

St Oswald's Hospice Limited – Company number 01166239

ST OSWALD'S HOSPICE LIMITED

REPORT OF THE MEMBERS OF COUNCIL AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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ST OSWALD'S HOSPICE LIMITED

Welcome to the Annual Report of St Oswald's Hospice for the financial year ended 31 March 2013.

Here you will find out all about our work, who we care for and how we operate. We have also detailed our mission and our objectives and highlighted both our achievements this year and our strategic plans going forward.

This report also includes a full set of audited financial statements for the year ended 31 March 2013 and as such forms the Annual Report of the Trustees for the purposes of s162 of the Charities Act 2011 and the Directors' Report for the purposes of s445(3) of the Companies Act 2006.

Reference and Administrative Details

St Oswald's Hospice is a company limited by guarantee, number 01166239 (not having a share capital). The company is a Registered Charity, number 503386 and its Articles of Association govern its functions.

St Oswald's Articles of Association were last amended on November 30th 2010.

Every member of the company undertakes to contribute to the assets if the company is wound up while he/she is a member, or within one year of ceasing to be a member, such amount as may be required not exceeding £1.

Our Registered Office

We are registered at St Oswald's Hospice, Regent Avenue, Gosforth, Newcastle upon Tyne, NE3 1EE. You can contact us by telephone on 0191 285 0063, by email at enquiries@stoswaldsuk.org or by fax on 0191 284 8004.

If you would like to find out more about our work, please go to our website www.stoswaldsuk.org or follow us on Facebook, Twitter and YouTube.

Members of Council (Directors and Trustees)

The Members of Council are Trustees of the Charity and also constitute the Board of Directors. The Members of Council who served during the year are set out on page 4, where you will also find details of our Management Team. Our professional advisors are detailed on page 5.

Message from our Chairman

While meaningful patient engagement is often difficult to achieve in many parts of the health sector, it is very much part and parcel of the culture at St Oswald's. Indeed, St Oswald's ethos has always been to develop services to meet the changing needs of the patients and families we serve.

This year, patients and families have hugely influenced our decision making and helped steer the direction of our service development.

Through focus groups, lymphoedema patients have helped shape our new patient education programme and prompted us to develop a dedicated patient newsletter. Meanwhile Day Hospice patients and prospective patients attending taster sessions gave their thoughts on developing the range of day services we offer to local people.

On our Inpatient unit, responses from patient questionnaires proved a real need to replace bedroom windows and formed the basis of a successful bid to the Department of Health for improvements to our environment. Similarly feedback harnessed from families benefiting from our Children and Young Adults service highlighted the need for a larger, multi-functional therapy space, again kindly funded by the Department of Health.

We rely on feedback from all our stakeholders – patients, families, staff, volunteers, supporters and health care professionals, to help shape and guide St Oswald's and make it the incredible organisation that it is.

Thank you to all our stakeholders for contributing to our work this year. Without your support we could not provide the specialist care we do to North East families and on behalf of the Trustees, I am truly grateful.

Our final note of thanks and remembrance goes to our President, Her Grace, Elizabeth, Duchess of Northumberland, who sadly died last year. Her Grace was heavily involved in the initial campaign to bring a hospice to the North East of England and remained a staunch supporter of St Oswald's, throughout our 26-year history. Our thoughts and thanks go to her family.

Mike Robson
Chairman

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Council and Management at 31 March 2013:

Vice-Presidents

Lady Craft	Mr R P Gordon MBE
Mrs D Van der Velde	Professor Sir Michael D Rawlins
Mr S D Rutherford	Mr J Docherty
Mr C Winskell MBE	
Mr M P Robson	

Members of Council (Directors and Trustees)

Mr R P McLachlan (Chairman) – resigned as Chairman July 23rd 2013
Mr M P Robson (Vice-Chairman)- appointed Chairman July 23rd 2013
Dr S Blades – appointed Vice-Chairman July 23rd 2013
Mr I G Kelsall (Treasurer)

Mr F A Jones	Mr K Fanibunda	Ms J Harrison
Dr K A Mannix	Mr J B Wainwright	Mrs J Clarke
Mrs S A Pinner	Mrs S J M Stirling	
Mr P Wood	Mr G Atkinson	

Changes in the year:

Our President, Elizabeth, Duchess of Northumberland, sadly passed away on September 19th 2012

Mrs S J M Stirling resigned as a Trustee on February 11th 2013
Mr J B Wainwright resigned as a Trustee on March 26th 2013

The Hospice Management Team

Mr J R Ellam	Chief Executive
Ms J Gregory	Finance Director
Mrs H A Eadington	Director of Corporate Services and Company Secretary
Mrs A Egdell	Director of Care Services
Miss D I Heron	Director of Human Resources
Mrs A Ball	Director of Fundraising and Retail

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Our Professional Advisors at 31 March 2013

Auditors:

Baker Tilly UK Audit LLP
1 St James Gate
Newcastle upon Tyne
NE1 4AD

Sunderland Internal Audit Services
1st Floor, Children's Centre
Durham Road
Sunderland
SR3 4AG

Solicitors:

Ward Hadaway
Sandgate House
102 Quayside
Newcastle upon Tyne
NE1 3DX

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

Punch Robson Solicitors
35 Albert Road
Middlesborough
Teesside
TS1 1NU

Bankers:

Barclays Bank PLC
71 Grey Street
Newcastle upon Tyne
NE99 1JA

Yorkshire Bank
29 Pilgrim Street
Newcastle upon Tyne
NE1 6RL

Bank of Scotland
1st Floor
150 Fountainbridge
Edinburgh
EH3 9PE

Nat West
Business and Commercial
2nd Floor
1 Trinity Gardens
Broad Chare
Newcastle upon Tyne
NE1 2HF

Investment Managers:

UBS Wealth Management (UK) Ltd
2 St James' Gate
Newcastle upon Tyne
NE4 7JH

Independent Financial Advisors:

RSM Tenon House
Ferryboat Lane
Sunderland
Tyne & Wear
SR5 3JN

Insurance Advisors:

Towergate MIA
Kings Court
London Road
Stevenage
Hertfordshire
SG1 2GA

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ST OSWALD'S HOSPICE LIMITED

REPORT OF THE MEMBERS OF COUNCIL FOR THE YEAR ENDED 31 MARCH 2013:

Structure, Governance and Management

Our Council of Management

St Oswald's Hospice is governed by its Council. Council members are appointed for a four year term of office, by election at the General Meeting. Trustees may subsequently be re-elected for a further term of four years, but at the end of that period they must step down. As an exception however, at the absolute discretion of Council, the Treasurer, Chairman and Vice Chairman may be re-appointed for a maximum of a further five years. Council members are not paid for the duties they undertake.

A minimum of two places on Council are allocated for the appointment to Trustee posts from St Oswald's volunteer workforce. There are currently three Trustees who regularly volunteer at the Hospice. The Nomination and Remuneration Committee identify other Trustee posts and expertise required within Council.

Recruitment to Trusteeship is achieved chiefly by identifying and approaching potential members. We also advertise trustee vacancies on our website and social media platforms and occasionally advertise in appropriate media and professional associations. We look to create a Trustee board that offers St Oswald's diversity of skills and expertise and a balance of viewpoints.

All new Trustees follow an induction programme, which has a general component and a section tailored to their individual needs. Trustees are invited to provide feedback on this process, so we can continually look to improve the induction programme.

As part of their involvement in the work of St Oswald's, Trustees visit departments in pairs, periodically during the year. Staff and volunteers can talk in confidence to Trustees, who then report their overall findings back to the Hospice Management Team (HMT) and recommend changes to be made, as they deem appropriate. Visits are valued by staff, volunteers and Trustees alike, providing insight into the day-to-day operations of St Oswald's and acting as an important communication tool for the organisation. Trustee visit reports are forwarded back to HMT for a management response to any issues raised and then copies are made available to each team. Trustees also visit our retail shops on a biennial basis, with HMT members undertaking a visit in the intervening year.

Council Meetings

Council meets on alternate months in each year. Each meeting focuses on an element of the Strategic Framework – which outlines the strategic direction of the organisation for the next three years. In October each year, Council meets in closed session to review its own performance in accordance with good practice, and considers its own

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performance survey documentation From this work Trustees are able to further define their training needs, as highlighted above

Committees

Council has three Committees that aid the conduct of its responsibilities These are

- Audit and Investment Committee,
- Nomination and Remuneration Committee, and
- Clinical Governance and Quality Committee

Most Trustees and Directors serve on one or more of the Committees as noted below

Committee Membership at 31 March 2013

Audit and Investment	Nomination and Remuneration	Clinical Governance and Quality
Trustees:		
Mr I G Kelsall (Chairman)	Mr R P McLachlan (Chairman)	Dr S Blades (Chairman)
Mrs J Clarke	Mr G Atkinson	Dr K A Mannix
Mrs S A Pinner	Mr F A Jones	Mr K Fanibunda
Mr P Wood	Mr I G Kelsall	Mrs J Clarke
	Mr M Robson	

Attending Directors:		
Mr J R Ellam	Mr J R Ellam	Mrs H A Eadington
Mrs H A Eadington	Mrs H A Eadington	Mrs A Egdell
Ms J Gregory	Miss D I Heron	Miss D I Heron

Average Trustee attendance at Audit and Investment, Nomination and Remuneration and Clinical Governance Committee meetings during the year stood at 75%, 66% and 82.5% respectively

Average Trustee attendance at the bi-monthly Council meetings stands at 61%

In addition, an Appeal Committee of key local supporters also meets regularly with a collective aim of securing donations from high net worth individuals and trusts

St Oswald's Hospice Promotions Limited

St Oswald's Hospice Promotions Limited is a wholly owned, non-charitable subsidiary of St Oswald's Hospice Limited and is a company registered in England number 03146260 The primary activities of the subsidiary are to run a lottery and to co-ordinate other promotional or trading activities to generate funds for the charity Profits generated by the subsidiary are passed on to the holding company by Gift Aid

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The Board is currently made up of two Trustees from the holding company (one of whom is the Chair), the Chief Executive of the holding company and two independent Directors. Our Company Secretary, Director of Fundraising and Retail, Finance Director, Head of Retail and Head of Fundraising are also in attendance at the meeting

Changes in Trustees during the year

Mr Jason Wainwright and Mrs Sue Stirling stood down as Trustees this year. We are enormously grateful for their time and commitment to St Oswald's and we have greatly benefited from their skills and expertise.

Hospice Management Team and Delegation of Powers

The management of St Oswald's is delegated to the Hospice Management Team, (HMT) comprising the Chief Executive and five other Management Team members, each with responsibility for specific aspects of the work that the Hospice undertakes. The Chief Executive, with the support of the Management Team, reports to Council, which approves major decisions and has overall responsibility for the Hospice's activities and direction.

Council reviews and approves its Reservation of Powers to Council, Delegation of Powers, Scheme of Delegation, Standing Orders and Standing Financial Instructions on a biennial basis to ensure high quality governance, the safeguarding of its assets and the good name of the charity.

Changes in our Management Team

There have been no changes in our Hospice Management Team this year.

Risk Management

There is a firm commitment to managing risk effectively at St Oswald's. It is embedded into the culture and structure of the organisation, with Trustees, staff and volunteers aware, trained and actively engaged in managing the risks which could affect our business, stakeholders and environment.

Strategic risks are reported to the Members of Council in March each year and the register is reviewed and amended, with items added or removed as considered necessary. This year, we have introduced a new, more detailed action plan *proforma* to accompany each item on the risk register.

Trustees are also provided with a Balanced Scorecard reporting tool on a quarterly basis, which includes key performance indicators for areas of activity, which are essential to us achieving our objectives. In doing so, if there are areas of concern or risks identified, Trustees and management are able to discuss them at Council meetings and take steps to address or control them.

