

# **KATHARINE HOUSE HOSPICE**

## **KATHARINE HOUSE HOSPICE**

### **FINANCIAL STATEMENTS**

**For the year ended 31 March 2013**

A Company Limited by Guarantee not having share capital

Registered company number 2700516

Registered charity number 1011712

DYKE YAXLEY LIMITED

STATUTORY AUDITORS

**KATHARINE HOUSE HOSPICE**  
**DIRECTORS' AND TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

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## KATHARINE HOUSE HOSPICE

### CHAIRMAN'S STATEMENT

This is my seventh and last report. It seems no time at all since I was writing my first. It is I think a good time to reflect a little.

Re-reading my first report from 2007 it is clear that the hospice has come forward a long way from a time when the outlook was not good. The 'low' back then was the inadequate funding by the public sector. I reported that 'if this did not improve we may be forced to close beds'. However at that time the NHS was going through yet another reorganisation and the then new South Staffs PCT began to address the inequitable arrangements for hospice funding. As a result over the next few years our public sector funding has risen from £220,000 to £1,000,000 and is now equivalent to all the other surrounding hospices. This has been a major triumph and has enabled us to move the hospice forward in many ways.

Life alongside the NHS is however never simple. Another reorganisation means that we are now working with 2 Clinical commissioning groups, (CCGs) Stafford and Surrounds and Cannock Chase. Again our Chief Executive has built up a positive working relationship with them and so far funding is maintained. I do reflect however that the next election is only 2 years away and if the government changes I understand we will be in for yet another NHS change!

So we have come a long way in 7 years with the addition of the Hospice at Home service, the development of Day Therapies, and now the emergence of the family support team. Most important has been that these developments have resulted in many more local patients and families benefiting from our free and much-needed services.

So what have we been up to in the last year? The At Home team continues to flourish as more and more patients choose to be supported in their own homes. Crucially the funding, which was initially for a 2 year trial, has now been guaranteed going forward, which is excellent news. Alongside the At Home team we have set up Embrace Quality Care limited. This is a new venture for us as it does demand a fee from the clients we support. Embrace looks after people in an earlier and therefore longer phase of their illness and has so far had a very successful start without any advertising and I look forward to seeing how it progresses.

You will recall that I mentioned last year that we had rapidly filled the Clinic, but still needed more space and so planned to look to generating that space on the hospice site. This is still a plan but inevitably progress will be slow. In the meantime we have found some business units available in the Technology Park on Beaconside. After viewing and discussion by staff and trustees we are in the process of acquiring one of these for some of our administrative functions. This will give us much quicker access to more space for care services at the hospice and clinic and I think the inconvenience of distance is outweighed by the opportunity to bring teams together in a much more suitable environment. For example, we will be able to bring the offices of the retail department on to the new site to work alongside our lottery, fundraising and marketing functions.

I am pleased to report that the consultant sessions which we have struggled with for so long have now been sorted out. Sarah Pickstock has taken a post between us and Stafford hospital working with the Douglas Macmillan Hospice. This means that with the Social workers, Physiotherapist and Occupational Therapist which have now been appointed between us and the hospital we have a working Multidisciplinary Team which will result in even better care for our patients and families. Sarah is currently on maternity leave but the team is set up.

The Care Quality Commission has been busy this year and seems to have been whizzing round numerous hospices. We were no exception and once again Catherine and her teams are to be congratulated for received an excellent report.

I would also like to congratulate the catering department who had an environmental health inspection and again received a 5 star rating.

## KATHARINE HOUSE HOSPICE

### CHAIRMAN'S STATEMENT

Continued

I mentioned last year the reorganisation of services for day patients. This is bedding in. Sadly our Lead Nurse Shan Parkes had to retire but Cathy Browning has stepped into the breach and is continuing to move forward the initiatives started by Shan. I mentioned also a review of the drop in service. This has gone ahead and the service has been changed to a Wellbeing Day. In this patients are given a variety of treatments over a period of 6 weeks. I am sorry to say that this caused some upset with those drop in patients who could no longer attend. However with the resources we have we have to try and offer care to as many patients as possible. Numbers have been small initially, as is often the case, but the service is well appreciated, we feel there is potential demand there, and Cathy is working on its development.

It was once again a great pleasure to attend the Volunteers' evening organised as always with great verve by Beve Wheat. A late enforced change of venue meant that space was at a premium and with the numbers larger than ever it was a tight fit. This however did not prevent everyone enjoying themselves. It was again a great pleasure to present long service certificates both to individuals and to local groups. This year was unique in that we presented our first 25 year badges to Joan and Norman Potter. Unique in that although we will undoubtedly present many more 25 year certificates no others will be presented to volunteers who were with us when the hospice first started. I would again like to record my thanks to Joan and Norman for their support over all these years. I'd also like to thank all those volunteers (including my fellow Trustees) who give their time to make Katharine House Hospice, and the care that we provide, possible.

Thus to our fundraisers and income generators.

The retail department has seen significant development and change. We have opened a new warehouse, distribution centre and shop at Norton Bridge which is coming on line now thanks to the efforts of Angela Whelan. The current Stafford Warehouse has done particularly well since it was reorganised by Hayley Leese and we are looking to develop similar units in Newport and central Stafford.

Libby Dale, our retail manager, has retired after nearly 15 years of magnificent service. I would like to thank her for her enormous contribution to the development of the retail department under her leadership. Her tireless enthusiasm is an example to us all. I am pleased to welcome Kate Sharp as the new Director of Retail. I am sure Kate will keep up the momentum while introducing her own new ideas. An exciting time lies ahead in retail. As I have already said, we will be moving the Retail office into the Technology Park unit which I am sure will help generally with working relationships.

The lottery has been incorporated into the fundraising team and I look forward to new initiatives here. Meanwhile Lisa Taylor and her fundraising team continue with unabated enthusiasm. As before, thanks to the support of our wonderful community, they defy the difficult economic climate with continuing successful fundraising efforts. I was sorry to miss the annual ball this year for the first time but I understand it was a great success.

As a charity the need for funds is ever present, and even with the now good contribution from the public sector, the rest of the £3+ million running costs has to be raised year in year out. The fact we are still able to keep going is only thanks to the support of all of the members of our local community who help in whatever way they can. The one certainty is that every penny makes a difference to local families.

The management team continue to work well together. Not glamorous but very necessary and I am again grateful to Roger Pollak for keeping the fabric in good order. He is also moving forward into an additional role in Health and Safety.

And so to finance. After some early concerns the budget still remains under control. As I mentioned earlier, Richard has a good working relationship with the new CCGs so we hope

## KATHARINE HOUSE HOSPICE

### CHAIRMAN'S STATEMENT

Continued

that this situation will continue. However whatever the government would have us believe finances are tight and we will be fighting for our fair share.

Last year I mentioned the Board development programme to which we committed ourselves. The process is now complete and we have worked through much of the action plan. We did not agree with all the suggestions made but we did with many of them. I think it was a very worthwhile process and will stand the hospice and my successor in good stead.

One of the results was firstly to institute a recognised term of office for the Chair and secondly to develop a mechanism to remove a Chair should the Trustees deem it necessary. A sensible move even if I found the second part somewhat unnerving!

Trustee matters. I am sad to announce that Lynn Hill-Tout has resigned as she has moved on from the NHS. In the short time she was with us she contributed greatly and I wish her a very happy and well deserved retirement.

On a positive note I am delighted to welcome four new trustees. Kathryn Sallah with a background in nursing, Jennifer Woodyard with an expertise in law and governance, Dr Christopher Secker with a medical background and knowledge of clinical governance and Ian Starkie with a financial background. They will complement our current trustees' skills and I welcome them whole heartedly and hope they will enjoy their work with us.

Norma O'Neill will be leaving at the end of her full term of office in October. I would like to thank Norma for her commitment to the Hospice and for making her considerable knowledge of palliative care available to us. She has been a fund of knowledge in many areas and a great support to our nursing team. She has put a great deal of time and effort into supporting fundraising and Chairing the Income Generation Sub Committee. I wish her well for the future.

As always I would like to thank my fellow trustees for their support both personally and to the Hospice. They give freely of their wide ranging knowledge and skills and of their time. This enables all areas of the hospice to function efficiently. I also enjoy their vigorous but friendly debate in committee. Nothing slips past them but we always seem to achieve a consensus in debate.

I mentioned at the beginning that this is my last report. I said in my first report that my appointment was a great honour. It truly was and it has been a great honour and pleasure to serve as your chairman. It is a great pleasure to hand the reins on to Lady Judith Mitting as my successor. I know that I leave the hospice in very good hands.

My thanks once again to the management team for their hard work and enthusiasm. Working with Richard has been a privilege and a pleasure and I know he will give Judith the same excellent support that he has given me. The hospice is safe in his hands and he will I know continue to move us forward. Even as I write a number of new schemes and collaborations are on the horizon.

Once again sincere thanks to our whole community for their continued dedication and support through what have been difficult times for many. It is very much appreciated.

Finally my thanks as always to everyone in and connected with Katharine House for their dedication and hard work. I will be sad to stand down but I think the time has come to do so.

I wish you all every success in the future.



