

Company number: 04120082
Charity Number: 1088475
Scottish Charity number: SC040117

Hospice of Hope Romania Limited

Report and financial statements
For the year ended 31 December 2017



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Hospice of Hope Romania Limited

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Hospice of Hope Romania Limited

Reference and administrative information

For the year ended 31 December 2017

Company number 04120082

Charity number 1088475 (England and Wales) & SC040117 (Scotland)

Registered office and operational address 11 High Street
Otford
KENT
TN14 5PG

Country of registration England & Wales and Scotland

Country of incorporation United Kingdom

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Brian Davies (Chair)
Fergus Cass (resigned 3 July 2017)

Trevor Snuggs
Dr. Simon Pennell
Avril Jackson (resigned 6 February 2017)
Dr. Jo Hockley OBE
Marilyn Boggust
Rev. Anthony Redman
Douglas Paterson
Dr. Alison Landon
Philip Batson

Key management personnel Graham Perolls CMG, OBE –Chief Executive (until November 2017)
Alexandru Padureanu – Deputy Chief Executive (CEO from November 2017)

Carolyn Perolls Trading Company Managing Director

Bankers HSBC Bank Plc
1/5 Week Street
Maidstone
KENT
ME14 1QW

Hospice of Hope Romania Limited

Reference and administrative information

For the year ended 31 December 2017

Solicitors Latham & Watkins LLP
99 Bishopsgate
LONDON
EC2M 3XF

Auditor Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108-114 Golden Lane
LONDON
EC1Y 0TL

The trustees present their report and the audited financial statements for the year ended 31 December 2017.

Reference and administrative information set out on pages 1 and 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Vision, Mission, Aim, Structure and Partners

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 is to improve the quality of life for terminally ill adults and children and their families in the resource-poor countries of South East Europe by increasing provision and access to palliative care services and training of medical personnel, wherever possible working through our country partners: Hospice Casa Sperantei (Romania), Emanuel Hospice (Romania), BELhospice (Serbia) and Hospices of Hope Moldova.

Our Aim is to achieve policy changes in Romania, Serbia and Moldova that will lead to hospice/palliative care becoming available to a majority of the population. 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 Structure

Hospices of Hope has two UK offices based in Otford and Edinburgh, a wholly owned trading company which runs a chain of 16 charity shops in South-East England and Scotland and a branch in Moldova opened in 2017.

We work through our partner organisations in Romania, Serbia and Moldova. Our objective is to enable these organisations to become self-sustainable as soon as practicable.

We also support other hospice and palliative care organisations in Central and Eastern Europe through the provision of advocacy, technical support, training and funding.

Our Country Partners

ROMANIA	–Hospice Casa Sperantei, Brasov, Bucharest, Fagaras and Zarnesti and the Princess Diana Training Centre, Brasov
	–Emanuel Hospice, Oradea
SERBIA	–BELhospice and the Prue Dufour Education Centre, Belgrade
MOLDOVA	–Hospices of Hope Moldova

We have also trained medical professionals from:

Albania, Armenia, Bosnia, Bulgaria, Czech Republic, Georgia, Greece, Hungary, Kazakhstan, Kosovo, Kyrgyzstan, Macedonia, Montenegro, Poland, Russia, Turkey, Ukraine, Uzbekistan

Our Purposes and Aims

Hospices of Hope serves the needs of terminally ill patients, their families and carers in Romania, Serbia and the Republic of Moldova through its partner organisations. The charity has a policy that it will only work with organisations that provide hospice care of a high standard, free of charge to the beneficiary. Patients are accepted on the basis of need and residential proximity, not on the grounds of race, religion or ability to pay. The education provided to medical professionals is subsidised where possible.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

Our Strategic Objectives:

- To encourage and assist the growth of palliative care provision in Romania, Serbia, Moldova and surrounding countries.
- To encourage, promote and assist the development of palliative care education information and networking opportunities throughout Romania and surrounding countries.
- To sustain and grow financial support in the U.K., U.S.A, the rest of Europe and other countries (if appropriate), for the charity's goals.
- To advise and assist with fundraising strategy and activities in the target countries.
- To pioneer new ways of providing palliative care by making available to our beneficiaries all the new available technologies so that their quality of life and their access to care and education are improved.
- To contribute to the building of a more civil, caring and compassionate society in Romania, Moldova and Serbia.

SUMMARY FOR 2017 ACTIVITIES

2017 was a year of transition for the Charity with the Founding CEO stepping down and the appointment of new CEOs in the UK and Romania. A new structure was adopted for the team in the UK and we were able to work through the change with their help.

In Romania we:

- Renovated the main building at our centre for children at Copaceni and also secured the funding for the first 9 months of running costs
- Helped our country partner in Romania (Hospice Casa Sperantei) to overcome the increases in doctors' and nurses' salaries by supplementing the unrestricted funds sent to this country
- Obtained funding to develop a mobile app destined to patients and home care teams

- Helped open the first virtual reality points in our country partner's inpatient units

In Serbia we:

- Obtained accreditation and recognition for our home care services for the first time
- Secured two important grants to renovate and develop the first hospice unit in the country
- Improved the governance of our country partner
- Recruited and supported a new CEO for our country partner

In Moldova we:

- Opened a Hospices of Hope interim branch and moved to a new approach aiming to create a national network for palliative care, a solution for the whole country
- Worked closely with the Government, making sure our strategy fits the national public long-term strategy
- Developed the fundraising for our local branch and secured a large grant that enabled us to add the first 3 teams to the national network

In the UK we:

- Achieved the budget and ensured the necessary income to operate and support our services and partners in Eastern Europe
- Made the transition to a new CEO and team after Graham Perolls stepped down as Founding CEO after 25 years

ACTION PLAN FOR 2018 ONWARDS

To encourage and assist the growth of palliative care provision in Romania, Serbia, Moldova and surrounding countries by providing advocacy, technical expertise, training and funding, in all ways possible but especially by:

- i. Lobbying governments to provide legal frameworks and funding
- ii. Advising on setting up hospices, funding, staffing, management etc.
- iii. Promoting a national integrated palliative care network
- iv. Assisting with public awareness campaigns
- v. Encouraging twinning initiatives
- vi. Providing trainers and experts
- vii. Providing grants and funding

In particular to:

- 1) sustain and support the work of Hospice Casa Sperantei as a Centre of Excellence for the Region.
- 2) work towards Hospice Casa Sperantei becoming self-sufficient at some time in the future.

3) encourage and assist Hospice Casa Sperantei with their development goals:

- i. the expansion of home-care services for the rural areas of Brasov County and for minority groups such as the Roma
- ii. the development of bereavement and family support services
- iii. the expansion of referral criteria to include non-malignant illnesses.
- iv. the establishment of a more solid funding base, including contracts with local councils
- v. opening the specialist centre at Copaceni for children and families affected by life-limiting conditions
- vi. the use of new technology to help patients such as virtual and augmented reality
- vii. the use of new technology to increase access to patient care (new app, telemedicine etc)

4) encourage and assist Hospice Emanuel with their development goals:

- i. the provision of home-care and day-care services
- ii. the completion of a new in-patient hospice facility.

5) encourage and support BELhospice with their development goals:

- i. the obtaining of legislation to allow NGO's to provide a full medical service and obtain funding through the State funding system.
- ii. the expansion of fundraising programme
- iii. the development of a new centre for day-care and home-care services
- iv. the establishment of a children's team

6) further develop the national network for palliative care in 'Moldova by adding at least 2 more teams with an expansion towards the south of the country and creating a new model of approaching the palliative care need in vulnerable countries

7) support and encourage the CEOs of the partner organisations and advise the local Boards

8) review longer term to support the development of specialist palliative care in Albania, Montenegro, Macedonia, Kosovo and Bosnia by providing, advice, training and possibly funding for a partner project.

9) encourage the development of e-learning / distance learning courses, video conferencing etc. and assist with development of course materials, curricula etc.

10) sustain and grow financial support in the UK, USA and the rest of Europe and other countries (if appropriate), for the charity's goals.

11) advise and assist with fundraising strategy and activities in the target countries.

12) continue to contribute to the building of a more civil, caring and compassionate society in Romania, Moldova, Serbia, Albania and surrounding countries. To encourage best practice in the care of the dying and their families and resist corruption wherever it is encountered

13) encourage and promote volunteerism

14) support the Christian ethos of helping the poor, marginalised and vulnerable in society and in particular those who are terminally ill and continue to encourage the provision of a service free of charge at the point of need, regardless of age, religion or ethnic origin

15) encourage indigenous leadership whenever and wherever effectively possible and where it can be judged to be suitable and well motivated

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

Achievements and Performance

Advocacy and Promotion

In 2017 our plan was to:

- Continue to provide advocacy and support in order to advance the amount of funding available for palliative care in Romania through the public system.
- Help identify new sources of funding for palliative care in Romania, such as contracts with local authorities
- Continue to provide advice on the project to develop a Centre for children and families affected by life-limiting illnesses at Copaceni as it nears completion. This included the planning and commissioning of services.
- Continue to lobby with our partner BELhospice to achieve a change in the legislation affecting charities providing medical services and achieve access to State funding
- Continue to lobby on behalf of terminally ill patients in Moldova through contacts with the government and local authorities

In 2017 we:

- Supported our country partner in Romania to optimise the reimbursements within the constraints of the public system. However, there was increased pressure on the budget due to significant increases in salaries of nurses and doctors.
- Supported our CEO in Romania in obtaining the first contracts with local authorities.
- Provided advice and support in the development and renovation of the new centre for children at Copaceni.
- Continued to lobby the Ministry of Health in Serbia and supported the local team with the first time recognition and certification of home care palliative care services in Serbia.
- Had multiple meetings with state authorities and members of the health and social protection ministries in Moldova and lobbied intensively on behalf of patients in need of palliative care.

Trustees' annual report

For the year ended 31 December 2017

In 2018 we plan to:

- Support the team in Romania and advocate to increase the financial support from the public system and through fiscal incentive related legislation.
- Advocate for the rights of pediatric patients with life limiting and life threatening conditions by using the services at Copaceni as a model.
- Advocate for increased funding for palliative care services in Serbia with a view to the future sustainability of the operation there and creating the legal basis for other organisations to operate and become sustainable
- Promote the model we are trying to introduce in Moldova with a national approach involving a network of teams as a model for countries with low resources.
- Lobby with the government and using our diplomatic connections to encourage the development and recognition of palliative care services in Albania, increasing the public funding towards charities offering such services.

Technical Assistance

In 2017 we planned to:

- Continue to provide technical assistance and advice with the renovations and project at Copaceni Children's Centre, particularly with pro-bono architectural support.
- Continue to provide technical assistance with the establishing of the in-patient hospice in Belgrade through advice on all aspects of building and services.
- Help identify hospices that require assistance in Moldova.

In 2017 we:

- Continued to provide full support with technical assistance and advice with the development of the Copaceni Children's Centre with architectural support, project management and input from international partners.
- Supported the BELhospice team in Serbia designing the proposed new hospice unit and planning future services.
- Have identified 5 hospice teams in Moldova in desperate need of assistance and have started to support 3 of them.

