



quality time for everyone

Report of the Members of Council  
and Financial Statements  
for the year ended 31 March 2009

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Registered Company Number: 1166239  
Registered Charity Number: 503386

# **ST OSWALD'S HOSPICE LIMITED**

## **REPORT OF THE MEMBERS OF COUNCIL AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009**

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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 2009.**

Here you will find out what we do, who we support, how we operate, and how we govern and manage. We have also outlined our mission, our objectives, our achievements over the last year and our future plans.

This report also includes a full set of audited statements for the year ended 31 March 2009 and as such forms the Annual Report of the Trustees for the purposes of s45 of the Charities Act 1985 and the Directors' Report for the purposes of s234 of the Companies Act 1985.

In addition to our Annual report, if you would like to find more about our work, please contact us for a copy of our Annual Review on 0191 246 9080. You can email us at: [enquiries@stoswaldsuk.org](mailto:enquiries@stoswaldsuk.org) or download it at [www.stoswaldsuk.org](http://www.stoswaldsuk.org).

Thank you.

### **Reference and Administrative Details**

St Oswald's Hospice is a company limited by guarantee, number 1166239 (not having a share capital). The company is a Registered Charity, number 503386 and its Memorandum and Articles of Association govern its functions.

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 fax on: 0191 284 8004, or by email at: [enquiries@stoswaldsuk.org](mailto:enquiries@stoswaldsuk.org). Our website address is: [www.stoswaldsuk.org](http://www.stoswaldsuk.org).

### **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**

This has been a 'typical' year at St Oswald's, where we have continued to maintain a very high level of services to local people, as well as embarking on new projects which will ensure we can go on providing quality care to patients for a long time to come.

We have continued to care for local adults and their families. We care for patients on a day care basis; we treat patients on an appointment basis, and we look after patients who stay overnight with us. All of them benefit from a high degree of specialist care – chiefly for pain and symptom management - but end-of-life care too, provided by a multi-disciplinary team.

We have also continued caring for North East children, young people and their families. Children from 0-18 can stay over for a specialist short break, where they can take part in everyday, enjoyable activities, which most would take for granted.

With regards to developing our services, there are many projects we have taken forward this last year. While you will read more about them later, we have started major building work to provide additional treatment rooms and capacity within our Adult Day Service. We have also installed a piped gas system throughout St Oswald's – benefiting everyone who might require additional oxygen or suction, as part of their symptom management.

Behind the scenes, we have also installed a new electronic patient record system 'SystmOne' – which enables us to share records with health care professionals in the community. Sharing records in this way offers very tangible benefits to local patients, as, for example, they no longer have to retell their whole medical history on admission to St Oswald's.

Such developments ensure that we can continue to provide the very best care for North East adults and children. They also demonstrate that we remain true to our roots, as a pioneering and forward-looking organisation, whole-heartedly committed to keeping the patient or child at the heart of everything we do.

This commitment to local people would not be possible were it not for the generosity of the local community and the enthusiasm and professionalism of those who work here. A huge thank you, therefore, goes to our supporters, staff and volunteers – for making St Oswald's the place that it is.

Finally, thanks must also go to Miss M Matheson and Mr I D Renwick, who stood down as Trustees this year, after many years of commitment and service to St Oswald's. We also regret to report the passing of our Vice Presidents Mr A C Taylor and Mr J A Jameson, who will be missed. Conversely, we welcome on board Mr J B Wainwright, Mr F A Jones and Mr I G Kelsall as new Trustees, who will undoubtedly provide us not only with a wide range of professional skills and expertise, but an invaluable external perspective.

**Roy McLachlan**  
Chairman

## **ST OSWALD'S HOSPICE LIMITED**

### **Council and Management at 31 March 2009**

#### **President**

Elizabeth, Duchess of Northumberland

#### **Vice-Presidents**

Lady Craft	Mr R P Gordon MBE
Mr P J Lamb	Professor Sir Michael D Rawlins
Mr S D Rutherford	Mr A C Taylor CBE
Mrs D Van der Velde	Mr C Winskell MBE
Mr M P Robson	Mr J A Jameson

#### **Members of Council (Directors and Trustees)**

Mr R P McLachlan (Chairman)		
Mr J D Docherty (Vice-Chairman)		
Mr I G Kelsall (Treasurer)		
Mr N Forrest	Mrs D Gardner	Mr F A Jones
Mrs D Kirton	Dr K A Mannix	Mr J B Wainwright
Mrs S A Pinner	Mrs S J M Stirling	
Dr W M Walker	Mr P Wood	

#### **Changes in the year:**

Miss M Matheson retired as a Trustee on 25th November 2008.  
Mr I D Renwick resigned as a Trustee on 24 April 2008.  
Mr J B Wainwright was appointed as a Trustee on 25 November 2008.  
Mr F A Jones was appointed as a Trustee on 25 November 2008.  
Mr J D Docherty was appointed Honorary Treasurer from 20 May 2008 to 26 January 2009.  
Mr I G Kelsall was appointed Treasurer on 27 January 2009.  
Mr A C Taylor and Mr J A Jameson sadly passed away.

#### **The Hospice Management Team**

Mr J R Ellam Chief Executive  
Ms J A Young 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

Mr G Burns, Finance Director, left the Hospice in October 2008. Ms J Young has taken over that role as of 11 February 2009.

Ms D J Hamilton, Director of Fundraising and Marketing, left the Hospice on 5 January 2009. (This position is currently vacant.)

## **ST OSWALD'S HOSPICE LIMITED**

### **Our Professional Advisors at 31 March 2009**

#### **Auditors:**

PricewaterhouseCoopers LLP  
89 Sandyford Road  
Newcastle upon Tyne  
NE1 8HW

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

#### **Solicitors:**

Crutes Law Firm  
Great North House  
Sandyford Road  
Newcastle upon Tyne  
NE1 8ND

Dickinson Dees LLP  
St Ann's Wharf  
112 Quayside  
Newcastle upon Tyne  
NE99 1SB

#### **Bankers:**

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

Alliance & Leicester PLC  
62 Hagley Road  
Birmingham  
B16 8PE

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

Allied Irish Bank  
9/17 Collingwood Street  
Newcastle upon Tyne  
NE1 1HE

Abbey Anglo  
Clarence House  
Clarence Place  
Newport, Gwent  
NP19 7UP

Irish Bank Corporation PLC  
Capital House  
2 Festival Square  
Edinburgh  
EH3 9SU

#### **Investment Managers:**

Brewin Dolphin Securities  
Time Central  
Gallowgate  
Newcastle upon Tyne  
NE1 4SR

#### **Independent Financial Advisors:**

Wade Associates  
75-79 Howard Street  
North Shields  
Tyne & Wear  
NE30 1AF

#### **Insurance Advisors:**

Towergate MIA  
Kings Court  
London Road  
Stevenage  
Hertfordshire  
SG1 2GA

#### **Taxation Advisors:**

Tait Walker  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

## **ST OSWALD'S HOSPICE LIMITED**

### **REPORT OF THE MEMBERS OF COUNCIL FOR THE YEAR ENDED 31 MARCH 2009**

#### **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 Annual 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. 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 four 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 through a blend of advertising vacancies in appropriate media, professional associations and prospective members being individually identified and approached.

Like the majority of charities we look to create a balance of people on the Trustee board. We are aware of the need to create a diverse membership and again, like many of our charity colleagues, we are finding that this is a process that needs time to generate success.

All Trustees have an induction programme, which has a general component and a section tailored to their individual needs. Trustees are invited to review, comment and make improvement to this process on an ongoing basis.

As part of their involvement in the work of St Oswald's, Trustees are asked to visit departments periodically during the year. The visits are always well received by staff and volunteers and act as an important 'check and balance' for the organisation. Staff and volunteers can talk in confidence to Trustees, who then report back to Council their findings and recommend changes to be made, as they deem appropriate.

In addition to the Trustee induction and schedule of visits within the last year, Trustees have also helped shape a training programme; these one-hour seminar sessions will give them more of an understanding of areas of interest such as Charity Law, hospice funding, and the debate surrounding Physician Assisted Suicide.

## 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 after considering its own performance survey documentation. From this work Trustees are able to 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 2009

<b>Audit and Investment Committee</b>	<b>Nomination and Remuneration</b>	<b>Clinical Governance and Quality</b>
<b>Trustees:</b>		
Mr I G Kelsall (Chairman)	Mr R P McLachlan (Chairman)	Ms D Kirton (Chairman)
Mr J D Docherty	Mrs D Gardener	Dr K A Mannix
Mrs S A Pinner	Mr F A Jones	Mrs S J M Stirling
Mr P Wood	Mr I G Kelsall	
	Mr J D Docherty	

<b>Attending Directors:</b>		
Mr J R Ellam	Mr J R Ellam	Mr J R Ellam
Mrs H A Eadington	Mrs H A Eadington	Mrs H A Eadington
Ms J Young	Miss D I Heron	Mrs A Egdell

In addition, we have a Day Services Project Board, which meets regularly and comprises three Trustee members, Directors and key senior personnel from across the organisation. The Board provides strategic advice and decision making with respect of the Day Services building project, which is currently underway and will ensure greater capacity and additional treatment rooms for our Outpatients.

To ensure funding for the Day Services building project, an Appeal Committee of key local supporters meets regularly, with an aim of securing donations from high net worth individuals and trusts. The Committee is supported by Nikki Wilkinson,



a former Campaign Director at the Hospice, who is working on behalf of St Oswald's for the duration of the capital appeal.

### **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 3146260. 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.

Council appoints the Chairperson of the subsidiary company. The Board is made up of two Trustees from the holding company, the Chief Executive of the holding company and two independent directors.

### **Changes in Trustees during the year**

Changes in Trustees during this financial year have been documented in the Chairman's Message, on Page 3. Thanks once again to those who have supported and continue to support our work through their trusteeship.