**Dr John A Gibson**  
**Chairman**

<p style="text-align: center;"><b>REPORT OF THE TRUSTEES AND DIRECTORS OF</b></p> <p style="text-align: center;"><b>KATHARINE HOUSE HOSPICE</b></p>
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**1. Reference and Administrative Details**

<b>Name:</b>	Katharine House Hospice		
<b>Status:</b>	Charity (registered number 1011712)		
<b>Incorporation:</b>	Company Limited by Guarantee (registered company number 2700516)		
<b>Date of incorporation:</b>	25 <sup>th</sup> March 1992		
<b>Governing Document:</b>	Memorandum and Articles of Association (last amended 11 October 2012)		
<b>Registered Office:</b>	Weston Road, Stafford, ST16 3SB The Registered Office is also the principal address of the Charity		
<b>Trustees:</b>	Dr J A Gibson	Chairman	
	Mr M R Melling	Treasurer	
	Mrs J Cashmore-James		
	Col M H H Evans		(stood down 11 <sup>th</sup> October 2012)
	Mr D M Harding		
	Mrs L Hill-Tout		(resigned 26 <sup>th</sup> March 2013)
	Mr W G Johnson		
	Lady Mitting		
	Mrs N M O'Neill		
	Mr J-P Parsons		
	Mrs K Sallah		(appointed 14 <sup>th</sup> May 2013)
	Mr D J Sandy		
	Dr C J Secker		(appointed 14 <sup>th</sup> May 2013)
	Mr I D Starkie		(appointed 14 <sup>th</sup> May 2013)
	Mrs T E Weetman		
	Dr I Wilson		
	Ms J Woodyard		(appointed 14 <sup>th</sup> May 2013)
<b>Company Secretary:</b>	Cllr P M M Farrington		
<b>Chief Executive:</b>	Dr R T Soulsby	Chief Executive	
<b>Registered Manager:</b>	Mrs C A Howlett	Director of Nursing Services	
<b>Officers:</b>	Mr N Connor	Marketing, Communications and PR Manager	
	Mrs E M Dale	Retail Manager (Retired 27 <sup>th</sup> March 2013)	
	Dr E Hindmarsh	Medical Director	
	Mr C A Martindale	Lottery Manager	
	Mr R Pollak	Support Services Manager	
	Mrs K Sharp	Director of Retail (appointed 1 <sup>st</sup> January 2013)	
	Miss L M Taylor	Head of Fundraising	
	Mrs B Wheat	Voluntary Services Co-ordinator	
<b>Auditors:</b>	Dyke Yaxley Limited 8 Hollinswood Court Stafford Park 1 Telford. TF3 3DE	<b>Bankers:</b>	Lloyds TSB Bank Plc Market Square Stafford ST16 2JL
<b>Investment Brokers:</b>	Ad Valorem Wealth Management LLP Whitehall House Sandy Lane Newcastle-Under-Lyme. ST5 0LZ	<b>Fund Managers:</b>	Williams de Broe plc P.O. Box 515 6 Broadgate London EC2M 2RP
<b>Solicitors:</b>	Hand Morgan & Owen 17 Martin Street Stafford ST16 2LF		

## REPORT OF THE TRUSTEES AND DIRECTORS OF

### KATHARINE HOUSE HOSPICE

Continued

## 2. Structure and Governance

Katharine House Hospice is a charity and company limited by guarantee. Its governing document is the memorandum and articles of association of the company, which may be altered by a simple majority of voting members at an Annual or Extraordinary General Meeting.

### 2.1 Corporate Structure

Katharine House Hospice has four wholly owned subsidiaries.

1. Katharine House Retail Limited (Registered company number 3949314), which operates the hospice's retail and merchandising activities;
2. KH Promotions Limited (Registered company number 3295776), which operates the hospice's own society lottery.
3. Embrace Quality Care Limited (Registered company number 8050417), which operates a care agency.
4. KHH Developments Limited (Registered company number 8120430), which is dormant.

Each subsidiary company gift aids any profits it makes to the hospice. Katharine House Retail Limited has a wholly owned subsidiary – DLT Trading Limited (Registered company number 6834846) – which operates charity shops on behalf of another charity.

Note 6 to the financial accounts summarises the performance of these companies, and their accounts will be filed at Companies House.

### 2.2 Decision-Making Structure

The Trustees (who are also directors of the company) act as a corporate entity through the Board of Trustees, which plans to meet six times in each year. Exceptional meetings may be called from time to time to deal with specific issues. The Board delegates most of its functions to five sub-committees each with their own clearly defined terms of reference. The day-to-day operation of the charity is delegated through the annual budget setting process to the Chief Executive and through him to the management team.

#### **Board of Trustees**

- Membership:** All Trustees and Company Secretary
- Attendees:** Chief Executive, Director of Nursing, Head of Fundraising, Medical Director, Director of Retail
- Business:** All strategic, tactical, and governance aspects of the hospice's operation and future direction.

#### **Clinical Sub-Committee**

- Membership:** All Trustees with a clinical background, currently Dr I Wilson (Chair), Dr J A Gibson, Mrs N M O'Neill, Mrs K Sallah, Dr C J Secker and Mrs T E Weetman
- Attendees:** Chief Executive, Director of Nursing Services, Medical Director, Consultant in Palliative Medicine, Clinical Lead Nurse, Community Services Manager, Advanced Nurse Practitioner, and Family Support Team Leader
- Business:** All aspects of the hospice's clinical services including: approval of clinical policies; provision of clinical governance and monitoring of audit; assurance of the quality of care provided; scrutiny of activity and staffing levels; consideration of new practices and procedures; approval of any clinical research; and ensuring compliance with the Health and Social Care Act (2008) (including twice yearly trustee inspections).

## REPORT OF THE TRUSTEES AND DIRECTORS OF

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Continued

#### ***Income Generation Sub-Committee***

- Membership:** Trustees Mrs N M O'Neill (Chair), Mr D Harding, Mr W G Johnson, and Mr D Sandy.
- Attendees:** Chief Executive, Head of Fundraising, Director of Retail, Lottery Manager, Marketing & Communications Manager
- Business:** All aspects of the hospice's activities to generate income: fundraising, lottery, and retail. This includes approval of relevant policies; scrutiny of activity and performance; consideration of new initiatives; oversight of all aspects of marketing for the hospice; and inspecting income generation departments.

#### ***Finance and Remuneration Sub-Committee***

- Membership:** Trustees Mr M R Melling (Chair), Dr J A Gibson, Mrs N M O'Neill, Mr I D Starkie and co-opted member Mr N L Potter.
- Attendees:** Chief Executive.
- Business:** Detailed scrutiny of the hospice's proposed annual budget; reviewing the charity's reserves; monitoring the charity's management accounts; monitoring the performance of the charity's investments; approving all financial policies and procedures; approving pay awards and rate increases for staff; and inspecting systems of financial control.

#### ***Staffing and Support Services Sub-Committee***

- Membership:** Trustees Mrs J Cashmore-James (Chair), Dr J A Gibson, Lady Mitting, and Mr J-P Parsons
- Attendees:** Chief Executive, Director of Nursing Services, Director of Retail, Voluntary Services Co-ordinator, and Support Services Manager.
- Business:** Monitoring of general personnel issues especially staffing levels, training, and attendance; approving all staffing policies and procedures; monitoring health and safety performance; agreeing issues to be resolved within support service areas; and inspecting support service departments.

#### ***Nominations and Governance Sub-Committee***

- Membership:** Trustees Lady Mitting (Chair), Mrs J Cashmore-James, Mrs T E Weetman, Dr I Wilson, and Ms J Woodyard.
- Attendees:** Chief Executive and Director of Nursing Services
- Business:** This sub-committee oversees the process of appointing new trustees to the board and their induction and mentorship and reviews the work of the other sub-committees. It also picks up on general areas of governance not supported by any other committee.

Management have three committees.

1. An informal Management Team of senior managers. This team acts to address general cross organisational issues and to advise the Chief Executive on important matters.
2. A Training Committee which is observed by a trustee representative from the Staffing and Support Services Sub-committee. This committee allocates the training budget across the organisation and monitors the effectiveness and value of training provided.
3. A Staff Forum which is observed by a trustee representative from the Staffing and Support Services Sub-committee. This committee acts as the formal mechanism for staff to raise general issues outside the remit of line management, and for trustees to consult with staff on issues affecting their employment.



## **REPORT OF THE TRUSTEES AND DIRECTORS OF**

### **KATHARINE HOUSE HOSPICE**

**Continued**

#### **2.3 Governance**

Governance is undertaken by each sub-committee in their areas of responsibility and is monitored by the Nominations & Governance Sub-Committee and the Board of Trustees.

#### **2.4 Risk Management**

The trustees have drawn up a detailed assessment of key risks that they feel are important to consider in the management of the charity. Risks come under one of six domains (Welfare, Compliance, Finances, Governance and Management, Operational, and Environmental and External). A structured methodology is in place for the assessment and management of risk. This is reviewed annually and was last done in May 2012.

#### **2.5 Trustee Recruitment, Induction and Tenure**

It is one of the prime functions of the Nominations and Governance Sub-Committee to recruit and induct new trustees. Proposed nominations may be received from any source. Consideration is given to the general suitability of a nominee in relation to the current skills and attributes of the existing trustees, the skills that are deficient on the Board and the need to plan for succession of trustees who are due to stand down.