In 2018 we plan to:

- Continue to provide technical assistance and advice developing and implementing ground breaking services at Copaceni Children's Centre, particularly with input from UK based organisations and from our partner in Sweden (The Agrenska Foundation).
- Continue to provide technical assistance with the establishing of the proposed in-patient hospice in Belgrade through advice on all aspects of building and services.
- Identify at least two more organizations in need of assistance in Moldova and add them to the network.

Education and Training

In 2017 we planned to:

- Continue to participate in training activities for all our partners particularly in the area of fundraising and technology.
- Provide ongoing training and assistance with the Social Enterprise project.
- Provide leadership development for key partner staff members.

In 2017 we:

- Supported all our partners with training and know how in fundraising, technology and with designing new services and approaches such as the new centre for children in Romania, a new approach with a national network for palliative care in Moldova and supporting our team in Serbia developing palliative care services through exchanges with UK based hospices.
- Supported our team in Romania developing the first retail social enterprise (on and off line).

In 2018 we plan to:

- Support the new team at Copaceni by facilitating training opportunities and by importing know how and good practice from international organisations.
- Continue the training offered to the teams we are supporting in Moldova.

Funding & Medical Support

In 2017 we planned to:

- Raise £1,200,000 from fundraising activities.
- Promote more sponsorship for international marathons.
- Raise £100,000 towards the Copaceni capital appeal.
- Raise £100,000 towards the BELhospice appeal.
- Raise £300,000 from Trusts.
- To build upon the successful set up of an Honorary Patrons Committee in London for Belgrade Hospice by raising £45,000 during the year.
- To hold another European event.
- Find a new partner to receive stoma bags in Moldova and to target delivery of 16,000 stoma bags during the year as it will take time to set up the new service.

In 2017 we:

- Raised over £1,200,000.
- Had a successful participation at the Los Angeles marathon.
- Raised and transferred over £250,000 towards the Copaceni capital appeal.
- Raised and transferred over £260,000 towards the BELhospice appeal.
- Raised over £395,000 from Trusts.
- Raised almost £10,000 for the BELhospice appeal through the Honorary Patrons in London.
- Held a successful international event at the Romanian embassy in Vienna.
- Worked successfully through a new partner, the Ministry of Health and the Oncology Institute in Chisinau, to receive and distribute the stoma bags in Moldova.

Trustees' annual report

For the year ended 31 December 2017

In 2018 we plan to:

- Raise over £1,300,000 from fundraising activities.
- Raise £100,000 to support the running costs from Romania.
- Raise £300,000 towards the Copaceni appeal.
- Raise £50,000 towards BELhospice.
- Raise over £200,000 towards the national network for palliative care in Moldova.
- Set up an Honorary Patrons Committee in NY and a Fundraising Committee in LA.

Grant-making

The policy on grant making is that all projects that are accepted for assistance must be able to demonstrate that they fulfill the objectives of the charity. Rigorous controls and procedures are in place to ensure that grant money is spent on its intended purpose. Regular reports are received from the projects and the impact of the grants are assessed against our charitable objectives.

The Chief Executive and/or Graham Perolls are on the Board of our network partners, who are the main beneficiary of the grants, and ensure that funds are expended properly and within the standards we expect from a partner.

Volunteers

Volunteers provide a valuable additional resource in the Trading Company, the head office, in summer camps and other events. Their contribution is invaluable.

Financial review

Despite a slow start and with some of the grants coming in later than anticipated we were able to make our planned contributions to our country partners.

The trading company has now overcome the challenges of recent years and made an annual contribution of £208,000 (an increase of 28% from £155,000 last year).

The financial statements have been prepared in accordance with the accounting policies set out in notes to the financial statements. The financial statements comply with the Charities Act 2011, the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts.

Investment Policy

The charity has a conservative policy on investing surplus cash and it is held on money market account.

Reserve Policy & Restrictions

The trustees have adopted a reserve policy of maintaining a minimum of four months running costs in unrestricted reserves. This reserve is set at this level as income generated from fundraising activities is historically uneven and costs can exceed income for a large part of the year. In their opinion this is sufficient to ensure the charity has the ability to meet its objectives in a sustainable manner.

As at the end of 2017 funds are invested in Serbian property (£98k) and the Trading Company (£125k) which are not realisable. The trustees are taking steps to effect repayment of the Serbian exposure but the investment in the trading company is long term and trustees are confident that the investment is bringing significant returns to justify the investment.

Fundraising policy

The charity uses inhouse fundraisers and volunteers, the main sources of income (apart from income generated by the trading company) are charitable events (gala dinner, ladies lunches, regular giving, sporting and crowdfunding events, quizzes, corporate giving and legacies), there is a very loyal database of supporters who are supporting our work.

The charity is compliant with The Code of Fundraising Practice which is found on the Fundraising Regulator's website – we also have a fundraising promise on our website:

<https://www.hospicesofhope.co.uk/donor-promise>

There are no non-compliances with any code and we haven't received any fundraising related complaints. The organization does all it can to protect vulnerable people, this is laid out in our privacy policy <https://www.hospicesofhope.co.uk/privacy-notice>

The charity is especially careful and sensitive when engaging with vulnerable people or those we have reason to believe might be vulnerable.

Third party fundraisers notify us of their fundraising activities and we support them in anyway we can; providing materials, literature, speaker if needed, etc. We are in contact with them before their activity and also after the activity. The majority of our supports use online fundraising pages so the funds raised are received directly by the charity.