### **Hospice Management Team and Delegation of Powers**

The management of St Oswald's is delegated to the Hospice Management Team, comprising the Chief Executive and four 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 bi-annually reviews and approves its Reservation of Powers to Council and Delegation of Powers, together with its Scheme of Delegation in order that there is clarity for both Trustees and managers as to who is authorised to take action and has accountability. Council has both Standing Orders and Standing Financial Instructions to ensure high quality governance, the safeguarding of its assets and the good name of the charity. It formally reviews these corporate governance documents on a bi-annual basis, but will always review those of its policies and procedures that become the subject of incident reporting.

### **Changes in our Management Team**

This year saw the departure of Gordon Burns as Finance Director and Debbie Hamilton as Director of Fundraising and Marketing. Our thanks go to both Gordon and Debbie for their contribution to the work of St Oswald's. James Ellam, our Chief Executive, is currently overseeing the Fundraising function. Meanwhile, Gordon Burns was replaced in post by Julie Young. Julie joins us from NHS North of Tyne Primary Care Trust and has a wealth of expertise and experience of working within a health care setting.

## **Risk Management**

St Oswald's has had policies, procedures, systems and controls in place to mitigate operational risks for a number of years. These are formalised into a Risk Register that arises from risk assessment work carried out within each department. The risk assessments are regularly reviewed and updated to comply with regulations and to follow recognised best practice.

Risk is taken into consideration by Trustees and by management when preparing and updating the business plan and budget each year. High-level strategic risks are reported to the Members of Council in March each year for review and the register is amended, items added or items removed as considered necessary.

During the past year, we have set up a Risk Management Group, led by our Director of Corporate Services and comprising of Directors and Senior Managers within St Oswald's. The remit of the Group is to have an overview of the day-to-day risks faced by the organisation and ensure policies, guidelines and awareness programmes are in place to minimise those risks. The Group also reviews new legislation – such as the introduction of the Corporate Manslaughter Act – and ensures St Oswald's fulfils any actions arising.

In addition, the Risk Management Group oversees the promotion of Risk Awareness Month – a Hospice-wide initiative promoted during October – to ensure that line managers, staff and volunteers are aware of their own responsibility with regards to risk at St Oswald's.

There is also an Emergency Planning Group at St Oswald's. This Group comprises senior personnel and is tasked with ensuring a planned, organisational response to, for example, the outbreak of a global Pandemic Flu virus. The Group have met regularly for four years and at the time of writing, faced with the risk of a world-wide spread of 'Swine Flu', the organisation is already benefiting from the Group's forward planning.

To improve how Trustees can readily understand the ongoing operations of St Oswald's in its many different areas of activity, we now use a Balanced Scorecard as a reporting tool. We have developed key performance indicators for the various areas of activity, and performance against them has been reported to each of our meetings. The results stimulate debate and have helped us to explore areas of activity that are key to our achievement of our objectives; ensuring risk is both identified and controlled. The methodology is reviewed and refined each year to ensure we consider relevant and up to date information.

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 risks, not just those of a financial nature. The programme of internal audit is set by the Audit and Investment Committee and takes into account those items identified as high scoring in the risk register.

Our external auditors, PricewaterhouseCoopers LLP bring with them the benefits of a firm large enough to have considerable expertise in the charities, public and private sectors.

However, we remain mindful that a key role of successful charities has been their ability and willingness to try and pilot new techniques and work. It is recognised that too much emphasis in the area of risk could place this role in jeopardy and with it future services to appropriately meet the needs of our beneficiaries.

## **Infection Risk Management**

St Oswald's takes the control of infection very seriously, not just within clinical areas, but across all areas of our work. Comprehensive procedures are in place to ensure all areas are cleaned regularly and effectively, and we have an ongoing programme of infection control awareness which we roll out to all staff, volunteers and Trustees.

A multi-disciplinary group, known as the Infection Control Group, including Housekeeping and Facilities Management, meets regularly to review policies and procedures and to plan educational events. Each of the three clinical services has a Link Nurse for infection control providing advice and support to clinical staff.

This year, our Awareness Week focused on effective hand washing as a means of preventing the spread of infection. Using comedy and the concept of mime, an in-house DVD highlighting the recommended seven-step hand washing technique, followed by instruction from a member of our Infection Control Group. The Awareness Week has been very well received across St Oswald's, with 220 attendees.

During the year, we have also raised awareness around the use of alcohol gel. In addition to clinical areas, we now have gel available and clearly signposted at our Reception, Children's entrance and Adult Day Services, situated on every corridor and in non-clinical areas.

## **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 continued 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 the true costs, with the remainder being required from other sources. Pressure is developing to limit NHS contributions due to the current financial climate. As such, it should be recognised that there will be a need to

ensure that contracts are signed at an early stage and efforts should be made to look for more than annual funding from this source.

The Trustees recognise the 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 no members of staff are holding cash for long periods of time, as they are able to bank monies quickly and locally. Policies and procedures are in place to ensure all 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 the trading subsidiary are subject to commodity price risk in relation to their activities retailing donated goods and new goods. As donated goods by their nature have no acquisition price and the new goods that we sell are rarely of high value, the Trustees do not consider this risk to be significant.

The Hospice is exposed to equity securities in relation to the investments it holds. These investments are subject to monitoring by the Audit and Investment Committee at each of their meetings throughout the year. The investments are held as long term investments and it is recognised that they are subject to fluctuations in the value of the stock markets. If, however, the members of the Audit and Investment Committee, on advice from the investment managers Brewin Dolphin, at any time believed this risk to be significant the securities would be sold.

### **Liquidity Risk**

The Trustees consider that the company and the trading subsidiary have sufficient liquid assets to meet ongoing debts and that there is limited liquidity risk to the group.

### **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. The subsidiary trading company is exposed only to general levels of retail credit risk through the sale of new goods.

Debt finance is rarely utilised other than through normal commercial lease arrangements.

### **Interest Rate Cash Flow Risk**

The company and the trading subsidiary both have interest bearing assets, mostly cash deposits, which are subject to changes in interest rates. Levels of interest have substantially reduced over 2008/09 from a starting Bank of England base rate of 5.25% to 0.50% by the end of March 2009. As such, and with the fluidity of the markets, this has become a more substantive risk. This will be reviewed on a monthly basis.

### **Relationships with Other Charities and Organisations**

We maintain close links with other charities, both local and national, who also work with or for people who are affected by life limiting conditions. We work together on issues of mutual concern and we deliver some services in partnership with other charities. In particular, we continue to work closely with associates at the Marie Curie Centre in Newcastle, to ensure we can collectively respond to adult patients' needs in respect to admission to inpatient beds, as well as to share learning and good practice.

As the 'Delivering Choice' programme for Northumberland, Tyne and Wear has just been launched and preliminary work gets underway, we have continued to work closely with a wide range of colleagues in local palliative care settings – including NHS partners, Marie Curie, and Hospice Care North Northumberland.

Some of our funding comes from charitable Trusts, supportive of our aims. We also work with the NHS in helping them deliver services in both community and acute settings.

The area within which we provide support to local adults encompasses one Care Trust, three Primary Care Trusts (PCT's) and three Acute Hospital Trusts: Northumbria, Newcastle and Gateshead. We also work closely with local NHS Commissioning Teams such as North of Tyne Commissioners, with the aim of extending lymphoedema outreach services in the region.

With regards to our Children's Service, we continue to work closely with Local Authorities' Children's Services as well as NHS colleagues to ensure that local children who are in need of our services receive them. This year, we saw the retirement of Val Bagnall, our Partnership Co-ordinator, who has worked with us since before we opened our Children's Service. Val represented the organisation at local, regional and national level, helping to shape strategy around developing services for children with palliative care needs. Our thanks go to Val for all her hard work and for harnessing and developing our links with key external stakeholders.

We are integrally 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.

As members of the umbrella organisations, Children's Hospices UK and Help the Hospices (HtH), we are able to address issues affecting our sector at national level, as well as share information and best practice with fellow members.

## **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 by:

- Providing direct care services to people affected by life limiting illnesses;
- 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 (our campaigning role); and
- Contributing to education, training and materials for people who commission and deliver care programmes.

## **Policies to Achieve Our Objectives**

### **Recruitment and Retention of Staff**

We are committed to providing a quality service. We are only able to do so by employing people with the right skills, knowledge and experience into appropriate roles and ensuring they are supported through comprehensive training and by effective management. To enable us to do so, we have in place policies and procedures which are adhered to by everyone in the organisation – both paid and unpaid staff (volunteers). These policies have been created in accordance with statutory requirements and are based on sound business principles.

The Protection of Children Act 1999 requires organisations seeking to fill regulated childcare posts to consult lists held by the Department of Education and the Department of Health. The Care Standards Act 2000 requires that anyone who has contact with children or vulnerable adults should be subject to Criminal Records Bureau (CRB) checks, using both Enhanced and Standard Disclosure, before employment is offered to both paid and unpaid staff. The Hospice fully complies with these requirements. The Hospice's policies also comply with the CRB Code of Good Practice on the Recruitment of Ex-Offenders.

Once new staff and volunteers are in post, they are required to undertake both a departmental and a Hospice-wide induction programme. The Induction programme fulfils a number of objectives: ensuring all staff 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. This year, we have undertaken a review of induction to ensure it continues to fulfil its objectives. An HR graduate, as part of her volunteering role, has undertaken a 'grass roots' review for us, harnessing direct feedback from new staff and volunteers. Meanwhile, working together, our Learning and Development Manager and Communications Manager have reviewed the formal induction sessions from an organisational perspective, in respect of message, format and style.

A commitment to Learning and Development is a hallmark of St Oswald's. 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 for patients and families.

This year, we have undertaken a major promotional drive through line managers to ensure staff and volunteers attend regular Health and Safety update sessions during their time at St Oswald's. As we have trained line managers as 'Fire Wardens', Fire Updates are now provided in-house – perhaps during department team meetings – whilst we continue to maintain attendance records centrally, within the Learning and Development Department.

As well as improving attendance levels with respect of Health and Safety Training, this year our Learning and Development Team has rolled out a range of training including Lone Working, Respect at Work and Disciplinary & Grievance.

We have also had training delivered for Oxford on Tyne and Glasgow Lymphoedema courses, which are held in high regard within the Palliative Care Services.