Once a nominee is determined to be suitable their name is submitted to the full Board to approve taking the nomination forward. If approved the chair of the Nominations and Governance Sub-Committee or the Chairman contacts the nominee to assess their interest, and if they are interested they are asked to complete an application form and submit a curriculum vitae.

Nominees are then invited to a meeting at which there is an exchange of information, and in particular the responsibilities and time commitments are outlined to the nominee. If both the nominee and the trustees at the meeting are content then the nominee is invited to join the Board of Trustees.

New trustees meet with the Chief Executive for a briefing. A trustee induction folder is provided, together with a file of relevant company information. New trustees are invited to meet other senior managers and to spend time in the inpatient unit, day therapies and one of the retail shops.

The Chairman of the Nominations and Governance Sub-Committee also appoints a mentor for new trustees, who acts as a confidential advisor on trustee issues.

Trustees are appointed until the next AGM, when they stand for election for a period of six years. Thereafter trustees may stand for two further elections of two years each, but thereafter must stand down for a period of 11 months.

#### **2.6 Relationships with other organisations**

Katharine House Hospice is an independent charity, but is affiliated to or has connections with a number of organisations these being: the local council for voluntary services – Stafford and District Voluntary Services; the National Council for Palliative Care; the National Association of Hospice Fundraisers; and Stafford and District Bereavement and Loss Support Service. There is a national independent charity known as Help the Hospices, which is a membership organisation, and Katharine House Hospice is a member of this charity.

Katharine House Hospice has a formal relationship with Stafford District Bereavement and Loss Support Service (SDBLSS), being a corporate trustee of SDBLSS. The hospice provides support, in particular, in co-ordinating SDBLSS's volunteer counsellors, in managing their waiting list, in raising funds, and in general management and administration. Should SDBLSS require financial support Katharine House Hospice will provide this. The objects of SDBLSS fall wholly within the objects of Katharine House Hospice in the support of people who are suffering.

## **REPORT OF THE TRUSTEES AND DIRECTORS OF**

### **KATHARINE HOUSE HOSPICE**

**Continued**

SDBLSS will provide Katharine House with access to their volunteer counsellors and to their highly regarded training course.

Katharine House Hospice's care services are registered by the Care Quality Commission.

Katharine House is developing relationships with other charities the most advanced of these are:

1. Donna Louise Trust. Katharine House Retail Ltd manages the retail operation for Donna Louise Trust.
2. Compton Hospice. Katharine House and Compton Hospices have established a collaborative hospice at home community team.

#### **2.7 Policies**

The trustees have adopted policies in order to guide managers in the running of the Charity. Some of the key policies cover:

1. Equal Opportunities
2. Health and Safety
3. Risk Management
4. Employment Relations
5. Complaints
6. Confidentiality
7. Volunteering
8. Smoking
9. Investment

There are also operational policies and procedures for: clinical services, support services, finance, retail, fundraising, personnel, and information technology.

#### **3. Objectives and Activities**

The Memorandum of Association identifies the object of the charity as:

"To promote the relief of sickness and suffering (so far as such purpose is charitable) in such ways as the Association shall from time to time think fit, and in particular (but without prejudice to the generality of such object):-

- (a) To promote by the establishment of day or domiciliary care the relief of persons of either sex (without regard to race or creed) who are suffering (at any age) from any chronic or terminal illness or from any disability or disease attributable to old age or from other physical or mental infirmity disability or disease and to establish maintain and manage a Hospice Hospital or Residential Home and all ancillary services for such persons;
- (b) By conducting or promoting or encouraging research into the care and treatment of persons suffering from any such illness, disability, disease or infirmity as aforesaid and particularly into the care and treatment of persons suffering from Cancer or terminal illness and to disseminate the results thereof;
- (c) By promoting or encouraging or assisting in the teaching or training of doctors, nurses, physiotherapists and other persons engaged in any branch of medicine, surgery, nursing or allied services, and in the teaching and training of students in any branch of medicine, surgery, nursing or allied services;
- (d) By providing or assisting in or encouraging the provision of counselling or spiritual help or guidance for any persons resident (either as patients or otherwise) or working in any such home or homes as aforesaid."

## REPORT OF THE TRUSTEES AND DIRECTORS OF

### KATHARINE HOUSE HOSPICE

Continued

The trustees have chosen to deliver these objects through the provision of services and support to adults with an advanced life-limiting condition. At 31 March 2013 the charity made provision as follows:

- A day therapies service for 4 days per week, accepting a maximum of 15 patients per day
- A 10 bedded inpatient unit which can and does provide all appropriate palliative care on a 24 hour basis all year round
- A rapid response Hospice at Home service delivered by healthcare assistants
- A Well Being Day service for patients providing structured support over a 6 week period
- A lymphoedema service
- Bereavement support services
- A carers' support group
- A respite sitting service

The hospice also provides a volunteer run transport service, utilising three minibuses and volunteers' own cars.

All these services are provided free of charge to patients and their families and are available to people with both a cancer and a non-cancer diagnosis.

To ensure that these services can be delivered at no charge to the beneficiaries, the charity also carries out activities to provide the necessary funds to operate its charitable services, these are:

- A fundraising department
- A retail operation
- A society lottery

In April 2012 Katharine House established a care agency known as Embrace Quality Care Limited, which commenced operations in November 2012. The purpose is to provide home care services reflecting the quality of care developed within the hospice's charitable services, but as the hospice is constrained by the availability of charitable funds, services for the care agency must be fully reimbursed and are not therefore deemed to be charitable.

The vision of the hospice is

***Exceeding Expectations***

The Mission is:

***To offer the best care so that people in our community affected by progressive illnesses can live their lives to the full.***

The strategic objectives are to:

- develop services in support of families and carers
- ensure the financial sustainability of the current operations
- develop partnerships and alliances with other organisations
- use the resources of the hospice to support Stafford and Surrounds Clinical Commissioning Group and Cannock Chase Clinical Commissioning Group in the delivery of good quality End of Life care

## REPORT OF THE TRUSTEES AND DIRECTORS OF

### KATHARINE HOUSE HOSPICE

Continued

#### 4. Achievements and Performance

##### 4.1 Charitable Activities

2012/13 has been a positive year as Katharine House Hospice has supported more patients than ever before. Most of the hospice's services are exhibiting signs of maturing services, where activity is pretty consistent year on year. The exceptions being the Hospice at Home service where activity has continued to grow very rapidly. In its second full year of operation activity levels were up 34% to 3,954 visits. Although Lymphoedema has shown a sudden decrease this has been due to the non-availability of staff within a very small staff team.

During the year trustees closed down the drop in services as the number of attendances were falling. This was re-launched as the Well Being Day, which is designed to be a six week course of therapies, education and support. The Well Being Day has already seen more patients than the drop in service, but take up of this service has been slow.

Indicator	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08
Day Care attendances	1,423	1,546	1,372	1,530	1,601	1,513
Drop-In attendances**	143	344	475	492	392	574
Well Being Day**	187					
Lymphoedema treatments	1,867	1,981	1,620	1,074	744	677
IPU occupied bed days	2,620	2,548	2,683	2,454	2,452	2,333
IPU admissions	214	220	205	213	202	211
Respite for carers (hrs)	771	756	532	344	446	188
Carers' Support attendances	105	96	153	178	197	144
Hospice at Home visits*	3,954	2,949	1,455	--	--	--

\* Service commenced September 2010    \*\* Drop in closed in August 2012 and Well being commenced in September

During the year the hospice extended the multi-disciplinary team with additional sessional support. The next phase of development will be in the support of families and to this end the hospice have appointed a full-time Family Support Team Leader. The post is 70% clinical (being the provision of chaplaincy services) and 30% managerial to plan and co-ordinate the development of family support services.

##### 4.2 Volunteer Support

The hospice enjoys the support of 617 volunteers who provide their time and energy free of charge. The hospice requires all volunteers to make a formal application, to attend an interview and to attend a formal induction course. The hospice then seeks to match the interests and skills of the volunteer with roles that support the work of the charity. Although there are some one off roles, the main roles include: support of day therapy patients, in-patients, bereavement support, massages for patients, chaplaincy and pastoral care, lymphoedema administration, catering, driving, reception, gardening, administration, money counting, fundraising, and finance. 398 volunteers work within the hospice and a further 219 support the work of the retail department, working to sort donations, clean and prepare donated items for sale, and serving customers. Hours of service given is recorded overleaf. The trustees are extremely grateful not only for the service provided by our volunteers, but also for their enriching of the charity's culture. If the charity had had to pay the minimum wage for these hours of work the cost to the charity would have been £307,038 (2012: £340,085).

## REPORT OF THE TRUSTEES AND DIRECTORS OF

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Continued

	<u>2012/13</u>	<u>2011/12</u>	<u>2010/11</u>	<u>2009/10</u>	<u>2008/09</u>
Hospice	29,006	25,125	22,151	20,835	21,002
Retail	19,653	30,810	36,514	34,789	31,754

#### 4.3 Review of Income Generation

The fundraising department has had a successful year. The net amount raised increased from £568,433 to £620,260 (9.1%). Note 5 contains full details of the department's performance but a brief assessment is:

	<u>2012/13</u>	<u>2011/12</u>	<u>Difference</u>
Fundraising for revenue costs	964,470	881,977	+ 82,493
Direct costs of fundraising	292,050	272,913	+ 19,137
Overhead and support costs	52,160	40,631	+ 11,529
<b>Net income for revenue application</b>	<b>620,260</b>	<b>568,433</b>	<b>+ 51,827</b>

The underlying revenues have increased by 9.4% (2012: 9.0%) and this is a tremendous achievement given the constraints donors face in terms of their own income.

