REPORT OF THE DIRECTORS (continued)

(d) Funding of further operations

The directors assess that annual operational costs of Kenton Grange will be in the order of £1,650,000. This exceeds income for the years 1998 and 1999 by £350,000. Part of the shortfall will be addressed by the renegotiated service agreement with the Health Authority. However, the Directors are confident that the improved service offered at Kenton Grange will stimulate additional contributions from supporters.

SALIENT FEATURES OF ACCOUNTS

Introduction

The accounts for the years are presented in the form required by the Statement of Recommended Practice issued in October 1995.

Statement of financial activities

The consolidated statement of financial activities show that incoming resources for the year totalled £1,313,000, an increase of £7,000 over the previous year.

Grants from Brent & Harrow Health Authority, made as a contribution towards the cost of home care and day care facilities, were maintained. Two grants for specific purposes were also received.

Total resources used increased by £59,000, which meant that net incoming resources at £839,000 were £52,000 less than in 1998. The Directors, transferred £400,000 from the unrestricted funds to the Grange designated fund.

Funds

The fund balances at the year-end were therefore as follows:-

The Kenton Grange Hospice project:	£
Restricted fund	2,690,000
Designated fund	<u>1,607,000</u>
Grange total	4,297,000
Other funds:	
Endowment fund	18,000
Designated fund	344,000
Unrestricted fund	<u>774,000</u>
Total funds	<u>5,433,000</u>

See notes 11 to 13 for further information on funds.

Performance of subsidiary company

The trading subsidiary, which in 1999 operated 7 charity shops in support of the Hospice, contributed £211,000 to group profits. This compares with £237,000 in 1998, a decrease as between the two years of £26,000. In fact, profits from the operation of the retail charity shops increased by £3,000, but were offset by the costs of starting up a Weekly Draw. The Directors of the shops company are confident that the Weekly Draw will show a profit in the current year and will produce a significant contribution towards the costs of meeting the operation of the hospice. The charity shop operated in Pinner was extended following the acquisition of adjoining premises, and has greatly increased profitability. Given the need to identify and develop sources of repetitive income in order to cover increased operating costs following the opening of Kenton Grange, the Directors are constantly seeking suitable premises in order to extend the retail shop operation. The profit in 1999 was due in the main to the dedicated work of management, staff and volunteers, who operate to a very high standard. Further particulars of the trading results can be found in note 2 to the accounts.

Balance Sheets

Particulars of fixed assets can be found under 'Funds' above and in notes 1 and 5 to the accounts.

Freehold land and buildings are capitalised at cost of acquisition, including professional fees, together with costs incurred in developing the properties.

REPORT OF THE DIRECTORS (continued)

The balance sheet of the charity shows that, apart from the fixed assets referred to above, assets are kept in liquid form. This is the deliberate policy of the Directors since the assets are used for the short-term purposes of financing running costs and the developing of the Kenton Grange Hospice. Long-term investments are therefore inappropriate but the best interest rates compatible with security and availability of cash are always sought.

The group balance sheet follows similar lines but fixed assets are greater because of the inclusion of the leasehold properties and other assets of the trading subsidiary.

LEGAL AND ADMINISTRATIVE INFORMATION

Directors, officers, etc.

The Directors of the Company are also the Trustees of the charity. No other body or person has the right appoint Directors.

The Directors who held office during the year were:

John Corner
Sue Diamond (appointed 19/5/99)
Jean Gaffin
Hilary McNair
Jack Shrimpton
Isobel Wilson

Fr. Philip Cross
Dr. David Fermont
Stephen Giles-Medhurst
Dr. Elizabeth Milne
Tom Taylor

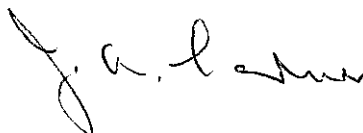
No Director has any beneficial interest in the company. Dr. David Fermont, Hilary McNair and Stephen Giles-Medhurst retire by rotation. Hilary McNair and Stephen Giles-Medhurst being eligible have offered themselves for re-election. The Trustees noted with regret Dr David Fermont's decision to stand down for personal reasons and wish to record their thanks for all that he has contributed to St. Luke's since its inception.

Sue Diamond retired in accordance with Article 43 of the Company's Articles of Association, and, being eligible, offered herself for re-election at the Annual General Meeting held on 20th July 1999.