We have a Risk Management Group in place which reports into HMT, meets monthly and aims to review day-to-day risks faced by the organisation. The Group ensures

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policies, procedures, systems, controls and awareness programmes are in place to minimise those risks

This year, the Risk Management Group have spearheaded a drive to ensure all staff who carry out risk assessments have had update training, shared best practice and are aware of the most recent regulations governing risk in the workplace

The Group has also worked closely with colleagues within St Oswald's Retail function, to ensure there's a consistent approach to risk throughout the organisation. This has included devising bespoke health and safety information and providing training on risk assessment and infection control

In addition, we also have a Clinical Quality Group in place to ensure clinical quality is maintained across the Hospice. The Group does so by monitoring clinical activity, patient experience data and adverse events

This year, the Clinical Quality Group has pooled all clinical audit findings and subsequent actions into one overarching and central document, which is reported in and reviewed on a regular basis. This not only ensures increased accountability, but also a consistent approach to auditing procedures throughout St Oswald's

In addition, the Clinical Quality Group have committed to centralising all patient feedback including responses from patient questionnaires and focus groups, as well as *ad hoc*, informal comments and suggestions garnered by care teams face to face, via thank you cards and through social media channels. It is planned that all patient experience data will be reviewed every six months, with themes and resulting action plans identified

Both the Clinical Quality Group and Risk Management Group subsequently report into the Trustees' Clinical Governance and Quality Committee meetings

Our internal auditors, Sunderland Internal Audit Services, test our assessment of risks and, where necessary, help to improve our systems of internal control, providing additional support to the Trustees. Our choice of internal auditors from an NHS environment reflects our understanding that when providing health care services we need to assess all operational risks, not just those of a financial nature

Our external auditors, Baker Tilly, bring with them the benefits of a firm large enough to have considerable expertise in the not-for-profit, public and private sectors

Infection Risk Management

We are committed to preventing and controlling infection at St Oswald's Hospice

We have comprehensive procedures in place to ensure all areas are cleaned regularly and effectively. We have an Infection Control Link Nurse for each clinical area, who provides training, advice and support to colleagues

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We have an Infection Control Group comprising senior nurses, a housekeeping representative and management, which is responsible for ensuring infection prevention is embedded in the culture of St Oswald's, across all functions. This year, one of the Group's priorities has been to focus on Water Hygiene. A large cross section of staff received training, which involved raising awareness - and minimising the risk - of legionella and pseudomonas. There's also been an initiative to raise awareness of needlestick injuries and how to prevent them. A monthly 'on-the-spot' Infection Control Audit has also been introduced, to monitor adherence to our policies and procedures on a day to day basis.

Finally, an organisational wide initiative has been planned to coincide with Global Handwashing Day in October.

Financial Risk Management

Financial Risk Factors

Within the Strategic Risk Register, reviewed annually by the Trustees, the most significant financial risk facing St Oswald's is the reliance on potentially volatile income streams such as lottery income, voluntary donations and legacies. While St Oswald's continues to be well supported locally, there is always the possibility that support could fall due to increasing popularity of other charities or as a result of local, national or international events. Changes in the economic climate of our region could also impact on the levels of support we receive each year.

The Trustees recognise that the NHS funds patient care. However, this is funded at a proportion of our true costs, with the remainder being required from other sources. A central review of palliative care funding is in progress and there is a degree of uncertainty surrounding future levels of income from the NHS. As the Hospice provides a service for the NHS at exceptionally good value for money, we hope and expect that the outcome of the review will not result in any significant reduction in our statutory income.

The Trustees recognise this risk, and balance it with the need to raise money each year to ensure our charitable services can continue. All income generating activities are regularly reviewed to consider whether they are appropriate and that we are not asking too much of our supporters.

Any business carrying out activities that involve handling large amounts of cash faces the risk of loss of income through fraud or theft. Financial controls and procedures have been established to reconcile all types of income to minimise these risks. Facilities are also in place to ensure that members of staff are able to bank money quickly and locally rather than hold on to cash for long periods of time. Policies and procedures are in place to ensure all members of staff are fully aware of their responsibilities in respect of handling cash and these procedures are managed by the Finance Director. Internal audit reviews are carried out at regular intervals and the results are reported to the Audit and Investment Committee and ultimately to the Trustees.

Price Risk

The Hospice and its trading subsidiary are subject to the risk of increases in purchase price of medical and other supplies. Where possible prices are fixed in advance and the Hospice's budgeting and forecasting processes are designed to alert Trustees to potential problems.

The Hospice is exposed to fluctuations in the stock market which affect the value of its investment portfolio. The portfolio is monitored by the Audit and Investment Committee at each of their meetings throughout the year. The portfolio is designed both to generate a stream of dividend income and as a long term investment. Trustees recognise that its value is subject to fluctuations in the stock markets. The risk profile of the portfolio, and the decision to hold or sell the portfolio is under constant review by the Audit and Investment Committee, which is advised by the Hospice's investment managers, currently UBS.

Liquidity Risk

Trustees review the Hospice's liquidity by means of cashflow forecasts. To date the Hospice's liquid assets have been sufficient. Should problems arise in the future Trustees have several options open to them to remedy the situation without compromising the Hospice's operations.

Credit Risk

The Hospice does not make charges to the individuals for the services it provides and as such has no exposure to credit risk in relation to patients and beneficiaries. Funding from the NHS and local authorities is based on contributions under service level agreements. As this funding is derived from government related public bodies, it is considered that credit risk is minimal.

Interest Rate Cash Flow Risk

The company and the trading subsidiary both have interest bearing assets, in the form of cash deposits, which are subject to changes in interest rates. Levels of interest have remained poor at an average of 1.11% (2011/12 1.12%). This risk had been recognised in previous years, and other streams of income have been generated or increased to make up the shortfall.

Relationships with Other Charities and Organisations

We work with a wide range of stakeholders across not-for-profit, statutory and commercial sectors.

We work with the NHS in helping them deliver services in both community and acute settings. We are contracted to provide care and support to local adults by one Care Trust, five Clinical Commissioning Groups (CCG's) and three acute Hospital Trusts Northumbria, Newcastle and Gateshead.

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We now also have a Service Level Agreement with Northumberland, Tyne & Wear NHS Foundation trust in respect of medical revalidation – the system of appraisal and professional development of medical staff. The Trust acts as the 'responsible officer' for St Oswald's

We work closely with associates at the Marie Curie Cancer Centre (MCC) in Newcastle, on an ongoing basis, to ensure that collectively we can respond to demand for adult inpatient beds in the North East

With regards to our Children and Young Adults Service, we are contracted to provide specialist short breaks by all eight local CCG's. Joint health and social care contracts, with Local Authorities, are in place in respect of provision for under 18's

We are involved in the training and education of undergraduates and postgraduate students in a range of health care professions, with both the University of Newcastle upon Tyne and the University of Northumbria at Newcastle

Andrew Hughes, one of our Consultants, plays a key role in Specialist Palliative Care Registrar training for the North East, both as a committee member and quality lead within the Northern Deanery

We share good practice with other hospices and work within the sector at national level. We are members of the umbrella organisations Together for Short Lives and Help the Hospices. James Ellam, our Chief Executive, is a Trustee of Together for Short Lives

Finally, our Fundraising team are members of several networking organisations around the region, including Service Network, Business Link and Network North. Membership offers a range of benefits to St Oswald's, including harnessing new corporate support and accessing supplier services on a pro bono basis

We are also a member of the Hospice Lotteries Association and the Lotteries Council. Membership of these organisations allows us to keep up to date with latest developments and enables us to access advice and guidance

Anita Ball, Director of Fundraising and Retail, is also Chair of the North East branch of the Institute of Fundraising

Objectives and Aims

The principal activity of the Hospice is to provide specialist palliative medical and nursing care to patients with life limiting illnesses

Based on our principal activities, aims and objectives, the **mission** of St Oswald's is to **provide 'hospice care' and act as a resourcing organisation in the development of hospice and palliative care in the North East of England.**

We aim to achieve our mission through

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- Caring:** Providing direct care services to people affected by life limiting illnesses
- Campaigning:** Working with national and local policy makers, health commissioners and clinical practitioners to enhance and increase the provision and access to hospice and palliative care
- Educating:** Contributing to education, training and materials for people who commission and deliver care programmes

The Trustees have had regard to Charity Commission guidance on public benefit in section 4 of the Charities Act 2011 and believe that the above aims and objectives, as well as the activities described throughout this report are undertaken to further the charity's purposes for the benefit of the public

Policies to Achieve Our Objectives

Recruitment and Retention of Staff and Volunteers

We are committed to providing a quality service. We do this by employing the right people, with the right skills, knowledge and experience into the right roles, and then by supporting them through comprehensive training and effective management. We have policies and procedures which both paid and unpaid staff (volunteers) adhere to, which govern our day-to-day activities and processes and ensure we work at an optimal level. These policies have been created in accordance with statutory requirements and are based on sound business principles.

The Safeguarding Vulnerable Groups Act 2006 requires that anyone who has contact with children or vulnerable adults should be subject to a criminal records check, via The Disclosure and Barring Service (DBS), before employment is offered to both paid and unpaid staff. The Hospice fully complies with these requirements, as well as DBS regulations regarding barring unsuitable people from working with vulnerable adults and children and guidance on the recruitment of ex-offenders.

Once new staff and volunteers are in post, they are required to undertake a departmental induction as well as take part in sessions offering a broad overview of the work of the Hospice. The induction programme fulfils a number of objectives ensuring all staff and volunteers not only receive mandatory Health and Safety Training in accordance with our statutory and regulatory obligations, but also an awareness and understanding of the work of St Oswald's, our culture and our team approach.

A commitment to Learning and Development is at the very heart of St Oswald's. We provide formal learning, such as attendance on training sessions, as well as non-formal learning, such as the facilitation of work-shadowing initiatives. Each year we fund training programmes, both internally and externally, to ensure our staff and volunteers have the skills and knowledge to do their job to the best of their ability, for the ultimate benefit of patients and families.

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This year, we've introduced a 'DELTA' programme for new line managers, provided bespoke line manager training for our retail staff and rolled out the first phase of a comprehensive Clinical Education programme, as detailed later.

In addition, we now have a Staff Engagement Group that meets regularly to consider engagement as one of the cornerstones of St Oswald's 'People Strategy'. Key elements of engagement include a commitment to developing effective leaders, ensuring a strong organisational voice and engendering a sense of integrity. This year, the Staff Engagement Group focused on self leadership, working with both middle and senior managers.

The Group also embarked on a grass roots, organisational-wide series of focus groups, to garner staff feedback on 'wellbeing'. The results were very positive, providing both a reassurance to HMT and highlighting the value of flexible working, support from colleagues and managers, time out and away from St Oswald's and complementary therapies.

Recognising the importance of 'reward', this year we've launched a Staff Benefits scheme, with offers including childcare vouchers, staff discounts at local retail stores, a cycle-to-work scheme, complementary therapy sessions and a Christmas Savings Club.

Staff Remuneration

Job Evaluation is applied to every post at its creation, or when changes in responsibilities are required of the post holder. Remuneration is then set by matching the evaluation against the Hospice Pay Scales. The Nomination and Remuneration Committee sets the salaries of senior Hospice Managers and Medical Consultants. Salaries for Medical Consultants mirror those set within the NHS Consultant contract. Proposed cost of living awards are set out in the Business Plan, which is presented to Council for approval before the start of each financial year.

We are now also planning for Pension Auto Enrolment which for St Oswald's comes into force in February 2014.

Equality of Opportunity

St Oswald's wholeheartedly supports the principle of equality and diversity, as a core element of our People Strategy. It is, therefore, committed to ensuring that all current and potential staff and volunteers are treated with dignity, fairness and respect, regardless of their sex, marital status, age, sexual orientation, race, ethnic or national background, religion, beliefs or disability.

St Oswald's promotes an environment in which individual staff can utilise their skills and talents to the full, and that the best people are recruited for our jobs from as wide and diverse a pool of talent as possible.

Policies and Procedures in Support of Good Practice

While our policies and procedures are in place to ensure we comply with legislative and regulatory requirements at St Oswald's, they also exist to safeguard our own standards of best practice. In doing so, not only do we look to sustain the delivery of a quality service to patients, children and their families, but also to staff, volunteers, supporters and donors.

We have a comprehensive and continuous policy review and update programme in place. This ensures that our policies and procedures remain current and live documents, reflecting what we actually do, and encompassing both internal changes and external requirements. With every new policy or review, a consultation group is put together, ensuring all relevant line managers or members of staff have an opportunity to contribute. In addition, all policies are noted in our monthly internal newsletter and staff and volunteers are invited to provide feedback if they wish to do so.

Volunteers

Over 1,300 volunteers offer their services to St Oswald's on a regular basis. Working alongside paid staff, volunteers offer their skills, experience and expertise to every department within the Hospice and the Promotions Company.

We recruit and train volunteers from local communities. They are subject to the same requirements as paid staff in respect of compliance with statutory and regulatory conditions, standards of competence, personal conduct and integrity.

Some volunteers work directly with patients, others offer their time to our support services and many volunteer in our shops or at our fundraising events.

Line managers provide ongoing support and guidance to volunteers, and always look to harness their feedback.

The volunteer/ staff ratio is more than 4:1, highlighting the integral role of volunteers at St Oswald's. Without their support, we couldn't provide the services we do. They provide a link to the communities we serve and are our ambassadors within the North East.

Who Have We Helped?

Detailed below is an overview of the work we do, including facts and figures relating to the breadth and level of care we've provided to local adults, children and young people this year.

We've also included quotes from some of our beneficiaries, received in a number of ways: in cards and thank you letters, on our social media sites, face to face during patient focus groups or via patient questionnaires.