The picture for the retail department is extremely complex. In December 2011 the company introduced an HMRC approved retail gift aid scheme. This is beginning to show returns, with £80,908 of gift aid being reclaimed in 2012/13 from these donations. The underlying performance of the retail company is fairly flat. Heavy investment in revenue costs for the transport department and in the establishment of a new venture in Norton Bridge absorbed all the increases in revenues. Norton Bridge did not commence trading until late March, so at the end of the financial year there has been very little income to offset the set up costs.

The new retail gift aid scheme enables the retail company to sell donated items on behalf of the donor. Money raised through these sales is transferred to the Hospice as a donation on which the charity can reclaim gift aid. Although the arrangement is tax efficient for the hospice it detracts from the performance of the Retail Company. During 2012/13 the hospice received £323,555 (2012: Nil) in income from retail activity which is not recorded in the Income and Expenditure Account of the retail company, which combined with the retail gift aid of £80,908 (2012: Nil) gives £404,463 additional income from retailing above the £268,454 (2012: £621,846) gift aided from the retail company. See the Statements of Financial Activities on pages 21 and 22, and note 6 for summary information about the retail company.

The lottery continues to struggle in the current economic climate with numbers of cancellations outweighing additional members and this has translated into a reduction in return to the hospice. The overall return to the hospice (gift aid and recharges) for the company has decreased by 1% to £236,044 (2012: £238,410). See note 6.

#### 4.4 Review of Factors Within and Outside the Control of the Charity

The major factors within the control of the charity are managed effectively, enabling the trustees to move the charity forward. In particular, there are sound systems for ensuring the quality and safety of patient care, financial management, staff management and staff representation, volunteer recruitment and induction, and the management of Health and Safety.

In 2012 the board has sought to review the development needs of its board. This has been done through a Help the Hospices funded programme in which the hospice board was reviewed by a Principal Consultant from the Centre for Charity Effectiveness – part of the Cass Business School of the City University London. The review, whilst very positive, made a number of refreshing recommendations. The trustees have agreed a development plan and most of this work has now been undertaken.

## REPORT OF THE TRUSTEES AND DIRECTORS OF

### KATHARINE HOUSE HOSPICE

Continued

There are a wide range of factors lying outside the direct control of the charity. The most significant is the relationship with the Clinical Commissioning Groups (CCGs). The trustees have been impressed by the common sense approach adopted by its major commissioners during the transition to the new system of operating the NHS from 1 April 2013. We are also very pleased to see that commissioning end of life care is seen as a high priority. A major local initiative is that five CCGs across Staffordshire are coming together to commission a single end of life care pathway. These proposals are still being developed, and trustees hope that they will result in the joining together of care services for people at the end of their lives.

A further risk factor is the lack of certainty in future years derived from the economic pressures faced by the country as a whole and the impact of the "austerity" measures of the coalition Government. Negative impact on household or corporate income is likely to affect the capacity of these sectors to donate to charities, whilst the drive for public sector efficiency could see statutory sector income under threat of reductions, although local agreements have secured funding until 2015. Pay freezes in the public sector have helped to reduce immediate future employment costs, but the proposed requirements on employers to enrol employees in pension schemes is set to increase the hospice's operating costs significantly in 2014.

The regulatory framework within which the hospice operates is already complex and is set to become more complex following the enactment of the Health and Social Care Act in 2012. The trustees will resist further calls upon our charitable resources to comply with the burden of further regulation as this will not benefit our patients, but if this is required the hospice will have to comply.

#### 4.5 Review of Operational Objectives

The objectives set by trustees for 2012/13 and performance against these are examined below:

<u>Objective</u>	<u>Outcome</u>
------------------	----------------

**Service**

1. To implement the agreed recommendations of the day care services review

The hospice has restructured the day care days into a therapeutic service, whilst the drop-in day has been replaced by a Well Being Day.

2. To enhance further the professions supporting the Multi-disciplinary Team

The hospice has introduced a number of additional services to support the multi-disciplinary team and extended the availability of other sessions. These are: 5 for Occupational Therapy, 2 for Physiotherapy, and 5 for Chaplaincy.

3. To develop a care agency

In November 2012 Embrace Quality Care Limited commenced trading as a care agency. It is a wholly owned subsidiary of the hospice.

**Financial**

4. To secure current and future statutory funding

The NHS funding has been secured for a two year period to March 2015. There has been little scope for increases within the statutory sector's funding.

5. To continue the growth of the retail sector

The retail sector has spent a considerable amount of resource setting a platform for future growth. Significant investments in 2012/13 are expected to bear fruit in additional revenues during 2013/14, but have created financial pressures within retail for 2012/13. Thus the revenue returns appear much lower, but the underlying position is only a slight downturn.

**REPORT OF THE TRUSTEES AND DIRECTORS OF  
KATHARINE HOUSE HOSPICE**

**Continued**

**Objective      Outcome**

***Strategic***

6. To prepare the hospice for the implementation of the Health and Social Service Act 2012.

To date the hospice has met all its requirements and has fostered good relationships with the different entities that have come into existence following the introduction of the Health and Social Service Act 2012. We have positive relationships with the two local CCGs and with the local Health and Well Being Board, whilst we have made contact with the new Department of Public Health and the local healthwatch. We are not, as yet, required to be licenced by Monitor and hope this will not become a requirement in the future. We are unsure about how the local Clinical Senates will be developed.

7. To review the options for developing the hospice's main site.

Following an initial review it was determined that the hospice could not meet all its accommodation needs within the timescales needed by the hospice. Therefore, we have determined to relocate a considerable number of non-clinical services off the main site and revisit the use of the main site thereafter.

**5. Financial Review**

The accounts for the hospice have been produced in accordance with the requirements of the Statement of Recommended Practice (2005).

**5.1 2012/13 Financial Performance**

The Charity made an operating surplus of £22,468 (2012: surplus £50,459) whilst the charity's investments have realised and unrealised gain of £47,574 (2012: loss £39,200). The principle uses of the charity's funds are set out below.

	2012/13		2011/12		2010/11		2009/10	
	£	%	£	%	£	%	£	%
Inpatient Care	1,455,636	53.3	1,448,829	54.9	1,417,259	59.5	1,401,227	75.2
Hospice at Home	502,110	18.4	563,185	21.3	404,814	17.1	--	-
Day Therapies	327,163	12.0	232,153	8.8	201,239	8.5	205,834	11.0
Lymphoedema Service	198,337	7.3	155,729	5.9	115,196	4.9	77,931	4.2
Family Support	110,354	4.0	78,745	3.0	83,515	3.5	39,596	2.1
Drop-In Service / Well Being Day	39,803	1.4	28,914	1.1	32,422	1.3	27,982	1.5
Carers' Support	22,098	0.8	25,172	0.9	18,114	0.8	18,052	1.0
Respite for Carers	21,133	0.8	25,530	1.0	32,469	1.4	32,011	1.7
Other	572	0.0	4,968	0.2	4,878	0.2	4,094	0.2
<b>Care sub-total</b>	<b>2,677,206</b>	<b>98.0</b>	<b>2,563,225</b>	<b>97.1</b>	<b>2,309,906</b>	<b>97.2</b>	<b>1,806,727</b>	<b>96.9</b>
Governance	55,185	2.0	75,472	2.9	64,576	2.8	57,088	3.1
<b>Total</b>	<b>2,732,391</b>	<b>100</b>	<b>2,638,697</b>	<b>100</b>	<b>2,374,482</b>	<b>100</b>	<b>1,863,815</b>	<b>100</b>

# REPORT OF THE TRUSTEES AND DIRECTORS OF

## KATHARINE HOUSE HOSPICE

Continued

### 5.2 Principle Funding Sources

There are five main funding sources for the hospice. The performance of these sources is detailed as follows:

	2012/13		2011/12		2010/11		2009/10	
	£	%	£	%	£	%	£	%
Voluntary Income								
Unsolicited donations	32,620	1.1	51,840	1.7	39,294	1.2	84,327	3.9
Legacies	103,281	3.3	150,870	5.0	265,995	8.3	134,956	6.1
Fundraised income	964,470	31.0	881,977	29.2	1,074,694	33.7	680,264	31.2
<b>Total Voluntary Income</b>	<b>1,100,371</b>	<b>35.4</b>	<b>1,084,687</b>	<b>35.9</b>	<b>1,379,983</b>	<b>43.2</b>	<b>899,547</b>	<b>41.2</b>
Retail operations (net) <sup>1</sup>	268,454	8.6	621,846	20.6	668,436	21.0	479,224	22.0
Retail gift aided sales	404,463	13.0	--	-	--	-	--	-
Lottery (net)	213,655	6.9	219,833	7.3	230,614	7.2	229,468	10.5
Statutory Sector	1,089,047	35.1	1,070,638	35.5	843,219	26.4	555,768	25.5
Other	31,027	1.0	18,486	0.6	68,880	2.2	18,106	0.8
<b>Total</b>	<b>3,107,017</b>	<b>100</b>	<b>3,015,490</b>	<b>100</b>	<b>3,191,132</b>	<b>100</b>	<b>2,182,113</b>	<b>100</b>

<sup>1</sup> This includes the retained deficit within Katharine House Retail Ltd.

