

Company Registration Number: 4120082

(Registered Charity Number: 1088475)

**HOSPICE OF HOPE ROMANIA LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**Annual Report and Accounts
31 December 2006**



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Trustees, Officers and Advisers

Trustees and Directors

Andrew Bache CMG, JP (Chairman)
Dr Mary Baines OBE
Fergus Cass
Andrea Evans
Catherine Hodgins
Linda Howard
Roger Northcott
Mihai Radoi
Clive Stuart
Ross Whitehill

Patrons

The Duchess of Norfolk
Dame Marion Roe DBE
Sir Digby Jones
Lady Kershaw
Princess Marina Sturdza
Sherban Cantacuzino CBE
Dr Mary Baines OBE

Executive Director

Graham Perolls OBE

Company Secretary

James Niblett ACA

Registered Office

28a High Street
Otford
Kent
TN14 5PQ

Registered Auditors

Creaseys Chartered Accountants LLP
12 Lonsdale Gardens
Tunbridge Wells
Kent
TN1 1PA

Solicitors

Coffin, Clover and Mew
Kings Park House
Southampton
Hampshire
SO15 2UF

Bankers

HSBC Bank plc
1/5 Week Street
Maidstone
Kent
ME14 1QW

Chairman's Message

2006 was another successful year for Hospice of Hope Romania Limited thanks to the strong support we received. This has meant that both for its work in Brasov, and now in Bucharest, Hospice Casa Sperantei has continued to attract international recognition, respect and praise.

Steadily, hospice care is becoming better understood in Romania but there is still a crying need for more services. The trustees are all determined that we should press forward further in Bucharest but also give support in the wider region, for instance to BELhospice in Belgrade.

This will impose considerable responsibilities over the longer term and the trustees are determined that it must be carefully financed to ensure sustainability. We plan therefore for Casa Sperantei in Brasov to become financially self-sufficient over the next five years but wider developments in Bucharest and elsewhere in the region will still require funding. Nevertheless, bearing in mind the encouragement and backing we have received to date, we believe this to be the right path to follow.

Commendably, the trust's fundraising base has been broadened. Like other charities, we have to look ahead and explore all possible sources of support. Against this background I want to draw attention to the importance of wills and legacies which can be invaluable in ensuring sustainability.

So whilst I want to end this message by thanking all those who have given us such invaluable support in the past, I hope, with the future in mind, that you will also consider this form of giving. It would certainly help to sustain Hospice of Hope Romania Limited whose achievements so far should give us all a sense of pride.



Andrew Bache CMG, JP

UK Executive Director's Message

For me, hospice care has always been about going the extra mile, finding ways to make every day count for patients and their families as our new strap line says.

In Romania and the other countries we work in, I see countless examples of this concept being put into practice on a daily basis, a nurse who drives in terrible weather conditions to get to a patient in distress, a physiotherapist who starts work an hour earlier to treat a child with painful joints, or a volunteer who gives up a precious weekend to man a fundraising stall in the city square.

I am also proud to say that our staff and volunteers in the UK and the US also go that extra mile to ensure that we meet the commitments we have made to support all the various projects.

However, I would like to take this opportunity to thank all of our supporters who go the extra mile for us, whether it is running in a marathon, helping in our charity shops, buying a table at one of our events, sending in a regular donation or simply praying for our work.

As you read this report, you will see that a great deal was achieved in 2006. In the last annual report, for the first time, we stated exactly what we planned to accomplish in the coming year. It is gratifying to look back and see that almost all the objectives were achieved and sometimes surpassed.

Finally, I would like to encourage you, if you possibly can, to visit Romania or Serbia to see the work at first-hand. We run two insight visits every year and this is a great opportunity to experience a country, visit the hospice work and meet the staff.

On behalf of the team and the patients, a very sincere thank you for your support.



Graham Perolls OBE

Our Structure

Hospice of Hope Romania Limited chose to use the working name "Hospices of Hope" during the year to reflect its work with a number of hospices in Romania and the surrounding countries. In the rest of this report, the charity will be referred to as Hospices of Hope.