Risk

The trustees have a policy in place for the identification and mitigation of risk and for ensuring that an appropriate system of internal control is in place and working effectively. This review takes place at least annually.

The organisation facing the biggest challenge is Hospice Casa Sperantei and the highest risk comes from Romania as the size and budget of the country partner (Hospice Casa Sperantei) are now considerably higher than Hospices of Hope's. With the Romanian Government deciding again to double the salaries of nurses and doctors, Hospice Casa Sperantei is facing a very difficult financial situation which is being addressed by the local board of Trustees and with the help of their executive team. This risk does not directly affect Hospices of Hope Romania Limited itself however the Trustees have instructed the CEO who is Hospices of Hope's representative on the Romanian Board to make sure financial situation and cashflow are monitored closely and enough support is offered to the Romanian team.

A major source of income comes from the shops run by the Trading Company. There are major challenges from competing charity shops, rising rents, the number of donors on which we can receive Gift Aid, the future ability to attract competent volunteers and the cost and use of the distribution centre. The trading company's Board of Directors have been reviewing the risks attached to the retail market in general and to charity shops in particular and are monitoring closely the performance of each individual shop, the CEO of the trading company has managed to stabilize the income and improve predictability and restructured the operation making it more efficient.

Structure, Governance and Management

The trustees of the charity provide governance, develop policy, and accept ultimate legal authority for it. The trustees formulate and regularly review the long and short-term strategic aims of the charity as well as setting specific goals and priorities. The trustees approve budgets and are responsible for the good stewardship of the charity resources. They work in partnership with the Chief Executive to achieve the charity aims. The trustees meet at least 5 times a year. Since 2016 we have a Finance Committee in place which meets at least twice a year. We are in the process of adopting a new whistle blowing policy. We have reviewed the Charity Governance Code and we strongly believe we are complying with it.

Role of the Chief Executive and Management Team

The Chief Executive provides leadership to employees and is responsible for the operational detail and implementation of the strategic plan and the management of the charity, including control of expenditure in line with budgets and delegations approved by the Board. The Chief Executive is supported by the Fundraising and Resources Director, the Accountant and the Founder of the organisation who is acting as a consultant in the new structure.

The organisation is a charitable company limited by guarantee, incorporated on 6 December 2000, and registered as a charity on 18 September 2001.

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

All trustees give their time voluntarily and receive no benefits from the charity. Trustees have not claimed any expenses.

Appointment of Trustees

The trustees aim to maintain a Board of ten to twelve members with a range of skills and experience. When vacancies in the board arise the process is to recruit via recommendation from trustees and supporters of the charity. New trustees are then proposed to the board by the Chair.

Trustee Induction and Training

Trustees are given the Charity Commission's booklet about the responsibility of being a trustee and a summary of the history, personnel and activities of the charity. They are invited on an orientation visit and given further opportunities for training as required.

Remuneration policy for key management personnel

The remuneration of all staff is delegated to the Chief Executive officer and the pay is reviewed annually taking into account inflation, market rates and affordability. The Chair agrees the Chief Executive's pay taking into account the same factors.

Statement of responsibilities of the trustees

The trustees (who are also directors of Hospice of Hope Romania Limited for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgments and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

Trustees' annual report

For the year ended 31 December 2017

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

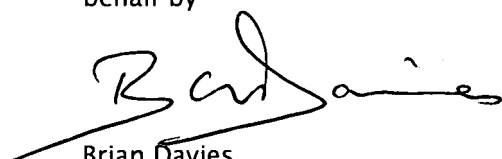
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2017 was 11 (2015: 10). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue to act in that capacity.

The trustees' annual report has been approved by the trustees on 20 July 2018 and signed on their behalf by



Brian Davies
Chair

Opinion

We have audited the financial statements of Hospice of Hope Romania Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2017 which comprise the consolidated and charity statements of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2017 and of the group's and parent charity's incoming resources and application of resources, including income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulation 2006 (as amended)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report

To the members of

Hospice of Hope Romania Limited

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or

Independent auditor's report

To the members of

Hospice of Hope Romania Limited

- The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of responsibilities of the trustees set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report

To the members of

Hospice of Hope Romania Limited

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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.

Helen Elliott (Senior statutory auditor)

21 August 2018

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Hospice of Hope Romania Limited

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2017

	Note	Unrestricted £	Restricted £	2017 Total £	Unrestricted £	Restricted £	Restated 2016 Total £
Income from:							
Donations and legacies	2	225,651	652,820	878,471	200,855	472,893	673,748
Other trading activities							
Trading turnover & retail gift donations	12	1,539,063	-	1,539,063	1,563,772	-	1,563,772
Events and promotions	3	65,729	83,079	148,808	136,063	34,251	170,314
Investments		176	-	176	610	-	610
Other		3,101	-	3,101	60,173	-	60,173
Total income		1,833,720	735,899	2,569,619	1,961,473	507,144	2,468,617
Expenditure on:							
Raising funds	4						
Cost of generating voluntary income		198,443	34,557	233,000	194,093	6,747	200,840
Cost of events and promotions		16,431	22,684	39,115	23,747	28,174	51,921
Trading		1,330,705	-	1,330,705	1,408,221	-	1,408,221
Charitable activities							
Advocacy and promotion	4	33,979	-	33,979	25,697	-	25,697
Technical assistance	4	24,823	-	24,823	18,622	-	18,622
Hospice education	4	8,963	-	8,963	6,713	-	6,713
Grants & other costs for hospice care	4	329,542	681,428	1,010,970	218,209	357,138	575,347
Other Exchange Rate Variance		1,103	-	1,103	-	-	-
Total expenditure		1,943,989	738,669	2,682,658	1,895,302	392,059	2,287,361
Net income / (expenditure) before taxation		(110,269)	(2,770)	(113,039)	66,171	115,085	181,256
Tax credit in trading subsidiary	10	1,345	-	1,345	4,273	-	4,273
Net income / (expenditure) for the year	5	(108,924)	(2,770)	(111,694)	70,444	115,085	185,529
Transfers between funds		-	-	-	(8,446)	8,446	-
Net movement in funds		(108,924)	(2,770)	(111,694)	61,998	123,531	185,529
Reconciliation of funds:							
Total funds brought forward		465,804	378,863	844,667	403,806	255,332	659,138
Total funds carried forward		356,880	376,093	732,973	465,804	378,863	844,667

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the financial statements.