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Ensuring a Quality Service

We are committed to providing a first class patient experience at St Oswald's and we harness feedback from patients and families in a number of ways

Each service distributes regular questionnaires, which seek to ensure a patient, child or young adult feels properly cared for by their key worker, have access to the right information and feel their privacy and dignity have been respected. The questionnaires also give patients and families the chance to comment on any aspect of their care, our services and amenities.

Over the last year, we've also undertaken focus group sessions with lymphoedema and day hospice patients, as well as taster session attendees. The focus groups have enabled us to gather a deeper understanding of how patients benefit from our services, listen to their suggestions and take forward any outstanding actions.

Patient questionnaire and focus group responses are reported into monthly Clinical Quality Group meetings and any actions are delegated to relevant staff members accordingly. Within the last year, we have set up a 'you said, we did' web page to publish our actions, as a follow up to patient comments and suggestions.

Compliance

Earlier this year, formal feedback was also received from our regulators, the Care Quality Commission (CQC), after an unannounced visit to both our Adult and Children and Young Adults service.

We were compliant in all five outcomes again this year.

The CQC team focussed on consent to care and treatment, care and welfare of those using our services, management of medicines, supporting staff and complaints. Inspectors chatted to patients and carers during their visit and we were delighted to receive very positive feedback. For example, one patient said "The staff are fantastic and nothing is too much trouble. You can do as much or as little as you want, the patient is very much in control."

As well as ensuring compliance with external regulators, as detailed earlier, we also have a range of internal measures in place to ensure we continue to provide excellence in palliative care. We are again pleased to report we have seen only a low level of complaints across all clinical services this year.

Adult Services

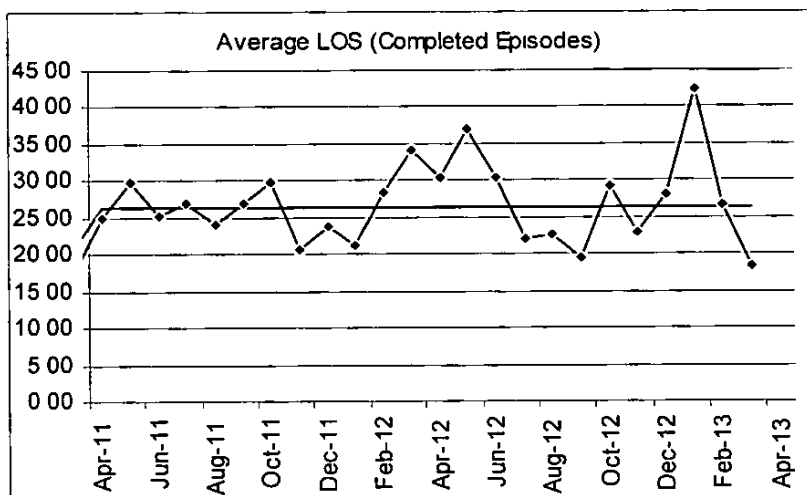
Our Adult Service offers a day hospice, inpatient service, a lymphoedema service, complementary therapy service, outreach, taster sessions and support groups. Patients are usually referred to us from Newcastle, Gateshead, North Tyneside and Northumberland, with occasional specialist referrals from further afield.

Adult Inpatient Unit

Our inpatient service has fifteen beds and one emergency bed. Our multidisciplinary team works together to ensure patients with specialist palliative care needs can maximise their quality of living, facilitate a safe and timely patient discharge or transfer to a continuing care service, as well as provide a supportive environment at the end of life.

- There were 185 adult inpatient admissions last year, 87 patient discharges (46%) and 102 (54%) deaths
- Patients stayed with us for an average stay of 27 days, a slight increase on the previous year

This year, North of Tyne Commissioners gave us a CQUIN (Commissioning for Quality and Innovation) target, amounting to 2.5% of our contract, if we undertook a review of our Average Length of Stay, including local and national benchmarking. The review clearly demonstrated that St Oswald's case mix was more complex than the national average. We care for patients with very complex needs and this is reflected in our Average Length of Stay.



(Average Length of Stay Adult Inpatient Unit)

- 4911 bed-days were occupied during the year, a 3% increase on last year
- Average bed occupancy was 90%
- 330 phone calls were received from health care professionals to the palliative care advice line – a service offered in conjunction with Marie Curie Cancer
- 31 carers accessed our Bereavement Service, offered to families who have benefited from any of our care services

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We also had a CQUIN Target in relation to our South of Tyne contract, which mirrors the NHS Safety Thermometer and measures four elements that are most likely to keep patients in an acute setting. They are falls, urine infections due to catheters, MRSA infection and the incidence level of venous thrombosis embolism.

This year, within the inpatient service a substantive piece of development work was undertaken regarding medicines management, involving supporting nurses in their practice, to minimise the risk of drug errors for patients.

We also took part in a national project, initiated by St Christopher's Hospice in London, to train senior staff nurses working at the Queen Elizabeth Hospital, Gateshead. The aim of the project was to share best practice for palliative care patients across care settings. The project evaluated particularly well and has improved links between ourselves and colleagues in acute care.

Finally, during the year, Department of Health announced plans to award £60million to hospices in England to improve their physical environment. A cross-hospice team was put together to submit one bid for our Adult Service and another for our Children and Young Adults Service.



Following our success in 2011 with a previous Department of Health grant, we had already identified works, on the adult inpatient unit, that we were unable to fund such as improving the mortuary facilities, which we have been able to incorporate into this latest bid. In addition, we asked patients and families for their feedback and replacing the patient bedroom windows was deemed a priority. We also included refurbishing the patient bathrooms, provision of a bariatric bedroom, storage and breakout space into the submission. The adult services bid totalled £528,987.

We submitted our bid in November 2012 and were notified in late March 2013 that we had been successful in both bids. Due to the huge level of demand for Department of Health Funding, all successful projects were awarded 68% of their bid. Therefore, for the adult services bid we were delighted to receive £359,711.

All works have to be completed by 31st March 2014. A project board was established to meet regularly, make key decisions and report into Council. The board comprises our Chairman and a fellow trustee, Directors and relevant senior managers from across the organisation. Jane Darbyshire and David Kendall were appointed architects, RNJ Partnership as Quantity Surveyors and Brims Construction Limited, as Contractors.

As the original bid was not fully funded, the Project Board and professional advisors worked together to revise the contract. Improving the mortuary facilities and replacing patient windows were clear priorities and the contract to start work on improvements began on 24th June 2013 and is expected to last until mid-December 2013.

After completing the work, we will have enhanced our home from home environment so that patients and families feel more comfortable in their bedrooms and provided a dedicated, private space for bereaved families.

What families said. . .

"I am writing on behalf of myself and family to express our very sincere thanks for everything that was done to help and comfort my wife during her stay at St Oswald's. Though her sad loss is difficult for our family to accept, we are extremely grateful that the last days of her life were spent surrounded by dedicated people in such a pleasant, purpose built facility."

"Our special thanks go to all the doctors, nurses, support staff and volunteers who at all times helped and cared for my wife and us her family. In this day and age it was an oasis of love and warmth."

"We were welcomed like old friends and could not have received better care, we were listened to and given time to assess each new suggestion for treatment and we could ask questions at any time."

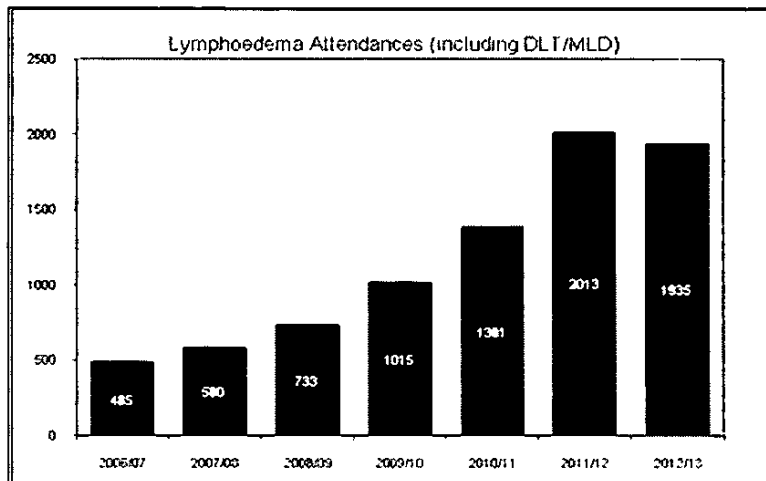
"Being in the St Oswald's 'family' is like having a big hug every day, everyone, and we mean EVERYONE, is so supportive and caring and we are so glad that we have found each and every one of you."

Adult Day Services

- Within Day Hospice, we received 178 new referrals – a 19% increase on last year
- There was an average of 288 Day Hospice places booked each month, which is 85% of our capacity. Average actual attendance was 82%.
- There were 187 Outpatient appointments attendances, including a Consultant-led clinic, a Cognitive Behavioural Therapy clinic and a nurse-led clinic for adults with learning difficulties who have cancer.
- 1999 Complementary Therapy sessions were provided to Outpatients, Day Hospice patients, inpatients and carers. This figure is significantly higher than last year, due to improvements in reporting.
- We continue to offer Taster Sessions to patients with life limiting conditions, who may benefit from St Oswald's services at some point in the future. The programme of six sessions are held throughout the year and include nutrition, benefits, fatigue management and relaxation. The sessions offered to both patients and their carers continue to be very highly rated and provide a good introduction to St Oswald's for patients and carers who may need our support in the future.
- We received 507 referrals to our Lymphoedema Service, a slight decrease of 4%.

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- There were 3734 lymphoedema attendances, an increase of 15%, with a further 1935 intensive lymphoedema treatments delivered 356 appointments were provided at the Shiremoor Resource Centre, for lymphoedema patients from North Tyneside
- 67 home visits to lymphoedema patients were also provided This 'super-complex' group of patients are unable to travel to St Oswald's, as the severity of their condition and/or size can affect their mobility and ability to be transported safely



Following feedback from patients, harnessed through focus groups this year, we've been able to tailor our day services to fit their needs better

Within our Lymphoedema Service, we've introduced a six-week 'self management' education programme for patients, to equip them with the skills and knowledge to manage their condition

The programme covers all aspects of treatment such as skin care, exercise and movement, lymphatic massage and use of compression garments

While we've always provided education to our lymphoedema patients during their appointments, and during the focus groups, they told us they can feel swamped by the amount of information they have to take in The new education programme enables practitioners to give practical help and advice, in bitesize chunks, as well as allow patients to share their experiences and support each other in coping with their chronic condition

In addition, following feedback at the focus groups, we introduced a dedicated newsletter for lymphoedema patients, called 'Lymph-notes' Lymph-notes is designed to keep patients up to date with developments, provide hints and tips to help manage their condition and signpost them to other useful organisations

Similarly, within Day Hospice, focus groups were held to find out how patients felt they benefited from St Oswald's and what else they would like us to offer Responses were

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overwhelmingly positive and reflected a tailored approach to Day Hospice, depending on each patient's individual needs

Findings have helped guide the multi-disciplinary team in determining what we offer both 'traditional' day hospice patients and new patients, who might not be attracted to the existing model, such as younger patients or those with work or family commitments

What our Day Patients and their families think. . .

"You can be real with each other and the staff You can let the emotion out more At home you tend to say 'I am fine' You feel like you can't have a bad day You don't want be upset and upset people at home But here you can be realistic There are staff to support you and chat to you if you're having a bad day "

"I've been so poorly over the past few months and I've kept telling myself 'if you can just get back to the Hospice you'll feel alive again '"

"My wife is much more relaxed after coming to St Oswald's She also has more understanding of her condition, of what's available to her and what help is out there Talking to others really helps It's a real benefit rather than struggling on, on our own "

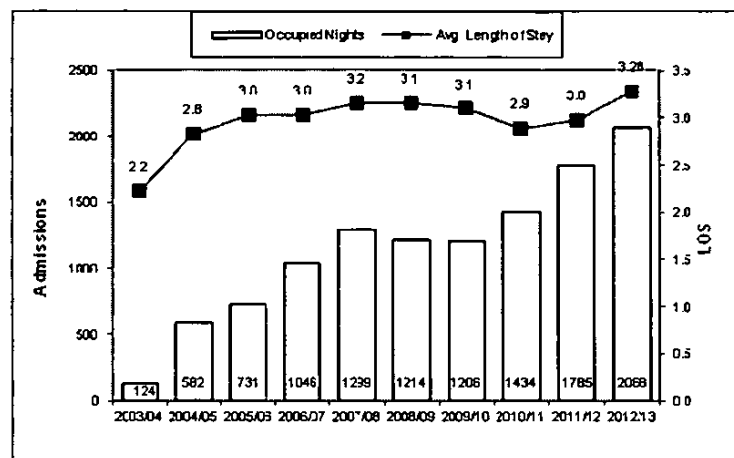
"For me, before we accessed Taster Sessions I felt isolated You can lose contact with friends and colleagues, because you have so much to contend with Now, we know others who are in the same situation "

"I remember clearly the day of my very first appointment at St Oswald's My husband and I arrived and were frankly "gob smacked" by the first impressions of the facility How lucky can you be to live in Newcastle was my first thought! Everyone we met nurses, reception staff, were so NICE! Helpful, friendly, professional, competent I went home that day, after being accepted onto the Clinical Trial, as high as a kite! At long last, somebody cared, somebody was going to at least try and help me "

Children and Young Adults Service

We provide specialist short breaks to children and young adults, aged from 0 to 25, with progressive, life-shortening conditions Specialist, medically-supported care is provided, 24 hours a day, seven days a week

- 46 children and their families benefited from our Children's Service
- A further 9 young adults were cared for at St Oswald's
- 584 admissions, 2068 bed days were occupied with a 95% occupancy rate



- Children continue to stay for an average of 3 nights per visit, while young adults stay for slightly longer, at 4 nights per visit

This year, we've embedded links with colleagues at the Great North Children's Hospital, resulting in an increase in referrals for children requiring end-of-life care, who are previously not known to us. Two of our Doctors, Ellie Bond and Phil Caisley, are now Honorary Doctors at Newcastle upon Tyne Hospitals Trust too, meaning they can provide paediatric palliative care advice and support in these acute settings and share their expertise with fellow professionals.