CONCLUSION

1999 was a successful year for St. Luke's. Income remained steady despite a fall in interest on investments as the amount available reduced as payments were made on the Kenton Grange project. Existing services were maintained and improved and the Day Unit successfully moved to Kenton Grange which was taken over in November 1999. Work continues to commission Kenton Grange for inpatients and the Directors are confident that despite the building difficulties, which were outside their control, the new building will soon be fully operational.

BY ORDER OF THE BOARD



Chairman

Date: 10th July, 2000

**AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ST. LUKE'S HOSPICE (HARROW & BRENT) LIMITED**

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of the Directors and Auditors

As described in the Directors' Report the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

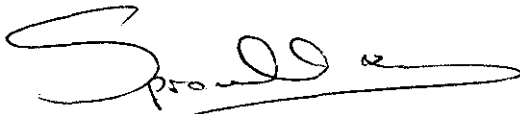
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, 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, and of whether the accounting policies are appropriate to the Group's circumstances.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Group as at 31st December 1999 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Sproull & Co.
Chartered Accountants
and Registered Auditor
31/33 College Road
Harrow
Middlesex HA1 1EJ**

Date: 14/7/2000

ST LUKE'S HOSPICE (HARROW & BRENT) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31st December 1999

	Notes	Unrestricted funds £000	Designated funds £000	Restricted/ Endowment funds £000	Totals 1999 £000	Totals 1998 £000
<u>Income and expenditure</u>						
Incoming resources						
Donations		308		219	527	575
Legacies		200		3	203	145
Grants		271		40	311	213
Interest		32		27	59	136
Market value increase (Endowment)	11			2	2	
Net income of trading subsidiary	2	211			211	237
Total incoming resources		<u>1022</u>		<u>291</u>	<u>1313</u>	<u>1306</u>
<u>Resources used</u>						
Direct charitable expenditure						
Homecare services		53			53	52
Daycare services		112			112	145
Support costs		167			167	94
		<u>332</u>		<u>0</u>	<u>332</u>	<u>291</u>
Other expenditure						
Fundraising		56		23	79	123
Administration		63			63	1
		<u>119</u>		<u>23</u>	<u>142</u>	<u>124</u>
Total resources used	3	<u>451</u>		<u>23</u>	<u>474</u>	<u>415</u>
Net incoming(outgoing)resources before transfers		571		268	839	891
Transfers between funds		-400	400			0
Net incoming(outgoing)resources for the year		<u>171</u>	<u>400</u>	<u>268</u>	<u>839</u>	<u>891</u>
Other recognised gains & losses						
Net movement in funds		<u>171</u>	<u>400</u>	<u>268</u>	<u>839</u>	<u>891</u>
Balances brought forward		603	1551	2440	4594	3687
Balances carried forward		<u>774</u>	<u>1951</u>	<u>2708</u>	<u>5433</u>	<u>4578</u>

None of the Group's activities was acquired or discontinued during the above two financial years with the exception of a weekly draw which was started in July 1999.

The Group has no recognised gains or losses other than those dealt with in the statement of financial activities.

The notes on pages 10 to 14 form part of these financial statements.

ST LUKE'S HOSPICE (HARROW & BRENT) LIMITED

BALANCE SHEETS at 31st December 1999

	Notes	Group <u>1999</u> £000	Group <u>1998</u> £000	Charity <u>1999</u> £000	Charity <u>1998</u> £000
Fixed assets					
Tangible assets	5	4693	3203	4640	3160
Investments	6	18	16	18	16
Current assets					
Stocks	7	5	3		
Debtors	8	119	50	162	94
Cash at bank & in hand	9	726	1523	707	1506
		850	1576	869	1600
Creditors: amounts falling due within one year	10	-128	-201	-86	-188
Net current assets		722	1375	783	1412
Net assets		5433	4594	5441	4588
Endowment fund					
Alice Wisbey Legacy	11	18	16	18	16
Income funds	12				
Restricted funds		2690	2424	2690	2424
Unrestricted funds:-					
Designated funds		1951	1551	1951	1551
Other charitable funds		782	597	782	597
Non-charitable trading funds		-8	6		
Total funds	13	5433	4594	5441	4588

The notes on pages 10 to 14 form part of these financial statements.