### 5.3 Investments

The Memorandum of Association empowers the trustees to invest the monies of the Association not immediately required for its purposes in or upon such investments, securities or property as may be thought fit.

The Trustees utilise the services of Williams de Broe as investment managers and Ad Valorem Wealth Management LLP as brokers and advisors. Ad Valorem Wealth Management LLP provide formal reports to the Finance and Remuneration Sub-Committee every six months, or more frequently as requested by the Committee.

The Trustees have moved from a very defensive position within the portfolio, with large holdings of cash, to reduce the cash holdings. The assets held are disclosed in Note 15.

The portfolio has recovered somewhat over the last year. Net unrealised gains in 2012/13 were £47,574 (2012: losses £39,200). Overall the investments are £71,287 above their historical cost of £429,676.

### 5.4 Reserves

The cash reserves of the charity at 31 March 2013 are taken from the Consolidated Balance sheet and include the total assets less tangible assets, less the investment property and less stock:

Free reserves	£ 808,241	(2012: £ 646,116)
Designated reserves	£ 250,923	(2012: £ 415,433)
<b>Total Free and Designated reserves</b>	<b>£1,059,164</b>	<b>(2012: £1,061,549)</b>
Restricted reserves	£ 86,431	(2012: £ 73,399)

The trustees have established seven designated funds, which are explained at 5.5 and in Note 20. The fund for the community project has been wound up as this is now part of the continuing operations of the charity.



## **REPORT OF THE TRUSTEES AND DIRECTORS OF**

### **KATHARINE HOUSE HOSPICE**

**Continued**

The trustees' reserves policy is that in order to fulfil the charity's obligations to the communities it serves it is desirable for there to be unrestricted funds (or free reserves) available as current assets, or investments, equivalent to one year's running costs of the hospice. The free reserves are under 5 months operating costs and therefore are well below the desired level. Trustees believe that it is more important to maintain the existing services and to develop family support services than to achieve the desired reserves position. However, the trustees also have an investment property valued at £250,000, which they expect to convert to cash in the next two years (dependent on market conditions). This would represent a further one month's running costs.

#### **5.5. Funds**

Details of the funds held by the charity are provided in note 20. Trustees have created designated funds as follows:

1. A repairs and renewals fund to cover unexpected or emergency repairs of a substantial nature.
2. A renewal of IT fund. In order to reduce operating costs the trustees have invested heavily in IT. Whilst the organisation has an IT infrastructure that is both modern and robust, it is expected that a significant investment will be required in the period between 2018 and 2020. The trustees will therefore set aside an increasing amount each year to ensure there is a sufficient reserve to enable the IT infrastructure to be refreshed in full without a serious negative impact on the free reserves.
3. A training and development fund to ensure contractual commitments to staff training can be met.
4. A legacy equalisation fund to enable trustees to budget for the very unpredictable nature of legacy income.
5. The NHS Pension Rebate fund has been established to provide for the expected withdrawal of the NHS Pension Rebate, as this represents an uncertain threat this fund will allow trustees one year to adjust the financial plans.
6. A review of premises fund. This sets aside £50,000 to facilitate a move to new premises and to enable the trustees to review the potential options of developing the existing site.

#### **6. Plans for the future**

The natural development of the hospice's services will be in the provision of increased support within the community. This can only be delivered once the more robust income streams of the hospice can deliver sufficient income to cover the operating costs. The two main aims set by the trustees are for the charity to achieve increased income and to seek to increase the utilisation of the services presently funded by the charity.

The charity's medium term strategic goals are: to continue the existing services; to implement a day therapies day to re-invigorate the use of services on Thursday within the day services; to strengthen the multi-disciplinary team that supports the hospice's patients; to increase the number of patients with non-cancer conditions who access our services; to develop each of the income streams; and to develop the charity's partnership working with other organisations.

## REPORT OF THE TRUSTEES AND DIRECTORS OF

### KATHARINE HOUSE HOSPICE

Continued

The objectives approved by trustees for 2013/14 are:

#### *Service*

- To develop the care agency business with a viable business model
- To commence implementing the Family Support Team strategy

#### *Financial*

- To realise revenues from the new Norton Bridge outlet
- To contain the Hospice's expected deficit to within £150k

#### *Operational*

- To relocate a number of non-clinical services off the main hospice site
- To provide proper accommodation for the Community Services Team

#### *Managerial*

- To develop agreement with other parties for a researcher role, if possible through a Knowledge Transfer Partnership

## **7. Reporting on Public Benefit**

Section 3 sets out the charitable objectives of Katharine House Hospice and how these objectives are being met. Section 4 provides details of the main charitable activities that have been carried out. All the services provided by Katharine House Hospice are provided free of charge to patients and families; trustees consider that all this activity is, in its entirety, charitable. In providing access to these services, the trustees have sought to ensure that the only considerations are the appropriateness of meeting the needs of each patient, the capacity to meet this need, and the safety and welfare of all patients.

The trustees in making decisions in relation to the delivery of current services, the proposed development of new services, and the use of the charity's funds, give due and proper consideration to the issue of public benefit, as described in relevant guidance from the Charity Commission.

## **8. Responsibilities**

The Board of Trustees are required to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the income and expenditure of the company for the period ending on that date. In preparing those financial statements, the Board of Trustees are required to:

1. Select suitable accounting policies and apply them consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**REPORT OF THE TRUSTEES AND DIRECTORS OF**

**KATHARINE HOUSE HOSPICE**

**Continued**

**9. Auditors**

RSM Tenon Audit Limited resigned as auditors during the year and Dyke Yaxley Limited were appointed in their place. There were no circumstances regarding the resignation that need to be brought to the attention of the members.

The directors will recommend to members the re-appointment of our present auditors Dyke Yaxley Limited.

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the Board on 3 September 2013 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'JAG', with a long horizontal stroke extending to the right.

Dr John A Gibson  
Chairman

## **REPORT OF THE INDEPENDENT AUDITORS OF**

### **KATHARINE HOUSE HOSPICE**

#### **Independent Auditor's Report to the members of Katharine House Hospice**

We have audited the financial statements of Katharine House Hospice for the year ended 31 March 2013, which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, and the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein and the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the charitable company's members, as a body, in accordance with Sections 495 and 496 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditors**

The trustees' (who are also the directors of Katharine House Hospice for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosure of trustees' remuneration specified by law are not made.

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

**REPORT OF THE INDEPENDENT AUDITORS OF  
KATHARINE HOUSE HOSPICE**

**Basis of audit opinion**

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

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

**Opinion**

In our opinion:

- the financial statements give a true and fair view of the state of the charity's and the group's affairs as at 31 March 2013, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.



**Ian R. Walsh**  
**Senior Statutory Auditor**  
**for and on behalf of:**  
**Dyke Yaxley Limited**  
**Statutory Auditor**  
**8 Hollinswood Court**  
**Stafford Park 1**  
**Telford**  
**Shropshire. TF3 3DE**

7/10/13

**KATHARINE HOUSE HOSPICE**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
for the year ended 31 March 2013

	Note	Unrestricted £	Designated £	Restricted £	2013 Totals £	2012 Totals £
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
Voluntary Income	( 2 )	32,620	103,281	--	135,901	202,710
Fundraised Income	( 5 )	772,951	--	191,519	964,470	881,977
Gift Aid - Promotions Subsidiary	( 6 )	213,655	--	--	213,655	219,833
Gift Aid - Retail Subsidiary	( 6 )	268,454	--	--	268,454	621,846
Retail sales donations and gift aid		404,463	--	--	404,463	--
Investment Income	( 7 )	21,689	--	--	21,689	10,500
<b>Incoming resources from charitable activities</b>						
Statutory Sector Income	( 8 )	4,760	26,214	1,058,073	1,089,047	1,070,638
Fee Income Received	( 9 )	9,286	--	--	9,286	3,431
<b>Other Incoming Resources</b>		52	--	--	52	4,555
<b>Total Incoming Resources</b>		<b>1,727,930</b>	<b>129,495</b>	<b>1,249,592</b>	<b>3,107,017</b>	<b>3,015,490</b>
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating voluntary income</b>						
Fundraising Costs	( 5 )	344,210	--	--	344,210	313,544
Investment Management Fees		7,303	--	--	7,303	10,266
Investment Property Costs		645	--	--	645	2,524
		<b>352,158</b>	<b>--</b>	<b>--</b>	<b>352,158</b>	<b>326,334</b>
<b>Net incoming resources for charitable application</b>		<b>1,375,772</b>	<b>129,495</b>	<b>1,249,592</b>	<b>2,754,859</b>	<b>2,689,156</b>
Hospice Operating Costs	( 10 )	1,373,057	67,439	1,236,710	2,677,206	2,563,225
Governance Costs	( 10 )	55,185	--	--	55,185	75,472
		<b>1,428,242</b>	<b>67,439</b>	<b>1,236,710</b>	<b>2,732,391</b>	<b>2,638,697</b>
<b>Total Resources Expended</b>		<b>1,780,400</b>	<b>67,439</b>	<b>1,236,710</b>	<b>3,084,549</b>	<b>2,965,031</b>
<b>Net incoming / (outgoing) resources before transfers</b>		<b>(52,470)</b>	<b>62,056</b>	<b>12,882</b>	<b>22,468</b>	<b>50,459</b>
Gross transfers between funds	( 20 )	226,064	(226,566)	502	--	--
<b>Net incoming / (outgoing) resources before other gains and losses</b>		<b>173,594</b>	<b>(164,510)</b>	<b>13,384</b>	<b>22,468</b>	<b>50,459</b>
Net gains (losses) on investment assets		47,574	--	--	47,574	(39,200)
<b>Net Movement in Funds</b>		<b>221,168</b>	<b>(164,510)</b>	<b>13,384</b>	<b>70,042</b>	<b>11,259</b>
<b>RECONCILIATION OF FUNDS</b>						
Fund balances brought forward		2,498,287	415,433	94,487	3,008,207	2,996,948
<b>Fund Balances Carried Forward</b>		<b>2,719,455</b>	<b>250,923</b>	<b>107,871</b>	<b>3,078,249</b>	<b>3,008,207</b>