All eight bedrooms have been redecorated and refurbished, thanks to the Thomas Cook Charity. The teenage lounge has also been renovated, thanks to support from Children in Need. Finally, our 'Garden Room' has also been redecorated, providing a quiet reflective area for families whose child has died.

In addition, as detailed earlier, this year we've also been awarded a Department of Health grant to enhance the physical environment of our Children and Young Adults Service. We were awarded a grant of £209,144, which is 68% of our original bid which totalled £307,564.

The Department of Health grant will enable us to create a multi-purpose therapy suite for sensory activities as well as redesign and refurbish the craft area. In doing so, we'll be able to extend the range of craft activities and therapies on offer at St Oswald's and encourage a 'can do' environment.

We already work closely with partners such as Seven Stories and Helix Arts on funded art and music therapy projects. We look forward to building on these partnerships and undertake more project work, once the improvements have taken place.

Work started in June and is expected to last until December 2013.

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Lastly, after a successful two-year pilot, we've extended our services to young adults. Young adults from 18 – 25 can continue to access specialist short breaks at St Oswald's, after funding agreements were reached with commissioners regarding young adults currently in our care.



Our Young Adults service evaluates very well, with young adults telling us how they value independence from their carers and the chance to spend time with peers, when they come to stay at St Oswald's. Thanks to funding from the Big Lottery Fund we have a purpose built, designated space for young adults.

We also have a very popular Young Adults Social Group, which is designed to offer the same opportunities that any able bodied young adult would benefit from, such as a trip out to the casino and a cocktail night in!

The success of the Young Adults Service is currently being independently evaluated by Manchester University, with results expected in the Autumn 2013.

What children, young adults and their families said . . .

"Words cannot express how important a role you all play in families lives when they need you the most. You are a tremendous support and we have been privileged to experience your unique skills when we needed them. Keep up the good work."

"Having respite at St Oswald's for a couple of nights a month helped to give me a break. While I was doing all the medical care for my son, I couldn't be a mum. Being at St Oswald's gave me time to step back and just enjoy playing with him and having fun."

"You are amazing, I simply couldn't function if I didn't have your help. My daughter loves coming here."

A Strategic Framework: How We Are Meeting Our Objectives

The Strategic Framework is a working document which summarises our strategic direction, over a three year period, currently 2012 to 2015.

Revised by the Hospice Management Team every September and approved by our Council of Trustees, the Framework shapes our annual operational 'Business Plan', which includes bids from budget holders across the Hospice.

The Strategic Framework also identifies key internal and external influences on the organisation which Council consider in their strategic planning.

At Council's meeting in September 2012, the working document was reviewed and revised to take into account matters now completed and those that continue to have a bearing.

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The strategic objectives of the organisation are grouped under the headings care, campaign, educate and governance, reflecting the key components of St Oswald's mission

There are agreed targets and target dates under each heading, which designated Directors are given to achieve. At every Council meeting, Trustees review progress being made towards one of the targets as outlined below

CARE

Constantly evolving and responding to meet the changing needs of patients, children and young adults

Adapting our services to meet the needs of those we serve is fundamental to the ethos of St Oswald's

This year we've responded to the clear needs of rising 18-year-olds accessing care within our Children's Service and agreed to provide short breaks for young adults up to the age of 25

We also identified a need for paediatric palliative care advice amongst local health care professionals. As a result, we helped set up and launch an advice line offering support for symptoms management and end of life care to regional paediatric services both in acute units and the community. Dr Yifan Liang, Dr Alison Guadango, Dr Ellie Bond and Dr Phillip Caisley provide this service

Within Adult Services, we continue to review and refine our Day Hospice offering to patients, using patient feedback to help shape the service

Within the Adult Inpatient Service, an enormous amount of cross-hospice work has been taking place to embed SystmOne, a shared electronic patient record system, on the unit. SystmOne offers huge benefits to patients, such as not having to retell their story each time they meet a new practitioner, notes and results can be sent directly, therefore reducing waiting times for results or action and there's fewer chances of error as a result of misinterpreting poorly written notes

Finally, a key organisational focus this year has centred around our Lymphoedema Service. A working group was set up to review our offering and tariff to commissioners. In doing so, the group has looked to formalise patient pathways, review the current model of specialist and key worker provision of care, evaluation of the new patient education programme, establish agreed protocols for 'super-complex' patients and aimed to work more collaboratively with health care professionals in both acute and community settings

Mainstream transition services for young adults

We are delighted we have been able to extend services to young adults this year

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As well as those families currently accessing care at St Oswald's, a funding model is now also in place with commissioners to enable young adults, previously not known to us, to be referred on a case by case basis

Meanwhile, we continue to lobby locally and nationally for better provision of transition services for young adults

Lynne Young, our Transition Project Lead, works with local partner agencies in health and social care to establish contractual arrangements for any young person - from the age of 14 - who accesses St Oswald's and who want to continue to do so post 18 years

Last June, we also took part in a national, one day 'High Visibility' event at the Oval in London, aimed at highlighting transition issues to government ministers and influence and shape policy and practice in the future

Marie Curie Cancer Care, Together for Short Lives, Help the Hospices, Dying Matters and the National Council for Palliative Care, all took part in the event, which included the launch of a report published by St Oswald's, called 'Living longer than you thought I would'

The report was written by Lynne Young and Jackie Bolam, Children's Services Manager, with the support of Marie Curie Cancer Care Young People and Transition Programme. The report aimed to better understand the situation, needs and aspirations of young people with life-limiting conditions who are growing into adulthood. As well as lobbying ministers at the event, the publication was also disseminated to local MP's, to garner their support

Develop strategic partnerships with neighbouring providers

As mentioned earlier, last year we entered into a strategic partnership with Newcastle upon Tyne Hospitals Trust Paediatric Department to jointly provide children's palliative care at Newcastle Hospitals. In addition, St Oswald's sourced charitable funding for a two year pilot to evaluate the impact of Consultant-led provision, and recruited Dr Yifan Liang in June 2012, as the first specialist Consultant in the North-East to work for the Hospital Trust and the Hospice

We also continue to play an important role in developing the North of Tyne Palliative Care Providers Forum which comprises consultants, community nurses, representation from Social Services, Northern Doctors Urgent Care, St Oswald's and Marie Curie Cancer Care Centre in Newcastle

As we enter a new commissioning environment, the Forum provides a chance for providers to develop and embed relationships with 'GP-led' Clinical Commissioning Groups

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Become the acknowledged sub-regional leader for lymphoedema

St Oswald's is the largest specialist lymphoedema service provider in the North East, treating patients with cancer-related lymphoedema, patients with oedema as a symptom of their progressive disease and patients with non-cancer related lymphoedema

Our senior practitioners play a key role in the Northern Cancer Network's Lymphoedema Strategy Group. With their steer, we continue to take forward plans for a hub and spoke model for lymphoedema care in the region, with St Oswald's providing the hub for patients with complex lymphoedema and community-based 'spokes' for patients with uncomplicated lymphoedema based in their localities.

We currently operate a 'spoke' service within North Tyneside and continue to talk to commissioners about extending the hub and spoke model to communities across North of Tyne and potentially Gateshead too

In March this year, St Oswald's team led and facilitated a lymphoedema conference, on behalf of the Northern Cancer Network. Over 40 health care professionals attended the event from across the region. The aim of the conference was to bring health care professionals together, to share learning and experience of caring for patients with lymphoedema and to foster closer links going forward. The event demonstrated the level of expertise on offer at St Oswald's and positioned us as the lead service for the region.

EDUCATE: (To share our knowledge, skills and experience in Specialist Palliative Care with the wider care community)

Create a unified lymphoedema pathway for the sub-region

The lymphoedema working group, has spent time this year evaluating provision of lymphoedema care across the country.

It is clear that awareness amongst Health Care Professionals and patients is low, meaning lymphoedema is not being recognised and addressed early enough, nor is there adequate advice given in respect of preventing the condition.

In addition, there is also a low level of education and training amongst Health Care Professionals, to enable them to identify lymphoedema, treat mild and uncomplicated cases and play an active role in long term management of patients in the community.

As such, patients receiving ongoing treatment at specialist centres like St Oswald's can struggle with their ongoing condition, because colleagues in acute and community settings don't have the knowledge or skills to be able to support this group of patients and work collaboratively with us.

A key part of our role going forward, therefore, is to provide effective education and training to external colleagues.

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Our senior lymphoedema practitioners already play a leading role in clinical education in the North East. Working in partnership with Glasgow University, Dr Andrew Hughes, Kath Clark and Jill Lisle lecture students on lymphoedema management.

They have helped to shape the Northern Cancer Network's Clinical Education programme for lymphoedema management and also continue to provide 'train the trainer' sessions to local health care professionals.

By expanding our awareness and education programme still further, we would expect to see lymphoedema being recognised and treatment being implemented earlier. Patients would subsequently suffer fewer complications, be able to self manage their condition and have a better quality of life.

Maintain and develop our leadership in the field of specialist palliative care education

St Oswald's is widely regarded as a leader in the field of specialist palliative care education.

As we look to focus on areas of the business which add value, we need to maintain our current position as experts in the sector, build on it and convey the benefits of our education programmes more widely, so that both supporters and commissioners alike harness a greater understanding of the very specialist services we have to offer at St Oswald's.

To maintain a workforce skilled in the provision of specialist palliative care to enable us to share our knowledge with the wider community

If, as we have outlined, we are aiming to maintain and develop our leadership in the field of specialist palliative care education, then equally we must remain 100% committed to maintaining and enhancing the skills of those we employ.

This year, we have rolled out a comprehensive clinical education programme at St Oswald's, which ensures staff are updated not only with mandatory training, but also best practice in palliative care. The programme covers 12 key topics over two years and includes the Liverpool Care Pathway, advanced oedema, sexuality and body image, nutrition and palliative care emergencies.

CAMPAIGN:

Develop the network for transition services and young adults palliative care in the region

As part of her role, Lynne Young, Transition Project Lead, has been working at national level to improve service provision for young adults across the country.

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A 'Transition Taskforce' was set up earlier this year and involves agencies such as Together for Short Lives, Help the Hospices, Marie Curie and the National Council for Palliative Care coming together to try to bridge the gap of transition and ensure better co-ordination between children and adults services

Part of the Transition Taskforce's remit is to scope out current provision and capture innovative practice in transition from across the sector. We are delighted St Oswald's has been identified as one of four 'leaders in the field' and Lynne Young is now working with the Transition Taskforce, to take the project forward

HOSPICE GOVERNANCE:

Respond to the new Care Quality Commission Accreditation

As we are registered with the Care Quality Commission (CQC), we are subject to their routine compliance monitoring, which involves undertaking Provider Compliance Assessments. This is a self-assessment tool to assess and record how we are meeting the essential CQC standard outcomes, to identify any areas of concern and how to make necessary improvements

At each monthly Clinical Quality meeting, the group reviews and reports back on actions outlined in our Clinical Quality Commission Compliance Plan, a working document to ensure we will meet all the outcomes identified. Evidence for our compliance with CQC is stored centrally and securely, in a dedicated hub on our intranet site

Anticipate and respond to Monitor

Monitor is the independent regulator of NHS foundation trusts. Its primary role is to determine whether NHS trusts seeking foundation status are well governed, financially viable and legally constituted

In 2012, Monitor extended its role and became the sector regulator for health. Its duty is to protect and promote patients' interests, by ensuring healthcare services are economic, efficient and effective, and committed to quality

Monitor licenses providers of NHS services in England. However, providers with less than £10 million NHS funding per annum are exempt. As St Oswald's receives approximately £3 million statutory funding annually, we are therefore exempt. The exemption is time limited however until April 2015

Respond to the new commissioning environment

With the introduction of Clinical Commissioning Groups (CCG) in April 2013, a sub-group of the Hospice Management Team led by James Ellam, Chief Executive have spent a great deal of time this year ensuring the good working relationships fostered with Primary Care Trust Commissioners continues with colleagues in the new CCGs

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In addition, following the National Palliative Care Funding Review, preparations for a new funding mechanism for palliative care for adults and children, which includes a national tariff, continues. The proposals aim to achieve per-patient-funding, linking activity to income and will, therefore, affect commissioning arrangements with St Oswald's once the shadow phase of the project is initiated, scheduled for 2015

Maintain appropriate cash flow and reserves to underpin our work

We continue to follow our strategy of financial prudence, with the aim of meeting all expenditure from income generated, rather than through reserves.