Hospice of Hope Romania Limited

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2017

Charity only figures

	Note	Unrestricted £	Restricted £	2017 Total £	Unrestricted £	Restricted £	2016 Total £
Income from:							
Donations and legacies		225,651	652,820	878,471	200,855	472,893	673,748
Donation from trading company		107,274	-	107,274	69,722	-	69,722
Donation proceeds from donated goods		255,872	-	255,872	256,907	-	256,907
Other trading activities							
Charge to trading company		23,400	-	23,400	28,755	-	28,755
Events and promotions		65,729	83,079	148,808	136,063	34,251	170,314
Investments		1,526	-	1,526	2,175	-	2,175
Other Exchange Rate Variance		3,101	-	3,101	60,173	-	60,173
Total income		682,553	735,899	1,418,452	754,650	507,144	1,261,794
Expenditure on:							
Raising funds							
Cost of generating voluntary income		198,443	34,557	233,000	194,093	6,747	200,840
Cost of events and promotions		16,431	22,684	39,115	23,747	28,174	51,921
Costs of selling donated goods		170,005	-	170,005	170,583	-	170,583
Charitable activities							
Advocacy and promotion		33,979	-	33,979	25,697	-	25,697
Technical assistance		24,823	-	24,823	18,622	-	18,622
Hospice education		8,963	-	8,963	6,713	-	6,713
Grants & other costs for hospice care		329,542	681,428	1,010,970	218,209	357,138	575,347
Other Exchange Rate Variance		1,103	-	1,103	-	-	-
Total expenditure		783,289	738,669	1,521,958	657,664	392,059	1,049,723
Net income / (expenditure) before taxation		(100,736)	(2,770)	(103,506)	96,986	115,085	212,071
Reconciliation of funds:							
Total funds brought forward		499,859	378,863	878,722	402,873	263,778	666,651
Total funds carried forward		399,123	376,093	775,216	499,859	378,863	878,722

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements

Hospice of Hope Romania Limited

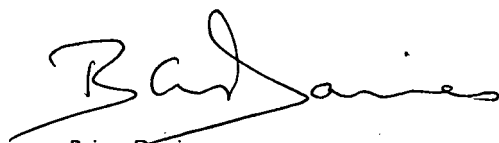
Balance sheets

Company no. 04120082

As at 31 December 2017

	Note	The group 2017 £	2016 £	The charity 2017 £	2016 £
Fixed assets:					
Tangible assets	11	510,320	533,562	462,474	475,624
Investments	12	–	–	65,451	65,451
		<u>510,320</u>	<u>533,562</u>	<u>527,925</u>	<u>541,075</u>
Current assets:					
Stock	14	47,381	30,065	–	–
Debtors	15	347,072	448,703	441,211	507,301
Cash at bank and in hand		217,744	564,865	164,105	511,302
		<u>612,197</u>	<u>1,043,633</u>	<u>605,316</u>	<u>1,018,603</u>
Liabilities:					
Creditors: amounts falling due within one year	16	(107,016)	(429,645)	(82,522)	(390,443)
		<u>505,181</u>	<u>613,988</u>	<u>522,794</u>	<u>628,160</u>
Net current assets					
		<u>505,181</u>	<u>613,988</u>	<u>522,794</u>	<u>628,160</u>
Total assets less current liabilities		<u>1,015,501</u>	<u>1,147,550</u>	<u>1,050,719</u>	<u>1,169,235</u>
Creditors: amounts falling due after one year	17	(275,503)	(290,513)	(275,503)	(290,513)
Provisions for liabilities	18	(7,025)	(12,370)	–	–
Total net assets	19	<u>732,973</u>	<u>844,667</u>	<u>775,216</u>	<u>878,722</u>
Funds:	20				
Restricted income funds		376,093	378,863	376,093	378,863
Unrestricted income funds:					
General funds		333,799	434,489	399,123	499,859
Non-charitable trading funds		23,081	31,315	–	–
Total unrestricted funds		<u>356,880</u>	<u>465,804</u>	<u>399,123</u>	<u>499,859</u>
Total funds		<u>732,973</u>	<u>844,667</u>	<u>775,216</u>	<u>878,722</u>

Approved by the trustees on 20 July 2018 and signed on their behalf by



Brian Davies
Chair

Hospice of Hope Romania Limited

Consolidated statement of cash flows

For the year ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities	22		
Net cash provided by / (used in) operating activities		(80,389)	180,413
Cash flows from investing activities:			
Purchase of fixed assets		(4,120)	(7,462)
Net cash provided by / (used in) investing activities		(4,120)	(7,462)
Cash flows from financing activities:			
Repayments of mortgage		(12,612)	(10,213)
Loan repayment		(250,000)	-
Net cash provided by / (used in) financing activities		(262,612)	(10,213)
Change in cash and cash equivalents in the year		(347,121)	162,738
Cash and cash equivalents at the beginning of the year		564,865	402,127
Cash and cash equivalents at the end of the year		217,744	564,865

1 Accounting policies

a) Statutory information

Hospice of Hope Romania Limited is a charitable company limited by guarantee and is incorporated in the UK. The registered office address and principal place of business is 11 High street, Otford, Kent, TN14 5PG.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary Hospices of Hope Trading Limited on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the group has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the group has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

1 Accounting policies (continued)

f) Donations of goods, services and facilities

Donated goods, professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain goods, services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Donated goods received which are to be sold are recognised only once sold, with no value attributed to these as stock held at the year end.