**KATHARINE HOUSE HOSPICE**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
for the year ended 31 March 2013

	Note	Unrestricted £	Designated £	Restricted £	2013 Totals £	2012 Totals £
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
Voluntary Income	( 2 )	32,620	103,281	--	135,901	202,710
Fundraised Income	( 5 )	772,951	--	191,519	964,470	881,977
Gross Income - Promotions	( 6 )	472,128	--	--	472,128	483,247
Gross Income - Retail	( 6 )	1,823,707	--	--	1,823,707	1,930,165
Retail sales donated to hospice		404,463	--	--	404,463	--
Gross Income - DLT Trading	( 6 )	283,012	--	--	283,012	191,914
Gross Income - EQC Limited	( 6 )	21,064	--	--	21,064	--
Investment Income	( 7 )	21,720	--	--	21,720	10,531
<b>Incoming resources from charitable activities</b>						
Statutory Sector Grants	( 8 )	4,760	26,214	1,058,073	1,089,047	1,070,638
Fee Income Received		9,286	--	--	9,286	3,431
<b>Other Incoming Resources</b>		52	--	--	52	4,555
<b>Total Incoming Resources</b>		<b>3,845,763</b>	<b>129,495</b>	<b>1,249,592</b>	<b>5,224,850</b>	<b>4,779,168</b>
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating voluntary income</b>						
Fundraising Costs	( 5 )	344,210	--	--	344,210	313,544
Cost of Operating Promotions	( 6 )	258,504	--	--	258,504	263,445
Cost of Operating Retail	( 6 )	1,557,628	--	--	1,557,628	1,314,703
Cost of Operating DLT Trading	( 6 )	280,637	--	--	280,637	185,117
Investment Management Fees		7,303	--	--	7,303	10,266
Investment Property Costs		645	--	--	645	2,524
		<b>2,448,927</b>	<b>--</b>	<b>--</b>	<b>2,448,927</b>	<b>2,089,599</b>
<b>Net incoming resources for charitable application</b>		<b>1,396,836</b>	<b>129,495</b>	<b>1,249,592</b>	<b>2,775,923</b>	<b>2,689,569</b>
Hospice Operating Costs	( 10 )	1,373,057	67,439	1,236,710	2,677,206	2,563,225
Embrace Quality Care Costs	( 6 )	21,111	--	--	21,111	--
Governance Costs	( 10 )	55,185	--	--	55,185	75,472
		<b>1,449,353</b>	<b>67,439</b>	<b>1,236,710</b>	<b>2,753,502</b>	<b>2,638,697</b>
Corporation tax		--	--	--	--	1,191
<b>Total Resources Expended</b>		<b>3,898,280</b>	<b>67,439</b>	<b>1,236,710</b>	<b>5,202,429</b>	<b>4,729,487</b>
<b>Net incoming / (outgoing) resources before transfers</b>		<b>(52,517)</b>	<b>62,056</b>	<b>12,882</b>	<b>22,421</b>	<b>49,681</b>
Gross transfers between funds	( 20 )	226,064	(226,566)	502	--	--
<b>Net incoming / (outgoing) resources before other gains and losses</b>		<b>173,547</b>	<b>(164,510)</b>	<b>13,384</b>	<b>22,421</b>	<b>49,681</b>
Net gains (losses) on investment assets		47,574	--	--	47,574	(39,200)
<b>Net Movement in Funds</b>		<b>221,121</b>	<b>(164,510)</b>	<b>13,384</b>	<b>69,995</b>	<b>10,481</b>
<b>RECONCILIATION OF FUNDS</b>						
Fund balances brought forward		2,508,026	415,433	94,487	3,017,946	3,007,465
<b>Fund Balances Carried Forward</b>	( 20 )	<b>2,729,147</b>	<b>250,923</b>	<b>107,871</b>	<b>3,087,941</b>	<b>3,017,946</b>

**KATHARINE HOUSE HOSPICE**  
**CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT**  
**for the year ended 31 March 2013**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Gross Income from continuing operations	5,224,850	4,779,168
Total expenditure of continuing operations	5,202,429	4,729,487
Net income / (expenditure) for the year before transfers and investment asset disposal	22,421	49,681
Gain / (Loss) on disposal of fixed asset investments	--	--
Net income / (expenditure) for the year	22,421	49,681

- Total income comprises:
  - £ 3,975,258 unrestricted and designated funds
  - £ 1,249,592 restricted funds
- A detailed analysis of income by source is provided in the Statement of Financial Activities.
- Net income / expenditure before asset disposals all relates to the activity of the unrestricted and restricted funds.
- Turnover of non-charitable trading activities amounted to £2,599,911 (2012: £2,605,326). Detailed analyses of the trading results are shown in Note 6 to the financial statements.
- Restricted income comprises funds raised where the donor has specified a particular use of the funds. These are described in detail in Note 20.
- All other income is unrestricted.
- Detailed analysis of the expenditure is provided in the Statement of Financial Activities at Notes 5, 10 and 11 to the financial statements.
- The summary Income and Expenditure Account is derived from the Consolidated Statement of Financial Activities on Page 22, which together with the notes to the account on Pages 28 to 41 provides full information on the movements within the year on all the funds of the Charity.

The notes on pages 28 to 41 form part of these accounts



**KATHARINE HOUSE HOSPICE**  
(Registered No. 2700516)

**BALANCE SHEET**  
at 31 March 2013

	Note	Unrestricted & Designated Funds £	Restricted Funds £	2013 Total Funds £	Unrestricted Funds £	Restricted Funds £	2012 Total Funds £
<b>FIXED ASSETS</b>							
Tangible assets	( 15 )	1,440,428	21,440	1,461,868	1,505,804	21,088	1,526,892
Investments	( 16 )	518,747	--	518,747	464,956	--	464,956
Investment Property	( 16 )	250,000	--	250,000	250,000	--	250,000
Investment in Group	( 16 )	5,602	--	5,602	102	--	102
		<u>2,214,777</u>	<u>21,440</u>	<u>2,236,217</u>	<u>2,220,862</u>	<u>21,088</u>	<u>2,241,950</u>
<b>CURRENT ASSETS</b>							
Debtors	( 17 )	878,672	--	878,672	592,683	--	592,683
Cash at bank and in hand		22,985	86,431	109,416	218,511	164,810	383,321
		<u>901,657</u>	<u>86,431</u>	<u>988,088</u>	<u>811,194</u>	<u>164,810</u>	<u>976,004</u>
<b>CREDITORS</b>	( 19 )	(146,056)	--	(146,056)	(118,336)	(91,411)	(209,747)
amounts falling due within one year							
<b>NET CURRENT ASSETS</b>		<u>755,601</u>	<u>86,431</u>	<u>842,032</u>	<u>692,858</u>	<u>73,399</u>	<u>766,257</u>
<b>CREDITORS</b>		--	--	--	--	--	--
amounts falling due after one year							
<b>TOTAL ASSETS</b>		<u>2,970,378</u>	<u>107,871</u>	<u>3,078,249</u>	<u>2,913,720</u>	<u>94,487</u>	<u>3,008,207</u>
<b>REPRESENTED BY:</b>							
Restricted Funds		--	107,871	107,871	--	94,487	94,487
Designated Funds		250,923	--	250,923	415,433	--	415,433
Unrestricted Funds		2,719,455	--	2,719,455	2,498,287	--	2,498,287
		<u>2,970,378</u>	<u>107,871</u>	<u>3,078,249</u>	<u>2,913,720</u>	<u>94,487</u>	<u>3,008,207</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime under the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Council of Management meeting on 3 September 2013 and signed on its behalf by:-