The charity has two office bases in the United Kingdom, one in Otford, Kent and the other in Edinburgh, Scotland. We also have a regional representative in the South West of England.

We have a sister organisation in the United States, also called Hospice of Hope Romania(USA), based in Nyack, New York.

We work through our partner organisations in Romania and Serbia.

We also have 'Beacon' partners in our other target countries.

Our Romanian Partner

Hospice Casa Sperantei, Romania
Centre of Excellence for the Region

Our Serbian Partner

BELhospice, Belgrade

Providing hospital-based care, home care and palliative care education in Serbia

Our 'Beacon' Partners

ROMANIA

Casa Albert, Bacau

Caring for children in the Bacau region, and building "Casa Albert" – a children's hospice

Emmanuel Hospice, Oradea

Home care, supportive care and education in North Western Romania

Something for Romania, Cluj

Supporting the development of hospice services in Cluj

Other countries in which we provide assistance, advice and training

Macedonia, Moldova, Montenegro, Albania

Our Charity Shops

The wholly owned subsidiary, Hospice of Hope Romania Trading Limited operates 3 charity shops in Edinburgh – Gorgie, Stockbridge, Tollcross.

Our Vision

Our vision is of a future where all terminally ill patients in Romania and surrounding countries are able to live and die with dignity as respected and valued members of their society

Our Mission

Our mission is to improve quality of life for the terminally ill and their families in Romania and other countries in the region through increased provision and access to palliative care services and training

Our Aim

Our aim is to achieve policy changes in Romania and Serbia that will lead to hospice/palliative care becoming available to a majority of the population within five years. We also aim to influence the governments of the surrounding countries that do not currently have palliative care services or adequate systems in place to care for those who are terminally ill

Our Activities

We will work with governments and other agencies to advise on the planning and provision of services

We will challenge corrupt practices wherever we meet them

We will challenge prejudice and encourage our service providers to find ways of reaching the marginalised communities

We will work with our partners to sustain and develop hospice services, build capacity and provide technical assistance

Advocacy and Promotion of Hospice Care

We will research and raise awareness of the needs of terminally ill patients and their families in Romania and surrounding countries

We will promote the medical speciality of hospice and palliative care in these countries

We will campaign for changes in government policy and targeting of resources towards hospice and palliative care

Technical Assistance

We will provide expert advice to our partners, government and other agencies on the planning and provision of hospice services

Education and Training

We will use every opportunity to ensure that as many health care professionals, carers and volunteers receive training in hospice and palliative care

Funding

We will raise money from as many ethical sources as possible and seek ways to increase income so that we can help more people

We will provide grants for our partners in Romania and surrounding countries in order to help sustain and develop their services

We will work collaboratively with other organisations in the field

Advocacy and Promotion

During 2005 we said we would:

- Continue to press the Romanian government to honour the promises they have made to change legislation regarding non governmental organisations and the prescription of morphine and provide funding for inpatient hospice care
- Continue all necessary negotiations relating to the funding of hospice services in Romania and Serbia
- Offer support to medical professionals in Macedonia and Moldova

In 2006 we:

- Achieved a change in the legislation relating to the prescription of opioids in terminal care. A new law was passed by the Romanian parliament in 2006 and was a direct result of our lobbying initiatives
- Achieved a significant increase in the funding of the in-patient unit in Brasov
- Continued negotiations with officials from the Serbian government to raise the issue of legislation needed for Serbian NGO's to provide medical services
- Made an assessment visit to Macedonia

In 2007 we will:

- Promote a national integrated palliative care network in Romania
- Advise on a public awareness campaign in Romania
- Facilitate more links between UK hospices and hospices in our target countries
- Carry out further negotiations with the government of Serbia in order to change the legislation regarding NGO's and the provision of palliative care services
- Carry out an assessment visit to Moldova

Technical Assistance

During 2005 we said we would:

- Further assist our partners in the development of their services
- Establish "beacon partners" in Macedonia and Moldova
- Provide technical assistance to as many palliative care services in the region as possible

In 2006 we:

- Gave advice to Casa Sperantei on important grant applications to USAID and the EU which were both successful
- Advised BELhospice on the setting up of a Palliative Care Education Centre
- Helped train the first Serbian fundraiser
- Identified a possible leader for the palliative care movement in Macedonia and supported him in his application to take a Palliative Care Diploma at Cardiff University

In 2007 we will:

- Assist Hospice Casa Sperantei with the implementation of a public awareness campaign
- Provide further technical assistance to all projects we are involved with in the region
- Advise on the operating of the out-patient clinic in Bucharest
- Help implement the HIV Project funded by the Community Fund in three cities (Bucharest, Bacau and Brasov)

Education

In 2005 we said we would:

- Provide specialist education for health care professionals caring for patients suffering from HIV, in order to integrate their care into mainstream palliative care services
- Assist our main partner, Hospice Casa Sperantei, in their efforts to establish a Palliative Care Diploma course for nurses
- Assist Dr Natasa Milicevic in developing hospice education in Serbia
- Assist a Macedonian doctor in obtaining a Diploma in Palliative Medicine

In 2006 we:

- Participated in the training of Romanian doctors in connection with the new morphine legislation
- Supported the training course in Belgrade for doctors
- Provided training for fundraisers in Romania and Serbia
- Obtained video-conferencing equipment through a grant from Rotary

In 2007 we will:

- Continue to lobby the Romanian Health Ministry to accredit a Palliative Care qualification for nurses
- Provide more opportunities for palliative care education through video-conferencing, particularly with Rhode Island University
- Run an HIV/AIDS awareness course for staff involved in the new Community Fund project

Funding

In 2005 we said we would:

- Aim to raise £783,175 to fulfil our objectives for our work in Romania and the surrounding countries
- Provide ongoing grants to our main partner and our "Beacon partners" to sustain and develop hospice services
- Raise funds to purchase the ground floor of the Nicholas Edeleanu Building in Bucharest, to provide a base for a home-care team and to open an out-patient clinic for Bucharest
- Raise any surplus funds needed for the purchase and equipping of the BELhospice Centre in Belgrade

In 2006 we:

- Raised £1,098,858 for our work in Romania and surrounding countries
- Obtained a grant from Vodafone to carry out a project called "Sharing the Care" which benefited patients and their carers at Hospice Casa Sperantei in Brasov and Bucharest Hospice Emmanuel in Oradea and Casa Albert in Bacau
- Obtained a three year grant from the Community Fund to establish palliative care services for HIV patients in Romania and carry out AIDS awareness education
- Were unable to purchase the ground floor of the Nicholas Edeleanu Building in Bucharest, but were successful in finding and purchasing another building just 2 minutes walk away for use as an out patient clinic
- Raised the funds needed to equip the new BELhospice "Prue Dufour" Education Centre in Belgrade, which was opened in October 2006

In 2007 we will:

- Aim to raise £850,000 to fulfil our objectives for our work in Romania and the surrounding countries
- Aim to fund the building of a hydrotherapy pool and sensory room for the children at Hospice Casa Sperantei
- Aim to raise money for new projects in Montenegro and Moldova
- Continue to support the 'Beacon of Hope' and 'Sharing the Care' projects through the grants from GlaxoSmithKline and Vodafone
- Carry out a feasibility study of new in-patient units in Bucharest and Belgrade

Financial Review

2006 was a successful year for the charity in terms of financial stability as well as for provision of services. The surplus achieved of £148,589 increased the total funds at the end of the year to £278,063. However, it should be noted that a building in Belgrade, Serbia was acquired during the year. This capital asset is valued at its cost of £117,338 and is used for education for Serbian medical professionals. There are no plans for it to be sold.

The position of current assets at the year end was in line with the trustees' reserves policy.

The income for the charity and its subsidiary in 2006 was 47% higher than in 2005. This was due to greater donations from a number of sources, and the opening of a new charity shop in Edinburgh. Income from major funders including the Tudor Trust, GlaxoSmithKline, Big Lottery Fund and Lloyds TSB. For each of these grants income and expenditure is shown in a restricted fund. The expenditure is managed in accordance with the conditions agreed by the donor organisation at the start of the project. Individual donations rose to £295,990 compared with £182,650 in 2005. This was due to a greater response to a number of appeals, most notably the appeal for the outpatient clinic in Bucharest.