Within the HR Function itself, we have also outlined our Management Team's response to our 2007/08 Staff Survey. While the survey presented very positive findings, there were action points identified by the Management Team, individual departments and the Staff Consultation Group. Progress in meeting these points will be reviewed during Management Team meetings throughout the year.

## **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 measuring the evaluation against the Hospice Pay Scales, which have been agreed by our Nomination and Remuneration Committee. The Nomination and Remuneration Committee also sets the salaries of senior Hospice Managers and Medical Consultants. 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.

## **Equality of Opportunity**

We promote equality of opportunity through our recruitment and staff development policies. This is to ensure we have a diverse workforce that makes the most effective use of the talents and abilities of our staff and volunteers

regardless of their sex, marital status, age, sexual orientation, race, ethnic or national background, religion or disability.

### **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 and their families, but also to staff, volunteers, supporters and donors.

We have a comprehensive and continuous policy review and update programme in place. We follow a 'traffic light' system, to make line managers aware of their obligations with respect of policy reviews. This ensures that our policies and procedures remain current and live documents, reflecting what we then actually do, and encompassing both internal changes and external requirements.

### **Volunteers**

Over 680 volunteers work for St Oswald's every week. They work alongside paid staff, offering their skills, experience and expertise to every department within the Hospice and the Promotions Company.

We recruit and train volunteers from all 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.

Volunteers are an integral part of the team at St Oswald's and we greatly value their contribution and their feedback.

In late 2008, we undertook our second Volunteers Survey, which we compared with results harnessed in the inaugural Survey in 2006. This time, we had an improved 55% response rate and are pleased to report very positive results. While there are always areas in which we can improve, we are delighted our volunteer workforce is, on the whole, very satisfied with their experience at St Oswald's.

The results of the Volunteer Survey and action points are to be circulated internally this Spring, and will be followed up by our Volunteer Officer and line managers. Our Volunteer Officer has spent a great deal of time over the last year improving administrative processes within the Department, with particular focus on recruitment. It is hoped that by the next Volunteer Survey the positive effect of these improvements will be reflected in responses.

Our volunteers play a key role within St Oswald's. They enable us to care for local adults and children and act as ambassadors for the organisation within our local community. We are truly grateful for their support.



## **Who Have We Helped?**

Here, you can read more about the adults, young people and children we care for. You can get an understanding of the breadth of our work, how local families benefit from our services and hear from them directly through quotes from cards and letters we have received throughout the year.

### **Adult Services**

Our Adult Service offers a day hospice, an inpatient unit, outpatient clinics, a day treatment unit, outreach services, and support groups. Patients are referred to us from Newcastle, Gateshead, North Tyneside, Northumberland and North Durham. This year, we have continued to provide high-quality, patient-focused care to local adults.

One of our key regulators, the Healthcare Commission (now the Care Quality Commission), was again satisfied by our written update submissions regarding Adult Services and as such did not need to undertake an inspection.

We are pleased to report we have seen only a low level of complaints about Adult Services this year, all of which were followed up. We continue to be rated very highly in Patient Satisfaction Surveys.

In January we implemented 'SystmOne', an electronic patient record system which will enable us to share patient records with other healthcare professionals in the community. Sharing records electronically offers very tangible benefits to local patients, as they no longer have to retell their story on admission to St Oswald's and waiting times are reduced as, for example, blood results and notes can be sent instantaneously from Hospital Pathology Labs to the Hospice computer system, rather than waiting for letters or chasing phone calls.

### **Adult Inpatient Unit**

- Last year, we cared for 175 patients.
- Patients stayed with us for an average stay of 27 days. This is greater than in previous years and shows that patients in our care have conditions of increasing complexity, sometimes requiring long stays at St Oswald's.
- 4494 bed-days were occupied during the year, which is a decrease of 4.4% on last year. This is due, in part, to the temporary closure of one of our 4-bedded bays to accommodate lymphoedema day patients affected by the Day Services building programme.
- 15% of patients we cared for were not suffering from cancer, which remains the same as last year, and continues to show the level of expertise our specialist teams have in caring for patients with conditions such as motor neurone disease and multiple sclerosis.

- Percentage bed occupancy over the year was 83% on average, slightly lower than in previous years, but still in line with national recommendations. Operating at this level, we are able to adapt to changing demand and complexity of need of our inpatients yet maintain very high levels of cleanliness, in keeping with our Infection Control Policy.

We have recently installed a piped oxygen and vacuum suction system across all our service areas. In the past, patients who needed oxygen and suction were supported with portable gas cylinders, oxygen concentrators and portable suction units. These were loud and intrusive, they did not create the correct atmosphere for patients during their stay and often made patients and families feel anxious about the risk of the oxygen supply running out.

The new system offers many benefits. Primarily, the piped system ensures increased comfort and dignity, reduced noise and a more tranquil environment – all of which contribute to a better quality of life for our patients and children. Our staff are also finding the piped system a lot more convenient and easier to use.

### **What Families Said. . .**

"We can't speak too highly of all staff at St Oswald's, professional and voluntary alike. They always seemed to have time to be gentle and caring even at busy times. The family will always be thankful that my sister was cared for with love and dedication and that she suffered no pain and was at peace when it mattered the most."

"A huge thank you goes to everyone for the respect, interest and co-operation accorded to us for our Jewish beliefs, laws and customs. Whether it was the nurses' willingness to do things for us which were forbidden to us on our Sabbath or festivals, or the absolute acceptance of our differing philosophies on the medical front, we found only a positive."

"For the whole of my wife's stay with you, she and I were treated with fondness and kindness by all St Oswald's staff and helpers with whom we came into contact. The ethos and ambience of the Hospice is absolutely wonderful and you are all to be congratulated for the manner in which patients, relatives and friends are treated."

### **Adult Day Services**

- We saw increased activity within the Day Hospice, as we welcomed 109 new patients to Day Hospice and undertook 75 discharges.
- There was an average of 327 Day Hospice places booked each month, which remains at 94% of our capacity.
- There were 252 Outpatient appointment attendances, which equates to an attendance rate of 76%, slightly lower than in previous years.

- There were 2,379 appointments booked for our Lymphoedema Service, a 15% increase on last year.
- 350 Complementary Therapy Outpatient clinic appointments were fulfilled. 596 therapies were also provided for Day Hospice patients and inpatients. While there has been a slight dip in provision in comparison to previous years, this has been due to a fall in the number of volunteer complementary therapists available.

Most notable has been the continued growth in demand for our lymphoedema management service. There has been an increase in booked appointments year on year since we began offering a Day treatment service in 1997. By way of comparison, from 2002/03 there were 709 appointments booked, while last year there were 2,379. Later, you will find out more about our current building project, which will provide additional treatment rooms for both our lymphoedema clinic and complementary therapy services.

Within Day Hospice, we continue to develop initiatives which engage our adult patients. Our 'theme months' are particularly popular. Themed months have included local history, international affairs, and (predictably in the North East) sport. Activities, trips out, decorations and entertainment are arranged accordingly. Creative writing and reminiscence sessions are also based on the relevant theme.

### **What Our Day Patients Think. . .**

"Before I started coming to St Oswald's I never got out; now I thoroughly look forward to coming. People often think a Hospice is about dying, but the themed events, like Japanese Day, prove that it's about living and making the most of the time we all have. If I didn't have cancer this truly would be the best time of my life and that's all thanks to the fantastic service St Oswald's."

"When my consultant first suggested coming to St Oswald's I was shocked as I only really knew about the inpatient unit. From my first visit I felt right at home; the staff and volunteers are fantastic, the atmosphere is amazing and I feel so fortunate that I'm able to come here. It's very reassuring to know that if I'm worried about anything I can pick up the phone to St Oswald's and chat things through, nothing is ever too much trouble."

"If it wasn't for St Oswald's my whole lifestyle would be completely different. I wouldn't be able to work, drive or even do the little things for myself, like dry my hair or put on my makeup. To me, what St Oswald's provides is crucial, they offer so many different services to so many different people, and always with a smile!"

### **Children's Services**

We provide specialist short breaks to children and young people with progressive, life-shortening conditions. Children from 0 to 18 can stay on our purpose-built unit which offers families a relaxed home from-home environment.

Specialist, medically-supported care is provided to children, 24 hours a day, seven days a week.

- We saw an average of 23 children staying with us each month.
- 386 overnight stays were provided, equating to 1214 bed days and representing a 7% decrease in utilised bed days.
- On average, children stayed three nights per visit, consistent with previous years.

Over the last year, as well as providing specialist care to children and young adults, we have developed services for the whole family.

We held our very first 'Sibz Day' – an all-day session for the siblings of the children we care for, facilitated by members of our care team. Not only did the Sibz Day give brothers and sisters a chance to make new friends, it also enabled them to share how they feel and identify their own needs in a fun, informal and creative way.

We have also developed our Bereavement Support service where we offer practical, spiritual and emotional support to families leading up to, during and after the death of their child.

As part of our commitment to developing bereavement support across both our adult and children's services, we invited siblings to our new 'Ozzy Day', where children who have lost loved ones in our care, came along to a supported session, to share their feelings of loss and love. Facilitated by our in-house team, children were encouraged to get creative – draw pictures, make cards and release balloons in memory of their family member.

### **What Families Said About Our Children's Service. . .**

"Our son thoroughly enjoyed the Sibz Day, he came back full of life and positivity, and can't wait for the next one! He enjoyed making and playing with the musical instruments and it was great for him to meet brothers and sisters in a similar position to him."

"My grandson benefited from St Oswald's. Nearly everyone has known or heard of someone who has had help from St Oswald's. But it is not until you visit there and see the work the staff do that you realise how wonderful the whole place is."

### **A Strategic Framework: How We Are Meeting Our Objectives**

In previous years, we have documented our achievements against agreed organisational objectives, then outlined our objectives for the following financial year.

However, from September 2007, our Council of Trustees agreed to introduce a new 'Strategic Framework' for the organisation. The Strategic Framework is a

working document which summarises our strategic direction for the three years to 2010.