The charity receives donated goods for use in its charitable activities. The majority of these gifts are for stoma bags which has no value in the UK and has no identifiable market value in Moldova, although the value to patients is invaluable. Other medical supplies are also difficult to value. Taking this into account the trustees have concluded that the valuation methodology in the past was inappropriate and that any valuation methodology does not have a sound basis.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose and trading
- Expenditure on charitable activities includes the costs of grants, travel and equipment costs undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

1 Accounting policies (continued)

k) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

● Advocacy and promotion	3%
● Technical assistance	2%
● Hospice education	1%
● Funding support	65%
● Raising funds	29%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

l) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

m) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Freehold buildings	2% straight line
● Leasehold improvements	Period of the lease
● Office equipment	20% straight line
● Fundraising equipment	20% straight line

n) Investments in subsidiary

Investment in subsidiary is at cost.

o) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

p) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1 Accounting policies (continued)**r) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

s) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

t) Pensions

The charity provides a defined contribution pension for staff. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable company to the fund. The charitable company has no liability under the scheme other than for the payment of those contributions.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Donations from individuals (including gift aid)	149,757	135,765	285,522	355,519
Legacies	1,000	-	1,000	-
Churches, schools and community groups	9,378	1,718	11,096	9,803
Businesses	27,963	177,770	205,733	1,490
EU Grant for Palliative care in Serbia	-	-	-	-
Other trusts	37,553	337,567	375,120	304,856
Other income	-	-	-	2,080
	<u>225,651</u>	<u>652,820</u>	<u>878,471</u>	<u>673,748</u>

3 Events and promotions

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Fundraising events	61,129	83,079	144,208	170,314
Travel and insight events	4,600	-	4,600	-
	<u>65,729</u>	<u>83,079</u>	<u>148,808</u>	<u>170,314</u>

Hospice of Hope Romania Limited

Notes to the financial statements

For the year ended 31 December 2017

4 Analysis of expenditure

	Charitable activities							2017 Total £	2016 Total £
	Raising funds £	Advocacy and promotion £	Technical assistance £	Hospice education £	Funding support £	Governance costs £	Support costs £		
Staff costs (Note 6)	708,062	30,937	22,769	8,169	51,970	-	35,511	857,418	842,650
Transfers and equipment	-	-	-	-	5,333	-	-	5,333	30,625
Travel	37,503	240	-	-	14,810	-	84	52,637	61,811
Premises	493,040	-	-	-	1,880	-	24,222	519,142	534,735
Interest payable	-	-	-	-	-	-	12,635	12,635	17,494
Grants payable (Note 8)	-	-	-	-	841,945	-	-	841,945	419,743
Other costs	327,825	-	-	-	14,772	-	25,264	367,861	359,908
Legal and professional fees	14,809	-	-	-	-	655	9,120	24,584	20,395
	1,581,239	31,177	22,769	8,169	930,710	655	106,836	2,681,555	2,287,361
Support costs	21,581	2,671	1,923	748	79,913	-	(106,836)	-	-
Governance costs	-	131	131	46	347	(655)	-	-	-
Total expenditure 2017	1,602,820	33,979	24,823	8,963	1,010,970	-	-	2,681,555	2,287,361
Total expenditure 2016	1,660,982	25,697	18,622	6,713	575,347	-	-	-	-

5 Net income / (expenditure) for the year

This is stated after charging:

	2017 £	2016 £
Depreciation	27,362	50,430
Operating lease rentals:		
Property	-	353,956
Other	-	782
Auditors' remuneration (excluding VAT):		
Audit	13,250	13,000
Other services	900	-
	<u>27,362</u>	<u>368,168</u>

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2017 £	2016 £
Salaries and wages	805,671	803,439
Redundancy and termination costs	3,965	-
Social security costs	42,002	34,560
Employer's contribution to defined contribution pension schemes	5,780	4,651
	<u>857,418</u>	<u>842,650</u>

No employee earned more than £60,000 during the year (2016: nil).

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £150,289 (2016: £121,230). The increase is as additional staff were key management personnel in 2017.

The charity trustees were neither paid nor received any other benefits from employment with the charity, or from expenses in the year (2016: £nil). No charity trustee received payment for professional or other services supplied to the charity (2016: £nil).

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 67 (2016: 72).

