

REPORT OF THE MEMBERS OF COUNCIL AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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ST OSWALD'S HOSPICE LIMITED

Welcome to the Annual Report of St Oswald's Hospice Limited for the financial year ended 31 March 2014.

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

This report also includes a full set of audited financial statements for the year ended 31 March 2014 and as such forms the Annual Report of the Trustees for the purposes of s162 of the Charities Act 2011 and s445(3), s414A-414D (Directors Report and Strategic Report) of the Companies Act 2006.

Reference and Administrative Details

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

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

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

Our Registered Office

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

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

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

At St Oswald's our ethos is to continue to develop services around the changing needs of the adults and children we care for.

This year, we've developed services, we've developed our patient environment and we've continued to develop our staff.

Within Day Hospice, because of the success of a one-year pilot programme 'Celebrate Life', which was funded by the Big Lottery Fund, we've been able to start developing a wider range of day services. This will involve offering Short Term Therapeutic Interventions on a sessional basis for existing and new patients. In doing so, more local people can access palliative care at a time, in a setting and a way that suits them.

Within our Adult Inpatient Unit, thanks to a Department of Health grant, we've refurbished and extended our bereavement suite to provide a dedicated, private space for families. We've also been able to respond to patient feedback and replace all the old, single-glazed windows on the Inpatient Unit, to provide a warmer, more comfortable environment.

Meanwhile, in our Children & Young Adults Service, we've created a new multi-purpose suite to enable greater provision of physiotherapy, speech therapy, music therapy and group work. There's new sensory equipment to stimulate and relax children and young adults in our care too.

Elsewhere, we've developed and grown our bereavement support services, particularly Ozzy Days for young bereaved children; we've re-launched our Positive Steps programme for prospective patients with life limiting conditions and we've expanded our lymphoedema service further out into the community, offering satellite services in Blaydon and Morpeth for patients with mild and uncomfortable lymphoedema, closer to home.

Clearly, we couldn't have introduced these changes and enhanced patient care without adequate resources – the right people in place and the funds to make it happen. We're committed to supporting and developing our workforce, so they have the skills and expertise to provide the very best services for local people. Learning and development is a hallmark of St Oswald's and I'm delighted we continue to place staff and volunteer development at the very core of what we do.

A huge thank you to everyone who has supported our work this year. As a specialist service, committed to excellence in palliative care, it costs over £10 million to run St Oswald's each year, with £6.5 million contributed through voluntary giving. Thank you to all our supporters, customers, staff and volunteers, patients and families for making St Oswald's the place that it is.

Mike Robson
Chairman

ST OSWALD'S HOSPICE LIMITED

Council and Management at 31 March 2014:

Vice-Presidents

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

Members of Council (Directors and Trustees)

Mr M P Robson (Chairman)		
Dr S Blades (Vice-Chairman)		
Mr I G Kelsall (Treasurer)		
Mr A Mooney	Mrs J Clarke	Mrs D Clasper
Mr K Fanibunda	Ms J Harrison	Mr F A Jones
Dr K A Mannix	Ms M Matheson	Dr H Lucraft

Changes in the year:

Mr Peter Wood and Mrs Sherry Pinner retired as Trustees on 26th November 2013.

Mr Roy McLachlan and Mr Graham Atkinson resigned as Trustees on 25th March 2014.

Dr Helen Lucraft was appointed as a Trustee on 24th September 2013.

Mrs Dorothy Clasper and Ms Marie Matheson were appointed as Trustees on 26th November 2013.

Mr Anth Mooney was appointed as a Trustee on 3rd February 2014.

The Hospice Management Team

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

ST OSWALD'S HOSPICE LIMITED

Our Professional Advisors at 31 March 2014

Auditor:

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

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

Solicitors:

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

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

Punch Robson Solicitors
35 Albert Road
Middlesbrough
Teesside
TS1 1NU

Bankers:

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

Yorkshire Bank
29 Pilgrim Street
Newcastle upon Tyne
NE1 6RL

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

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

Investment Managers:

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

Independent Financial Advisors:

Baker Tilly Employee Benefit Solutions
Charterhouse
Legge Street
Birmingham
B4 7EU
(Transferred to Arthur J Gallagher
during Autumn 2014)

Insurance Advisors:

Towergate MIA
Kings Court
London Road
Stevenage
Hertfordshire
SG1 2GA

ST OSWALD'S HOSPICE LIMITED

REPORT OF THE MEMBERS OF COUNCIL FOR THE YEAR ENDED 31 MARCH 2014

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 a Council meeting. Trustees may subsequently be re-elected for a further term of four years, at the Annual General Meeting, but at the end of that period they must step down. As an exception however, at the absolute discretion of Council, the Treasurer, Chairman and Vice Chairman may be re-appointed for a maximum of a further five years. Council members are not paid for the duties they undertake.

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

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

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

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

REPORT OF THE MEMBERS OF COUNCIL FOR THE YEAR ENDED 31 MARCH 2014 (continued)

Structure, Governance and Management

Council Meetings

Council meets on alternate months in each year and reviews achievements and progress made against strategic objectives. In October each year, Council meets in closed session to review its own performance in accordance with good practice. From this work Trustees are able to further define their training needs, as highlighted above.

Committees

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

- Audit and Investment Committee;
- Nomination and Remuneration Committee; and
- Clinical Governance and Quality Committee.

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

Committee Membership at 31 March 2014

Audit and Investment	Nomination and Remuneration	Clinical Governance and Quality
Trustees:		
Mr I G Kelsall (Chairman)	Mr M Robson (Chairman)	Dr S Blades (Chairman)
Mrs J Clarke	Dr S Blades	Dr K A Mannix
Mrs H Lucraft	Mr F A Jones	Mr K Fanibunda
Mr A Mooney	Mr I G Kelsall	Mrs D Clasper

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

Average Trustee attendance at Audit and Investment, Nomination and Remuneration and Clinical Governance Committee meetings during the year stood at 81%, 100% and 88% respectively.

Average Trustee attendance at the bi-monthly Council meetings stands at 67%.

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

REPORT OF THE MEMBERS OF COUNCIL FOR THE YEAR ENDED 31 MARCH 2014 (continued)

Structure, Governance and Management (continued)

St Oswald's Hospice Promotions Limited

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

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

Changes in Trustees during the year

This year, Mr Roy McLachlan, Mr Peter Wood, Mr Graham Atkinson and Mrs Sherry Pinner stood down as Trustees. We are very grateful for their contribution to St Oswald's – their time, skills and expertise have been invaluable.

Hospice Management Team and Delegation of Powers

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

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

Changes in our Management Team

Mrs Anita Ball assumed additional responsibility for the Communications Department this year. Communications previously sat with the Executive Office.

REPORT OF THE MEMBERS OF COUNCIL FOR THE YEAR ENDED 31 MARCH 2014 (continued)

Managing Risk

There is a hospice-wide commitment to managing risk at St Oswald's, which is rooted in the culture and structure of the organisation.

Trustees and HMT review the Strategic Risk Register in March each year and amend, add or remove items as necessary.

Trustees and HMT also review our Balanced Scorecard reporting tool on a quarterly basis, which includes key performance indicators for areas of activity. If there are areas of concern or risks are identified, they are discussed at Council meetings and action is taken to address or control them. The Balanced Score Card is reviewed on annual basis by Council.

There is a Risk Management Group in place which reports into HMT, meets monthly and reviews operational risk. The Group ensures policies, procedures, systems, controls and awareness programmes are in place to minimise those risks.

We also have a Clinical Quality Group in place to ensure clinical quality is maintained across the Hospice. The Group monitors clinical activity, patient experience data and adverse events.

There are a number of dedicated sub-groups which feed into both the Clinical Quality and Risk Management Groups, namely: Information Governance & Quality, Infection Control, Water Hygiene, Emergency Planning, Essence of Care, Clinical Audit, Medicines Management, Manual Handling, Clinical Education and Medical Gases.

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

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

Financial Risk Factors

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

REPORT OF THE MEMBERS OF COUNCIL FOR THE YEAR ENDED 31 MARCH 2014 (continued)

Managing Risk (continued)

A central review of palliative care funding is still in progress and there is a degree of uncertainty surrounding future levels of income from the NHS. As the Hospice provides a service for the NHS at exceptionally good value for money, we hope and expect that the outcome of the review will not result in any significant reduction in our statutory income.

The Trustees recognise this risk, and balance it with the need to raise money each year to ensure our charitable services can continue and expand. All income generating activities are regularly reviewed to consider whether they are appropriate.