Revised by the management team every September and approved by our Council of Trustees, the Framework now 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 and includes a SWOT analysis for Council to consider in their strategic planning.

Introduced within our Annual Report last year, the Strategic Framework comprises three sections: Service Delivery, our Funding Position and the Delivering Choice project. There are agreed targets and target dates within each section, which designated Directors are given to achieve. At every Council meeting, trustees review progress being made towards one of the targets as outlined below.

## **Section A: Service Delivery**

### **Build Additional Capacity for Day Treatment Services**

As outlined earlier, there has been continued growth in demand for and provision of outpatient services at St Oswald's over the last few years, most notably Lymphoedema and Complementary Therapies. All our research shows that this trend is set to continue.

Despite this huge growth, there has previously been no corresponding enlargement in the treatment areas. As such, we are now working well beyond the intended capacity of our building and we believe the 'patient experience' was beginning to be affected by our chronic lack of treatment space, quiet areas, or dedicated therapy rooms.

In the year ended 31 March 2007, we bid for a Department of Health award under their Dignity in Care for Older People Capital Grants Programme for Hospices. We submitted a bid that proposed constructing a new Outpatient Suite adjacent to the current Day Services building. Shortly after the previous year end, we were notified that our bid was successful and we were awarded a grant for £498,455.

After being notified of our award, a Day Services Project Board was assembled to look carefully at all options to ensure we maximised benefits for our patients. The Project Board comprises three Trustees, members of the Management Team and nominated senior managers, each charged with successfully implementing the change process.

The resulting 'Case for Support' to develop our Day Services, sets out plans for a three-storey building with eight purpose-built treatment rooms, a large group therapy area, a dedicated reception area, a patient and carer information area, an assessment room, an additional bathroom, accessible parking and landscaped gardens.

On the first floor, there will be office accommodation specifically for clinical and medical teams and their medical secretarial support. There will also be a conference room for both internal and external meetings. The second floor will provide much needed storage space. However, it has been designed in such a way that, if need be, the second floor could be re-configured into office or clinical accommodation to meet future needs.

We believe that the core outcome will be improved quality of life for our patients, as we will provide enhanced care, timely services and appropriate surroundings.

### **Funding the Project**

At a cost of £2.8 million, the cost of the new building is substantially higher than the grant awarded to us by the Department of Health. However, as part of our obligation as a charity to use our reserves, where appropriate, to benefit our service users, our Board of Trustees agreed to commit £500,000 of St Oswald's funds to the project.

The remainder of the capital funding required is being raised through an appeal co-ordinated by the Day Services Appeal Committee, as detailed earlier, through applications to trusts and grant-making bodies and through the general public.

To date, £408,000 has been raised through trusts and foundations. Huge thanks go to The William Leech Charity Trust, The Steel Trust, Eaga, The Will Charitable Trust, The Albert Hunt Trust, Charles Hayward Trust, The Wolfson Foundation, Catherine Cookson Foundation, Ballinger Charitable Trust and The Sir James Knott Trust.

It should be noted that a local family very kindly made donations amounting to £250,000 in November 2007, to say thank you for the care provided at the Hospice to their wife and mother. These donations were boosted by the addition of gift aid and the family generously agreed that their donations can also be used to help fund our new Day Services building.

It was identified within a year of start that there would be considerable volatility in the commercial sector due to the impact of the financial crisis. Efforts have been made to secure both trust and corporate sponsorship. The trust funding has been forthcoming, but not the corporate sponsorship. As such, in September 2008, a report to Council identified there may be a funding shortfall. The decision was taken to support the capital expenditure from release of general funds, with substitution if/when additional funding was found.

Over the last year, we've also publicly promoted the building project and both our Fundraising and Communications Departments are encouraging supporters to become involved by making donations to help 'fit out' the new building.

## **Where Are We Now?**

John W & F Dorin, our appointed contractors, started work on the New Build project in July 2008. Jane Darbyshire and David Kendall were appointed as architects and RNJ as quantity surveyors, continuing the long association both firms have had with St Oswald's. The build programme is scheduled to take 48 weeks, and we are expecting handover to take place in mid-June. The building will then be fitted out, during which time supporters will have a chance to look around the new facility before we start welcoming patients in the Autumn.

We are continuing to communicate developments with all stakeholders, including patients, staff and volunteers, neighbours, supporters and the general public.

## **Assess the Potential 'Ceiling' Level of Referral for Children's Service**

Council of Trustee members held an Away Day during September 2008, to review the development of our Children's Service. James Ellam, our Chief Executive, presented a paper, highlighting that we appear to have reached a ceiling of referral, which equates to using four out of our potential eight operational beds on a consistent basis. As for developing the service in the future, the paper outlined options which were discussed by Trustees. It was firmly felt that we should continue to adhere to the current service model, offering specialist short breaks to children with life limiting conditions.

However, Trustees agreed to open our services to families within Durham and Darlington PCTs, which are beyond our initial catchment area. Trustees also agreed to utilise some of our capacity to care for out-of-area children, who may be able to benefit from our very specialist services (e.g. to care for children on 24-hour life support) on a case by case basis. This option is already being pursued by Teesside PCT.

## **Address Recommendations of the National Review of Children's Palliative Care Services**

As outlined earlier, Val Bagnall, our former Partnership & Policy Lead, has played an integral role in shaping regional and national strategy with respect of children's palliative care. Indeed, when the Independent Review of Children's Palliative Care Services was published last year, St Oswald's was highlighted as a model of 'best practice'. As such, the resulting recommendations from the Review have already been implemented within St Oswald's. We also took a high profile role, with respect of rolling out a regional response to the recommendations. We have since been contacted by colleagues at a number of other children's hospices, with a view to sharing our experience of 'partnership working' – a key recommendation of the Review.

Over the last year, we have continued to take part in the 'Better Care: Better Lives' national steering group, taken part in collaborative work regarding transition, and have worked closely with colleagues at Government Office North East, the SHA and partner agencies.

## **Develop St Oswald's as a 'No Waiting' Hospice**

At the Council of Trustees meeting in September 2008, Trustees looked in depth at all the factors involved in developing a 'no-wait' hospice. There are currently waiting lists for aspects of both outpatient and inpatient services. While the clinical and medical teams strive to keep waiting times to a minimum, they arise due to our finite resources and capacity.

A paper was submitted to the Council meeting, which outlined approximate costings with a particular focus on eliminating waiting times within our inpatient unit. As it was estimated to cost an additional £400,000 per annum to achieve a 'no wait' inpatient unit, it was felt too costly to undertake during the current economic downturn. Trustees deferred the item and will look again at the objective at this year's September meeting.

## **Develop and Agree with Commissioners a Strategy for the Provision of Lymphoedema Services**

After successfully rolling out a lymphoedema satellite service in North Tyneside, we have spent the last year working to extend provision across Newcastle and Northumberland. As part of our role on the Lymphoedema Steering Group within the North of England Cancer Network, we have strongly contributed to a strategy for the provision of lymphoedema within the local cancer networks. The strategy has been presented to North of Tyne PCT commissioners for their consideration. We have now been asked to submit detailed costings for the proposed service. If this is agreed, it is hoped that this proposal would be in place for the financial year beginning April 2010

Our Chief Executive and Director of Care Services have also looked to develop a similar strategy with the Commissioner of Services for South of Tyne, most notably for the benefit of patients within the Gateshead area. While discussions are still at an early stage, we are already extending our expertise in lymphoedema management to the Queen Elizabeth Hospital in Gateshead. Our specialist practitioners have developed an education programme and a training package for colleagues within the gynaecology department, which will enable them to treat patients with uncomplicated oedema. After providing training, our specialists will work alongside colleagues in the clinics onsite initially to provide support and assess competencies. Kath Clark, Manager of Day Services and Jill Lisle, Team Leader of Day Treatment will be leading the initiative.

## **Section B: Funding Position**

As an independent, self-financing charity, it has always been important to minimise financial risk by ensuring a diverse range of income streams. However, as we are now operating in a recession, it has never been quite so vital to secure funding through a number of different strategies to ensure our long term sustainability.

While the development of each strategy is outlined below, it is important to note that as of March 2009, a new 'Income Group' has been established within St Oswald's. This comprises the Chief Executive, Directors, and senior managers



within the Fundraising, Retail and Finance Departments. The monthly meeting ensures an in depth review of strategy developments in each income area, and provides a clear overview and swift monitoring of our financial position.

### **Implementation of our new Fundraising Strategy**

After a period of considerable change, due to introduction of a new strategy and structure, there has been a year of 'bedding in' across the Fundraising Function.

The Function comprises three departments: Community Fundraising, Regular Giving and Data Management. All three areas follow the guiding principle, as detailed in the strategy of 'putting the donor at the heart of what we do'.

Within Community Fundraising, we now have five Fundraisers tasked with raising income in their own defined geographical areas. Collectively, the Fundraisers cover the whole area of the North East that we serve as a Hospice. The team work to develop relations with all our supporters from a huge range of backgrounds and organisations.

Over the last year, the Community Fundraising team successfully introduced a new 'Midnight Walk' event, which raised over £80,000 and attracted 900 participants, many of whom were new supporters of St Oswald's.

In addition, Fundraisers spent time planning additional events and campaigns, some of which will be rolled out for the first time in 2009, including a Transylvanian biking challenge, a Maths Challenge, and It's A Knockout. A brand new 'Forget Me Not' campaign has also been devised, which will encompass all 'in memory' activities such as Make a Will Month, legacy marketing and in lieu of flowers donations. To be launched in May 2009, 'Forget me Not' also encompasses a one-off direct mail campaign and the sale of pin badges.

### **Growth in Lottery and Regular Giving Income**

Devising and implementing a plan to enhance levels of regular giving is central to our Fundraising Strategy. This is because St Oswald's will benefit from a sustainable funding stream, enabling us to plan services and predict future income better. To this end, the Regular Giving Department has seen considerable growth in both scope and reach over the last two years.

Our lottery continues to be one of the largest hospice lotteries in the country with over 22,000 members and is our largest single source of income. Within the last year, we have implemented a number of initiatives to develop the lottery, including the consolidation of cash collection rounds, converting cash players to direct debit and new recruitment initiatives. We also launched a one-off 'Superdraw', which raised an additional £30,000 earlier this year.