The expenditure of the group was £950,269 compared with £702,101 in 2005. 68.6% of the expenditure was used for the charitable activities of the group while 31.0% was used on fundraising. The remaining 0.4% was spent on corporate governance. The amount used on charitable activities was £652,176 compared with £508,846 in 2005. The main reason for the increase was the increase in transfers to Hospice Casa Sperantei, Romania. Included in these were the money used by the Romanian partner to purchase and refurbish a building in Bucharest. This will be opened as an outpatient clinic in 2007.

On 1st March 2006 the two shops in Edinburgh which were run by the charity were transferred to a wholly owned subsidiary, Hospice of Hope Trading Limited. The subsidiary then opened a third shop in Gorgie Road. The subsidiary made a profit for the last 10 months of the year of £9,687. This was transferred entirely to the charity under the Gift Aid rules for companies, so that the subsidiary would not suffer any tax liability on the profit.

CORPORATE GOVERNANCE

Hospice of Hope Romania Limited is a company limited by guarantee, governed by a Memorandum and Articles of Association. The objects for which the Company is established are to

Promote relief of sickness, and in particular to

- Promote the care of persons in Central and Eastern Europe suffering from cancer or other life-threatening illnesses whether in hospitals, hospices, clinics or their own homes and to provide medical, nursing and other treatment and attention according to their needs, together with guidance and assistance for those caring for them
- Promote and encourage research into the care and treatment of persons suffering from cancer and other life-threatening illnesses
- Promote, encourage and assist in the teaching and training of doctors, nurses and others engaged in the care of such persons
- Relieve people suffering from shock or depression arising from bereavement by provision of counselling for the families and carers
- Promote and encourage the provision of care by all appropriate institutions and organisations in Central and Eastern Europe suffering from advanced cancer and other life-threatening illnesses
- Assist by grants of money or other help to charitable or non-profit making institutions in furtherance of the above objects

The governing body of the charity is the Board of Trustees, which comprises 9 members and meets 5 or 6 times a year to review strategy and performance together with the Executive Director and the Deputy Director. The charity also has a fundraising committee called the which comprises 10 members and also meets 5 or 6 times a year to "brainstorm" fundraising ideas, network and contribute to the charity's fundraising plan.

Statement of Trustees Responsibilities

The trustees 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 trustees 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 incoming resources and application of resources of the company for that period. In preparing those accounts, the trustees are required to

- select suitable accounting policies and apply them consistently,

- make judgements and estimates that are reasonable and prudent,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

The trustees, through the executive director, have set policies on risk and internal controls.

Recruitment and Appointment of Trustees

The trustees aim to maintain a board of ten members with a range of skills and experience. When vacancies in the board arise then new trustees are recruited by recommendation from trustees and friends of the charity. New trustees are then proposed to the board by the Chairman. Once appointed, trustees are given the Charity Commission's booklet about the responsibilities of being a Trustee and a summary of the history, personnel and activities of the charity.

Reserves

The trustees have adopted a reserves policy, which they consider appropriate to ensure the continued ability of the charity to meet its objectives. The charity aims to build reserves to a level which will provide a minimum of 24 weeks total unrestricted resources. Investment decisions are taken by the Board of Trustees.

Investments

The charity's investments policy is to maximise real returns through investment in special charity deposit accounts such as COIF.

Grant Making Policies

All projects that are accepted for assistance must be able to demonstrate that they fulfil the objectives of the charity. Rigorous controls and procedures are in place to ensure that grant money is spent on its intended purpose.

This report was approved by the trustees on 19th June 2007 and was signed on their behalf.

Chairman



Independent Auditor's Report

We have audited the financial statements of Hospice of Hope Romania Limited on pages 11 to 20 for the year ended 31 December 2006. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

The responsibilities of the trustees (who are also the directors of Hospice of Hope Romania Limited for the purposes of company law) for preparing 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. We also report to you whether the information given in the trustees' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity 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 with the charity is not disclosed.