The financial statements were approved by the Board on 10th February 2000 and signed on its behalf by:-

J.A.Cornier

T.P.Taylor

) Directors

ST LUKE'S HOSPICE (HARROW & BRENT) LIMITED

CONSOLIDATED CASHFLOW STATEMENT for the year ended 31st December 1999

	<u>1999</u>	<u>1998</u>
	£000	£000
Net cash inflow from operating activities	655	954
Interest	60	136
Investing activities		
Purchase of tangible fixed assets	-1512	-1552
	<u>-797</u>	<u>-462</u>
Opening cash balance	1523	1985
Closing cash balance	<u>726</u>	<u>1523</u>

Reconciliation of increase in resources to net cash inflow from operating activities

Increase in resources	777	755
Depreciation	22	23
Change in stocks	-2	-1
Change in debtors	-69	59
Change in creditors	-73	118
	<u>655</u>	<u>954</u>

ST LUKE'S HOSPICE (HARROW & BRENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 1999

1. Accounting policies

1.1 Statement of Recommended Practice (SORP)

The financial statements have been prepared in accordance with the SORP on accounting by Charities issued in October 1995.

1.2 Basis of accounting

The financial statements have been prepared under the historical cost convention.

1.3 Covenant and Gift Aid income

This income represents net sums received during the year together with tax repaid.

1.4 Taxation

No tax is payable due to the charitable status of the parent company and the covenant arrangement with the subsidiary company (see note 2).

1.5 Donated fixed assets

Fixed assets acquired by specific donation were not shown as fixed assets in the financial statements before 1998. Where material they are now shown.

1.6 Depreciation

Depreciation is provided as follows:-

Freehold properties	Nil
Leasehold properties	Straight line over term of lease.
Fixtures & equipment	20% straight line

Parent company equipment was depreciated at 100% until 31st December, 1998.

No depreciation is charged on freehold properties as the Directors' policy is to maintain them to a high standard so as to extend their useful working lives.

1.7 Stock

Stocks of purchased goods, other than minor items, are valued at the lower of cost and net realisable value.

No value is attributed to stocks of donated goods.

1.8 Pension costs

The Company does not operate its own pension fund but contributes to group personal pension plans. Contributions payable to the plans are charged to the statement of financial activities in the period to which they relate.

1.9 Grants received

All grants received are spent only for the purposes for which they were approved.

Brent & Harrow Health Authority is giving sympathetic consideration to a request for an additional grant of £200,000 in respect of the commissioning of the Grange. This will be in respect of their accounting year ending 31st March, 2000 so some of the relevant expenditure may have been incurred in 1999.

1.10 Expenditure allocations

In view of the imminent opening of the inpatient hospice the allocation of expenditure to the categories in the accounts was reviewed and revised. This means that some of the totals for 1999 - in particular support costs and administration - are not comparable with the totals for 1998.

ST LUKE'S HOSPICE (HARROW & BRENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 1999

2. Net income from trading subsidiary

The charity owns the whole ordinary share capital of St Luke's Hospice (Harrow & Brent) Charity Shops Limited, a company registered in England and Wales, which in 1999 ran 7 charity shops in support of the hospice appeal. The subsidiary covenants not less than its taxable profits to the charity and also pays interest on loans.

A summary of its trading results is shown below. Audited accounts have been prepared in respect of its 1999 trading period which was the 52 weeks ended 1st January 2000. All initial marketing costs of the weekly draw have been written off as a matter of prudent accounting.

At 1st January, 2000 the aggregate of the share capital and reserves of the subsidiary was a deficit of £8,000. The company has given an undertaking to the directors of the subsidiary that payments of amounts due to it will not be requested until all other creditors have been satisfied.

	1999	1998
	£000	£000
Turnover	18	14
Cost of sales	-14	-9
Gross profit	4	5
Sales of donated goods	589	543
	593	548
Administrative expenses	-353	-311
Operating profit	240	237
Weekly draw	Profit for period Nil	
	Less start-up costs -29	
Deed of covenant	-224	-242
Loss/profit for the year	-13	-5

3. Analysis of total resources used 1999

	Staff costs £000	Other £000	Depreciation £000	Total £000
Direct charitable expenditure				
Homecare costs (See note 4)		53		53
Daycare costs	85	27		112
Support costs	105	59	3	167
	190	139	3	332
Other costs				
Fundraising	38	41		79
Administration	54	9		63
	92	50		142

4. Directors & employees

	1999	1998
	£000	£000
Employee costs are analysed as follows:-		
Wages & salaries	307	241
Social security costs	27	22
Pension costs	13	10
	347	273
Less charged to Grange Hospice Project	-65	-63
	282	210
Average number of employees	16	13

The employees are supported by unpaid volunteers. In addition, the Company receives the services of nurses who are employed by NHS Trusts, and reimburses all or part of the cost of those services to the employers. These nurses and their salary costs are not included in the employee information above.