With regard to philanthropic Regular Giving, we rolled out our 'Little Things' campaign in summer 2008, through an integrated campaign comprising direct mail, advertising, digital marketing and PR. Within a six month timeframe, we secured 237 regular giving donors, averaging just over £5 per month. Research

shows that regular giving donors remain active for an average of 7 years, which in this case will amount to approximately £100,000 income in total.

We rolled out another integrated philanthropic campaign in spring 2009, this time focusing on the benefits patients and children gain from our services. We currently have over 1,900 people who support the hospice on a regular basis, direct from their bank on a monthly, quarterly or annual basis.

### **Ongoing Review and Implementation of our Retail Strategy**

This year, in line with our Retail Strategy, we have continued to review the viability of our retail outlets on an individual basis, taking into consideration factors such as the rising cost of leasing properties, and the costs of ensuring we have sufficient donated goods to sell. However, we remain committed to continuing with our retail activities as they add value with regard to awareness raising and harnessing additional community support. We are also continuing to refurbish older units to ensure a quality image continues to be reflected, and to generate increased sales. Indeed, as well as opening a new shop in Byker this year, we also undertook a refit at our Gosforth shop, which reopened in January.

In addition, we have expanded our bag drop operation across the region and have seen a 200% increase in collection. With respect to minimising waste accrued through our retail activity, we've entered into partnership with 'Precycle', and now recycle up to 75% of items that we have not been able to sell.

In conclusion, this year we have seen an encouraging increase in sales growth, with total retail sales in excess of £1.2 million.

### **Continuing to Work with NHS Partners**

As detailed earlier, we continue to work with commissioners from all seven local PCT's, with regard to harnessing statutory funding for both adult and children's services.

We meet annually with commissioners to review and agree contracts for provision of core services.

### **Section C: The Delivering Choice Project**

The Delivering Choice programme for Northumberland, Tyne and Wear was publicly launched in March. With a Project Steering Group in place, the team – based at the Marie Cure Centre in Newcastle – is now embarking on Phase One of the initiative.

In order to attain the overall objective of improving palliative care and end-of-life services for patients in the region, Phase One involves assessing all current provision through a range of means including: questionnaires, interviews, focus groups, observation and shadowing. In doing so, the project team will be able to build a detailed patient journey from the perspective of the patient, family, healthcare professionals, providers and commissioners involved.

As a stakeholder, we intend to be fully involved in the project. Once Phase One has been completed, Phase Two will see the findings being shared with all service providers and commissioners. Areas of development and subsequent work streams will then be identified; new or enhanced care models will be designed and then priorities outlined to fit into the local NHS commissioners' 2009/10 planning cycle.

While the project is still in the early stages, given the scope, breadth and depth of the initiative, it is highly likely that the outcomes will influence future service provision at St Oswald's.

## **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 try to give a deeper understanding of the figures and explain how they relate to our activities.

For the year ended 31 March 2009 we recorded an operating surplus, before accounting for the movements in our investments, of £108,230.

Our total incoming resources for the year rose by 5.6% (2008: 12.1%) to £8,456,831, the sixth year in a row that we have seen an increase in income. Our total resources expended rose by 16.8% (2008: 5.9%) to £8,348,601.

After accounting for the decrease in the value of our investments of £333,497 (2008: £138,107), our net movement of funds for the year was a deficit of (£225,267), compared to a £718,901 surplus in the previous year.

## **Incoming Resources**

Our income falls into 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 in the associated Notes to the Accounts.

### **Incoming Resources from Generated Funds**

Voluntary income brings together general donations and legacies receivable. General donations and income from regular donors raised £1,179,462 (2008: £1,042,536), of which £464,075 related to restricted funds (2008: £359,915).

Activities for generating funds have this year raised £3,145,983 (2008: £2,965,524). Our fundraising team covers the whole of our region, working in the community to organise and support others in organising fundraising events. The team has been reorganised during the year, as set out in our objectives last year, and we look forward to seeing further increases in events income.

St Oswald's Hospice Promotions Limited is our trading subsidiary, and this year a Gift Aid payment to the charity of £650,404 has been declared (2008: £697,951). Turnover in the subsidiary relates mainly to the Lottery game, but each of the

four businesses operated by the company has generated a surplus that can be used for charitable services.

Investment income has declined this year due to falling rates of interest being available.

### **Incoming Resources from Charitable Activities**

The income we receive from our charitable activities is primarily the funding we receive from the NHS or local Social Services funding. We continue to work locally and nationally to try and improve the levels of funding we receive for each of our charitable services.

Continuing on from 2007/08 we have seen funding for our Children's Services increase, as we have maintained usage of the facilities and strengthened the position of the service within referral pathways for our children and families of the region. We received the third of three years funding from the Department of Health, under Section 64 of the Health Services and Public Health Act 1968, to support the activities of our Service and to continue our work developing service funding.

Income for our Adult Day Services relates to funding for the provision of lymphoedema garments that we provide to our patients. We are now required to source these garments ourselves, as the NHS no longer allows us to process them through the budget for prescribed medication. Our levels of activity are highlighted to the PCT's through this mechanism. There are moves afoot to negotiate additional funded lymphoedema services from a number of PCT's as part of the world-class commissioning requirements, but these will only be contracted from 2010/11, if successful. As such, we continue to charge on an individual basis.

The new Day Services build is progressing well and is expected to complete in 2009/10. Funding has been receipted in 2008/09 totalling £410,750 reflected in the accounts. The main contributors are: Charles Hayward (£30,000), The Albert Hunt Trust (£10,000), William Leech Charity (£50,000), Steel Charitable Trust (£5,000), The Ballinger Charitable Trust (£150,000), The Will Charitable Trust (£15,000), Wolfson Foundation (£105,000), Barclays Stockbrokers Foundation/WO Street Foundation (£2,500), EAGA (£1,000), Catherine Cookson Foundation (£30,000) and The Sir James Knott Trust (£10,000). The balance of the funding for the capital project is funded from reserves.

### **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 by reference to the proportion of costs incurred by the service

departments. Note 10: Analysis of Support Costs gives greater understanding of the costs incurred and to where they are allocated.

### **Costs of Generating Funds**

The fundraising sections have been restructured and the costs have been reallocated between the Promotions Company and the Hospice, proportionate to usage. Because of the current financial climate, we anticipate that meeting the fundraising targets will be more challenging than in previous years and will be closely monitored.

Sales of donated goods through the charity shops increased by 18.0% with an increase in costs of 12.9%. This was due to two new shops opening at Low Fell and Byker. The cost of stock generation continues to rise as more shops demand more stock to cope with the rising sales. Due to the apportionment of costs (full cost recovery for the first time this year), the new goods business has not performed as well as we would have liked. This will be monitored closely in the forthcoming year. At the end of March 2009, a new retail opportunity arose to sell reconditioned electrical white goods. Sales have exceeded expectations and this will increase profitability in the new year.

### **Costs of Charitable Activities**

Expenditure on our charitable activities, including property costs, depreciation charges and support costs, represents 64% of our total expenditure (2008: 68%). Staff costs remain by far the greatest type of expenditure we incur. Without our dedicated and professional staff we could not provide the services we offer.

Our refurbished adult reception area continues to provide a welcoming and useful information transfer point as well as access to a number of service areas.

### **Balance Sheet**

Our Balance Sheet at 31 March 2009 shows funds of £13,858,473 (2008: £14,083,740), of which £10,283,435 is represented by fixed tangible and investment assets (2008: £8,953,040). Notes 15 and 16 to the Accounts set out expenditure and other movements relating to fixed assets and fixed asset investments.

### **Summary**

There is a deficit before recognised gains and losses of (£225,267) and future years are expected to be even more difficult as the market continues its volatile run.

We will be looking to maximise our gains from legacy income, in particular in the future year as commercial donations are less favourable than previously. We will be continuing to request substantial support from the local community and trust funds in the area to enable the challenging targets for 2009/10 to be met with regard to the capital appeal. The likelihood of gains on the stock market are unpredictable, therefore all effort to increase income into the Hospice must be

maximised. The Trustees are satisfied with the financial position for St Oswald's Hospice Limited and St Oswald's Hospice Promotions Limited in these trying times.

## **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. Equities that St Oswald's may receive as gifts or as part of legacies are added to the portfolio as and when they arise.

The ethical stance in relation to investments has always been that investments should not be made into tobacco-related companies or shares.

The value of our investments reduced this year, mostly in the final quarter as a result of movements in the markets. The portfolio has seen a decrease in value over the year of (22.8%) compared to a decrease in the FTSE 100 index over the same period of (31.1%). UK equities held in our portfolio, representing 55.8% of the value of our investments (2008: 63.3%), incurred a reduction in value over the same period of (14.9%). This was offset by significant gains on overseas equities and UK Government Stock. The net movement in value of our investment assets over the course of the year saw a reduction in value (£333,497), compared to the loss of (£138,107) generated last year.

Brewin Dolphin provide the investment managers role for St Oswald's Hospice Limited. Representatives of the company present on an annual basis to our Audit and Investment Committee. At a meeting of the Audit and Investment Committee in November 2008, it was decided to use the APCIMS Income benchmark as this is a more risk adverse benchmark than the original proposal.

The average return on our cash deposits was 4.3% (2008: 5.5%) which is pleasing, as the rate has been achieved whilst in many cases retaining the flexibility of instant access to our funds and it is higher than the average Bank of England base rate for the year (3.6%). The average return on our equity investments, based on their market value at 31 March 2009, was 4.6% (2008: 3.7%). 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 budget and a projection for the following four years to assist with planning purposes. As such this gives an outline of the likely financial consequences 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. This year, for example, we have agreed to transfer £175,632 from our General Reserves to Restricted Reserves to support the development of the new Day Services building to meet the needs and demands of our beneficiaries.

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 range of acceptable reserves is reviewed annually by the Audit and Investment Committee and for this year the range is considered to be between £2,700,000 and £8,500,000. Within this broad range, we have a target of £5,500,000, which we consider a reasonable amount to ensure the longer-term viability of the charity.