We read the trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

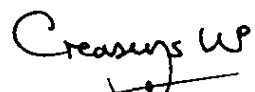
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charitable company's affairs as at 31 December 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information provided in the trustees' report is consistent with the financial statements.


Chartered Accountants
Registered Auditor

10th August 2007
12 Lonsdale Gardens
Tunbridge Wells
Kent
TN1 1PA

**HOSPICE OF HOPE ROMANIA LIMITED
AND SUBSIDIARY COMPANY**

**STATEMENT OF FINANCIAL ACTIVITIES
(including income and expenditure account)
YEAR ENDED 31 DECEMBER 2006**

		Unrestricted Funds	Restricted Funds	TOTAL 2006	TOTAL FUNDS 2005
	Notes			£	£
INCOMING RESOURCES					
Generated funds					
Donations and Grants	2	660,403	182,753	843,156	595,627
Events and promotions	3	122,821	-	122,821	84,956
Charity Shops		11,136	-	11,136	60,830
Trading Company Turnover	4	116,222	-	116,222	-
Investment income		5,523	-	5,523	4,020
TOTAL INCOMING RESOURCES		916,105	182,753	1,098,858	745,433
RESOURCES EXPENDED					
Cost of generating funds					
Cost of generating voluntary income	5	70,060	-	70,060	75,446
Cost of events and promotions	5	97,510	-	97,510	55,302
Charity Shop Costs	5	20,660	-	20,660	61,807
Trading Company	5	106,535	-	106,535	-
		294,765	-	294,765	192,555
Charitable activities by objective					
Advocacy and Promotion	5	88,650	-	88,650	54,362
Technical Assistance	5	86,499	-	86,499	73,277
Hospice Education	5	66,642	-	66,642	57,951
Grants for Hospice Care	5	277,838	132,547	410,385	323,256
		519,629	132,547	652,176	508,846
Governance costs	5	3,328	-	3,328	700
TOTAL RESOURCES EXPENDED	6	817,722	132,547	950,269	702,101
Net incoming resources / net income for the year		98,383	50,206	148,589	43,332
RECONCILIATION OF FUNDS					
Total funds at January 1st		46,570	82,904	129,474	86,142
TOTAL FUNDS CARRIED FORWARD	16	144,953	133,110	278,063	129,474

**HOSPICE OF HOPE ROMANIA LIMITED
AND SUBSIDIARY COMPANY**

**BALANCE SHEET
31 DECEMBER 2006**

	Note	Group		Charity	
		2006	2005	2006	2005
		£	£	£	£
FIXED ASSETS					
Tangible Assets	10	120,415	3,846	120,415	3,846
CURRENT ASSETS					
Stocks	11	1,221	2,058	677	2,058
Debtors	12	30,476	38,275	41,279	38,275
Investments	13	209,264	118,898	209,265	118,898
Cash at bank		20,274	19,895	9,104	19,895
		261,235	179,126	260,325	179,126
CREDITORS: Amounts falling due within one year	14	(103,587)	(53,498)	(102,677)	(53,498)
NET CURRENT ASSETS		157,648	125,628	157,648	125,628
NET ASSETS		278,063	129,474	278,063	129,474
FUNDS					
Restricted	16	133,110	82,904	133,110	82,904
Unrestricted	16	144,953	46,570	144,953	46,570
TOTAL FUNDS		278,063	129,474	278,063	129,474

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved by the Board of Trustees on 19th June 2007 and were signed on their behalf by

A P F Bache
Trustee



**HOSPICE OF HOPE ROMANIA LIMITED
AND SUBSIDIARY COMPANY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006**

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

(a) Basis of Accounts Preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities issued in March 2005, and with the Financial Reporting Standard for Smaller Entities (Effective January 2005). The accounts consolidate those of the Charity and its wholly owned non-charitable subsidiary trading company, Hospice of Hope Trading Limited. In accordance with paragraph 397 of the Charities SORP 2005, no separate SoFA has been presented for the charity alone.

(b) Fund Accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

(c) Incoming Resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable except where conditions for expenditure have not been met by the year end.