M R Melling, Director

J A Gibson, Chairman

**KATHARINE HOUSE HOSPICE**  
**(Registered No. 2700516)**  
**CONSOLIDATED BALANCE SHEET**  
**at 31 March 2013**

	Note	Unrestricted & Designated Funds £	Restricted Funds £	2013 Total Funds £	Unrestricted Funds £	Restricted Funds £	2012 Total Funds £
<b>FIXED ASSETS</b>							
Tangible assets	( 15 )	1,669,874	21,440	1,691,314	1,609,442	21,088	1,630,530
Investments	( 16 )	518,747	--	518,747	464,956	--	464,956
Investment Property	( 16 )	250,000	--	250,000	250,000	--	250,000
		<u>2,438,621</u>	<u>21,440</u>	<u>2,460,061</u>	<u>2,324,398</u>	<u>21,088</u>	<u>2,345,486</u>
<b>CURRENT ASSETS</b>							
Debtors	( 17 )	223,081	--	223,081	85,617	--	85,617
Stock	( 18 )	1,032	--	1,032	2,468	--	2,468
Cash at bank and in hand		679,467	86,431	765,898	801,876	164,810	966,686
		<u>903,580</u>	<u>86,431</u>	<u>990,011</u>	<u>889,961</u>	<u>164,810</u>	<u>1,054,771</u>
<b>CREDITORS</b>	( 19 )	(362,131)	--	(362,131)	(290,900)	(91,411)	(382,311)
amounts falling due within one year							
<b>NET CURRENT ASSETS</b>		<u>541,449</u>	<u>86,431</u>	<u>627,880</u>	<u>599,061</u>	<u>73,399</u>	<u>672,460</u>
<b>CREDITORS</b>		--	--	--	--	--	--
amounts falling due after one year							
Provision for deferred tax			--	--	--	--	--
<b>TOTAL ASSETS</b>		<u>2,980,070</u>	<u>107,871</u>	<u>3,087,941</u>	<u>2,923,459</u>	<u>94,487</u>	<u>3,017,946</u>
<b>REPRESENTED BY:</b>							
Restricted Funds	( 20 )	--	107,871	107,871	--	94,487	94,487
Designated Funds	( 20 )	250,923	--	250,923	415,433	--	415,433
Unrestricted Funds	( 20 )	2,719,455	--	2,719,455	2,498,287	--	2,498,287
Subsidiary Retained Profit	( 6 )	29,200	--	29,200	29,200	--	29,200
Subsidiary Retained Losses	( 6 )	(19,508)	--	(19,508)	(19,461)	--	(19,461)
		<u>2,980,070</u>	<u>107,871</u>	<u>3,087,941</u>	<u>2,923,459</u>	<u>94,487</u>	<u>3,017,946</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime under the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Council of Management meeting on 3 September 2013 and signed on its behalf by:-

M R Mellor, Director

J A Gibson, Chairman

**KATHARINE HOUSE HOSPICE**  
**CONSOLIDATED CASHFLOW STATEMENT**  
at 31 March 2013

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>RECONCILIATION OF OPERATING PROFIT TO OPERATING CASHFLOWS</b>		
Net (outgoing) / incoming resources	22,421	49,681
Depreciation	139,194	110,540
Income from fixed asset investment	(21,656)	(7,108)
Interest received	(64)	(3,423)
(Increase) / decrease in Debtors	(137,464)	36,292
(Increase) / decrease in Stock	1,436	467
Increase / (decrease) in Creditors	(18,989)	90,816
<b>Net cash (outflow) inflow from operating activities</b>	<b>(15,122)</b>	<b>277,265</b>

**CASHFLOW STATEMENT**

Cashflow from operating activities	(15,122)	277,265
Returns on investments and servicing of finance	21,720	10,531
	6,598	287,796
(Purchase) / Sale of fixed assets	(277,746)	(5,128)
Payment of Corporation Tax	(1,191)	--
Financing	--	--
<b>Increase / (Decrease) in cash</b>	<b>(272,339)</b>	<b>282,668</b>

**KATHARINE HOUSE HOSPICE**  
**NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT**  
**at 31 March 2013**

**NOTE 1 TO THE CASHFLOW STATEMENT**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Income from fixed asset investments	21,656	7,108
Interest received	64	3,423
	<u>21,720</u>	<u>10,531</u>
<b>Financing</b>		
(Purchasing of shares in trading companies) / Issue of shares	(5,000)	—
<b>Sale and purchase of fixed assets</b>		
Purchase of tangible fixed assets	(199,977)	(71,225)
Purchase of fixed asset investments	(77,769)	(218,428)
Proceeds of sale of fixed asset investments	—	284,525
	<u>(277,746)</u>	<u>(5,128)</u>

**NOTE 2 TO THE CASHFLOW STATEMENT - Reconciliation of Net Cash Flow to Movement in Net Funds**

Net cash inflow / (outflow)	(272,339)	283,859
	<u>(272,339)</u>	<u>283,859</u>
Change in net funds in the year	(272,339)	283,859
Net funds at 1 April	1,056,022	772,163
	<u>1,056,022</u>	<u>772,163</u>
Net funds at 31 March	<u><u>783,683</u></u>	<u><u>1,056,022</u></u>

**NOTE 3 TO THE CASHFLOW STATEMENT - Analysis of Changes in Net Funds**

	<b>As at</b>	<b>Cash</b>	<b>Non cash</b>	<b>As at</b>
	<b>1 April 2012</b>	<b>Flows</b>	<b>Changes</b>	<b>31 March 2013</b>
Cash in hand, at bank, and in the investment portfolio	<u>1,056,022</u>	<u>(272,339)</u>	<u>--</u>	<u><u>783,683</u></u>

## **1. ACCOUNTING POLICIES**

### **a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments, and in accordance with applicable accounting standards, and the Statement of Recommended Practice (SORP 2005), Accounting & Reporting by Charities and the Companies Act 2006, and Financial Reporting Standard for Smaller Entities (April 2008).

### **b) Branch Accounting**

There exist a number of support groups within the community raising awareness about and funds to support the work of Katharine House Hospice. Under the new SORP, Trustees consider these to be branches of Katharine House Hospice but consider the expenses involved in accounting for these Groups on a full accruals basis and auditing these accounts to be unwarranted in relation to the size of the funds generated.

### **c) Income and donations**

Donations, bequests and similar incoming resources are accounted for when receivable by the charity, which is when the charity becomes entitled to the resource. Other income is accounted for on an accruals basis as far as it is prudent so to do. Income includes income tax recovered and recoverable. Dividend income is included in the income and expenditure account when declared. Income from the sale of donated goods through the group's retail outlets is recognised at their sales value, when the goods are sold.

### **d) Intangible income and expenditure**

Intangible income is recognised at an estimate of value to the charity or cost to the donor, whichever is the higher and is recognised in the income and expenditure account.

### **e) Donation of assets**

Gifts of tangible assets are included in these accounts at an estimated valuation which approximates to cost. Donations are included in the income and expenditure account as such, and in the balance sheet under the appropriate headings.

### **f) Irrecoverable VAT**

Irrecoverable VAT is written off in the year it is recognised as such.

### **g) Basis for the allocation of costs**

Where ever possible costs are allocated directly to the main charitable objective. When such direct allocation is not possible costs are first allocated on the basis of estimated usage and then on a proportionate basis.

### **h) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Capital items in excess of £5,000 are capitalised.

Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value, over the expected useful lives on the following bases:-

Charity leasehold buildings	2% straight line basis
Subsidiaries leasehold buildings	10-20% straight line basis
Equipment, furniture and vehicles	20% straight line basis
General IT equipment	50% straight line basis
Household equipment	100%

During 2010/11 the trustees refreshed the entire IT infrastructure. A proportion of this has been capitalised. Whilst general IT equipment is considered to have little value after two years, the trustees consider that the infrastructure has longer term value for the charity and have therefore determined that this should be treated as equipment rather than IT and written off at 20% rather than 50%.

### **i) Investments**

Investments are stated at market value at the year end. Gains and losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activities.

### **j) Investment property**

The investment property is held as a medium-term investment, which will not be depreciated, and is valued as the minimum expected market value of the property at the date of the balance sheet. It is presently tenanted and has not been revalued since 31 March 2010.

### **k) Pensions**

The Charity will contribute to the NHS superannuation scheme for those staff eligible to join. This is a national, statutory contributory, unfunded defined benefit scheme administered by the NHS Pensions Agency, an executive agency of the Department of Health. Pensions costs are assessed in accordance with the advice of the Government Actuary. For those employees who are not eligible to join the NHS superannuation scheme the charity offers a defined contribution pension scheme operated by Standard Life.

Contributions payable for the year are charged to the income and expenditure account.

**KATHARINE HOUSE HOSPICE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2013

(Continued)

**l) Fund accounting**

General Funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objects of the charity and which have not been designated for other purposes. Restricted funds can only be applied to particular purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for a particular restricted purpose. The nature and purpose of each restricted fund is explained in note 20.

**m) Method of consolidation**

The financial statements consolidate the accounts of Katharine House Hospice and all its subsidiary undertakings using the acquisition method.

**n) Deferred income**

Other grants are credited to the profit and loss account as the related expenditure is incurred. Income received prior to an event which would be returnable if the event does not occur is deferred until the event has occurred.

**o) Deferred taxation**

Deferred tax is provided in full on timing differences which represents a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from accelerated capital allowances as it is not thought that a tax charge will arise in the foreseeable future due to the charitable nature of the Holding Company. Deferred tax assets and liabilities are not discounted.