As at 31 March 2009, our accumulated general funds stood at £7,421,216 (2008: £7,463,392). The free reserves of the charity as at 31 March 2009, as defined by the Charity Commission as those general funds not represented by fixed assets, are £3,573,043 (2008: £3,704,871). 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**

Law applicable to companies and charities in England and Wales requires the Members of Council, both as Trustees and as Directors of the company, to prepare financial statements for each financial year that give a true and fair view of the group's financial activities during the year and of the financial position of the group and company at the end of the year. In preparing these statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;

- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume the group and company will continue in business.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the group and company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and company, taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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.

#### **Provision of Information to the Auditors**

As far as each Director is aware, there is no relevant audit information of which the group's auditors are unaware. The Directors have taken all the steps that ought to have been taken in their role as Directors to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

#### **Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

#### **By order of the Board**



**R P McLachlan**  
Chairman  
22 September 2009



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

**FINANCIAL STATEMENTS**

**For the Year Ended**

**31 March 2009**

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

We have audited the financial statements of St Oswald's Hospice Limited for the year ended 31 March 2009 which comprise the statement of financial activities (including the income and expenditure account), the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective Responsibilities of Directors and Auditors**

The responsibilities of the trustees (who are also the directors of St Oswald's Hospice Limited for the purposes of company law) for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charitable company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Annual Report is consistent with the financial statement.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

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

### **Basis of Audit Opinion**

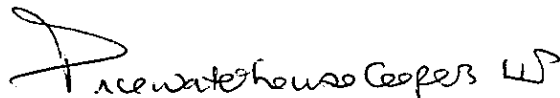
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

## Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure and cash flows, for the year then ended;
- The financial statements have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the Annual Report is consistent with the financial statements.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Newcastle upon Tyne

9/10/2009

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

**FOR THE YEAR ENDED 31 MARCH 2009**

	Notes	General funds £	Restricted funds £	Total 2009 £	Total 2008 £
<b>Income and Expenditure</b>					
<b>Incoming Resources</b>					
Incoming resources from generated funds:					
Voluntary income	2	2,435,755	464,425	2,900,180	2,089,258
Activities for generating funds	3	3,127,428	18,555	3,145,983	2,965,524
Investment income	5	170,760	-	170,760	303,982
Incoming resources from charitable activities:					
	6	<u>2,011,399</u>	<u>228,509</u>	<u>2,239,908</u>	<u>2,648,504</u>
<b>Total incoming resources</b>		<b><u>7,745,342</u></b>	<b><u>711,489</u></b>	<b><u>8,456,831</u></b>	<b><u>8,007,268</u></b>
<b>Resources expended</b>					
<b>Costs of generating funds</b>					
Voluntary income	11	272,186	36,103	308,289	365,052
Costs of activities for generating funds	11	2,462,003	11,734	2,473,737	1,842,200
Investment management fees	11	<u>6,282</u>	<u>-</u>	<u>6,282</u>	<u>10,629</u>
<b>Total costs of generating funds</b>		<b><u>2,740,471</u></b>	<b><u>47,837</u></b>	<b><u>2,788,308</u></b>	<b><u>2,217,881</u></b>
<b>Charitable activities</b>	11	<b><u>4,367,490</u></b>	<b><u>1,022,375</u></b>	<b><u>5,389,865</u></b>	<b><u>4,832,215</u></b>
<b>Governance costs</b>	11	<b><u>170,428</u></b>	<b><u>-</u></b>	<b><u>170,428</u></b>	<b><u>100,164</u></b>
<b>Total resources expended</b>	11	<b><u>7,278,389</u></b>	<b><u>1,070,212</u></b>	<b><u>8,348,601</u></b>	<b><u>7,150,260</u></b>
<b>Net income / (expenditure) before recognised gains and losses</b>		<b>466,953</b>	<b>(358,723)</b>	<b>108,230</b>	<b>857,008</b>
Gains/(losses) on disposal of fixed assets	15	-	-	-	-
(Losses)/gains on investment assets	16	<u>(333,497)</u>	<u>-</u>	<u>(333,497)</u>	<u>(138,107)</u>
<b>Net movement in funds</b>		<b>133,456</b>	<b>(358,723)</b>	<b>(225,267)</b>	<b>718,901</b>
Total funds brought forward at 1 April 2008	20	<u>7,463,392</u>	<u>6,620,348</u>	<u>14,083,740</u>	<u>13,364,839</u>
		7,596,848	6,261,625	13,858,473	14,083,740
Transfers between funds	20	<u>(175,632)</u>	<u>175,632</u>	<u>-</u>	<u>-</u>
<b>Total funds carried forward at 31 March 2009</b>	20	<b><u>7,421,216</u></b>	<b><u>6,437,257</u></b>	<b><u>13,858,473</u></b>	<b><u>14,083,740</u></b>

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 after adjusting for capital income.

The notes on pages 39 to 56 form part of these financial statements.

**BALANCE SHEET AS AT 31 MARCH 2009**  
**Group Hospice (Company)**

	Notes	2009 £	2008 £	2009 £	2008 £
<b>Fixed Assets</b>					
Tangible assets	15	9,284,841	7,660,075	9,284,841	7,660,075
Investments	16	<u>998,594</u>	<u>1,292,965</u>	<u>998,594</u>	<u>1,292,965</u>
		<u>10,283,435</u>	<u>8,953,040</u>	<u>10,283,435</u>	<u>8,953,040</u>
<b>Current Assets</b>					
Stocks		88,110	70,808	-	-
Debtors	17	1,211,473	611,739	1,183,738	919,568
Short term deposits		2,062,798	3,573,993	2,062,798	3,573,993
Cash at bank and in hand		<u>1,558,166</u>	<u>1,441,212</u>	<u>1,220,259</u>	<u>1,030,952</u>
		4,920,547	5,697,752	4,466,795	5,524,513
<b>Creditors:</b>					
Amounts falling due within one year	18	<u>(1,345,509)</u>	<u>(567,050)</u>	<u>(903,561)</u>	<u>(403,415)</u>
<b>Net current assets</b>		<u>3,575,038</u>	<u>5,130,702</u>	<u>3,563,234</u>	<u>5,121,098</u>
<b>Total assets less current liabilities</b>		<u>13,858,473</u>	<u>14,083,740</u>	<u>13,846,669</u>	<u>14,074,138</u>
<b>Funds</b>					
Unrestricted funds:					
General funds	20	7,409,412	7,453,790	7,409,412	7,453,790
Non-Charitable Trading Reserve	20	<u>11,804</u>	<u>9,602</u>	-	-
		7,421,216	7,463,392	7,409,412	7,453,790
Restricted funds	20	<u>6,437,257</u>	<u>6,620,348</u>	<u>6,437,257</u>	<u>6,620,348</u>
<b>Total funds</b>		<u>13,858,473</u>	<u>14,083,740</u>	<u>13,846,669</u>	<u>14,074,138</u>

The notes on pages 39 to 56 were approved by the members of Council on 22 September 2009, and signed on their behalf by:



**R P McLachlan**  
**Chairman**



**Mr I G Kelsall**  
**Treasurer**

# **CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009**

	2009 £	2009 £	2008 £	2008 £
Net cash inflow from operating activities		337,289		736,525
<b>Returns on investments and servicing of finance</b>				
Dividends received	48,416		42,241	
Interest received	<u>122,344</u>		<u>261,741</u>	
		170,760		303,982
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets	(1,863,162)		(474,441)	
Purchase of investments	(271,846)		(389,250)	
Proceeds of sale of investments	<u>215,212</u>		<u>367,942</u>	
		(1,919,796)		(495,749)
<b>Management of liquid resources</b>				
Decrease/(Increase) in cash held in portfolio	17,508		(12,112)	
Decrease/(Increase) in short term deposits	1,511,195		(1,238,251)	
		1,528,703		(1,250,363)
		<u>116,954</u>		<u>(705,605)</u>
<b>Reconciliation of changes in resources to net cash inflow / (outflow) from operating activities</b>				
		2009 £		2008 £
Net incoming resources		108,230		857,008
Depreciation		238,396		253,727
Investment income		(170,760)		(303,982)
Increase in stocks		(17,302)		(21,561)
Decrease/(Increase) in debtors		(599,734)		38,177
Increase/(Decrease) in creditors		778,459		(86,844)
		<u>337,289</u>		<u>736,525</u>
<b>Reconciliation of net cash flow to movement in net funds</b>				
		2009 £		2008 £
Increase/(Decrease) in cash in the year		116,954		(705,605)
Cash from increase/(decrease) in liquid resources		<u>(1,511,195)</u>		<u>1,238,251</u>
Movement in net funds in the year		(1,394,241)		532,646
Net funds at 1 April 2008		<u>5,015,205</u>		<u>4,482,559</u>
<b>Net funds at 31 March 2009</b>		<u>3,620,964</u>		<u>5,015,205</u>
<b>Analysis of net funds</b>		<b>Opening net funds</b>	<b>Cash Flow</b>	<b>Closing net funds</b>
		£	£	£
Cash at bank and in hand		1,441,212	116,954	1,558,166
Short term deposits		<u>3,573,993</u>	<u>(1,511,195)</u>	<u>2,062,798</u>
		<u>5,015,205</u>	<u>(1,394,241)</u>	<u>3,620,964</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 result of the subsidiary are consolidated on a line-by-line basis. Advantage has been taken under FRS 8 not to disclose transactions with the subsidiary.

The charity has availed itself of Paragraph 3(3) of Schedule 4 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 230 of the Companies Act 1985 and paragraph 423 of the SORP.

#### **(b) Hospice status**

The Hospice is a company limited by guarantee. The guarantors are the members of the company. The liability in respect of 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. 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.

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.

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

#### **(d) Income recognition**

All income is accounted for on the accruals basis. Specific donations are credited directly to the appropriate restricted or designated funds.

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 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 adhoc, 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 they are receivable.