There are several external factors that can affect our income, most notably a reduction in NHS Funding, as well as the economic climate affecting supporters' propensity to donate and retail customers' propensity to buy

To safeguard our services for the future, Trustees continue to work with the Hospice Management Team to closely monitor projected income, before committing to any new service developments or business plan requests. Staff and volunteers continue to be reminded of the need for financial prudence and budget holders strive to make savings where possible

Voluntary Income Strategy – An Update

Our annual running costs stand at £10.2 million of which almost £6.6 million must be raised through voluntary giving. Other income streams include funding from the statutory authorities and professional fees

As an independent, self-financing charity, it has always been important to minimise financial risk by ensuring a diverse range of income streams. Regarding our voluntary income, we rely on the successful implementation of our Fundraising and Retail strategies

- **Fundraising Strategy:**

Our team comprises of fundraisers who seek support from donors, in specific geographical areas, face to face fundraisers who secure donations via telephone and door-to-door lottery campaigns, and our newly created Supporter Care team

The Fundraising team look to secure ongoing support from individuals, schools, groups and companies, as well as provide assistance to donors organising their own external events

This year, we've continued to focus on developing in memoriam fundraising and have introduced a Tribute Fund initiative, where donors make an ongoing commitment to fundraise for St Oswald's, in memory of a loved one

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We've also concentrated on developing major donors and corporate partnerships Direct Difference, our corporate membership scheme continues to attract high level donors Members include Steve Blades Coaching, DWF LLP Newcastle, Laser Ex, T Manners & Sons Limited

Trust fundraising has proved particularly successful this year, including a £10,000 grant from the Arts Council to fund art therapy within our Children and Young Adults Service

Similarly, our Day Hospice patients are now benefiting from a £10,000 'Awards for All' grant from the Big Lottery Fund, which has facilitated a year-long 'celebrate life' project The project will enable patients to explore their feelings through a range of creative activities such as horticulture, music, writing and digital media

Regarding St Oswald's events, this year saw over 400 participants choosing to undertake the Great North Run for us – the largest ever contingent representing Team St Oswald's Our Bollywood Ball was very well attended and attracted substantial corporate sponsorship from UBS and Irwin Mitchell The event also gave us the opportunity to engage the local Asian business community and promote a wide range of services

We introduced a new event – Os Fest – which was a music gig held at Newcastle University and featured local bands representing their favourite artists The event was a huge success It harnessed a younger demographic of supporters and was promoted heavily through Twitter, the social media platform

Finally, our lottery continues to provide St Oswald's with its largest source of income with £807,678 being transferred to the Hospice last year (including raffle and 200 club income) This year we changed the existing prize structure and introduced a Lottery rollover – where a player can win up to £10,000

Going forward, we continue to follow our strategy of improving our supporter retention rate, increasing the level of average gift and converting one-off donors to regular givers

- **Retail Strategy**

Our Retail department has performed very well again this year, with annual turnover exceeding £2 million for the first time ever and a £281,000 increase on 2011/12

We now operate 20 shops around the region, selling good quality second hand goods We opened three new shops this year in Morpeth, Blaydon and Gosforth, with the Gosforth store functioning as a specialist bookshop All three stores are reporting healthy sales and are helping to raise awareness and increase support for St Oswald's around the region.

We also now offer a paid-for House Clearance Service, which is already proving popular with estate agents, solicitors and individuals

Finally, we were presented with a 'Green Initiative' award by the Charity Retail Association, in July 2012 The national award recognises the charity retailer which has

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introduced the most innovative way of reducing negative environmental impact and promoting green behaviour. As such, we were recognised for our work with local councils and universities to 'recycle' stock which would otherwise have been taken to landfill, our furniture reconditioning scheme and our £1 clearance store in North Shields.

Financial Performance

We try to include as much detailed information as possible within our financial statements to give a clear understanding of the income and expenditure in relation to our different services. In this section we aim to give a deeper understanding of the figures and explain how they relate to our activities.

For the year ended 31 March 2013 we recorded net income, including grants but before accounting for movements in our investments, of £278,994 (2011/12 net income of £12,771).

Our total incoming resources for the year increased by 10% (2011/12 decrease of 4.6%) to £10,482,377. Our total resources expended increased by 7.6% (2011/12 increase of 9.6%) to £10,203,383.

During 2012/13 we were grateful to receive £460,771 in grants and donations to cover specific projects. This is shown in the accounts as "restricted income", and appropriate expense is shown against it as "restricted expense". This differentiates it from the normal ongoing operations of the Hospice, which we call "general" income and expense.

The financial effect of the normal ongoing operations of the Hospice is shown in the table below.

	<u>2012/13</u>	<u>2011/12</u>	<u>Increase</u>
General income	10,021,606	9,069,808	951,798
General expenditure	9,468,713	8,880,228	588,485
Net income before movement on investments	552,893	189,580	363,313

Incoming Resources

Our income falls between two categories, incoming resources from generated funds and incoming resources from charitable activities. There are detailed breakdowns of these categories in the Consolidated Statement of Financial Activities and the associated Notes to the Accounts.

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Incoming Resources From Generated Funds

Voluntary income is the total of donations and legacies received. Donations and income from regular givers totalled £1,288,445, (2011/12 £1,166,372) of which £253,519 was restricted (2011/12 £253,931)

Activities for generating funds have this year raised £4,268,790 (2011/12 £4,039,412). Our fundraising team covers the whole of the region, working in the community to assist others to organise fundraising events.

St Oswald's Hospice Promotions Limited is our trading subsidiary, and this year a Gift Aid payment of £807,678 has been declared (2011/12 £752,640). The subsidiary's main activity is the Hospice lottery.

Investment income, comprising interest and dividends received, has decreased from £75,154 to £71,293, reflecting the difficulty of finding good deposit rates for our cash.

Incoming Resources From Charitable Activities

As in previous years, our charitable activities received partial funding from the NHS and local social services. We continue to work locally and nationally to try to improve the levels of funding we receive for each of our charitable services.

We received £194,752 from the Department of Health, under Section 64 of the Health Services and Public Health Act 1968, to support the activities of our Children's Service. We also receive a payment per night for each child or young adult accommodated.

Income for our Adult Day Services is generated by fees for the provision of lymphoedema services for outpatients.

Resources Expended

The statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 requires us to show how the costs of our support services relate to our direct charitable services. To do this, we have taken the costs of our Human Resources, Corporate Services, Information Systems and Finance departments and allocated them to each of the direct service departments or income generation departments. The allocation is calculated according to the most appropriate measure of usage for each area of expenditure. Note 10: Analysis of Support Costs gives greater understanding of the costs incurred and their allocation.

Costs of Generating Funds

Sales of donated goods increased by 18%. Equivalent costs increased by 15%. New shops were opened during the year in Morpeth, Blaydon, and Gosforth, and we saw a full year's trading activity by our Ashington and Cramlington shops.

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Costs of Charitable Activities

Expenditure on our charitable activities, including property costs, depreciation charges and support costs, represents 64.8% of our total expenditure (2011/12 64.9%). Staff costs remain by far the greatest type of expenditure we incur. Without our dedicated professional staff we could not continue to provide our services.

Balance Sheet

Our Balance Sheet at 31 March 2013 shows funds of £15,806,887 (2012 £15,425,353) of which £12,398,779 is represented by fixed tangible and investment assets (2012 £12,423,908) and £446,000 is represented by a long term deposit (2012 £446,000). Notes 15 and 16 to the accounts set out expenditure and other movements relating to fixed assets and fixed asset investments.

Summary

The Hospice's finances continue to hold up despite a difficult economic environment. A continuation of the efforts made by staff, trustees and volunteers to maximise income and control costs without compromising the Hospice's services will help to ensure the financial stability of the organisation.

The Trustees are satisfied with the financial position of St Oswald's Hospice Limited and St Oswald's Hospice Promotions Limited as at the year ended 31 March 2013.

Regulatory Statements

We are required to make a number of statements to provide further understanding of how we manage our affairs and how we are governed.

Investment Policy and Performance

The objective of holding our fixed asset investments is to maintain the long-term purchasing power of the capital against inflation, whilst achieving a balance between capital growth and the generation of income for the charity, within a medium risk profile. In the past, equities that St Oswald's had received as gifts or as part of legacies had been added to the portfolio. Future receipts of equities are to be sold for cash as the portfolio is currently at a level considered adequate for the purpose described above.

The ethical stance in relation to investments has always been that investments should not be made into tobacco-related companies or shares. In July 2012, trustees appointed UBS Wealth Management (UK) Ltd as our Investment Managers, and the handover from Brewin Dolphin, the previous managers, took place over the course of the year. An error occurred during the handover process which resulted in the Hospice portfolio containing a small holding of shares in British American Tobacco for several weeks. The holding was disposed of immediately the error was discovered.

The value of our investments increased this year as a result of movements in the markets. Dividend income is paid over to the Hospice as it is received (in prior years

such income was reinvested in the portfolio) The portfolio has seen an increase in value over the year of 6.2% compared to an increase in the FTSE 100 index over the same period of 11.2% and an increase in the APCIMS Income index of 8.4%

The average return on our cash deposits was 1.11% (2011/12: 1.12%). The Bank of England base rate remained at 0.5% throughout the year, but we were able to take advantage of a higher paying instant access deposit account. We have taken a cautious approach to cash deposits through the year and have avoided the higher interest rates offered by riskier overseas banks. The average return on our equity investments, based on their market value at 31 March 2013, was 3.25% (2011/12 3.6%). Given the prevailing market conditions, the Trustees are satisfied with the performance of our investments.

Reserves Policy

Strategic plans are now updated on a rolling programme to create the new year's business plan and a projection for the following four years. This gives an outline of the likely financial impact on reserves over a five year period.

The annual business plan allows Trustees to recognise longer-term financial pressures and opportunities for St Oswald's, be they external factors or internal objectives. As in earlier years our plans highlight the pressures placed on our resources by changes in the NHS, changes in the demand for our various services, and our continued reliance on potentially volatile sources of income. To counter these pressures we hold reserves to protect our ongoing commitment to beneficiaries to ensure we meet our contractual obligations and to provide a platform for our continuing activities. Where we feel it is appropriate, and we consider we have sufficient free reserves to allow, we will invest our reserves in capital assets to maintain, enhance or develop our services.

In considering our policy on reserves, we establish a minimum level required to counter possible fluctuations in income and meet the costs of our legal obligations and anticipated medium term costs of maintenance to all our premises. We also established a maximum level of reserves based on income and expenditure expected in the next twelve-month period.

Our acceptable range of free reserves is reviewed annually by the Audit and Investment Committee and for this year the range is considered to be between £2,200,000 and £8,600,000. Within this broad range, we have a target of £6,500,000, which we consider a reasonable amount to ensure the longer-term viability of the charity.

As at 31 March 2013, our accumulated general funds stood at £8,577,510 (2012 £7,857,142). The free reserves of the charity as at 31 March 2013, as defined by the Charity Commission as those general funds not represented by tangible fixed assets, are £4,874,098 (2012 £4,372,011). We consider the current level of free reserves to be acceptable, as it falls within our agreed range and is consistent with our five year financial forecast.

Funding

The Trustees are satisfied that the charity's assets are available and adequate to fulfil its obligations in relation to activities. These financial statements have therefore been produced on the basis that all of the services are operating as a going concern.

Statement of Directors' Responsibilities

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

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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company/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 judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards 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 charitable company will continue in business.

The Trustees are responsible for keeping proper 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 the 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, and
- 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.