8 Grants Payable

	2017 £	2016 £
Adunatii Copaceni renovation	235,692	170,326
Hospice Casa Speranti	306,552	102,390
Serbian Hospice	293,199	135,125
Emanuel Hospice	6,502	11,902
	<u>841,945</u>	<u>419,743</u>

9 Related party transactions

Aggregate donations from connected parties were £15,645 (2016: £12,515)

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Hospices of Hope Trading Ltd gift aids available profits to the parent charity. Its corporation tax in the year was:

	2017 £	2016 £
Current year deferred tax credit	1,345	4,273

11 Tangible fixed assets

The group	Freehold property £	Leasehold improvements £	Office equipment £	Fundraising equipment £	Total £
Cost					
At the start of the year	577,909	104,385	44,700	2,986	729,980
Additions in year	-	1,895	2,225	-	4,120
Disposals in year	-	(11,167)	(4,335)	-	(15,502)
At the end of the year	577,909	95,113	42,590	2,986	718,598
Depreciation					
At the start of the year	106,370	62,774	24,288	2,986	196,418
Charge for the year	11,558	10,076	5,728	-	27,362
Eliminated on disposal	-	(11,167)	(4,335)	-	(15,502)
At the end of the year	117,928	61,683	25,681	2,986	208,278
Net book value					
At the end of the year	459,981	33,430	16,909	-	510,320
At the start of the year	471,539	41,611	20,412	-	533,562

Land is included within freehold property. The trustees do not believe that the cost of a separate land valuation is justified and so the full value is depreciated.

£368,458 (2016: £377,669) of freehold land and buildings, in both the group and the charity, has been pledged as security for a mortgage liability.

The charity	Freehold property £	Office equipment £	Fundraising equipment £	Total £
Cost				
At the start of the year	577,909	7,958	2,986	588,853
At the end of the year	577,909	7,958	2,986	588,853
Depreciation				
At the start of the year	106,370	3,873	2,986	113,229
Charge for the year	11,558	1,592	-	13,150
At the end of the year	117,928	5,465	2,986	126,379
Net book value				
At the end of the year	459,981	2,493	-	462,474
At the start of the year	471,539	4,085	-	475,624

12 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital Hospices of Hope Trading Limited, a company registered in England. The shares are valued in the accounts at the original nominal value in 2007 plus the amount retained as net assets at the date of acquisition, plus an additional £20,000 invested in shares in 2016.

	Charity	
	2017	2016
	£	£
Shares in Hospices of Hope Trading Limited	65,451	65,451

The subsidiary is used to raise money for the charity. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below. The results in the consolidated SOFA exclude intergroup transactions and include donated goods sold for gift aid as well as the gift aid received.

	2017	2016
	£	£
Turnover	1,433,555	1,450,019
Cost of sales	(735,262)	(713,908)
Gross profit	698,293	736,111
Administrative expenses	(618,926)	(723,068)
Other operating income	19,596	27,430
Operating profit	98,963	40,473
Interest receivable	-	351
Interest payable	(1,267)	(2,000)
Profit on ordinary activities before tax	97,696	38,824
Deferred tax credit	1,345	4,273
Profit for the financial year	99,041	43,097
The aggregate of the assets, liabilities and reserves was:		
Assets	279,505	283,232
Liabilities	(256,424)	(251,917)
Net assets	23,081	31,315

The trading company made sales of £204,825 on behalf of the charity under the retail gift aid donation scheme. The trading company made a charge of £170,005 to the charity for processing these sales on their behalf.

13 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2017	2016
	£	£
Gross income	1,418,452	1,261,794
Result for the year	(103,506)	212,071

14 Stock

	The group		The charity	
	2017	2016	2017	2016
	£	£	£	£
Goods for resale	47,381	30,065	-	-
	47,381	30,065	-	-

15 Debtors

	The group		The charity	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	-	495	-	445
Gift aid recoverable	23,607	41,315	23,607	41,315
Due from group entities	-	-	192,688	167,766
Other debtors	233,086	312,109	221,336	291,973
Prepayments	90,379	94,784	3,580	5,802
	<u>347,072</u>	<u>448,703</u>	<u>441,211</u>	<u>507,301</u>

£28,000 of the amount due from group entities is due in more than one year.

During 2015, an interest-free loan of 340,000 euros was issued to facilitate the purchase of a hospice in Belgrade by BELhospice. The loan was repayable by 7 September 2016, & subsequently extended to September 2017. The loan was partially repaid during the year, with the remainder being cancelled and recognised as a grant payable and included within note 8.

16 Creditors: amounts falling due within one year

	The group		The charity	
	2017	2016	2017	2016
	£	£	£	£
Other loans	15,000	265,000	15,000	265,000
Mortgage on 11 - 13 High Street, Otford	13,159	10,761	13,159	10,761
Due to group entities	-	-	32,090	32,497
Taxation and social security	13,678	13,895	4,658	4,930
Other creditors	56,599	57,530	9,035	8,135
Accruals	8,580	22,459	8,580	9,120
Grant Payable	-	60,000	-	60,000
	<u>107,016</u>	<u>429,645</u>	<u>82,522</u>	<u>390,443</u>

17 Creditors: amounts falling due after one year

	The group		The charity	
	2017	2016	2017	2016
	£	£	£	£
Mortgage on 11 - 13 High Street, Otford	275,503	290,513	275,503	290,513
	<u>275,503</u>	<u>290,513</u>	<u>275,503</u>	<u>290,513</u>

Security of £288,662 (2016: £301,274) has been given by the group in relation to the creditor above by the following:

- first fixed legal charge with full title guarantee over the freehold interest in the property;
- a cross guarantee; and
- a negative pledge.

	The group		The charity	
	2017	2016	2017	2016
	£	£	£	£
Loan maturity analysis				
In more than one year but not more than two years	13,729	11,425	13,729	11,425
In more than two years but not more than five years	44,827	38,632	44,827	38,632
In more than five years	216,947	240,456	216,947	240,456
	<u>275,503</u>	<u>290,513</u>	<u>275,503</u>	<u>290,513</u>

18 Provisions – Group

	Deferred tax liability £	Dilapidations £	Total £
At the start of the year	8,370	4,000	12,370
Released in the year	(1,345)	(4,000)	(5,345)
At the end of the year	7,025	–	7,025

Provision for dilapidations has been made in the trading subsidiary on the future amount required to restore leasehold properties to their original state at the termination of the lease.