Donated items are included at the value to the charity where this can be quantified. The value of the services provided by volunteers has not been included in these accounts.

Investment income is included when receivable.

(d) Resources Expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes VAT which the charity cannot recover and is reported as part of the expenditure to which it relates.

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading including the charity's shops in Edinburgh.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities according to its charitable objects. It includes both costs that can be allocated directly to such activities and those of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity, including audit fees.

All costs are allocated between the expenditure categories of the Statement of Financial Activities (SoFA) on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned as set out in Note 5.

**HOSPICE OF HOPE ROMANIA LIMITED
AND SUBSIDIARY COMPANY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2006**

(e) Fixed Assets

Depreciation of assets is provided at rates calculated to write off the excess of cost over residual amount evenly over the estimated useful economic lives of each class of asset

These rates are currently as follows

Buildings	2% straight line
Office Equipment	20% straight line
Fundraising Equipment	20% straight line

The depreciation on the building will be applied from 1st January 2007, the first full year of ownership

(f) Stocks

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

2. DONATIONS

	Charity and Group	
	2006	2005
	£	£
Donations from Individuals (including gift aid receivable)	295,990	182,650
Legacies	30,000	50,000
Bucharest Institute Appeal	-	433
Bucharest Clinic Appeal	93,761	-
Serbia Appeal	3,325	-
Ionut Appeal	2,695	-
Churches, schools and community groups	10,929	5,988
Business	22,061	15,159
GlaxoSmithKline	50,000	100,000
Tudor Trust	100,000	81,000
Big Lottery Fund	21,049	-
Lloyds TSB	5,684	-
Ellenor Foundation Romanian Appeal	170,810	135,750
Other Trusts	36,852	24,647
	843,156	595,627

3. EVENTS AND PROMOTIONS

	Charity and Group	
	2006	2005
	£	£
Fundraising events	100,466	69,468
Travel and Insight events	17,678	13,050
Merchandising	4,677	2,438
	122,821	84,956

**HOSPICE OF HOPE ROMANIA LIMITED
AND SUBSIDIARY COMPANY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2006**

4 Income from the Subsidiary's Trading Activities

The charity owns the entire share capital of Hospice of Hope Trading Limited, which runs three charity shops in Edinburgh selling donated items and a small number of purchased gifts and cards. The Subsidiary started trading on 1st March 2006, taking over the running of the two charity shops which the charity had operated. The third shop, in Gorgie Road opened to the public on 8th April 2006. The subsidiary's trading results for the year, as extracted from the audited accounts, are summarised below, together with the Charity's own results for the year to distinguish them from the group results in the consolidated Statement of Financial Activities.

	Subsidiary		Charity	
	2006	2005	2006	2005
	£	£	£	£
Donations, Events and Sales	116,222	-	977,113	741,413
Purchases Subsidiary	(689)	-		
Wages Subsidiary	(57,056)			
Premises Costs Subsidiary	(38,973)			
Gross profit. Subsidiary	19,504	-		
Administration Subsidiary	(9,817)	-		
Investment income receivable	-	-	5,523	4,020
Net Income for year Subsidiary	9,687	-		
Gift Aid Donation	(9,687)	-	9,687	-
Gross Incoming resources Charity	-	-	992,323	745,433
Costs of charitable activities			(652,176)	(508,846)
Costs of generating funds Charity			(188,230)	(192,555)
Governance costs of the charity			(3,328)	(700)
Retained Income	-	-	148,589	43,332