St Oswald's Hospice Limited – Company number 01166239

The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting Charities" issued in March 2005, current statutory requirements and the Charity's governing documents in preparing the Annual Report and Financial Statements of the Hospice

Auditors

Baker Tilly UK Audit LLP have indicated their willingness to continue in office as auditors, and a resolution concerning their reappointment will be proposed at this year's Annual General Meeting

By order of the Board



M P Robson
Chairman

24/9/13

St Oswald's Hospice Limited – Company number 01166239

ST OSWALD'S HOSPICE LIMITED
(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

For the Year Ended

31 March 2013

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

We have audited the group and parent charity financial statements of St Oswald's Hospice Limited ("the financial statements") for the year ended 31 March 2013 on pages 40 to 64. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Directors' responsibilities set out on pages 34 and 35, the trustees (who are also the directors of the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

St Oswald's Hospice Limited – Company number 01166239

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- the parent charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charity 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

Baker Tilly UK Audit LLP

CLAIRE LEECE (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

7 October 2013

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating the Income and Expenditure Account)

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	Unrestrict ed funds £	Restricted funds £	Total 2013 £	Total 2012 £
Income and Expenditure					
Incoming Resources					
Incoming resources from generated funds					
Voluntary income	2	2,359,073	253,519	2,612,592	2,385,144
Activities for generating funds	3	4,268,790	-	4,268,790	4,039,412
Investment income	5	71,293	-	71,293	75,154
Incoming resources from charitable activities	6	<u>3,322,450</u>	<u>207,252</u>	<u>3,529,702</u>	<u>3,018,781</u>
Total incoming resources		<u>10,021,606</u>	<u>460,771</u>	<u>10,482,377</u>	<u>9,518,491</u>
Resources expended					
Costs of generating funds					
Fundraising trading costs of goods sold and other costs	11	429,561	-	429,561	436,187
Costs of activities for generating funds	7, 11	2,707,946	-	2,707,946	2,485,578
Investment management fees	11	<u>10,439</u>	<u>-</u>	<u>10,439</u>	<u>7,859</u>
Total costs of generating funds		<u>3,147,946</u>	<u>-</u>	<u>3,147,946</u>	<u>2,929,624</u>
Cost of charitable activities	8, 11	5,885,480	734,670	6,620,150	6,171,076
Governance costs	11	<u>435,287</u>	<u>-</u>	<u>435,287</u>	<u>405,020</u>
Total resources expended	11	<u>9,468,713</u>	<u>734,670</u>	<u>10,203,383</u>	<u>9,505,720</u>
Net income/(expenditure) before recognised gains and losses		552,893	(273,899)	278,994	12,771
(Loss) on disposal of fixed assets	15	-	-	-	(993)
Gains/(losses) on investment assets	16	<u>102,540</u>	<u>-</u>	<u>102,540</u>	<u>(52,194)</u>
Net movement in funds		655,433	(273,899)	381,534	(40,416)
Total funds brought forward at 1 April 2012	22	7,857,142	7,568,211	15,425,353	15,465,769
Transfers between funds		<u>64,935</u>	<u>(64,935)</u>	<u>-</u>	<u>-</u>
Total funds carried forward at 31 March 2013	22	<u>8,577,510</u>	<u>7,229,377</u>	<u>15,806,887</u>	<u>15,425,353</u>


All of the activities were continuing. There were no recognised gains and losses other than those included in the statement above. There is a reported surplus this year. The net income before recognised gains and losses for the unconsolidated entity St Oswald's Hospice Limited was £278,994 (2012 £12,771).

The notes on pages 44 to 64 form part of these financial statements

BALANCE SHEET AS AT 31 MARCH 2013
Group/Hospice (Company number 01166239)

		Group		Hospice	
	Notes	2013	2012	2013	2012
			£	£	£
Fixed Assets					
Tangible assets	15	10,860,024	10,980,577	10,853,649	10,980,577
Investments	16	1,538,754	1,443,331	1,538,756	1,443,333
Long term deposit		446,000	446,000	446,000	446,000
		<u>12,844,778</u>	<u>12,869,908</u>	<u>12,838,405</u>	<u>12,869,910</u>
Current Assets					
Stocks		93,165	92,043	35,432	43,977
Debtors	17	904,769	1,287,936	990,327	1,364,767
Short term deposits		1,007,390	1,044,928	1,007,390	1,044,928
Cash at bank and in hand		<u>1,780,935</u>	<u>941,121</u>	<u>1,543,170</u>	<u>678,270</u>
		3,786,259	3,366,028	3,576,319	3,131,942
Creditors					
Amounts falling due within one year	18	<u>(723,644)</u>	<u>(705,316)</u>	<u>(536,625)</u>	<u>(500,526)</u>
Net current assets		<u>3,062,615</u>	<u>2,660,712</u>	<u>3,039,694</u>	<u>2,631,416</u>
Total assets less current liabilities		15,907,393	15,530,620	15,878,099	15,501,326
Provisions for liabilities and charges	19	<u>(100,506)</u>	<u>(105,267)</u>	<u>(100,506)</u>	<u>(105,267)</u>
Net assets		<u>15,806,887</u>	<u>15,425,353</u>	<u>15,777,593</u>	<u>15,396,059</u>
Funds					
Unrestricted funds					
General funds	22	8,130,836	7,601,823	8,130,758	7,601,742
Designated funds	22	417,458	226,103	417,458	226,103
Non-Chantable Trading Reserve	22	<u>29,216</u>	<u>29,216</u>	<u>-</u>	<u>-</u>
		8,577,510	7,857,142	8,548,216	7,827,845
Restricted funds	22	<u>7,229,377</u>	<u>7,568,211</u>	<u>7,229,377</u>	<u>7,568,214</u>
Total funds		<u>15,806,887</u>	<u>15,425,353</u>	<u>15,777,593</u>	<u>15,396,059</u>

The financial statements on pages 40 to 64 were approved by the members of Council on 24 SEPTEMBER 2013, and signed and authorised for issue on their behalf by


M P Robson
Chairman


I G Kelsall
Treasurer

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013**

	2013	2013	2012	2012
	£	£	£	£
Net cash inflow/(outflow) from operating activities		1,047,037		(747,613)
Returns on investments and servicing of finance				
Dividends received	52,072		57,227	
Interest received	<u>19,221</u>		<u>17,927</u>	
		71,293		75,154
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(328,889)		(498,335)	
Purchase of investments	(873,326)		(166,334)	
Proceeds of sale of investments	911,374		238,308	
Proceeds from sale of fixed assets	<u>5,718</u>		<u>500</u>	
		(285,123)		(425,861)
Management of liquid resources				
Increase in cash held in portfolio	(30,931)		(61,588)	
Decrease in short term deposits	<u>37,538</u>		<u>1,066,141</u>	
		6,607		1,004,553
Net cash Increase/(decrease)		<u>839,814</u>		<u>(93,767)</u>

Reconciliation of changes in resources to net cash inflow/(outflow) from operating activities

	2013	2012
	£	£
Net incoming resources	278,994	12,771
Depreciation	443,724	360,069
Investment income	(71,293)	(75,154)
Increase in stocks	(1,122)	(7,778)
Decrease/(increase) in debtors	383,167	(498,369)
Increase/(decrease) in creditors	18,328	(524,342)
Decrease in provisions	(4,761)	(14,810)
	<u>1,047,037</u>	<u>(747,613)</u>

St Oswald's Hospice Limited – Company number 01166239

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013 (continued)**

Reconciliation of net cash flow to movement in net funds	2013		2012
	£		£
Increase/(decrease) in cash in the year	839,814		(93,767)
Cash from decrease in liquid resources	<u>(37,538)</u>		<u>(1,066,141)</u>
Movement in net funds in the year	802,276		(1,159,908)
Net funds at 1 April 2012	<u>1,986,049</u>		<u>3,145,957</u>
Net funds at 31 March 2013	<u>2,788,325</u>		<u>1,986,049</u>

Analysis of net funds	Opening net funds 1/4/12	Cash Flow	Closing net funds 31/03/13
	£	£	£
Cash at bank and in hand	941,121	839,814	1,780,935
Short term deposits	<u>1,044,928</u>	<u>(37,538)</u>	<u>1,007,390</u>
	<u>1,986,049</u>	<u>802,276</u>	<u>2,788,325</u>

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Basis of preparation and consolidation

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005 and applicable accounting standards.

The Statement of Financial Activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking, St Oswald's Hospice Promotions Limited. The results of the subsidiary are consolidated on a line-by-line basis. The Charity has taken the opportunity presented by FRS 8 not to disclose transactions with the subsidiary.

The charity has availed itself of Section 396 of Chapter 4 (paragraph 5) of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

The financial statements have been prepared on the assumption that the organisation will continue as a going concern for the foreseeable future. See further detail within the financial review on pages 31 to 35.

(b) Hospice status

The Hospice is a company limited by guarantee. The guarantors are the members of the company. The liability in respect of the guarantee, as set out in the memorandum, is limited to £1 per member.

(c) Fund accounting

General funds are available for use, at the discretion of the Members of Council, in furtherance of the general objectives of the Hospice.

Restricted funds are subject to specific restrictive conditions imposed by funders or by the purpose of the appeal. The purpose and use of the restricted funds is set out in the notes to the accounts.

Designated funds comprise general funds that have been set aside at the discretion of the Members of Council for specific purposes. The purpose and use of these designated funds is set out in the notes to the accounts.

All income and expenditure is shown in the Consolidated Statement of Financial Activities.

(d) Goods for resale

Goods donated for resale are recognised as income on their sale. No value is attributed to these items prior to sale.

(e) Legacies receivable

Income arising from legacies is recognised in the accounts when the Hospice is notified of these entitlements and the amount receivable can be defined with reasonable accuracy.

(f) Deferred income

Income received in advance of entitlement is treated as a creditor and recognised as income in the period that it is due.

(g) Gifts in kind

The economic value of services provided by volunteers is not recorded in the financial statements. Volunteers carry out a great variety of roles, both regular and ad hoc, utilising skills and experience with differing economic values. To try and measure the value of each service provided is considered an exercise that would be too time consuming and too costly, utilising resources that could be better used for the benefit of patients and their families.

(h) Grants receivable

Grants receivable are recognised in the Statement of Financial Activities as income. Where grants are received in relation to capital assets, the income is restricted as a reserve and written down in line with the depreciation relating to the asset concerned. Revenue grants are recognised in the year in which entitlement, certainty and measurable criteria are met.

(i) Resources expended

All expenditure is accounted for on an accruals basis.

Costs of generating funds are those costs associated with the raising of funds from all the possible sources of incoming resources.

Cost of activities in furtherance of the charity's objects comprise expenditure incurred by the charity in meeting its main charitable objectives, namely the provision of hospice services.

Governance costs comprise those costs relating to the management of the charity's assets, an allocation of administration costs and compliance with constitutional and statutory requirements.

Support costs have been allocated to an activity in proportion to the income generated by that activity where appropriate

(j) Pension costs

The company contributes to the National Health Service Pension Scheme in respect of employees who were members of the scheme prior to their employment with the Hospice. This scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. Consequently, it is not possible for the company to identify its share of the underlying assets and liabilities of the scheme. The scheme is therefore accounted for as a defined contribution scheme in accordance with Financial Reporting Standard No. 17 Retirement Benefits. For other employees the Hospice contributes to a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The contributions due for the year under both schemes are charged to the Statement of Financial Activities.

(k) Operating leases

The annual rentals are recognised in the Statement of Financial Activities as incurred over the lease term.

(l) Irrecoverable VAT

Irrecoverable VAT in relation to capital assets is capitalised with the cost of the assets concerned. Irrecoverable VAT that is incurred in each financial period in relation to items of revenue expenditure is recognised as a separate category of expenditure which is then allocated as a support cost as under note (i) above.

(m) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost including any incidental expenses of acquisition. Only assets with a cost of more than £500 are capitalised. Items costing less than this are treated as expenditure items.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Freehold premises	-	2% straight line
Short lease premises	-	Spread over the term of the lease
Motor vehicles	-	25% straight line
Fixtures, fittings and equipment	-	10%-25% straight line

No depreciation is charged on freehold land.

Depreciation has been charged in relation to buildings from the date that each service became operational. These buildings are reviewed on an on-going basis to ensure their value is not subject to any impairment.

(n) Investments

Listed investments are stated in the balance sheet at mid-market value at the balance sheet date. Unlisted investments are stated at historic cost or, if gifted, at nominal value. Realised gains and losses on the disposal of investments are recognised in the Statement of Financial Activities. Unrealised gains and losses relating to movements in market value of investments are recognised in the Statement of Financial Activities.

(o) Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal.

(p) Liquid resources

For the purpose of the Consolidated Cash Flow Statement, liquid resources are defined as cash held by the investment managers within the portfolio and deposits held in fixed term bank accounts for periods in excess of 24 hours.