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

Price Risk

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

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

Liquidity Risk

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

REPORT OF THE MEMBERS OF COUNCIL FOR THE YEAR ENDED 31 MARCH 2014 (continued)

Managing Risk (continued)

Credit Risk

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

Interest Rate Cash Flow Risk

The company and the trading subsidiary both have interest bearing assets, in the form of cash deposits, which are subject to changes in interest rates. Levels of interest have remained poor at an average of 1.11% (2012/13 1.11%). This risk had been recognised in previous years, and other streams of income have been generated or increased to make up the shortfall.

Relationships with Other Charities and Organisations

We are contracted to provide care and support to local adults by one Care Trust, five Clinical Commissioning Groups (CCGs) and three acute Hospital Trusts: Northumbria, Newcastle and Gateshead.

We also have a Service Level Agreement with Northumberland, Tyne & Wear NHS Foundation Trust in respect of medical revalidation.

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

We train and educate undergraduates and postgraduate students in a range of health care professions from the University of Newcastle upon Tyne and the University of Northumbria at Newcastle.

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

We are members of the umbrella organisations Together for Short Lives and Help the Hospices, who provide a national voice for children and adult hospices respectively. James Ellam, our Chief Executive, is a Trustee of Together for Short Lives and is the North East's representative on Help the Hospices' Advisory Council.

We are also a member of the Hospice Lotteries Association and the Lotteries Council.

REPORT OF THE MEMBERS OF COUNCIL FOR THE YEAR ENDED 31 MARCH 2014 (continued)

Objectives and Aims

The principal activity of the Hospice is to provide specialist palliative care to adults, children and young people from the North East of England.

Based upon our principal activities, our **vision and mission** is:

St Oswald's is a charity that provides excellence in care for those with life limiting conditions.

We do this by caring, campaigning and educating.

The **philosophy**, as follows, defines the values of the organisation for patients, families, carers, and all those involved in its work.

We:

- Value each patient as an individual.
- Put quality of life first.
- Provide care without discrimination.
- Facilitate integrated care.
- Provide support for families and carers.
- Value all those involved with the work of the Hospice in whatever capacity.
- Are committed to providing a quality service.
- Provide a major resource in palliative care.
- Manage the Hospice effectively.

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

Policies to Achieve Our Objectives

Recruitment and Retention of Staff and Volunteers

Quality is a hallmark of St Oswald's and we achieve and maintain this by recruiting the right people, training them fully and managing them effectively.

Our policies and procedures comply with legislative and regulatory requirements, are based on best practice and govern all our activities, ensuring all our staff – paid and unpaid (volunteers) - can work at an optimal level.

The Safeguarding Vulnerable Groups Act 2006 requires that anyone who has contact with children or vulnerable adults should be subject to a criminal records check, via The Disclosure and Barring Service (DBS), before employment is offered

REPORT OF THE MEMBERS OF COUNCIL FOR THE YEAR ENDED 31 MARCH 2014 (continued)

Policies to achieve our objectives (continued)

to both paid and unpaid staff. The Hospice fully complies with these requirements, as well as DBS regulations regarding barring unsuitable people from working with vulnerable adults and children and guidance on the recruitment of ex-offenders.

As we are committed to Learning and Development at St Oswald's, new staff and volunteer members undertake a comprehensive induction, to embed the underlying values, culture and key principles of working with us. Local induction, as well as on-the-job training is also provided, as well as a wide range of formal learning opportunities, such as training sessions, as well as non-formal learning, such as reflective practice.

In 2013/14 St Oswald's provided 259 training courses, with 2453 attendances, demonstrating the scale of learning and development facilitated onsite.

Staff Remuneration

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

Number of volunteers	1,400 x
Average hours per week	2.5
National Minimum wage	6.31
Total number of weeks per yr	52
=	£1,148 million per year in equivalent paid-workforce costs

Equality of Opportunity

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

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

REPORT OF THE MEMBERS OF COUNCIL FOR THE YEAR ENDED 31 MARCH 2014 (continued)

Policies to achieve our Objectives (continued)

Volunteers

St Oswald's is a volunteering organisation. Over 1,400 local people volunteer for us on a regular basis and the volunteer/ staff ratio is 5:1.

Volunteers work alongside paid staff and offer their skills, experience and expertise to every department within the Hospice and the Promotions Company.

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

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

Every volunteer has a line manager who provides ongoing training, guidance and support, in addition to services provided by our Volunteer Office.

To demonstrate the enormous contribution volunteers make, we've calculated an approximate equivalent cost to the organisation, if we had to pay for the additional support they provide, at the national minimum wage.

Without the commitment and support we receive from volunteers, we couldn't provide the services we do. They provide a vital link to the communities we serve and are key advocates for us within the North East.

Strategic report - Achievements and Performance

HMT revise the strategic objectives every year and they are approved by our Council of Trustees in September. The objectives help shape our annual operational 'Business Plan', which includes bids from budget holders across the Hospice.

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

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

This is the primary objective of the organisation. Outlined below, we explain how we have supported local families over the last year through provision of a range of care services and we demonstrate the impact of work.

Strategic report - Achievements and Performance (continued)

Adult Services

Our Adult Service offers a day hospice, inpatient service, a lymphoedema service, complementary therapy service, outreach, 'positive steps' sessions for prospective patients, carer and bereavement support. Patients are usually referred to us from Newcastle, Gateshead, North Tyneside and Northumberland, with occasional specialist referrals from further afield.

Adult Inpatient Unit

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

Last year...

- There were 208 adult inpatient admissions last year, 103 patient discharges and 103 deaths.
- Patients stayed with us for an average stay of 22 days, down from 27 days in the previous year.
- 4657 bed-days were occupied during the year, a slight decrease on last year, due to refurbishment on the inpatient unit.
- Average bed occupancy was 86%.
- 294 phone calls were received from health care professionals to the palliative care advice line – a service offered in conjunction with Marie Curie Cancer Care.
- 31 carers accessed our Bereavement Service, offered to families who have benefited from any of our care services.

Thanks to funding from a Department of Health grant, we were able to refurbish and extend our mortuary facilities and bereavement suite this year, as well as replace the inpatient bedroom windows.

Replacing the single-glazed, inpatient bedroom windows was a priority for us, as it had been identified by patients through questionnaires and face to face interviews. The funding has enabled us to provide a more comfortable, home from home environment for patients and their families and the improvements have been noted of great value by staff.

Updating and extending our bereavement suite was key, as the existing facilities had not been updated since we opened in 1986. The mortuary facilities have been

Strategic report - Achievements and Performance (continued)

enhanced and we now have a dedicated quiet room for bereaved families which includes a private garden area, away from the main hub of the Hospice.

In addition, this year a comprehensive piece of work has been carried out by our inpatient team, led by Dr Claud Regnard in preparation for the phasing out of the Liverpool Care Pathway across the country. Dr Regnard and his colleagues have devised a "Quality Assessment tool for caring for the dying patient", which is currently being piloted. At St Oswald's we have always devised and implemented individualised care plans in consultation and agreement with the patient and their family. As part of our commitment to providing first class quality care, we have a high nurse to patient ratio and all patient care plans are overseen and signed off by a Consultant.

What families said. . .

"Would you pass on my thanks to all the Staff at St Oswald's? From the poor ladies who I kept employed by visiting late in the evening to all the Nursing, Catering and Domestic staff who allowed a really close friend of mine to pass away in the presence of her family. I was privileged to be there last night when she passed away and will always be comforted with the memory that she died in a room full of love and care."

"When my Dad was at the Hospice, they made us both feel like he was a priority. They made sure we knew what was going on which is probably the most reassuring thing any family can ask for in that situation. I will honestly be grateful for the rest of my life to the nurses that were working that night."

"Just like to thank all the staff at St Oswald's for looking after my friend in his final days. You helped his passing be as comfortable as possible and all the staff we met were so warm and caring. A real credit to the Hospice."

"It is almost five months since my husband died in St Oswald's Hospice. The quality of his care in your hands was a priceless gift to me and my family. I would like to express special thanks to the Red Team."

Adult Day Services

- Within Day Hospice, we received 170 new referrals – a slight decrease on last year.
- There was an average of 300 Day Hospice places booked each month, which is 87% of our capacity. Average actual attendance was 69%.
- There were 146 Outpatient appointments attendances, including a Consultant-led clinic, a Cognitive Behavioural Therapy clinic and a nurse-led clinic for adults with learning difficulties who have cancer.

Strategic report - Achievements and Performance (continued)

- 1,779 Complementary Therapy sessions were provided to Outpatients, Day Hospice patients, inpatients and carers.
- Our 'Positive Steps' programme continued to be offered to local people with life limiting conditions, who may benefit from St Oswald's services at some point in the future.
- We received 615 referrals to our Lymphoedema Service, a 21% increase on last year.
- There were 3,453 lymphoedema attendances, a decrease of 8%.
- A further 2,109 intensive lymphoedema treatments were also delivered, 325 lymphoedema outreach appointments and 102 home visits were provided.