None of the Directors receives any remuneration or benefits from the Company.

ST LUKE'S HOSPICE (HARROW & BRENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 1999

5. Tangible fixed assets

	Freehold properties £000	Leasehold properties £000	Equipment Parent £000	Subsid £000	Vehicles £000	Total £000
Cost					4	
Opening balance	3160	56	94	24	27	3361
Additions	1469	25	14	4		1512
Disposals				-1		-1
Closing balance	4629	81	108	27	27	4872
Depreciation						
Opening balance		31	94	18	15	158
Additions		11	3	3	5	22
Disposals				-1		-1
Closing balance		42	97	20	20	179
Net book value						
1999	4629	39	11	7	7	4693
1998	3160	25	0	6	12	3203

No allocation of fixed assets between charity and other use has been made since this would involve arbitrary divisions of the cost of freehold properties.

Part of the total shown as 'Freehold properties' above represents fixtures and fittings purchased and installed by the builders. When their account is finalised this will be re-allocated to 'Equipment'. No depreciation has been charged as the equipment was not in use in 1999.

6 Investments

The investment relates to money invested in a COIF charities investment fund in respect of a legacy

See note 11. The market value of the investment at 31 December 1999 was 18.

	Group 1999 £000	Group 1998 £000	Charity 1999 £000	Charity 1998 £000
7. Stocks				
Charity Christmas cards, etc	5	3		
8. Debtors				
Prepayments & accrued income	60	49	30	20
General debtors	59	1	59	1
Amounts owed by group undertaking			73	73
	119	50	162	94

ST LUKE'S HOSPICE (HARROW & BRENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 1999

	Group 1999 £000	Group 1998 £000	Charity 1999 £000	Charity 1998 £000
9. Cash at bank & in hand				
COIF deposit account		159		159
CAFCASH deposit accounts	646	707	646	707
Building Society accounts		500		500
Bank accounts	80	157	61	140
	<u>726</u>	<u>1523</u>	<u>707</u>	<u>1506</u>

10. Creditors

Amounts falling due within one year:-

General creditors	128	201	86	188
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11. Endowment fund

The late Mrs Alice Wisbey made a bequest to the Hospice with the instruction that the income therefrom should be applied for the comfort of the nursing staff.

	Opening balance	Increase in year	Closing balance
Capital fund	16	2	18
Income fund		1	1

No material part of the income was expended during the year.

12. Income funds and funds summary

The restricted fund and one of the designated funds are held for the specific purpose of building The Grange Hospice.

The other designated fund has been used for the acquisition & development of 59, Harrow View as a daycare centre and office.

	Opening balance £000	Income/ transfer £000	Utilised £000	Closing balance £000
The Grange Hospice Project				
Restricted fund	2424	289	-23	2690
Designated fund	1207	400		1607
	<u>3631</u>	<u>689</u>	<u>-23</u>	<u>4297</u>
Endowment fund	16	2		18
Designated fund: 59, Harrow View	344			344
Other unrestricted funds	603	1022	-851	774
Total income funds	<u>4594</u>	<u>1713</u>	<u>-874</u>	<u>5433</u>

Restricted funds can be spent only in accordance with the donors' wishes. Designated funds are unrestricted funds earmarked by the trustees for specific purposes.

Practical completion of the conversion and extension of Kenton Grange was achieved on 22nd November, 1999. The Grange restricted fund has therefore been closed. Any further adjustments to the cost will be reflected in transfers to the designated fund.

ST LUKE'S HOSPICE (HARROW & BRENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 1999

13. Analysis of group net assets between funds

	Restricted /Endowment £000	Desig- nated £000	Unrest- ricted £000	Totals <u>1999</u> £000	Totals <u>1998</u> £000
Closing fund balances are represented by :-					
Tangible fixed assets	2690	1939	64	4693	3203
Investments & net current assets	18	12	710	740	1391
Net assets	<u>2708</u>	<u>1951</u>	<u>774</u>	<u>5433</u>	<u>4594</u>

14. Capital commitments

	Group <u>1999</u> £000	Group <u>1998</u> £000	Charity <u>1999</u> £000	Charity <u>1998</u> £000
Expenditure contracted for but not provided in the the financial statements	150000	1372	150000	1350

15. Status

The Company is limited by guarantee and does not have a share capital. The number of members registered is 25, each of whose liability in any winding up of the Company may not exceed £1.