**HOSPICE OF HOPE ROMANIA LIMITED
AND SUBSIDIARY COMPANY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2006**

5. Analysis of Total Resources Expended

	Staff Costs	Transfers and Equipment	Travel	Premises	Other Costs	Legal and Professional Fees	2006 Total	2005 Total
	£	£	£	£	£	£	£	£
Basis of Allocation	Staff Time	Direct	Direct	Staff Time	Staff Time	Direct		
Cost of Generating Funds								
Voluntary Income	29,188	-	5,649	2,619	17,329	15,275	70,060	75,446
Events & Promotions	24,890	-	13,918	2,441	56,261	-	97,510	55,302
Charity Shops	6,060	-	-	5,769	8,831	-	20,660	61,807
Trading Costs of the subsidiary	57,056	-	-	38,973	9,856	650	106,535	-
	117,194	-	19,567	49,802	92,277	15,925	294,765	192,555
Charitable Expenditure								
Advocacy and Promotion	53,887	-	8,886	7,092	18,785	-	88,650	54,362
Technical Assistance	50,077	946	14,175	5,667	15,634	-	86,499	73,277
Hospice Education	-	60,711	-	-	5,931	-	66,642	57,951
Funding Support	-	410,385	-	-	-	-	410,385	323,256
	103,964	472,042	23,061	12,759	40,350	-	652,176	508,846
Governance Costs	-	-	-	-	-	3,328	3,328	700
Total Resources Expended - Group (2006)	221,158	472,042	42,628	62,561	132,627	19,253	950,269	
Total Resources Expended - Group (2005)	186,694	366,207	32,527	31,394	66,912	18,367		702,101
Total Resources Expended - Charity (2006)	164,102	472,042	42,628	23,588	122,771	18,603	843,734	
Total Resources Expended - Charity (2005)	186,694	366,207	32,527	31,394	66,912	18,367		702,101

**HOSPICE OF HOPE ROMANIA LIMITED
AND SUBSIDIARY COMPANY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2006**

6 Total Resources Expended for the Year

	Group		Charity	
	2006	2005	2006	2005
This is stated after charging	£	£	£	£
Depreciation	769	962	769	962
Auditors' remuneration	3,978	1,499	3,328	1,499

7 Staff Costs and Numbers

	Group		Charity	
	2006	2005	2006	2005
Staff costs were as follows:	£	£	£	£
Salaries and Wages	202,112	168,802	147,026	168,802
Social Security Costs	16,511	15,167	14,541	15,167
Pension Costs	2,535	2,725	2,535	2,725
Total	221,158	186,694	164,102	186,694

No employees received emoluments of more than £45,000.

The average number of employees during the year, calculated on the basis of full time equivalents, was as follows

	2006	2005
	Number	Number
Management, advocacy and technical assistance	2	2
Hospice Doctor	1	1
Fundraising	1	1
Administration & Support	1	1
Charity Shop Managers	4	2
	9	7

The charity does not operate any pension scheme for its employees but does administer contributions to a stakeholder pension scheme for 2 staff (2005 - 3 staff) The charity makes contributions to the scheme as shown in the note

Note that the 2 charity shops in Edinburgh were transferred to Hospice of Hope Trading Limited on 1st March 2006.

8 Trustee Remuneration & Related Party Transactions

No trustees received any remuneration or expenses during the year

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2005 - Nil)

9 Taxation

As a charity, Hospice of Hope Romania is exempt from tax on income and gains falling due within section 505 of the taxes act 1988 or s256 of the Taxation and Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects No tax charges have arisen in the charity

The subsidiary gift aids 100% of its profit to the charity Therefore no tax is liable on the profits it produces

**HOSPICE OF HOPE ROMANIA LIMITED
AND SUBSIDIARY COMPANY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2006**

10. TANGIBLE FIXED ASSETS

	Charity and Group			
	Serbian Hospice Premises £	Office Equipment £	Fundraising Equipment £	Total £
COST				
At 1 January 2006	-	3,276	2,372	5,648
Additions	117,338	-	-	117,338
At 31 December 2006	117,338	3,276	2,372	122,986
DEPRECIATION				
At 1 January 2006	-	840	962	1,802
Charge for the year	-	487	282	769
At 31 December 2006	-	1,327	1,244	2,571
NET BOOK VALUE				
At 31 December 2006	117,338	1,949	1,128	120,415
At 31 December 2005	-	2,436	1,410	3,846

The trading company owned no fixed assets at any point during the year

11. STOCKS

	Group		Charity	
	2006	2005	2006	2005
	£	£	£	£
Stock	1,221	2,058	677	2,058

Stock comprises promotional materials and gifts purchased for sale in the charity shops