Within our Day Services this year we've piloted a very successful 'Celebrate Life' project, re-launched our 'Positive Steps' programme and expanded our community-based lymphoedema service into Northumberland and Gateshead.

Following focus groups we held with existing day hospice patients, positive steps patients and health care professionals last year, we decided to look into enhancing the 'offer' of our existing Day Hospice to provide a wider range of therapeutic activities on a sessional basis.

We were then fortunate to be awarded £10,000 of funding by the Big Lottery Fund via their Awards for All initiative, which we used to develop a pilot programme of additional, therapeutic activities which we named 'Celebrate Life'.



There were six strands to the project comprising music therapy, horticulture, mindfulness, digital media, creative writing and reminiscence. Some sessions were led by external providers, who also trained our staff and volunteers so that they could continue providing the activities after the pilot ended in March.

The Celebrate Life project evaluated very well indeed, with patients of all abilities having the chance to take part. Patients told us they enjoyed the range of therapies on offer and having the opportunity to structure their time in Day Hospice to their own individual needs.

Following the success of the pilot, we are now looking to roll out a wider programme of therapeutic activities on a booked, sessional basis and promote it externally. The aim is to attract patients with life limiting illness who may only want to take part in one or two activities rather than a full day session, to fit in with their lifestyle such as younger patients, those who work or have a family.

The programme will be facilitated by the entire multi-disciplinary team, including physiotherapists, occupational therapists, chaplain, social workers and nurses.

Strategic report - Achievements and Performance (continued)

Meanwhile during the year we also re-launched and rebranded our 'Taster Sessions' programme, which is now known as 'Positive Steps'. Positive Steps is aimed at local people living with a life limiting condition and their carers. The six week course introduces them to St Oswald's and the wide range of services on offer, as well as providing advice on nutrition, benefits, fatigue management and relaxation. We decided to rebrand as patients felt that 'taster sessions' didn't reflect the course adequately. Patients put forward ideas for a new name and we chose 'Positive Steps'.

The rebrand also gave us the 'hook' to promote the programme again to local health care professionals.

As part of our commitment to raising awareness locally about the breadth of our services, we are now actively marketing St Oswald's to health care professionals via conferences and workshops; healthcare PR, open days, social media and email marketing.

Finally, as we're continuing to see a year-on-year increase in referrals to our lymphoedema service, we've taken proactive steps to assess, cost and manage demand.

We've developed a capacity model to ascertain the optimal level of care we are able to provide, taking into account all known variables, including patient numbers, staffing levels, accommodation and projected income. As a result we took the strategic decision to open two new satellite services in Gateshead and Morpeth, treating patients with mild/moderate and uncomplicated lymphoedema within their own locality. We already provide a satellite service in North Tyneside and we intend to roll out further 'spokes' in the region. St Oswald's remains our 'hub' and centre for those with complicated lymphoedema and requiring specialist care.

After a successful pilot, we now offer a five-week patient education programme to all lymphoedema patients, which focuses on techniques for self managing their condition. The programme has received national recognition, with our lymphoedema team winning the British Lymphology Society's Innovation in Practice Award 2013.

What our Day Services Patients and their families think. . .

"I absolutely love the activities. I'd never done creative writing before and I enjoy the peace of mind it gives me. I've been able to create a memory box of my writing and artwork for my children, to show them what I do during my visits to Day Hospice when they're at school."

"The staff are absolutely fantastic – when you're feeling down they get you right back up again. You wouldn't believe that most people in this room are so ill just from looking. It's a lovely place. This is the absolute lap of luxury. Can't fault it at all. I made a silk scarf in the craft room because I just wanted to have a go. I thought it was pretty good – my wife loved it. It's about partaking in activities as much as anything."

Strategic report - Achievements and Performance (continued)

“Day Hospice has really changed my life.”

“St Oswald's helped me to understand my Lymphoedema and what I could do to help the swelling. I was determined to improve the quality of my life and St Oswald's were able to help me do that. They fitted me with the appropriate pressure garments that I had to wear and told me what gentle exercise I could do to help. They even gave me some useful diet and nutrition tips. I was gradually able to walk around the house more which helped me to lose the fluid and I was eventually able to stop wearing the compression garments – which was a relief! Since then the continued treatment has enabled me to stop using my wheelchair and I now walk with a stick.”

Children and Young Adults Service

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

- 51 children and their families benefited from our Children's Service.
- A further 10 young adults were cared for at St Oswald's.
- 651 admissions, 1,939 bed days were occupied with a 90% occupancy rate.
- The average length of stay is 3 nights per visit.

This year, we've been able to greatly enhance our Children and Young Adult Service environment, thanks to additional funding from both supporters and the Department of Health.

We've redecorated and refurnished our main lounge, teenage area and family lounge. We've also installed a brand new milk kitchen which complies with statutory regulations regarding the preparation of feeds for infants.

Thanks to a Department of Health grant awarded in March 2013, we have been able to provide a multi-purpose therapy suite, as a dedicated space for physiotherapy, music and speech therapy sessions and sensory activities. The suite is large enough to enable group work to take place, so that children and young adults can benefit from therapies with their peers.

Our Paediatric Palliative Care Advice Line is established now and is being accessed regularly by local health care professionals. The telephone advice service is manned by members of our medical and senior nursing team and provides support to colleagues in acute and community settings who have queries about children in their care with complex palliative care needs.

Our support for siblings, through 'Sibz days' and bereaved children via our 'Ozzy Days' continues and is greatly valued by local families. Our Bereavement Support Team facilitate the day sessions for children of all ages.

Strategic report - Achievements and Performance (continued)

Our Young Adults Service continues to grow and develop. We now accept referrals for young adults up to the age of 25 who meet our criteria, including those who are not previously known to us. Further, as we had identified an unmet need, we've started providing day care for young adults who have no other service provision apart from short breaks at St Oswald's. It's a commissioned service which started in May 2014, currently offering day care two days a week to one young adult. The new development has been warmly welcomed by commissioners, staff and families alike.

The new initiative runs in addition to our existing Young Adults Social Group which continues to evaluate very well indeed. Activities this year have included a cocktail evening, a casino night and an outdoor 'day camping' experience.

Finally, in conjunction with Manchester University we completed a research project into transition services for young adults. The project culminated in a published work – 'Small Service, Big Impact' which was then presented to the National Paediatric Care Conference in Glasgow in June last year. Our colleagues at Manchester University also presented the work to the International Family Nursing Conference in Minneapolis, USA.

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

"I love the fact that St Oswald's is like a great big security blanket which wraps round you during the hardest time in your life. We will never forget the role you played in our lives during our son's final years."

"You are all amazing. My beautiful little girl stays with you 2 nights a month for respite. Don't know what I'd do without you."

"Thank you to everyone who made today's Ozzy day so brilliant. At this time of year it is even more difficult for bereaved children, bombarded with happy family scenarios on TV and Christmas celebrations to cope with their loss. Today gave mine a chance to be with other children who have suffered loss and share feelings, thoughts and also laughter. Thank you St Oswald's you are amazing."

"When [my son] comes through in to [St Oswald's] lounge his eyes twinkle and he smiles. He knows where he is which makes me happy."

Strategic Report – Monitoring and Compliance: ensuring quality care

We have a range of mechanisms in place to ensure we continue to provide a first class quality service to adults, children and young people.

Patient experience is measured by questionnaires, face to face interviews, focus groups and submissions to our new 'feedback bank'. Our feedback bank serves as a central store for all patient experience data, as well as comments, complaints, compliments and suggestions from stakeholders. The responses are collated, analysed and then reported in to our Clinical Quality Group for action where necessary. Actions taken are publicised on our website.

Strategic report – Monitoring and Compliance: ensuring quality care (continued)

We are pleased to report a low level of complaints across all clinical services last year and continue to be humbled by the number of thank you letters, cards and complimentary comments on social media channels we receive.

We are monitored and regulated by the Care Quality Commission (CQC) and we received an unannounced visit to our Adult Inpatient Unit and our Children & Young Adult Service in December 2013.

We were compliant in all five outcomes and no recommendations for improvement were made.

The CQC Team focussed on care and welfare of people who use services, safety and suitability of premises, requirements relating to workers, assessing and monitoring the quality of service and records.

The team also spoke to a number of patients, young people and carers and were delighted to receive very positive feedback, such as 'how could we not be happy to be here when we are being looked after by such caring professionals' and 'I could not fault the care.'

Finally, during the year recommendations by Robert Francis QC were published and identified a number of key ways in which quality can be supported and safeguarded across the NHS. The Government's response to the recommendations focuses on clear quality standards and patient centred care – to provide a culture of caring.