**(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 direct costs of 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 Statement 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 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 2009	Total 2008
	£	£	£	£
Donations	715,387	464,075	1,179,462	1,042,536
Legacies	<u>1,720,368</u>	<u>350</u>	<u>1,720,718</u>	<u>1,046,722</u>
<b>Total voluntary income</b>	<u>2,435,755</u>	<u>464,425</u>	<u>2,900,180</u>	<u>2,089,258</u>

**3. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS**

	General funds	Restricted funds	Total 2009	Total 2008
	£	£	£	£
Special events	724,628	18,555	743,183	731,526
Sale of donated goods	1,036,385	-	1,036,385	878,363
Catering sales	49,602	-	49,602	39,548
Trading subsidiary income (Note 4)	1,314,287	-	1,314,287	1,301,613
Sundry sales	2,526	-	2,526	14,474
<b>Total incoming resources from activities for generating funds</b>	<u>3,127,428</u>	<u>18,555</u>	<u>3,145,983</u>	<u>2,965,524</u>

Income in relation to the sale of donated goods has increased in comparison to the previous year due to the increase in the number of outlets available 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:

	<b>Total 2009 £</b>	<b>Total 2008 £</b>
Turnover	1,314,287	1,301,613
Cost of sales	<u>(401,739)</u>	<u>(334,691)</u>
Gross profit	912,548	966,922
Administrative expenses	<u>(262,703)</u>	<u>(277,277)</u>
Operating profit	649,845	689,645
Interest receivable (Note 5)	<u>2,759</u>	<u>9,591</u>
Profit on ordinary activities	652,604	699,236
Gift Aid payment to St Oswald's Hospice Limited	<u>(650,404)</u>	<u>(697,951)</u>
Profit/(loss) on ordinary activities before taxation	2,200	1,285
Taxation	<u>-</u>	<u>-</u>
Retained in subsidiary undertaking	<u>2,200</u>	<u>1,285</u>

The net assets of the subsidiary at 31 March 2009 amounted to £11,804 (2008: £9,604).

#### 5. INVESTMENT INCOME 2009 2008

	<b>2009 £</b>	<b>2008 £</b>
Dividends receivable	48,416	42,241
Interest receivable - charity	119,585	252,150
Interest receivable - trading subsidiary (Note 4)	<u>2,759</u>	<u>9,591</u>
	<u>170,760</u>	<u>303,982</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 2009 £	Total 2008 £
Public Authority contributions:				
Adult inpatient unit	1,386,655	-	1,386,655	1,343,783
Adult day services	305,995	-	305,995	595,212
Children's services	30,407	228,509	258,916	439,466
Medical outreach	247,127	-	247,127	229,059
Educational income	15,170	-	15,170	33,770
Other professional fees	26,045	-	26,045	7,214
<b>Total incoming resources from charitable objectives</b>	<u>2,011,399</u>	<u>228,509</u>	<u>2,239,908</u>	<u>2,648,504</u>

Within the income relating to our Children's Services is a grant of £195,000 (2008: £195,000) from the Department of Health under their Children's Hospice and Children's Hospice at Home Grants programme. This funding has been agreed for a further two years.

## 7. COSTS OF ACTIVITIES FOR GENERATING FUNDS

	General funds £	Restricted funds £	Total 2009 £	Total 2008 £
Event costs	602,325	11,734	614,059	315,917
Sale of donated goods	1,193,614	-	1,193,614	854,790
Catering and other sales	1,622	-	1,622	59,525
Costs of trading subsidiary (Note 4)	664,442	-	664,442	611,968
<b>Total costs of activities for generating funds</b>	<u>2,462,003</u>	<u>11,734</u>	<u>2,473,737</u>	<u>1,842,200</u>

Costs in relation to the sale of donated goods have increased in comparison to the previous year due to the increase in number of outlets available for the full year.

## 8. COSTS OF CHARITABLE ACTIVITIES

	General funds £	Restricted funds £	Total 2009 £	Total 2008 £
Adult inpatient services	2,024,762	-	2,024,762	2,515,906
Adult day care services	652,174	-	652,174	664,671
Children's services	101,500	895,684	997,184	1,221,252
Medical outreach	367,341	-	367,341	265,493
Palliative Care Support Line	-	-	-	4,300
Day Services Project	-	-	-	28,974
Education activities	88,932	-	88,932	131,619
<b>Total costs of charitable activities</b>	<b>3,234,709</b>	<b>895,684</b>	<b>4,130,393</b>	<b>4,832,215</b>

## 9. NET INCOMING RESOURCES BEFORE RECOGNISED GAINS AND LOSSES

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

	2009 £	2008 £
Depreciation	238,396	253,727
Auditors' remuneration	28,795	14,800
Operating lease charges	134,643	221,571
Pension costs	<u>320,811</u>	<u>282,347</u>

External audit fees include charges for Corporation Tax computations, additional charges related to questions to HMRC regarding employment status and charges for year-end audit.

## 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) £
<b>Voluntary income</b>	<b>1,677</b>	<b>6,477</b>	<b>11,087</b>	<b>9,546</b>	<b>28,787</b>
<b>Activities for generating funds</b>					
Event costs	3,392	13,098	22,422	19,305	58,217
Sale of donated goods	6,593	25,460	43,584	37,526	113,163
Catering and other services	9	35	60	51	155
	<u>9,994</u>	<u>38,593</u>	<u>66,066</u>	<u>56,882</u>	<u>171,535</u>
<b>Charitable activities</b>					
Adult inpatient services	12,454	48,091	82,324	70,881	213,750
Adult day services	4,011	15,490	26,516	22,831	68,848
Children's services	6,242	24,105	41,263	35,528	107,138
Medical outreach	2,259	8,725	14,936	12,860	38,780
Educational activities	547	2,112	3,616	3,113	9,388
	<u>25,513</u>	<u>98,523</u>	<u>168,655</u>	<u>145,213</u>	<u>437,904</u>
<b>Total allocated support costs</b>	<b>37,184</b>	<b>143,593</b>	<b>245,808</b>	<b>211,641</b>	<b>638,226</b>

## 11. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Direct Activity Costs	Support Costs (Note 10)	Depreciation	Total 2009	Total 2008
	£	£	£	£	£
Costs relating to voluntary income	<u>272,686</u>	<u>28,787</u>	<u>6,816</u>	<u>308,289</u>	<u>365,052</u>
<b>Costs of generating funds:</b>					
Costs of activities for generating funds:					
Event costs	551,466	58,217	4,376	614,059	315,917
Sale of donated goods	1,071,945	113,163	8,506	1,193,614	854,790
Catering and other sales	1,467	155	-	1,622	59,525
Costs of trading subsidiary (Note 4)	<u>664,442</u>	<u>-</u>	<u>-</u>	<u>664,442</u>	<u>611,968</u>
Total costs of activities for generating funds	<u>2,289,320</u>	<u>171,535</u>	<u>12,882</u>	<u>2,473,737</u>	<u>1,842,200</u>
Investment management fees	<u>6,282</u>	<u>-</u>	<u>-</u>	<u>6,282</u>	<u>10,629</u>
<b>Total costs of generating funds</b>	<u><b>2,295,602</b></u>	<u><b>171,535</b></u>	<u><b>12,882</b></u>	<u><b>2,480,019</b></u>	<u><b>1,852,829</b></u>
<b>Charitable activities:</b>					
Provision of hospice services:					
Adult inpatient services	2,309,174	213,750	104,050	2,626,974	2,515,906
Adult day services	744,470	68,848	31,871	845,189	664,671
Children's services	1,158,682	107,138	77,848	1,343,668	1,221,252
Medical outreach	419,401	38,780	-	458,181	265,493
Palliative Care Support	-	-	-	-	4,300
Day Services Project	-	-	-	-	28,974
Educational activities	<u>101,535</u>	<u>9,388</u>	<u>4,930</u>	<u>115,853</u>	<u>131,619</u>
<b>Total cost of charitable activities</b>	<u><b>4,733,262</b></u>	<u><b>437,904</b></u>	<u><b>218,699</b></u>	<u><b>5,389,865</b></u>	<u><b>4,832,215</b></u>
<b>Governance costs</b>	<u><b>170,428</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>170,428</b></u>	<u><b>100,164</b></u>
<b>Total Resources Expended</b>	<u><b>7,471,978</b></u>	<u><b>638,226</b></u>	<u><b>238,397</b></u>	<u><b>8,348,601</b></u>	<u><b>7,150,260</b></u>

## 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 (2008: £ Nil).

The amount of expenses reimbursed to Trustees during the year was £ Nil (2008: £ Nil).



During the year £7,601 (2008: £7,504) was received from Northumberland, Tyne & Wear NHS Trust for medical outreach services provided by one of our medical consultants under an ongoing contract. This service constitutes a related party transaction under FRS 8 (Note 23) as the Chief Operating Officer of Northumberland, Tyne & Wear NHS Trust is our Chairman. The contract for these services has been in place for a number of years prior to Mr R P McLachlan's appointment as a Trustee and he has no direct influence on performance or renewal of the service provided. Mr R P McLachlan is now seconded to the North of England Cancer Network and receives no benefit from the contract.

### 13. STAFF COSTS - GROUP

	2009	2008
	£	£
Wages and salaries	4,760,831	4,262,604
Social security costs	396,236	334,630
Pension costs	320,811	282,347
Direct staff costs	<u>5,477,878</u>	<u>4,879,581</u>

There were nine employees during the year (2008: five) whose emoluments as defined for our taxation purposes amounted to over £60,000. Of these employees, four (2008: four) were consultant or senior medical staff, including the highest paid member of staff in each year. These staff can be analysed as follows:

	2009	2008
	Number	Number
£60,001 - £70,000	3	1
£70,001 - £80,000	2	1
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£110,001 - £120,000	1	1
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
£150,001 - £160,000	<u>1</u>	<u>-</u>

Pension contributions made in respect of those staff classified as higher paid employees were £80,457 (2008: £57,142) in aggregate. Of these staff none were accruing benefits under a defined contribution scheme (2008: none) and nine were accruing benefits under a defined benefit scheme (2008: five).