2. VOLUNTARY INCOME

	General funds	Restricted funds	Total 2013	Total 2012
	£	£	£	£
Donations	1,034,926	253,519	1,288,445	1,166,372
Legacies	1,324,147	-	1,324,147	1,218,772
Total voluntary income	2,359,073	253,519	2,612,592	2,385,144

3. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	General funds	Restricted funds	Total 2013	Total 2012
	£	£	£	£
Special events	805,451	-	805,451	841,606
Sale of donated goods	2,065,608	-	2,065,608	1,755,778
Catering sales	54,611	-	54,611	53,260
Trading subsidiary income (Note 4)	1,343,120	-	1,343,120	1,388,768
Total incoming resources from activities for generating funds	4,268,790	-	4,268,790	4,039,412

Income from the sale of donated goods has increased in comparison to the previous year because of an increase in the number of shops trading for the full year

4. TRADING SUBSIDIARY INCOME AND EXPENDITURE

The Hospice controls the whole of the issued ordinary share capital of St Oswald's Hospice Promotions Limited, a company registered in England. The taxable profits of the subsidiary are transferred to the Hospice each year by Gift Aid.

The results of the subsidiary are summarised below

	Total 2013	Total 2012
		£
Turnover	1,343,120	1,388,768
Cost of sales	<u>(414,486)</u>	<u>(494,763)</u>
Gross profit	928,634	894,005
Administrative expenses	<u>(120,956)</u>	<u>(141,370)</u>
Operating profit	807,678	752,635
Interest receivable (Note 5)	<u>-</u>	<u>5</u>
Profit on ordinary activities	807,678	752,640
Gift Aid payment to St Oswald's Hospice Limited	<u>(807,678)</u>	<u>(752,640)</u>
Profit on ordinary activities before taxation	-	-
Taxation	<u>-</u>	<u>-</u>
Retained in subsidiary undertaking	<u>-</u>	<u>-</u>

The net assets of the subsidiary at 31 March 2013 amounted to £29,299 (2012 £29,299)

5. INVESTMENT INCOME

	Total 2013	Total 2012
	£	£
Dividends received	52,072	57,227
Interest received - charity	19,221	17,922
Interest received - trading subsidiary (Note 4)	<u>-</u>	<u>5</u>
	<u>71,293</u>	<u>75,154</u>

Dividends receivable arise from the fixed asset investment portfolio. No individual shareholding within the portfolio generates more than 5% of the total dividends receivable.

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	General funds £	Restricted funds £	Total 2013 £	Total 2012 £
Public Authority contributions				
Adult inpatient unit	1,370,197	-	1,370,197	1,389,608
Adult day services	754,863	-	754,863	587,233
Children's services	906,935	207,252	1,114,187	743,073
Medical outreach	209,121	-	209,121	245,331
Educational income	35,450	-	35,450	43,246
Other professional fees	45,884	-	45,884	10,290
Total incoming resources from charitable objectives	3,322,450	207,252	3,529,702	3,018,781

Within the restricted income shown above is a grant of £194,752 received from the Department of Health

7. COSTS OF ACTIVITIES FOR GENERATING FUNDS

	General funds £	Restricted funds £	Total 2013 £	Total 2012 £
Event costs	442,379	-	442,379	347,248
Sale of donated goods	1,614,514	-	1,614,514	1,404,839
Catering and other sales	134,111	-	134,111	132,008
Costs of trading subsidiary (Note 4)	516,942	-	516,942	601,483
Total costs of activities for generating funds	2,707,946	-	2,707,946	2,485,578

8. COSTS OF CHARITABLE ACTIVITIES

	General funds £	Restricted funds £	Total 2013 £	Total 2012 £
Adult inpatient services	2,540,919	83,160	2,624,079	2,465,068
Adult day care services	1,446,021	101,167	1,547,188	1,378,134
Children's services	1,385,801	540,652	1,926,453	1,824,484
Medical outreach	359,655	-	359,655	342,349
Education activities	153,084	9,691	162,775	161,041
Total costs of charitable activities	5,885,480	734,670	6,620,150	6,171,076

9. NET INCOMING RESOURCES BEFORE RECOGNISED GAINS AND LOSSES

Net incoming resources before recognised gains and losses are stated after charging:

	Group 2013 £	Hospice 2013 £	Group 2012 £	Hospice 2012 £
Depreciation	443,724	441,599	360,069	360,069
Auditors' remuneration	13,500	11,500	13,000	11,000
Operating lease charges (land & buildings)	327,604	327,604	277,467	277,467
Pension costs	391,374	381,210	370,369	370,369

10. ANALYSIS OF SUPPORT COSTS

The expenditure shown in the Statement of Financial Activities includes the direct costs of each activity and a proportion of support costs incurred, as required by the Statement of Recommended Practice - Accounting and Reporting by Charities, issued in March 2005. The basis of allocation is explained in Note 1, Accounting Policies and a separate analysis of the costs that have been allocated is set out below

	Human Resources £	Information Systems £	Finance £	Corporate Services £	Total Allocation (Note 11) £
Voluntary income	-	-	69,471	-	69,471
Activities for generating funds					
Event costs	6,595	19,881	26,252	30,185	82,913
Sale of donated goods	9,145	27,567	60,808	41,854	139,374
Catering and other services	2,047	6,170	1,608	9,368	19,193
	17,787	53,618	88,668	81,407	241,480
Charitable activities					
Adult inpatient services	11,234	33,864	40,896	51,415	137,409
Adult day services	4,708	14,192	14,185	21,547	54,632
Children's services	11,466	34,563	32,800	52,475	131,304
Medical outreach	1,580	4,764	6,156	7,233	19,733
Educational activities	762	2,296	1,043	3,485	7,586
	29,750	89,679	95,080	136,155	350,664
Governance	2,026	6,107	214	9,272	17,619
Total allocated support costs	49,563	149,404	253,433	226,834	679,234

11. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Direct Activity Costs £	Support Costs (Note 10) £	Depreciation £	Total 2013 £	Total 2012 £
Costs relating to voluntary income	<u>360,090</u>	<u>69,471</u>	<u>-</u>	<u>429,561</u>	<u>436,187</u>
Costs of generating funds					
Costs of activities for generating funds					
Event costs	352,883	82,913	6,583	442,379	347,248
Sale of donated goods	1,400,077	139,374	75,063	1,614,514	1,404,839
Catering and other sales	114,618	19,193	300	134,111	132,008
Costs of trading subsidiary (Note 4)	<u>514,817</u>	<u>-</u>	<u>2,125</u>	<u>516,942</u>	<u>601,483</u>
Total costs of activities for generating funds	2,382,395	241,480	84,071	2,707,946	2,485,578
Investment management fees	<u>10,439</u>	<u>-</u>	<u>-</u>	<u>10,439</u>	<u>7,859</u>
Total costs of generating funds	<u>2,392,834</u>	<u>241,480</u>	<u>84,071</u>	<u>2,718,385</u>	<u>2,493,437</u>
Charitable activities					
Provision of hospice services					
Adult inpatient services	2,369,017	137,409	117,653	2,624,079	2,465,068
Adult day services	1,358,817	54,632	133,739	1,547,188	1,378,134
Children's services	1,692,142	131,304	103,007	1,926,453	1,824,484
Medical outreach	339,690	19,733	232	359,655	342,349
Educational activities	<u>150,464</u>	<u>7,586</u>	<u>4,725</u>	<u>162,775</u>	<u>161,041</u>
Total cost of charitable activities	<u>5,910,130</u>	<u>350,664</u>	<u>359,356</u>	<u>6,620,150</u>	<u>6,171,076</u>
Governance costs	<u>417,371</u>	<u>17,619</u>	<u>297</u>	<u>435,287</u>	<u>405,020</u>
Total Resources Expended	<u>9,080,425</u>	<u>679,234</u>	<u>443,724</u>	<u>10,203,383</u>	<u>9,505,720</u>

Governance costs comprise mainly the costs of the Hospice Management Team and associated members of staff

12. TRUSTEES

The trustees (who are also directors) were not entitled to receive any remuneration during the year and no remuneration was paid to them (2012 £ Nil)

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The amount of expenses reimbursed to Trustees during the year was £ Nil (2012 £Nil)

13. STAFF COSTS - GROUP

	2013	2012
	£	£
Wages and salaries	5,843,180	5,665,548
Social security costs	473,230	471,548
Pension costs	391,374	370,369
Staff costs	<u>6,707,784</u>	<u>6,507,465</u>

There were seven employees during the year (2012· eight) whose emoluments as defined for taxation purposes amounted to over £60,000 Of these employees, four (2012 five) were consultant or senior medical staff, including the highest paid member of staff in each year These staff can be analysed as follows

	2013	2012
	Number	Number
£60,001 - £70,000	3	3
£80,001 - £90,000	2	2
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1
£130,001 - £140,000	1	1

Pension contributions made in respect of those staff classified as higher paid employees were £63,117 (2012 £73,487) in aggregate Of these staff none were accruing benefits under a defined contribution scheme (2012 none) and five were accruing benefits under a defined benefit scheme (2012 five)

	2013	2012
Staff breakdown:	Number	Number
Direct charitable services	137	132
Support services	24	24
Management and administration	7	7
Fundraising and publicity	13	13
Trading activities (including subsidiary)	39	38
	<u>220</u>	<u>214</u>

Average staff numbers have been stated as full time working equivalents, based on a full time working week of 37.5 hours

The company makes contributions to approved pension schemes for staff based on their earnings

Federated Flexiplan No 1 ("the Plan") is a defined benefit pension scheme. However, because of the non associated multi-employer nature of the Plan, the Hospice is unable to identify its share of the underlying assets and liabilities of the Plan on a consistent and reasonable basis and therefore, as permitted by FRS 17 "Retirement Benefits", it accounts for the Plan as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the Hospice's contributions payable to the Plan in respect of the accounting period.

The Plan closed to further accrual in January 2010 and following two Court hearings, for interpretation of the Plan rules, the entitlement of members has been definitively established. An actuarial valuation at 31 March 2009 revealed a significant deficit and a consequent recovery plan required the Hospice to contribute £14,810 for the three years commencing 1st April 2010 in respect of its share of the deficit.

The next valuation, at 31st March 2012, is in draft and indicates that the overall deficit at that date is approximately £17.6 million. In line with the approach used for the 2009 valuation, the basis used to calculate the deficit was chosen to produce a level for the liabilities which was anticipated to be broadly in line with the cost of securing the Plan benefits with an insurer.

Following the outcome of the Court case the Trustee of the Plan proposes to adjust each employer's liability in the new Recovery Plan to reflect the extent to which each employer has either underpaid or overpaid contributions during the course of the existing Recovery Plan. In a letter from the Trustee dated 3 May 2013 it is estimated that the Hospice will be required to pay £23,110 per annum for three years from 1st April 2014 and £20,864 per annum for three years from 1st April 2017 as its share of the deficit.

The next formal triennial actuarial valuation, which is due at 31st March 2015, may result in a revised Recovery Plan which in turn may change the amount the Hospice is required to contribute for its share of the deficit.

14. TAXATION

As a registered charity, the company is entitled to the exemptions from taxation in respect of income and capital gains received within categories covered by s252 Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied for charitable purposes only. It is therefore not normally liable to UK Corporation Tax.

Taxation of £ Nil (2012 £ Nil) has been accounted for in the results of the subsidiary.

15. TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £	Short Lease Premises £	Motor Vehicles £	Fixtures, Fittings and Equipment £	Total £
Cost					
1 April 2012	10,649,667	416,713	120,827	2,681,709	13,868,916
Disposals	-	-	-	6,780	6,780
Additions	-	133,742	32,075	163,072	328,889
31 March 2013	10,649,667	550,455	152,902	2,838,001	14,191,025
Depreciation					
1 April 2012	1,466,177	123,850	96,318	1,201,994	2,888,339
Disposals	-	-	-	1,062	1,062
Charge for the year	170,328	67,492	7,548	198,356	443,724
31 March 2013	1,636,505	191,342	103,866	1,399,288	3,331,001
Net book value:					
31 March 2013	9,013,162	359,113	49,036	1,438,713	10,860,024
31 March 2012	9,183,490	292,863	24,509	1,479,715	10,980,577

The freehold land and buildings, short lease premises, motor vehicles and fixtures, fittings and equipment are all used for charitable purposes

Hospice	Freehold Land and Buildings £	Short Lease Premises £	Motor Vehicles £	Fixtures, Fittings and Equipment £	Total £
Cost					
1 April 2012	10,649,667	416,713	120,827	2,681,709	13,868,916
Disposals	-	-	-	6,780	6,780
Additions	-	133,742	32,075	154,572	320,389
31 March 2013	10,649,667	550,455	152,902	2,829,501	14,182,525
Depreciation					
1 April 2012	1,466,177	123,850	96,318	1,201,994	2,888,339
Disposals	-	-	-	1,062	1,062
Charge for the year	170,328	67,492	7,548	196,231	441,599
31 March 2013	1,636,505	191,342	103,866	1,397,163	3,328,876
Net book value.					
31 March 2013	9,013,162	359,113	49,036	1,432,338	10,853,649
31 March 2012	9,183,490	292,863	24,509	1,479,715	10,980,577

16. INVESTMENTS HELD AS FIXED ASSETS

	Listed £	Group Unlisted £	Total £	Listed £	Hospice Unlisted £	Total £
Listed investments						
Value at 1 April 2012	1,366,951	-	1,366,951	1,366,951	2	1,366,953
Additions	873,326	-	873,326	873,326	-	873,326
Disposals	(911,374)	-	(911,374)	(911,374)	-	(911,374)
Net investment surplus	102,540	-	102,540	102,540	-	102,540
Value at 31 March 2013	1,431,443	-	1,431,443	1,431,443	2	1,431,445
Cash held in portfolio						
At 1 April 2012	76,380	-	76,380	76,380	-	76,380
Movements in cash	30,931	-	30,931	30,931	-	30,931
At 31 March 2013	107,311	-	107,311	107,311	-	107,311
31 March 2013	1,538,754	-	1,538,754	1,538,754	2	1,538,756
31 March 2012	1,443,331	-	1,443,331	1,443,331	2	1,443,333

All of the investments are unrestricted

Distribution of listed investments (Market Value)

	Group	
	2013	2012
	%	%
Property	1.0	3.4
UK fixed interest	36.9	28.3
UK equities	40.0	47.0
Overseas equities	15.1	12.9
Alternative investments	-	3.1
Cash	7.0	5.3
	<u>100.0</u>	<u>100.0</u>

	Group	
	2013	2012
	£	£
Historical cost of listed investments at 31 March	<u>1,355,906</u>	<u>1,315,390</u>

The shareholding in the subsidiary trading company has been valued at the nominal value of the shares, to be consistent in the valuation of private company shares. The results of the trading subsidiary are set out in Note 4.

17. DEBTORS

	Group		Hospice	
	2013	2012	2013	2012
	£	£	£	£
Amounts owed by subsidiary undertaking	-	-	89,799	79,448
Trade debtors	365,235	432,788	363,353	431,154
Prepayments	235,408	170,191	233,049	169,208
Accrued income	267,429	684,957	267,429	684,957
Other debtors	36,697	-	36,697	-
	<u>904,769</u>	<u>1,287,936</u>	<u>990,327</u>	<u>1,364,767</u>

18. CREDITORS: Amounts falling due within one year

	Group		Hospice	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	239,090	384,814	232,247	169,834
Amounts owed to subsidiary undertaking	-	-	10,995	10,190
Taxation and social security costs	133,241	105,968	132,824	105,968
Deferred income	188,677	25,594	-	25,594
Other creditors	58,295	50,080	58,295	50,080
Accruals	104,341	138,860	102,264	138,860
	<u>723,644</u>	<u>705,316</u>	<u>536,625</u>	<u>500,526</u>

Group deferred income includes payments made in advance by players of the lottery and 200 Club games managed by St Oswald's Hospice Promotions Limited. The movement in group deferred income is as follows

	2013	2012
	£	£
Deferred income brought forward	25,594	187,502
Payments received	1,313,546	1,000,252
Income recognised	<u>(1,150,463)</u>	<u>(1,162,160)</u>
Deferred income carried forward	<u>188,677</u>	<u>25,594</u>

19. PROVISIONS
Group and Hospice

	Pensions £
At 1 April 2012	105,267
Provisions created during the year	10,049
Provisions utilised during the year	(14,810)
At 31 March 2013	<u>100,506</u>

The provision above relates to a liability for deficit contributions to the Federated Flexiplan Pension Scheme. The provision has been calculated based on estimated annual payments of £14,810 payable over 10 years, discounted at 5%. Payments commenced during the financial year 2011/2012. See note 13 for further details of the Federated Pension Scheme.

20. CONTINGENT LIABILITY

During the year ended 31 March 2011 the Hospice received a grant from the Social Enterprise Investment fund of £446,000. This grant was made for the purpose of refurbishing our Day Hospice, and is repayable at any point up to 31 March 2021 should our free reserves ever exceed one year's running costs (for the year ended 31 March 2013 £10,203,383). The liability is secured by a charge over the long term deposit of £446,000.

21. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	General Funds £	Restricted Funds £	Total £
Tangible fixed assets	3,703,412	7,156,612	10,860,024
Fixed asset investments	1,538,754	-	1,538,754
Long term deposit	446,000	-	446,000
Current assets	3,713,494	72,765	3,786,259
Current liabilities	(723,644)	-	(723,644)
Provision for liabilities & charges	(100,506)	-	(100,506)
Total net assets	<u>8,577,510</u>	<u>7,229,377</u>	<u>15,806,887</u>

Free reserves, as defined by the Charity Commission, are those general funds that are not represented by fixed assets. Using this definition, the free reserves of the Charity at 31 March 2013 were £4,874,098 (2012 £4,372,011).

22. STATEMENT OF FUNDS - GROUP

	1 April 2012	Income	Expenditure	Transfers	Gift Aid	Gain on Investments	31 March 2013
	£	£	£	£	£	£	£
General funds							
Accumulated funds	7,601,823	8,174,597	(8,639,981)	64,935	826,922	102,540	8,130,836
Non-charitable trading reserve	29,216	1,343,120	(516,198)	-	(826,922)	-	29,216
Designated funds							
Young Adults' Service	127,224	137,853	(127,224)	-	-	-	137,853
Sundry donations for specific purposes - unrestricted	98,879	366,036	(185,310)	-	-	-	279,605
Total unrestricted funds	7,857,142	10,021,606	(9,488,713)	64,935	0	102,540	8,577,510
Restricted funds							
Children's Service Building Fund	2,763,751	-	(79,975)	-	-	-	2,683,776
Hospice Building Fund	904,321	-	(28,642)	-	-	-	875,679
Day Hospice Building Fund	578,341	-	(16,450)	-	-	-	561,891
Coleman Fund	252,554	-	(4,613)	-	-	-	247,941
Information Centre	113,538	-	(5,078)	-	-	-	108,460
Day Services Building	1,830,002	-	(38,126)	-	-	-	1,791,876
Northumberland Reserve	17,065	-	-	(17,065)	-	-	-
Day Hospice Internet Fund	885	-	(885)	-	-	-	-
Adult inpatients' unit refurbishment fund	441,482	-	(54,518)	-	-	-	386,964
Young adults' service restricted fund 1	109,637	-	(13,263)	-	-	-	96,374

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Young adults' service restricted fund 2	28,531	-	(3,203)	-	-	25,328
The Henry Smith through the Community Foundation fund	48,000	-	(1,000)	-	-	47,000
The Social Enterprise Investment Fund	401,294	-	(44,706)	-	-	356,588
Department of Health Children's Hospice grant	0	194,752	(194,752)	-	-	-
True Colours Trust	15,000	15,000	(15,000)	-	-	15,000
BBC Children in Need	9,895	-	(9,895)	-	-	-
Civil Service Insurance Society	6,045	-	(6,045)	-	-	-
REW NPower	17,870	-	-	(17,870)	-	-
Big Lottery Fund	0	114,140	(114,140)	-	-	-
Garfield Weston	10,000	-	-	(10,000)	-	-
Shears Foundation	0	45,000	(45,000)	-	-	-
Anonymous Donation	20,000	-	-	-	-	20,000
Willan Chantable Trust	-	10,000	-	(10,000)	-	-
Thomas Cook	-	12,500	-	-	-	12,500
JGW Patterson Foundation	-	10,000	-	(10,000)	-	-
Anonymous Donation	-	20,000	(20,000)	-	-	-
Samuel Sebba Chantable Trust	-	15,000	(15,000)	-	-	-
Caring Together	-	24,379	(24,379)	-	-	-
Total restricted funds	7,568,211	460,771	(734,670)	(64,935)	-	7,229,377
Total funds	15,425,353	10,482,377	(10,203,383)	-	102,540	15,806,887

Transfers have been made from restricted to general funds to reflect conditions met on restricted funding for capital purchases

General Funds

Included with the general accumulation funds are the non-charitable trading reserves. These represent the retained profit of the trading subsidiary, St Oswald's Promotions Limited. The gross income and expenditure of the subsidiary have been shown and the transfer represents the amount of profit passed to the parent company by Gift Aid.

Designated funds

The Trustees of the Charity have decided to put aside part of the accumulated funds to meet specific future expenditure. As a general principle, these funds were given or raised with projects in mind, but their use is not restricted. The Trustees take the view that use of such funds should be designated.

Restricted Funds

Children's Services Building Fund

This reserve was established from voluntary donations during the Jigsaw Appeal to cover the costs of developing and providing a service to children with life threatening illness and their family members.

Expenditure during the year relates to depreciation on the assets used by the children's service.

Hospice Building Fund

This fund comprises moneys raised for the original building of the Hospice. The figure shown represents the original money raised less accumulated depreciation on the original building cost.

Day Hospice Fund

This was established to construct and equip a new Day Hospice. The figure shown represents the original money raised less accumulated depreciation on the original building cost.

Coleman Fund

This was established through donations specifically designated for upgrading and construction work to the Hospice, including the establishment of an education centre. The figure shown represents the original money raised less accumulated depreciation on the original cost of the project.

Information Centre

This was established to construct and equip an information centre within the grounds of the main Hospice. The project was funded by a grant of £193,356 from the Community Fund, all of which was used to fund capital works. The reserve represents the original grant less accumulated depreciation.

Day Services Building Fund

This reserve represents the grant of £498,455 from the Department of Health under their Dignity in Care for Older People Capital Gains Programme for Hospices, donations from the family of a patient including gift aid, and the utilisation of £675,632 of free reserves.

Children and Young Adults' Services

Funds are received from various sources specifically to meet the needs of the Children and Young Adults' Services. In addition to those mentioned separately below we received £194,752 from the Department of Health, £10,000 from the Willan Charitable Trust, £12,500 from Thomas Cook, £10,000 from the JGW Patterson Foundation and £15,000 from the Samuel Sebba Charitable Trust. Our regular givers contributed £24,379 through the Caring Together scheme.

Northumberland Reserve

Funds received from Northumberland Care Trust to fund various initiatives in palliative care for patients in their region. These funds have been used to support the introduction of piped suction and medical gases to the Adult Inpatient Unit and the Day Services building, a project supported by the Mayor of Morpeth.

Day Hospice Internet Fund

This was initially established by a patient of the Day Hospice to provide an Internet service to patients of the Hospice. The donor later became a patient of the Adult Inpatient Unit and extended the use of the fund to provide new televisions to each of the bedrooms in the Adult Inpatient Unit.

Department of Health Grants

We received grants from the Department of Health for grants to refurbish our Adult Inpatient Unit and to re-configure an area within the Children's Unit for use by young adults.

The Henry Smith through the Community Foundation Fund

This grant was a contribution towards the building cost of the Day Services building.

The Social Enterprise Fund

A grant towards the cost of refurbishment of the Day Hospice This grant is potentially repayable should our free reserves reach the level of one year's operating costs during the period to 31st March 2021

True Colours Trust

The True Colours Trust grant to the Children's Service towards the cost of the services of a Paediatric Palliative Care Consultant for one day per week

BBC Children in Need

BBC Children in Need agreed to pay for the refurbishment of our young teenagers' lounge

The Civil Service Insurance Society

Funds received to enable us to lay and equip a patio area for use by our young adults

REW NPower

A grant for us to purchase new pressure relieving chairs

Big Lottery Fund

Funding to cover some of the staff costs for the Young Adults' Service

Garfield Weston

A grant for the purchase of new syringe drivers

The Shears Foundation

A grant towards the running costs of the Young Adults' Service

Anonymous

A donation made in 2011/12 initially to equip and refurbish the hairdressing room in Day Hospice The donor kindly agreed that any surplus could be used towards refitting the Day Hospice kitchen
This year we have received another donation from a donor who wishes to remain anonymous This donation is for the sum of £20k and is for the use of the Children and Young Adults' Service

23. LEASING COMMITMENTS

Operating leases

The company's annual commitments for rental payments under non-cancellable operating leases at 31 March 2013 relate to short leasehold land and buildings as set out below

	2013 £	2012 £
Operating leases that expire:		
Within one year	82,080	28,500
Within two to five years	156,300	228,550
Over five years	67,500	68,500
	<u>305,880</u>	<u>325,550</u>

24. CAPITAL COMMITMENTS

There were no capital commitments outstanding at the end of the year (2012 £NIL)

25. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with its subsidiary