As a result of the report, our Clinical Quality Group has been tasked with reviewing the recommendations, identifying potential implications, taking forward any action that needed to be taken and updating our Compliance Register accordingly. Regular updates are provided to Trustees via our Clinical Quality & Governance Committee and Council.

Develop strategic partnerships with neighbouring providers.
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We continue to play an important role in the North of Tyne Palliative Care Providers Forum which comprises consultants, community nurses, representation from Social Services, Northern Doctors Urgent Care, St Oswald's, other local hospice providers and Marie Curie Cancer Care Centre in Newcastle. The group meets to discuss broad issues affecting the palliative sector in the North East and enable members to provide peer support and advice on issues of mutual interest or concern.

In addition, as part of our role on the Transition Taskforce – a national coalition of aiming for better provision of care and support for young adults aged 18 – 25 - we continue to develop closer links with providers of local services, such as the Percy Hedley Foundation.

Percy Hedley Foundation provides education and care for children, young adults and the elderly with disabilities. Although palliative care isn't delivered at Percy Hedley Foundation, some of their service users have complex health needs and there has

Strategic report – Monitoring and Compliance – ensuring quality care (continued)

been a number of opportunities for shared learning and future partnership working, which we are keen to pursue.

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

St Oswald's is widely regarded as a leader in the field of specialist palliative care education. Dr Claud Regnard and his team's very recent work in developing a quality assurance tool for the care of the dying is a just one example of how we use our expertise to inform and educate health care colleagues locally, nationally and internationally.

Similarly, within our Children and Young Adults Service, during the year we were asked to take part in the SEND project, a Together for Short Lives initiative which has been funded by the Department of Education. The project aims to improve children's palliative care engagement in the reform of Special Educational Needs and Disability (SEND). Involvement in the SEND initiative enable us to educate and influence key stakeholders outside the region as well as develop closer working relations with the Percy Hedley Foundation.

We are keen to maximise our position as a leader in specialist palliative care education and market our education programmes more widely, building on our existing provision, which includes postgraduate training for specialty registrars, GP training and third year medical students.

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

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

Our clinical education programme is now firmly embedded at St Oswald's, ensuring staff are updated not only with mandatory training, but also best practice in palliative care. The programme covers 12 key topics over two years and includes advanced oedema, sexuality and body image, nutrition and palliative care emergencies.

A Clinical Education Group now meets regularly too, to identify and agree clinical educational requirements, monitor training attendance and oversee the clinical education programme. The group comprises clinical service leads, our Learning and Organisational Development Manager and a Consultant.

Strategic report – Monitoring and Compliance – ensuring quality care (continued)

HOSPICE GOVERNANCE:

Respond to Care Quality Commission Accreditation.

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

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

Anticipate and respond to Monitor.

Monitor is the independent regulator of the health sector. Its duty is to protect and promote patients' interests, by ensuring healthcare services are economic, efficient and effective, and committed to quality.

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

Respond to the new commissioning environment.

Clinical Commissioning Groups (CCGs) were introduced in April last year and we continue to foster and develop working relationships. It is the remit and responsibility of one commissioner from North of England Commissioning Support Unit to commission services at St Oswald's for both North and South of Tyne, which we feel is a huge benefit in terms of building relations, decision making and communication.

Meanwhile, following the National Palliative Care Funding Review, preparations for a new funding mechanism for palliative care for adults and children, which includes a national tariff, continues and could affect commissioning arrangements with St Oswald's once the shadow phase of the project is initiated, scheduled for 2015.

Strategic report – Monitoring and Compliance – ensuring quality care (continued)

Achievements re: Voluntary Income Strategy.

Our annual running costs stand at £11 million of which over £7 million must be raised through voluntary giving. Other income streams include funding from the statutory authorities and professional fees.

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

Strategic Report - Fundraising Strategy

Our team is comprised of fundraisers who seek support from donors, in specific geographical areas; face to face fundraisers and our Supporter Care team.

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

Our lottery continues to provide St Oswald's with its largest source of income with £806,306 being transferred to the Hospice last year (including raffle and 200 club income).

This year we've continued to roll out our supporter care and retention strategy, which has included the introduction of good luck and thank you calls to donors; an initiative which has been very gratefully received.

We launched a Major Donor prospectus to attract higher level givers to invest in our services and commit to supporting St Oswald's in the long term.

We also launched a brand new 'Life List' initiative, targeting supporters with life long ambitions and helping them to achieve their goals whilst supporting St Oswald's. Participants can choose from a wide range of challenges, including marathons, treks and cycles, with a view to being awarded a bronze, silver or gold award depending on the size of the task and amount of money needed to be raised.

Kaleidoscope 5k is our flagship 'Life List' event and is scheduled for July 2014. It's Newcastle's first ever 'colour run' and aims to attract new donors. Marketing for the event has concentrated heavily on social media to attract our target audience and a younger demographic.

Other events held this year have included our most successful ever Christmas Market ever with £18,000 raised towards our work. Similarly, our Red Carpet Ball raised more than ever before, with £69,000 received in donations.

Our Midnight Walk was very well supported again this year and participants broke the world record for the largest 'hand jive' before the Musicals-themed event and we were later given an award by the Guinness Book of Records.

Strategic report – Monitoring and Compliance – ensuring quality care (continued)

Going forward, we continue to follow our strategy of increasing income from major donors, trusts and legacies, regular givers and one-off gifts. We're tailoring our communications to fit the needs of our donors better, with the aim of increasing the lifetime value of their contribution to us.

In the next financial year we go live with a new website, which will provide the hub for all our digital marketing activity and enable us to increase online giving, sales and generate new leads for the fundraising and retail teams.

Retail Strategy

Income received through our retail activity exceeded its projections this year, with an annual turnover of £2.66 million and £805,000 surplus.

We now operate 20 shops around the region, selling good quality second hand goods. We also sell a range of new goods in our shops and online via our website.

In addition we offer a paid-for House Clearance Service, which is very popular with estate agents, solicitors and individuals and is an initiative we plan to expand in the coming year.

Going forward, we've a schedule of planned shop refurbishments to enhance customer experience and drive sales. We also have plans to increase the number of 'specialist shops' in our portfolio, selling specific ranges of goods as furniture, books, children's wear and toys and bridal.

Strategic report – Strategic Objectives

Strategic Objectives: 2014/15 and 2015- 2025 'A 10 year vision'
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Earlier this year, HMT and Trustees agreed to embark upon an exercise to review the vision, mission and values of the St Oswald's Hospice, with a view to developing an overarching 10 year plan for the organisation.

At the Council meeting in March 2014, the following draft strategic objectives were agreed:

Draft Strategic Objectives:

1. Continuously improve the quality and efficiency of the services that we provide to our patients and their families.
2. Lead the development of palliative care services within the region by working more closely with other organisations.

Strategic report – Strategic Objectives (continued)

3. Work with staff and volunteers to deliver excellent services through our commitment to individual development.

4. Work flexibly, always seeking to maintain financial stability.

The strategic objectives outline the direction of travel for St Oswald's and underpin the set of actions as agreed as follows:

Future Actions (2015-2020)

- Open the 3/4 remaining adult beds at SOH.
- Grow children's activity to the 8 bed on-site capacity.
- Provide a separate, dedicated Young Adult unit/provision.
- Develop expertise and capacity in non-cancer conditions.
- Develop a Co-ordination Centre (Stage One) – set up a bureau to advise all providers of palliative care in the North of Tyne area.
- Develop more formal alliances with other local hospices in order to increase access to high quality care.
- Set up the "North East Palliative Care Education & Conference Centre" on a commercial basis.
- Develop dedicated accommodation for carers and bereaved families.
- Place the NHS lymphoedema service on a sound commercial footing with a community-based network of provision.

Future Actions (2020 – 2025)

- Co-ordination Centre (Stage Two) – using the evidence base generated at Stage One, to fill in the gaps in current services / develop alternative provision of services in our catchment area.

Throughout the 10 year period we will ensure:

- We challenge our current and future use of resources
- Greater research underpinning our work and strategies
- Ensure appropriate accommodation to deliver the above services

At the time of writing, the draft 10 year vision has been approved by Council and shared with staff and volunteers at roadshows held throughout May, for consultation. The final version of the vision will be presented to Council for approval at their July meeting. Meanwhile, very early planning work is about to start, to prioritise

Strategic report – Strategic Objectives (continued)

objectives and ensure each work stream is managed effectively and appropriately resourced.

Operational Objectives 2014/15

In addition to the 10 year plan as identified above, additional operational objectives for the year ahead 2014/15 are as follows:

- To maintain and develop high quality Hospice services accessible to the local community. Achievement of this is monitored through patient and stakeholder feedback continuing to show high levels of satisfaction.
- To continue to develop the Hub and Spoke service model for Lymphoedema, providing services closer to patients' homes. Success will be monitored by the attendance rates at outreach clinics and positive patient feedback.
- To develop the education and awareness programme for Lymphoedema patients and associated Health Care Professionals. Meeting this objective will be measured by the existence of a plan of events and associated evaluations.
- Reduce the waiting times for Lymphoedema Services in full consultation with patients, staff and commissioners. Waiting times will be monitored as a measure of success against this objective. This item depends upon increased commissioning funding in 2014/15, currently under discussion.