The Charity does not have any provisions for liabilities.

19a Analysis of group net assets between funds (current year)

	General unrestricted £	Restricted funds £	Total funds £
Tangible fixed assets	418,796	91,524	510,320
Net current assets	220,612	284,569	505,181
Long term liabilities	(275,503)	–	(275,503)
Provisions for liabilities	(7,025)	–	(7,025)
Net assets at 31 December 2017	356,880	376,093	732,973

19b Analysis of group net assets between funds (prior year)

	General unrestricted £	Restricted funds £	Total funds £
Tangible fixed assets	439,692	93,870	533,562
Net current assets	328,995	284,993	613,988
Long term liabilities	(290,513)	–	(290,513)
Provisions for liabilities	(12,370)	–	(12,370)
Net assets at 31 December 2016	465,804	378,863	844,667

20a Movements in funds (current year)

	At 1 January 2017 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2017 £
Restricted funds:					
Serbia	73,260	37,605	(16)	-	110,849
Serbia Country Manager	5,846	29,128	(24,880)	-	10,094
Serbia New Hospice	37,973	254,226	(284,394)	-	7,805
Moldova Country Manager	1,912	18,582	(14,500)	-	5,994
Bucharest New Hospice	8,002	-	(8,002)	-	-
Summer Camps	16,982	34,248	(33,776)	-	17,454
Bucharest Children's Centre	162,691	96,923	(254,689)	-	4,925
Medicors Grant Children's Centre	-	218,972	-	-	218,972
BMS - Dagos Nurse Project	58,305	46,215	(104,520)	-	-
Bucharest Development Grant	11,390	-	(11,390)	-	-
Emanuel Hospice, Oradea	2,502	-	(2,502)	-	-
Total restricted funds	378,863	735,899	(738,669)	-	376,093
Unrestricted funds:					
General funds	434,489	294,657	(613,284)	217,937	333,799
Non-charitable trading funds	31,315	1,540,408	(1,330,705)	(217,937)	23,081
Total unrestricted funds	465,804	1,835,065	(1,943,989)	-	356,880
Total funds	844,667	2,570,964	(2,682,658)	-	732,973

The narrative to explain the purpose of each fund is given at the foot of the note below.

20b Movements in funds (prior year)

	At 1 January 2016 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2016 £
Restricted funds:					
Serbia	96,624	7,780	(31,144)	-	73,260
Serbia Country Manager	-	31,776	(25,930)	-	5,846
Serbia New Hospice	-	39,024	(1,051)	-	37,973
Moldova	-	240	(8,686)	8,446	-
Moldova Country Manager	570	20,004	(18,662)	-	1,912
Bucharest New Hospice	9,119	8,002	(9,119)	-	8,002
Summer Camps	20,950	24,206	(28,174)	-	16,982
Bucharest Children's Centre	18,338	320,676	(176,323)	-	162,691
BMS - Dagos Nurse Project	26,938	55,436	(24,069)	-	58,305
Bucharest Development Grant	80,291	-	(68,901)	-	11,390
Emanuel Hospice, Oradea	2,502	-	-	-	2,502
Total restricted funds	255,332	507,144	(392,059)	8,446	378,863
Unrestricted funds:					
General funds	365,868	397,701	(487,081)	158,001	434,489
Non-charitable trading funds	37,938	1,568,045	(1,408,221)	(166,447)	31,315
Total unrestricted funds	403,806	1,965,746	(1,895,302)	(8,446)	465,804
Total funds	659,138	2,472,890	(2,287,361)	-	844,667

Purposes of restricted funds

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

Serbia Country Manager- An individual has committed to support the Country Manager based in Belgrade

Moldova-An appeal was launched to meet the majority of the running costs of Hospice Angelus in Chisnau, Moldova. The shortfall was made up from unrestricted funds. This fund is now closed as we have terminated our partnership.

Moldova Country Manager- An individual has committed to support the Country Manager in Chisnau.

Bucharest New Hospice Appeal-The appeal to build a new Hospice in Bucharest was launched in May 2008.

Summer Camps-This fund is used to set up and run summer camps and holiday clubs run in Romania for patients and children who have been bereraved in previous years. The fund pays for these children to travel to and attend the activity weeks.

Bucharest Children Centre-The children's hospice will be founded at Adunatii Copaceni, 18km south of Bucharest. The land and buildings were donated by the Florescu family in 2012.

Bristol Myers Squibb (BMS) current funding is for the Mobhope in Romania which is to develop a mobile application for care workers.

Bucharest Development Grant funds the development of senior staff in Bucharest

Emanuel Hospice, Oradea-This helps to fund the running costs of this hospice.

21 Reconciliation of net income to net cash flow from operating activities

	2017 £	2016 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(111,694)	185,529
Depreciation charges	27,362	50,430
Increase in stocks	(17,316)	13,055
Decrease/(increase) in debtors	101,631	(69,487)
(Decrease)/increase in creditors and provisions	(80,372)	886
Net cash provided by operating activities	(80,389)	180,413

22 Operating lease commitments

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2017	2016	2017	2016
	£	£	£	£
Less than one year	350,790	305,111	782	782
One to five years	856,899	629,797	1,509	2,291
Over five years	584,258	155,417	-	-
	1,791,947	1,090,325	2,291	3,073

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2017	2016	2017	2016
	£	£	£	£
Less than one year	-	-	782	782
One to five years	-	-	1,509	2,291
	-	-	2,291	3,073

23 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.