<b>Staff breakdown:</b>	<b>2009 Number</b>	<b>2008 Number</b>
Direct charitable services	117	108
Support services	16	14
Management and administration	5	6
Fundraising and publicity	13	11
Trading activities (including subsidiary)	36	31
	<u>187</u>	<u>170</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.

#### **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 s505 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 (2008: £ 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 £
<b>Cost</b>					
1 April 2008	8,134,366	190,891	118,799	998,998	9,443,054
Disposals	-	-	-	-	-
Additions	1,713,643	30,072	-	119,447	1,863,162
<b>31 March 2009</b>	<b><u>9,848,009</u></b>	<b><u>220,963</u></b>	<b><u>118,799</u></b>	<b><u>1,118,445</u></b>	<b><u>11,306,216</u></b>
<b>Depreciation</b>					
1 April 2008	845,533	56,783	90,680	789,983	1,782,979
Disposals	-	-	-	-	-
Charge for the year	108,063	17,677	7,029	105,627	238,396
<b>31 March 2009</b>	<b><u>953,596</u></b>	<b><u>74,460</u></b>	<b><u>97,709</u></b>	<b><u>895,610</u></b>	<b><u>2,021,375</u></b>
<b>Net book value:</b>					
<b>31 March 2009</b>	<b><u>8,894,413</u></b>	<b><u>146,503</u></b>	<b><u>21,090</u></b>	<b><u>222,835</u></b>	<b><u>9,284,841</u></b>
<b>31 March 2008</b>	<b><u>7,288,833</u></b>	<b><u>134,108</u></b>	<b><u>28,119</u></b>	<b><u>209,015</u></b>	<b><u>7,660,075</u></b>

Within the additions to freehold land and buildings is expenditure of £1,713,643 (2008: £191,348) relating to the construction of a new Day Services Treatment Centre in the grounds of the Hospice. At the year end the expenditure incurred related to construction costs undertaken by Dorin Construction and associated professional fees. Under the terms of the contract, an interim valuation was carried out as at 1st April 2009 by RNJ Partnership LLP, after the year end.

All fixed assets for the group are held by the Hospice. The freehold land and buildings, short lease premises, motor vehicles and fixtures, fittings and equipment are all used for charitable purposes.

## 16. INVESTMENTS HELD AS FIXED ASSETS

	Listed £	Group Unlisted £	Total £	Listed £	Hospice Unlisted £	Total £
<b>Listed investments</b>						
Value at 1 April 2008	1,237,315	1,250	1,238,565	1,237,315	1,252	1,238,567
Additions	271,846	-	271,846	271,846	-	271,846
Disposals	(215,212)	-	(215,212)	(215,212)	-	(215,212)
Net investment deficits	(333,497)	-	(333,497)	(333,497)	-	(333,497)
<b>Value at 31 March 2009</b>	<b>960,452</b>	<b>1,250</b>	<b>961,702</b>	<b>960,452</b>	<b>1,252</b>	<b>961,704</b>
<b>Cash held in portfolio</b>						
At 1 April 2008	54,398	-	54,398	54,398	-	54,398
Movements in cash	(17,508)	-	(17,508)	(17,508)	-	(17,508)
<b>At 31 March 2009</b>	<b>36,890</b>	<b>-</b>	<b>36,890</b>	<b>36,890</b>	<b>-</b>	<b>36,890</b>
<b>31 March 2009</b>	<b>997,342</b>	<b>1,250</b>	<b>998,592</b>	<b>997,342</b>	<b>1,252</b>	<b>998,594</b>
31 March 2008	1,291,713	1,250	1,292,963	1,291,713	1,252	1,292,965

All of the investments are unrestricted.

### Distribution of listed investments (Market Value)

	Group	
	2009	2008
	%	%
Property	-	-
UK fixed interest	27.2	13.2
UK equities	55.8	63.3
Overseas equities	10.1	15.8
Alternative investments	3.2	3.8
Cash	3.7	3.9
	<u>100.0</u>	<u>100.0</u>

	Group	
	2009	2008
	£	£
Historical cost of listed investments at 31 March	<u>1,183,888</u>	<u>1,195,924</u>

The unlisted investments relate to 1,250 ordinary shares (2008: 1,250), with a nominal value of £1.00 each, in a small private company that were received through two legacies. This shareholding represents 12.5% (2008: 12.5%) of the issued share capital of the company and as such, the Hospice remains a minority shareholder. In the view of the minority shareholding, it is not deemed practical to value the shares other than at their nominal value.

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	
	2009	2008	2009	2008
	£	£	£	£
Amounts owed by subsidiary undertaking	730	-	219,023	320,254
Trade debtors	579,782	122,755	315,439	122,755
Prepayments	87,850	137,218	87,850	137,218
Other debtors	-	625	-	625
VAT recoverable	11,037	17,403	-	4,978
Accrued income	532,074	333,738	532,074	333,738
	<u>1,211,473</u>	<u>611,739</u>	<u>1,183,738</u>	<u>919,568</u>

## 18. CREDITORS: Amounts falling due within one year

	Group		Hospice	
	2009	2008	2009	2008
	£	£	£	£
Trade creditors	523,406	223,450	258,640	203,645
Taxation and social security costs	160,370	144,832	160,370	144,832
Deferred income	344,849	140,133	192,562	-
Other creditors	-	3,589	-	3,589
Accruals	316,884	55,046	291,989	51,349
	<u>1,345,509</u>	<u>567,050</u>	<u>903,561</u>	<u>403,415</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.

## 19. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	General Funds £	Restricted Funds £	Total £
Tangible fixed assets	2,849,579	6,435,262	9,284,841
Fixed asset investments	998,594	-	998,594
Current assets	4,918,552	1,995	4,920,547
Current liabilities	(1,345,509)	-	(1,345,509)
Total net assets	<u>7,421,216</u>	<u>6,437,257</u>	<u>13,858,473</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 2009 were £3,573,043 (2008: £3,704,871).

## 20. STATEMENT OF FUNDS - GROUP

	1 April 2008 £	Income £	Expenditure £	Transfers £	Gift Aid £	Net Deficit on Investments £	31 March 2009 £
<b>General funds:</b>							
Accumulated funds	7,453,790	6,428,296	(6,613,949)	(175,632)	650,404	(333,497)	7,409,412
Non-charitable trading reserve	9,602	1,317,048	(664,442)	-	(650,404)	-	11,804
<b>Designated funds:</b>							
Day Services Building							
<b>Total unrestricted funds</b>	<u>7,463,392</u>	<u>7,745,344</u>	<u>(7,278,391)</u>	<u>(175,632)</u>	<u>-</u>	<u>(333,497)</u>	<u>7,421,216</u>
<b>Restricted funds:</b>							
Children's Service Building Fund	3,000,608		(48,994)	52,283	-	-	3,003,897
Hospice Building Fund	1,024,561		(34,314)	-	-	-	990,247
Day Hospice Building Fund	675,193		(30,438)	(17,065)	-	-	627,690
Coleman Fund	270,617		(4,224)	-	-	-	266,393
Information Centre	133,425		(4,653)	-	-	-	128,772
Day Services Building	1,289,479	410,750	(210)	175,632	-	-	1,875,651
Children's Services	-	300,739	(947,377)	-	-	-	(646,638)
Northumberland Reserve	-			17,065	-	-	17,065
The Dream Foundation	225,578			(52,283)	-	-	173,295
Day Hospice Internet Fund	885		-	-	-	-	885
<b>Total restricted funds</b>	<u>6,620,346</u>	<u>711,489</u>	<u>(1,070,210)</u>	<u>175,632</u>	<u>-</u>	<u>-</u>	<u>6,437,257</u>
<b>Total funds</b>	<u>14,083,738</u>	<u>8,456,833</u>	<u>(8,348,601)</u>	<u>-</u>	<u>-</u>	<u>(333,497)</u>	<u>13,858,473</u>

## **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.

## **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

Included within this fund is a grant from the Community Fund towards the cost of the buildings. At 31 March 2009 a total of £300,000 (2008: £300,000) had been received from the Community Fund and applied to capital works.

### **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 £500,000 of free reserves in 2007/08. In this financial year, there has been a further £410,750 receipted from the capital appeal and a further £175,632 transferred from general reserves as the contribution towards the second year of the capital build.

### **Children's Services**

Funds received specifically to meet the cost of running the Children's Services, less the costs incurred in raising the funds and direct costs of running the service.

### **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.

### **The Dream Foundation**

These funds represent the cash received on 30 March 2007 from the administrators on the winding up of The Dream Foundation Charity. These funds are specifically held to provide relief for persons up to the age of eighteen who are suffering from a terminal illness or who are suffering from a life threatening medical condition which makes it likely that they will not survive beyond their eighteenth birthday by:

- a) ascertaining any appropriate treatment required by that person and
- b) providing specialist equipment to hospitals, clinics and/or the sufferer and his/her parents to enable appropriate treatment to be provided.

### **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.



## 21. LEASING COMMITMENTS

### Operating leases

The company's annual commitments for rental payments under non-cancellable operating leases at 31 March 2009 relate to short leasehold land and buildings as set out below:

	2009 £	2008 £
<b>Operating leases that expire:</b>		
Within one year	-	16,150
Within two to five years	92,239	59,339
Over five years	142,800	149,722
	<u>235,039</u>	<u>225,211</u>

## 22. CAPITAL COMMITMENTS

Funding for the Adult Inpatient Unit and Day Services had been received, thanks to the fundraising efforts of the Mayor of Morpeth over the course of two years and by utilising the Northumberland Reserve (Note 20). Funding for the Children's Service will be met from The Dream Foundation reserve noted above (Note 20).

Within the additions to freehold land and buildings is expenditure of £1,713,487 (2008: £191,348) relating to the construction of a new Day Services Treatment Centre in the grounds of the Hospice. At the year end the expenditure incurred related to construction costs undertaken by Dorin Construction and associated professional fees. Under the terms of the contract, an interim valuation was carried out as at 1st April 2009 by RNJ Partnership LLP, after the year end.

## 23. RELATED PARTY DISCLOSURES

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

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