Strategic Report – Financial Performance

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

For the year ended 31 March 2014 we recorded net income, including grants but before accounting for movements in our investments, of £238,306 (2012/13 net income of £278,994).

Our total incoming resources for the year increased by 7.5% (2012/13: increase of 10%) to £11,268,812. Our total resources expended increased by 8.1% (2012/13: increase of 7.6%) to £11,030,506.

During 2013/14 we were grateful to receive £969,571 in grants and donations to cover specific projects. This is shown in the financial statements as "restricted income", and appropriate expense is shown against it as "restricted expense". This differentiates it from the normal ongoing operations of the Hospice, which we call "general" income and expense.

Strategic Report – Financial Performance (continued)

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

	<u>2013/14</u>	<u>2012/13</u>	<u>Increase/(Decrease)</u>
General income	10,299,241	10,021,606	287,635
General expenditure	10,416,571	9,468,713	957,858
Net expenditure (income) before movement on investments	(117,330)	552,893	(670,223)

Incoming Resources

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

Incoming Resources From Generated Funds

Voluntary income is the total of donations and legacies received. Donations and income from regular givers totalled £1,205,949, (2012/13: £1,288,445) of which £205,964 was restricted (2012/13: £253,519).

Activities for generating funds have this year raised £4,777,447 (2012/13: £4,268,790). Our fundraising team covers the whole of the region, working in the community to assist others to organise fundraising events.

St Oswald's Hospice Promotions Limited is our trading subsidiary, and this year a Gift Aid payment of £806,306 has been declared (2012/13: £807,678). The subsidiary's main activity is the Hospice lottery.

Investment income, comprising interest and dividends received has remained steady at £71,795 for the year (2012/13: £71,293).

Incoming Resources From Charitable Activities

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

We received £194,752 from the Department of Health, under Section 64 of the Health Services and Public Health Act 1968, to support the activities of our

Strategic Report – Financial Performance (continued)

Children's Service. We also receive a payment per night for each child or young adult accommodated.

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

Resources Expended

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

Costs of Generating Funds

Sales of donated goods increased by 19%. Equivalent costs increased by 17%. New shops were opened during the year in Byker (children's goods) and Gosforth (bookshop) and we saw a full year's trading activity by our Morpeth, Blaydon and Gosforth shops.

Costs of Charitable Activities

Expenditure on our charitable activities, including property costs, depreciation charges and support costs, represents 64.2% of our total expenditure (2012/13: 64.8%). Staff costs remain by far the greatest type of expenditure we incur. Without our dedicated professional staff we could not continue to provide our services.

Balance Sheet

Our Balance Sheet at 31 March 2014 shows funds of £16,078,977 (2013: £15,806,887) of which £12,684,550 is represented by fixed tangible and investment assets (2013: £12,398,779) and £446,000 is represented by a long term deposit (2013: £446,000). Notes 15 and 16 to the financial statements set out expenditure and other movements relating to fixed assets and fixed asset investments.

Summary

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

Strategic Report – Financial Performance (continued)

The Trustees are satisfied with the financial position of St Oswald's Hospice Limited and St Oswald's Hospice Promotions Limited as at the year ended 31 March 2014.

Strategic Report – Regulatory Statements

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

Investment Policy and Performance

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

The value of our investments increased this year as a result of movements in the markets. Dividend income is paid over to the Hospice as it is received. The portfolio has seen an increase in value over the year of 1.7% compared to an increase in the FTSE 100 index over the same period of 2.9% .

The average return on our cash deposits was 1.11% (2012/13: 1.11%). The Bank of England base rate remained at 0.5% throughout the year, but we were able to take advantage of a higher paying instant access deposit account. We have taken a cautious approach to cash deposits through the year and have avoided the higher interest rates offered by riskier overseas banks. The average return on our equity investments, based on their market value at 31 March 2014, was 4.17% (2012/13: 3.25%). Given the prevailing market conditions, the Trustees are satisfied with the performance of our investments.

Reserves Policy

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

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

Strategic Report – Regulatory Statements (continued)

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

Our acceptable range of free reserves is reviewed annually by the Audit and Investment Committee and for this year the range is considered to be between £2.8 million and £9.9 million. Within this broad range, we have a target of £6,500,000, which we consider a reasonable amount to ensure the longer-term viability of the charity.

As at 31 March 2014, our accumulated general funds stood at £9,105,412 (2013: £8,577,510). The free reserves of the charity as at 31 March 2014, as defined by the Charity Commission as those general funds not represented by tangible fixed assets, are £4,899,814 (2013: £4,874,098). 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.

Directors' Responsibilities Statement

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the Trustees are aware:

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

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

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.

Auditor

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

By order of the Board



M P Robson
Chairman

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

FINANCIAL STATEMENTS

For the Year Ended

31 March 2014

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

We have audited the group and parent charity financial statements of St Oswald's Hospice Limited ("the financial statements") for the year ended 31 March 2014 on pages 36 to 61 which comprise Consolidated Statement of Financial Activities, Balance Sheet, Consolidated Cash Flow Statement and related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 31 and 32, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at <http://www.frc.org.uk/auditscopeprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2014 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other requirement of the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

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

14 October 2014

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

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Income and Expenditure					
Incoming Resources					
Incoming resources from generated funds:					
Voluntary income	2	2,311,134	205,964	2,517,098	2,612,592
Activities for generating funds	3	4,777,447	-	4,777,447	4,268,790
Investment income	5	71,795	-	71,795	71,293
Incoming resources from charitable activities	6	<u>3,138,865</u>	<u>763,607</u>	<u>3,902,472</u>	<u>3,529,702</u>
Total incoming resources		<u>10,299,241</u>	<u>969,571</u>	<u>11,268,812</u>	<u>10,482,377</u>
Resources expended					
Costs of generating funds					
Fundraising trading: costs of goods sold and other costs	11	572,475	-	572,475	429,561
Costs of activities for generating funds	7, 11	2,912,432	-	2,912,432	2,707,946
Investment management fees	11	<u>13,187</u>	<u>-</u>	<u>13,187</u>	<u>10,439</u>
Total costs of generating funds		<u>3,498,094</u>	<u>-</u>	<u>3,498,094</u>	<u>3,147,946</u>
Cost of charitable activities	8, 11	6,474,211	613,935	7,088,146	6,620,150
Governance costs	11	<u>444,266</u>	<u>-</u>	<u>444,266</u>	<u>435,287</u>
Total resources expended	11	<u>10,416,571</u>	<u>613,935</u>	<u>11,030,506</u>	<u>10,203,383</u>
Net (expenditure)/income before recognised gains and losses		(117,330)	355,636	238,306	278,994
Loss on disposal of fixed assets	15	-	-	-	-
Gains on investment assets	16	<u>33,784</u>	<u>-</u>	<u>33,784</u>	<u>102,540</u>
Net movement in funds		(83,546)	355,636	272,090	381,534
Total funds brought forward					
at 1 April 2013	22	8,577,510	7,229,377	15,806,887	15,425,353
Transfers between funds	22	<u>611,448</u>	<u>(611,448)</u>	<u>-</u>	<u>-</u>
Total funds carried forward					
at 31 March 2014	22	<u>9,105,412</u>	<u>6,973,565</u>	<u>16,078,977</u>	<u>15,806,887</u>

All of the activities were continuing. There were no recognised gains and losses other than those included in the statement above. There is a reported surplus this year.

The net income before recognised gains and losses for the unconsolidated entity St Oswald's Hospice Limited was £238,306 (2013: £278,994).


The notes on pages 40 to 61 form part of these financial statements.