12. DEBTORS

	Group		Charity	
	2006	2005	2006	2005
	£	£	£	£
Trade Debtors	3,626	2,699	3,626	2,699
Gift Aid Recoverable	15,000	7,073	15,000	7,073
Due from Subsidiary	-	-	21,339	-
Loan to Hospice of Hope (USA)	-	22,617	-	22,617
Prepayments	11,850	5,886	1,314	5,886
	30,476	38,275	41,279	38,275

**HOSPICE OF HOPE ROMANIA LIMITED
AND SUBSIDIARY COMPANY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2006**

13. INVESTMENTS

	Group		Charity	
	2006	2005	2006	2005
	£	£	£	£
Share in Subsidiary Company	-	-	1	-
COIF deposit fund	209,264	118,898	209,264	118,898
	209,264	118,898	209,265	118,898

This represents an interest bearing deposit account which earns interest at a competitive commercial rate

14. CREDITORS: Amounts falling due within one year

	Group		Charity	
	2006	2005	2006	2005
	£	£	£	£
Taxation and social security	5,620	4,540	5,620	4,540
Other creditors	11,964	4,601	11,964	4,601
Accruals	3,555	1,357	2,645	1,357
Provision for legal fees to convert land	10,350	15,000	10,350	15,000
Deferred Income from Grants	72,098	-	72,098	-
Loan from Ellenor Romanian Appeal	-	28,000	-	28,000
	103,587	53,498	102,677	53,498

Deferred income comprises £50,000 from the Glaxo grant and £22,098 from the Big Lottery Fund Grant on the basis that the expenditure of these amounts must be incurred after 31 December 2006 according to the grant agreements

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Group		
	General Funds	Restricted Funds	Total Funds
Tangible Fixed Assets	3,077	117,338	120,415
Current Assets	173,365	87,870	261,235
Current Liabilities	(31,489)	(72,098)	(103,587)
Net Assets at 31 December 2006	144,953	133,110	278,063

	Charity		
	General Funds	Restricted Funds	Total Funds
Tangible Fixed Assets	3,077	117,338	120,415
Current Assets	172,455	87,870	260,325
Current Liabilities	(30,579)	(72,098)	(102,677)
Net Assets at 31 December 2006	144,953	133,110	278,063

**HOSPICE OF HOPE ROMANIA LIMITED
AND SUBSIDIARY COMPANY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2006**

16. Movements in Funds - Group

	At 1 January 2006	Incoming Resources	Outgoing Resources	Transfers	At 31 December 2006
	£	£	£	£	£
Serbia	28,035	103,325	(11,539)	-	119,821
GlaxoSmithKline grant	54,869	50,000	(98,000)	-	6,869
Big Lottery Fund	-	21,049	(21,000)	-	49
Lloyds TSB	-	5,684	(2,008)	-	3,676
Ionut Fund	-	2,695	-	-	2,695
Total Restricted Funds	82,904	182,753	(132,547)	-	133,110
Unrestricted Funds	46,570	916,105	(817,722)	-	144,953
	<u>129,474</u>	<u>1,098,858</u>	<u>(950,269)</u>	<u>-</u>	<u>278,063</u>

Purposes of Restricted Funds

Serbia - Funds for Serbia are specifically donated to meet some of the costs of running BELhospice in Belgrade which was launched in June 2005

GlaxoSmithKline Grant - The pharmaceutical company has funded a 3-year project to make palliative care more available to children in Romania and the Balkans which started in July 2005

Big Lottery Fund approved a grant starting in December 2006 to provide palliative care for terminally ill patients in Romania

Lloyds TSB approved a grant to improve bereavement care, social work and volunteering at Hospice Casa Sperantei, through a link with St Columba's Hospice in Edinburgh

Ionut Fund - An appeal was launched to support the living costs for Ionut, a paraplegic patient following the donation of a home for him & his mother in Brasov, Romania

17. FINANCIAL COMMITMENTS

At 31 December 2006 the group and charity were committed to making the following

	Group	Charity
Operating leases which expire:		
within one year	7,500	7,500
between two and five years	19,720	5,720
in more than five years	14,500	-
	<u> </u>	<u> </u>