BALANCE SHEET AS AT 31 MARCH 2014
Group/Hospice

	Notes	Group		Hospice	
		2014	2013	2014	2013
					£
Fixed Assets					
Tangible assets	15	11,120,280	10,860,024	11,116,030	10,853,649
Investments	16	1,564,270	1,538,754	1,564,272	1,538,756
Long term deposit	20	446,000	446,000	446,000	446,000
		<u>13,130,550</u>	<u>12,844,778</u>	<u>13,126,302</u>	<u>12,838,405</u>
Current Assets					
Stocks		76,661	93,165	34,047	35,432
Debtors	17	1,413,011	904,769	1,477,983	990,327
Short term deposits		1,013,493	1,007,390	1,013,493	1,007,390
Cash at bank and in hand		<u>1,121,321</u>	<u>1,780,935</u>	<u>893,804</u>	<u>1,543,170</u>
		3,624,486	3,786,259	3,419,327	3,576,319
Creditors:					
Amounts falling due within one year	18	<u>(558,440)</u>	<u>(723,644)</u>	<u>(378,830)</u>	<u>(536,625)</u>
Net current assets		<u>3,066,046</u>	<u>3,062,615</u>	<u>3,040,497</u>	<u>3,039,694</u>
Total assets less current liabilities		16,196,596	15,907,393	16,166,799	15,878,099
Provisions for liabilities and charges	19	<u>(117,619)</u>	<u>(100,506)</u>	<u>(117,619)</u>	<u>(100,506)</u>
Net assets		<u>16,078,977</u>	<u>15,806,887</u>	<u>16,049,180</u>	<u>15,777,593</u>
Funds					
Unrestricted funds:					
General funds	22	8,908,552	8,130,836	8,908,552	8,130,758
Designated funds	22	167,063	417,458	167,063	417,458
Non-Charitable Trading Reserve	22	<u>29,797</u>	<u>29,216</u>	-	-
		9,105,412	8,577,510	9,075,615	8,548,216
Restricted funds	22	<u>6,973,565</u>	<u>7,229,377</u>	<u>6,973,565</u>	<u>7,229,377</u>
Total funds		<u>16,078,977</u>	<u>15,806,887</u>	<u>16,049,180</u>	<u>15,777,593</u>

The financial statements of St Oswald's Hospice Limited (registered number 01166239) on pages 36 to 61 were approved by the members of Council on and signed and authorised for issue on their behalf by:


M P Robson
Chairman


I G Kelsall
Treasurer

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014**

	2014	2014	2013	2013
			£	£
Net cash inflow/(outflow) from operating activities		19,608		1,047,037
Returns on investments and servicing of finance				
Dividends received	60,084		52,072	
Interest received	<u>11,711</u>		19,221	
		71,795		71,293
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(753,238)		(328,889)	
Purchase of investments	(623,445)		(873,326)	
Proceeds of sale of investments	628,055		911,374	
Proceeds from sale of fixed assets	<u>56</u>		5,718	
		(748,571)		(285,123)
Management of liquid resources				
Increase in cash held in portfolio	3,657		(30,931)	
Decrease in short term deposits	<u>(6,103)</u>		37,538	
		(2,446)		6,607
Net cash (decrease)/increase		<u>(659,614)</u>		<u>839,814</u>

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

	2014	2013
	£	£
Net incoming resources	238,306	278,994
Depreciation	492,926	443,724
Investment income	(71,795)	(71,293)
Decrease/ (increase) in stocks	16,504	(1,122)
(Increase)/decrease in debtors	(508,242)	383,167
(Decrease)/increase in creditors	(165,204)	18,328
Increase/(decrease) in provisions	17,113	(4,761)
	<u>19,608</u>	<u>1,047,037</u>

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

Reconciliation of net cash flow to movement in net funds	2014		2013
	£		£
(Decrease)/increase in cash in the year	(659,614)		839,814
Cash from decrease in liquid resources	<u>6,103</u>		<u>(37,538)</u>
Movement in net funds in the year	(653,511)		802,276
Net funds at 1 April 2013	<u>2,788,325</u>		<u>1,986,049</u>
Net funds at 31 March 2014	<u>2,134,814</u>		<u>2,788,325</u>

Analysis of net funds	Opening net funds 1/4/13	Cash Flow	Closing net funds 31/03/14
	£	£	£
Cash at bank and in hand	1,780,935	(659,614)	1,121,321
Short term deposits	<u>1,007,390</u>	<u>6,103</u>	<u>1,013,493</u>
	<u>2,788,325</u>	<u>(653,511)</u>	<u>2,134,814</u>

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of preparation and consolidation

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

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

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

The financial statements have been prepared on the assumption that the organisation will continue as a going concern for the foreseeable future. See further detail within the financial review on pages 26 to 29.

(b) Hospice status

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

(c) Fund accounting

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

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

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 financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

(d) Goods for resale

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

(e) Legacies receivable

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

(f) Deferred income

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

(g) Gifts in kind

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

(h) Grants receivable

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

(i) Resources expended

All expenditure is accounted for on an accruals basis.

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

(j) Pension costs

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

(k) Operating leases

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

(l) Irrecoverable VAT

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

(m) Tangible fixed assets and depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

No depreciation is charged on freehold land.

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

(n) Investments

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

(o) Stocks

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

(p) Liquid resources

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. VOLUNTARY INCOME

	General funds	Restricted funds	Total 2014	Total 2013
	£	£	£	£
Donations	999,985	205,964	1,205,949	1,288,445
Legacies	1,311,149	-	1,311,149	1,324,147
Total voluntary income	2,311,134	205,964	2,517,098	2,612,592

3. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	General funds	Restricted funds	Total 2014	Total 2013
	£	£	£	£
Special events	950,031	-	950,031	805,451
Sale of donated goods	2,467,884	-	2,467,884	2,065,608
Catering sales	52,094	-	52,094	54,611
Trading subsidiary income (Note 4)	1,307,438	-	1,307,438	1,343,120
Total incoming resources from activities for generating funds	4,777,447	-	4,777,447	4,268,790

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. TRADING SUBSIDIARY INCOME AND EXPENDITURE

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

The results of the subsidiary are summarised below:

	Total 2014	Total 2013
		£
Turnover (Note 3)	1,307,438	1,343,120
Cost of sales	<u>(386,649)</u>	<u>(414,486)</u>
Gross profit	920,789	928,634
Administrative expenses	<u>(114,483)</u>	<u>(120,956)</u>
Operating profit	806,306	807,678
Interest receivable (Note 5)	<u>-</u>	<u>-</u>
Profit on ordinary activities	806,306	807,678
Gift Aid payment to St Oswald's Hospice Limited	<u>(806,306)</u>	<u>(807,678)</u>
Profit on ordinary activities before taxation	-	-
Taxation	<u>-</u>	<u>-</u>
Retained in subsidiary undertaking	<u>-</u>	<u>-</u>

The net assets of the subsidiary at 31 March 2014 amounted to £29,799 (2013: £29,799).

5. INVESTMENT INCOME

	Total 2014	Total 2013
	£	£
Dividends received	60,084	52,072
Interest received - charity	11,711	19,221
	<u>71,795</u>	<u>71,293</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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	General funds £	Restricted funds £	Total 2014 £	Total 2013 £
Public Authority contributions:				
Adult inpatient unit	1,367,269	359,711	1,726,980	1,370,197
Adult day services	904,140	-	904,140	754,863
Children's services	646,381	403,896	1,050,277	1,114,187
Medical outreach	120,463	-	120,463	209,121
Educational income	47,551	-	47,551	35,450
Other professional fees	53,061	-	53,061	45,884
Total incoming resources from charitable objectives	3,138,865	763,607	3,902,472	3,529,702

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

7. COSTS OF ACTIVITIES FOR GENERATING FUNDS

	General funds £	Restricted funds £	Total 2014 £	Total 2013 £
Event costs	388,064		388,064	442,379
Sale of donated goods	1,890,854	-	1,890,854	1,614,514
Catering and other sales	151,382	-	151,382	134,111
Costs of trading subsidiary (Note 4)	482,132	-	482,132	516,942
Total costs of activities for generating funds	2,912,432	-	2,912,432	2,707,946

8. COSTS OF CHARITABLE ACTIVITIES

	General funds £	Restricted funds £	Total 2014 £	Total 2013 £
Adult inpatient services	2,789,886	83,160	2,873,046	2,624,079
Adult day care services	1,764,698	110,282	1,874,980	1,547,188
Children & Young Adults' services	1,638,175	410,802	2,048,977	1,926,453
Medical outreach	108,807	-	108,807	359,655
Education activities	172,645	9,691	182,336	162,775
Total costs of charitable activities	6,474,211	613,935	7,088,146	6,620,150

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. NET INCOMING RESOURCES BEFORE RECOGNISED GAINS AND LOSSES

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

	Group 2014	Hospice 2014	Group 2013	Hospice 2013
	£	£	£	£
Depreciation	492,926	488,676	443,724	441,599
Auditors' remuneration	13,500	11,500	13,500	11,500
Operating lease charges (land & buildings)	367,900	367,900	327,604	327,604
Pension costs	415,032	408,193	391,374	381,210

10. ANALYSIS OF SUPPORT COSTS

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

	Human Resources £	Information Systems £	Finance £	Corporate Services £	Total Allocation (Note 11) £
Voluntary income	-	-	71,977	-	71,977
Activities for generating funds					
Event costs	7,222	21,982	27,166	30,383	86,753
Sale of donated goods	11,735	35,717	70,570	49,365	167,387
Catering and other services	2,340	7,123	1,490	9,846	20,799
	21,297	64,822	99,226	89,594	274,939
Charitable activities					
Adult inpatient services	12,526	38,128	39,097	52,691	142,442
Adult day services	4,977	15,149	25,854	20,940	66,920
Children's services	11,768	35,817	24,052	49,505	121,142
Medical outreach	1,615	4,916	3,445	6,795	16,771
Educational activities	857	2,609	1,360	3,605	8,431
	31,743	96,619	93,808	133,536	355,706
Governance	2,176	6,622	0	9,151	17,949
Total allocated support costs	55,216	168,063	265,011	232,281	720,571

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Direct Activity Costs £	Support Costs (Note 10) £	Depreciation £	Total 2014 £	Total 2013 £
Costs relating to voluntary income	<u>500,498</u>	<u>71,977</u>	<u>-</u>	<u>572,475</u>	<u>429,561</u>
Costs of generating funds:					
Costs of activities for generating funds:					
Event costs	294,173	86,753	7,138	388,064	442,379
Sale of donated goods	1,617,056	167,387	106,411	1,890,854	1,614,514
Catering and other sales	130,163	20,799	420	151,382	134,111
Costs of trading subsidiary (Note 4)	<u>482,132</u>	<u>-</u>	<u>-</u>	<u>482,132</u>	<u>516,942</u>
Total costs of activities for generating funds	2,523,524	274,939	113,969	2,912,432	2,707,946
Investment management fees	<u>13,187</u>	<u>-</u>	<u>-</u>	<u>13,187</u>	<u>10,439</u>
Total costs of generating funds	<u>2,536,711</u>	<u>274,939</u>	<u>113,969</u>	<u>2,925,619</u>	<u>2,718,385</u>
Charitable activities:					
Provision of hospice services:					
Adult inpatient services	2,605,255	142,442	125,349	2,873,046	2,624,079
Adult day services	1,672,805	66,920	135,255	1,874,980	1,547,188
Children's services	1,819,176	121,142	108,659	2,048,977	1,926,453
Medical outreach	91,747	16,771	289	108,807	359,655
Educational activities	<u>169,138</u>	<u>8,431</u>	<u>4,767</u>	<u>182,336</u>	<u>162,775</u>
Total cost of charitable activities	<u>6,358,121</u>	<u>355,706</u>	<u>374,319</u>	<u>7,088,146</u>	<u>6,620,150</u>
Governance costs	<u>425,927</u>	<u>17,949</u>	<u>390</u>	<u>444,266</u>	<u>435,287</u>
Total Resources Expended	<u>9,821,257</u>	<u>720,571</u>	<u>488,678</u>	<u>11,030,506</u>	<u>10,203,383</u>

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

12. TRUSTEES

The trustees (who are also directors) were not entitled to receive any remuneration during the year and no remuneration was paid to them (2013: £ Nil).

The amount of expenses reimbursed to Trustees during the year was £ Nil (2013: £ Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. STAFF COSTS - GROUP

	2014	2013
	£	£
Wages and salaries	6,024,964	5,843,180
Social security costs	476,283	473,230
Pension costs	<u>415,032</u>	<u>391,374</u>
Staff costs	<u><u>6,916,279</u></u>	<u><u>6,707,784</u></u>

There were seven employees during the year (2013: seven) whose emoluments as defined for taxation purposes amounted to over £60,000. Of these employees, four (2013: four) were consultants or senior medical staff, including the highest paid member of staff in each year. These staff can be analysed as follows:

	2014	2013
	Number	Number
£60,001 - £70,000	3	3
£70,001 - £80,000	1	-
£80,001 - £90,000	1	2
£100,001 - £110,000	1	1
£120,001 - £130,000	1	-
£130,001 - £140,000	-	1

Pension contributions made in respect of those staff classified as higher paid employees were £71,336 (2013: £63,117) in aggregate. Of these staff none were accruing benefits under a defined contribution scheme (2013: none) and seven were accruing benefits under a defined benefit scheme (2013: five).

	2014	2013
Staff breakdown:	Number	Number
Direct charitable services	139	137
Support services	26	24
Management and administration	7	7
Fundraising and publicity	13	13
Trading activities (including subsidiary)	<u>45</u>	<u>39</u>
	<u><u>230</u></u>	<u><u>220</u></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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

The Plan closed to further accrual in January 2010 and following two Court hearings, for interpretation of the Plan rules, the entitlement of members has been definitively established. An actuarial valuation at 31 March 2009 revealed a significant deficit and a consequent Recovery Plan required the Company to contribute £14,912 for the three years commencing 1st April 2011 in respect of its share of the deficit.

A further actuarial valuation at 31 March 2012, shows that the overall deficit at that date is approximately £18.3 million. In line with the approach used for the 2009 valuation, the basis used to calculate the deficit was chosen to produce a level for the liabilities which was anticipated to be broadly in line with the cost of securing the Plan benefits with an insurer. A new Recovery Plan has now been issued which takes account of the 31 March 2012 actuarial variation and subsequent changes in assets and liabilities up to the date of signing the valuation in June 2013.

Following the outcome of the Court case the Trustee of the Plan has decided to adjust each employer's liability in the new Recovery Plan to reflect the extent to which each employer has either underpaid or overpaid contributions during the course of the existing Recovery Plan. The Company will be required to pay £23,110 per annum for three years from 1st April 2014 and £20,864 per annum for two years from 1st April 2017 as its share of the deficit.

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

14. TAXATION

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

Taxation of £ Nil (2013: £ Nil) has been accounted for in the results of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £	Short Lease Premises £	Motor Vehicles £	Fixtures, Fittings and Equipment £	Total £
Cost					
1 April 2013	10,649,667	550,455	152,902	2,838,001	14,191,025
Disposals	-	-	(56)	-	(56)
Additions	290,278	83,430	-	379,530	753,238
31 March 2014	<u>10,939,945</u>	<u>633,885</u>	<u>152,846</u>	<u>3,217,531</u>	<u>14,944,207</u>
Depreciation					
1 April 2013	1,636,505	191,342	103,866	1,399,288	3,331,001
Disposals	-	-	-	-	-
Charge for the year	170,328	99,997	9,617	212,984	492,926
31 March 2014	<u>1,806,833</u>	<u>291,339</u>	<u>113,483</u>	<u>1,612,272</u>	<u>3,823,927</u>
Net book value:					
31 March 2014	<u>9,133,112</u>	<u>342,546</u>	<u>39,363</u>	<u>1,605,259</u>	<u>11,120,280</u>
31 March 2013	<u>9,013,162</u>	<u>359,113</u>	<u>49,036</u>	<u>1,438,713</u>	<u>10,860,024</u>

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

Hospice	Freehold Land and Buildings £	Short Lease Premises £	Motor Vehicles £	Fixtures, Fittings and Equipment £	Total £
Cost					
1 April 2013	10,649,667	550,455	152,902	2,829,501	14,182,525
Disposals	-	-	(56)	-	(56)
Additions	288,153	83,430	-	379,530	751,113
31 March 2014	<u>10,937,820</u>	<u>633,885</u>	<u>152,846</u>	<u>3,209,031</u>	<u>14,933,582</u>
Depreciation					
1 April 2013	1,636,505	191,342	103,866	1,397,163	3,328,876
Disposals	-	-	-	-	-
Charge for the year	170,328	99,997	9,617	208,734	488,676
31 March 2014	<u>1,806,833</u>	<u>291,339</u>	<u>113,483</u>	<u>1,605,897</u>	<u>3,817,552</u>
Net book value:					
31 March 2014	<u>9,130,987</u>	<u>342,546</u>	<u>39,363</u>	<u>1,603,134</u>	<u>11,116,030</u>
31 March 2013	<u>9,013,162</u>	<u>359,113</u>	<u>49,036</u>	<u>1,432,338</u>	<u>10,853,649</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. INVESTMENTS HELD AS FIXED ASSETS

	Listed £	Group Unlisted £	Total £	Listed £	Hospice Unlisted £	Total £
Listed investments						
Value at 1 April 2013	1,431,443	-	1,431,443	1,431,443	2	1,431,445
Additions	623,444	-	623,444	623,444	-	623,444
Disposals	(628,055)	-	(628,055)	(628,055)	-	(628,055)
Net investment surplus	33,784	-	33,784	33,784	-	33,784
Value at 31 March 2014	1,460,616	-	1,460,616	1,460,616	2	1,460,618
Cash held in portfolio						
At 1 April 2013	107,311	-	107,311	107,311	-	107,311
Movements in cash	(3,657)	-	(3,657)	(3,657)	-	(3,657)
At 31 March 2014	103,654	-	103,654	103,654	-	103,654
31 March 2014	1,564,270	-	1,564,270	1,564,270	2	1,564,272
31 March 2013	1,538,754	-	1,538,754	1,538,754	2	1,538,756

All of the investments are unrestricted.

Distribution of listed investments (Market Value)

	Group	
	2014	2013
	%	%
Property	-	1.0
UK fixed interest	33.3	36.9
UK equities	45.9	40.0
Overseas equities	14.2	15.1
Alternative investments	-	-
Cash	6.6	7.0
	<u>100.0</u>	<u>100.0</u>

	Group	
	2014	2013
	£	£
Historical cost of listed investments at 31 March	<u>1,476,538</u>	<u>1,355,906</u>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. DEBTORS

	Group		Hospice	
	2014	2013	2014	2013
	£	£	£	£
Amounts owed by subsidiary undertaking	-	-	69,745	89,799
Trade debtors	483,665	365,235	481,096	363,353
Prepayments	220,348	235,408	218,144	233,049
Accrued income	708,998	267,429	708,998	267,429
Other debtors	-	36,697	-	36,697
	<u>1,413,011</u>	<u>904,769</u>	<u>1,477,983</u>	<u>990,327</u>

18. CREDITORS: Amounts falling due within one year

	Group		Hospice	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	133,507	239,090	127,034	232,247
Amounts owed to subsidiary undertaking	-	-	7,881	10,995
Taxation and social security costs	73,702	133,241	69,649	132,824
Deferred income	170,257	188,677	-	-
Other creditors	69,346	58,295	69,346	58,295
Accruals	111,628	104,341	104,920	102,264
	<u>558,440</u>	<u>723,644</u>	<u>378,830</u>	<u>536,625</u>

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

	2014	2013
	£	£
Deferred income brought forward	188,677	25,594
Payments received	1,083,144	1,313,546
Income recognised	<u>(1,101,564)</u>	<u>(1,150,463)</u>
Deferred income carried forward	<u>170,257</u>	<u>188,677</u>

19. PROVISIONS FOR LIABILITIES AND CHARGES

Group and Hospice

	Pensions £
At 1 April 2013	100,506
Provisions created during the year	32,025
Provisions utilised during the year	(14,912)
At 31 March 2014	<u>117,619</u>

The provision above relates to a liability for deficit contributions to the Federated Flexiplan Pension Scheme. The provision has been calculated based on estimated annual payments of £23,110 over 3 years, followed by annual payments of £20,864 over the following 3 years. All payments are discounted at 5%. Payments commenced during the financial year 2011/2012. See note 13 for further details of the Federated Pension Scheme.

20. CONTINGENT LIABILITIES

During the year ended 31 March 2011 the Hospice received a grant from the Social Enterprise Investment fund of £446,000. This grant was made for the purpose of refurbishing our Day Hospice, and is repayable at any point up to 31 March 2021 should our free reserves ever exceed one year's running costs (for the year ended 31 March 2014: £11,030,506). The liability is secured by a charge over the long term deposit of £446,000.

During the year ended 31 March 2014, the Hospice received from a local solicitor's firm, a distribution of dormant client funds totalling £26,971.64 which has been recorded as part of voluntary income. This total is made up from a number of smaller amounts. Trustees consider it unlikely that any of this sum is likely to be repayable but the Hospice has indemnified the solicitor's firm for each amount and consequently notes a contingent liability for the same total amount.

21. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	General Funds £	Restricted Funds £	Total £
Tangible fixed assets	4,205,598	6,914,682	11,120,280
Fixed asset investments	1,564,270	-	1,564,270
Long term deposit	446,000	-	446,000
Current assets	3,565,603	58,883	3,624,486
Current liabilities	(558,440)	-	(558,440)
Provision for liabilities & charges	(117,619)	-	(117,619)
Total net assets	<u>9,105,412</u>	<u>6,973,565</u>	<u>16,078,977</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2014 were £4,899,814 (2013: 4,874,098).

St Oswald's Hospice Limited – Company number 01166239

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. STATEMENT OF FUNDS - GROUP

	1 April 2013	Income	Expenditure	Transfers	Gift Aid	Gain on investments	31 March 2014
	£	£	£	£	£	£	£
General funds:							
Accumulated funds	8,130,836	10,236,367	(10,103,302)	610,867	-	33,784	8,908,552
Non-charitable trading reserve	29,216	-	-	581	-	-	29,797
Designated funds:							
Young Adults' Service	137,853	-	(95,656)	-	-	-	42,197
Sundry donations for specific purposes - unrestricted	279,605	62,874	(217,613)	-	-	-	124,866
Total unrestricted funds	8,577,510	10,299,241	(10,416,571)	611,448	0	33,784	9,105,412
Restricted funds:							
Children's Service Building Fund	2,683,776		(79,975)	-	-	-	2,603,801
Hospice Building Fund	875,679		(28,642)	-	-	-	847,037
Day Hospice Building Fund	561,891		(16,450)	-	-	-	545,441
Coleman Fund	247,941		(4,613)	-	-	-	243,328
Information Centre	108,460		(5,078)	-	-	-	103,382
Day Services Building Fund	1,791,876		(38,126)	-	-	-	1,753,750
Adult inpatients' unit refurbishment fund	386,964		(54,518)	-	-	-	332,446

(Continued)

St Oswald's Hospice Limited – Company number 01166239

Young adults' service restricted fund 1	96,374	-	(13,263)	-	-	-	83,111
Young adults' service restricted fund 2	25,328	-	(3,203)	-	-	-	22,125
The Henry Smith Charity through the Community Foundation fund	47,000	-	(1,000)	-	-	-	46,000
The Social Enterprise Investment Fund	356,588	-	(44,706)	-	-	-	311,882
Department of Health Children's Hospice grant	0	194,752	(194,752)	-	-	-	0
True Colours Trust	15,000	6,010	(5,258)	-	-	-	15,752
Shears Foundation	0	45,000	(45,000)	-	-	-	0
Springfield House Trust	0	40,601	(40,601)	-	-	-	0
Proctor & Gamble	0	36,060	-	(25,248)	-	-	10,812
Anonymous Donation	20,000	-	(20,000)	-	-	-	0
Thomas Cook Children's Charity	12,500	12,500	-	-	-	-	25,000
JGW Patterson Foundation	0	18,414	-	(17,345)	-	-	1,069
Samuel Sebba Charitable Trust	0	15,000	(8,750)	-	-	-	6,250
Big Lottery – Awards for All	0	10,000	(10,000)	-	-	-	0
Department of Health grant 2014	0	568,855	-	(568,855)	-	-	0
Caring Together	0	22,379	-	-	-	-	22,379
Total restricted funds	7,229,377	969,571	(613,935)	(611,448)	0	0	6,973,565
Total funds	15,806,887	11,268,812	(11,030,506)	0	0	33,784	16,078,977

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

General Funds

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

Designated funds

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

Restricted Funds

Children's Services Building Fund

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

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

Hospice Building Fund

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

Day Hospice Building 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Information Centre

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

Day Services Building Fund

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

Children and Young Adults' Services

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

Department of Health Grants

In prior years, we received grants from the Department of Health for grants to refurbish our Adult Inpatient Unit and to re-configure an area within the Children's Unit for use by young adults. During 2013/14 we received funds to refurbish the craft area and to build a sensory room within the children's area, to fit double glazed windows and doors in our Adult Inpatient bedrooms and to rebuild our mortuary and family bereavement suite.

The Henry Smith through the Community Foundation Fund

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

The Social Enterprise Investment Fund

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

True Colours Trust

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

The Shears Foundation

A grant towards the running costs of the Children and Young Adults' Service.

Springfield House Trust

A grant to cover the cost of a physiotherapist for the Children and Young Adults' Service.

Proctor and Gamble

A grant to pay for the development of a children's sensory play area.

Thomas Cook Children's Charities

A donation to refurbish our children's bedrooms.

J G W Patterson Foundation

A grant to fund the purchase of ceiling hoists.

Samuel Sebba Charitable Trust

A grant towards the cost of paediatric palliative care.

Big Lottery – Awards for All

A grant towards the cost of the Day Hospice Celebrate Life project.

Caring Together

A regular giving scheme whose proceeds are used directly for the Children and Young Adults' service.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. LEASING COMMITMENTS

Operating leases

The company's annual commitments for rental payments under non-cancellable operating leases at 31 March 2014 relate to short leasehold land and buildings as set out below:

	2014 £	2013 £
Operating leases that expire:		
Within one year	68,000	82,080
Within two to five years	227,400	156,300
Over five years	<u>72,500</u>	<u>67,500</u>
	<u>367,900</u>	<u>305,880</u>

24. CAPITAL COMMITMENTS

There were no capital commitments outstanding at the end of the year (2013: £nil).

25. RELATED PARTY DISCLOSURES

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