**p) Operating leases**

Rental applicable to operating leases where substantially all of the benefit and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

**2. VOLUNTARY INCOME**

	Note	2013 £	2012 £
Unsolicited donations and gifts		32,620	51,840
Legacies	( 3 )	103,281	150,870
		<u>135,901</u>	<u>202,710</u>

**3. LEGACIES**

During the year the charity was in receipt of legacies and bequests as follows:-

	No.	2013 £	No.	2012 £
Up to £10,000	12	35,754	11	19,603
£10,000 to £49,999	4	67,527	4	50,703
£50,000 to £99,999	--	--	1	80,564
Over £100,000	--	--	--	--
		<u>103,281</u>		<u>150,870</u>

**4. MEMBERSHIP AND LIABILITIES OF MEMBERS**

The charity is incorporated as a Company Limited by Guarantee and does not have share capital. Each member of the company has undertaken to contribute to the assets of the company in the event of it being wound up while s/he is a member, or within one year after s/he ceases to be a member, for payment of the debts and liabilities of the company contracted before s/he ceases to be a member, and of the rights of the contributions amongst themselves, such amount as may be required not exceeding £1. Each member pays a subscription fee annually. Income from membership is the annual subscription.

**KATHARINE HOUSE HOSPICE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2013

(Continued)

## 5. FUNDRAISING INCOME AND EXPENDITURE

The Charity operates a fundraising department, whose objectives are: to raise funds to support the work of the Charity; to acknowledge support given to the Charity; to account for each donation given to the Charity; to raise awareness about the work of the Charity; and to raise awareness of the Charity's need for funds.

It is not always easy to determine whether certain donations have been raised as a direct consequence of fundraising activity. In presenting this assessment of the fundraising performance Trustees draw attention to the fact that activity in one year may produce income in the following year, and therefore matching income and expenditure can be extremely difficult.

The Trustees are grateful to the many tax-paying donors who are willing to sign gift aid forms, this enhances the value of the donation to the Hospice and last year raised an additional £65,892 (2012: £58,256).

The performance set out below specifically excludes: £103,281 of legacy income (2012: £150,870); £32,620 of unsolicited donations (2012: £51,840); grants from the statutory sector; and fee income derived from education, consultancy and similar.

	Note	Unrestricted £	Restricted £	2013 Total £	2012 Total £
<b>Income Sources</b>					
Individuals and groups		316,378	8,127	324,505	288,425
Gift aid		65,892	--	65,892	58,256
Collections		40,795	13	40,808	38,529
Membership	(4)	615	--	615	635
Corporate Support		83,972	478	84,450	77,936
Trusts		28,739	166,082	194,821	195,174
Local Councillors		--	15,384	15,384	--
Events		219,073	1,435	220,508	205,144
Support groups		10,104	--	10,104	9,950
Tea bar income		5,076	--	5,076	5,552
Other sources		2,307	--	2,307	2,376
		<b>772,951</b>	<b>191,519</b>	<b>964,470</b>	<b>881,977</b>
<b>Direct Costs</b>					
Wage costs		205,672		205,672	198,851
Bought-in staff		--		--	--
Other staff costs		1,947		1,947	1,786
IT Costs		8,013		8,013	2,474
External suppliers		--		--	--
Event costs		60,333		60,333	54,715
Project costs		1,931		1,931	1,642
Tea bar costs		2,682		2,682	2,359
Other costs		7,879		7,879	7,493
Depreciation		3,593		3,593	3,593
		<b>292,050</b>		<b>292,050</b>	<b>272,913</b>
<b>Support Costs</b>					
Housekeeping		1,327		1,327	--
Maintenance		792		792	3,748
		<b>2,119</b>		<b>2,119</b>	<b>3,748</b>
<b>Overhead Costs</b>					
Administrative costs		50,041		50,041	36,883
		<b>50,041</b>		<b>50,041</b>	<b>36,883</b>
<b>Total Fundraising Costs</b>		<b>344,210</b>		<b>344,210</b>	<b>313,544</b>
<b>Net Income from Fundraising</b>				<b>620,260</b>	<b>568,433</b>

**KATHARINE HOUSE HOSPICE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2013

(Continued)

## 6. TRADING SUBSIDIARIES

The charity has four wholly owned subsidiary undertakings, all of which are incorporated in England and Wales. KH Promotions Limited operates a society lottery, Katharine House Retail Limited operates charitable shops and merchandising, Embrace Quality Care Limited is a private care agency and KHH Development Limited is dormant.

A summary of their results is shown below. Audited accounts have been approved by the Directors and will be filed with the Registrar of Companies. As KHH Development Ltd is dormant no results are shown.

	KH Promotions Ltd		Katharine House Retail Ltd	
	2013	2012	2013	2012
	£	£	£	£
Turnover	472,128	483,247	1,823,707	1,930,165
Operational costs	(236,115)	(244,868)	(1,477,451)	(1,255,251)
Recharges paid to Katharine House	(22,389)	(18,577)	(80,177)	(59,452)
Interest Received	31	31	2,375	1,125
<b>NET PROFIT</b>	<b>213,655</b>	<b>219,833</b>	<b>268,454</b>	<b>616,587</b>
Gift Aid Payment to Katharine House Hospice	(213,655)	(219,833)	(268,454)	(621,846)
<b>Retained in subsidiary undertaking</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(5,259)</b>
Retained earnings brought forward	--	--	29,200	34,459
<b>Retained earnings carried forward</b>	<b>--</b>	<b>--</b>	<b>29,200</b>	<b>29,200</b>
The aggregate of the assets, liabilities and funds at 31 March was:				
Tangible Assets	--	--	173,359	103,640
Assets	234,997	226,943	602,209	450,460
Liabilities	(234,897)	(226,843)	(746,366)	(524,898)
<b>Funds</b>	<b>100</b>	<b>100</b>	<b>29,202</b>	<b>29,202</b>

The Funds for KH Promotions Limited represent 100 Ordinary Shares of £1 each.

The Funds for Katharine House Retail Limited represent 2 Ordinary Shares of £1 each and £29,200 retained profit.

In 2009 Katharine House Retail Limited established a wholly owned subsidiary to operate charity shops for another charity. A summary of its results are shown below. Audited accounts have been approved by the Directors and will be filed with the Registrar of Companies.

	DLT Trading Ltd		Embrace Quality Care Limited	
	2013	2012	2013	2012
	£	£	£	£
Turnover	283,012	191,914	21,064	--
Operating costs	(280,637)	(159,117)	(21,111)	--
<b>GROSS PROFIT</b>	<b>2,375</b>	<b>32,797</b>	<b>(47)</b>	<b>--</b>
Interest Payable	(2,375)	(1,125)	--	--
Donation under Gift Aid	--	(26,000)	--	--
Corporation Tax	--	(1,191)	--	--
<b>Retained in subsidiary undertaking</b>	<b>--</b>	<b>4,481</b>	<b>(47)</b>	<b>--</b>
Retained earnings brought forward	(19,461)	(23,942)	--	--
<b>Retained earnings carried forward</b>	<b>(19,461)</b>	<b>(19,461)</b>	<b>(47)</b>	<b>--</b>
The aggregate of the assets, liabilities and funds at 31 March was:				
Tangible Assets	56,088	--	--	--
Assets	62,461	20,120	12,560	--
Liabilities	(138,009)	(39,580)	(7,607)	--
<b>Funds</b>	<b>(19,460)</b>	<b>(19,460)</b>	<b>4,953</b>	<b>--</b>

The Funds for DLT Trading Limited represent 1 Ordinary Shares of £1 each and retained losses of £19,461.

The Funds for Embrace Quality Care Limited represent 5000 Ordinary Shares of £1 each and retained losses of £47.



**KATHARINE HOUSE HOSPICE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2013

(Continued)

## 7. INVESTMENT INCOME

	Company		Group	
	2013	2012	2013	2012
	£	£	£	£
Bank Interest	25	19	56	50
Interest from Investments	8	3,373	8	3,373
Dividends	13,511	6,912	13,511	6,912
Rent	8,145	196	8,145	196
	<u>21,689</u>	<u>10,500</u>	<u>21,720</u>	<u>10,531</u>

## 8. STATUTORY SECTOR INCOME

The charity is in receipt of income from a number of statutory agencies. Trustees are pleased to report that South Staffordshire Primary Care Trust has done a great deal of work to provide the charity with a more equitable level of funding.

The percentages shown are of total incoming resources on the unconsolidated SOFA, page 21.

		2013		2012	
		£	%	£	%
Local Primary Care Trusts					
Support for operating the Day Unit	(a)	59,000	1.90	77,197	2.56
Support for operating the Inpatient Unit	(a)	563,837	18.15	541,291	17.95
Support to provide lymphoedema	(a)	145,000	4.67	71,769	2.38
Support for at home team	(b)	288,793	9.29	339,567	11.26
Continuing care funding	(c)	--	-	11,100	0.37
Lymphoedema treatments	(c)	1,260	0.04	--	-
Stafford Borough Council	(d)	3,500	0.11	3,500	0.12
NHS Pension Rebate	(e)	26,214	0.84	26,214	0.87
Student placements	(f)	1,443	0.05	--	-
		<u>1,089,047</u>	<u>35.05</u>	<u>1,070,638</u>	<u>35.51</u>

- (a) A three year recurring service level agreement the value of which is derived annually.
- (b) A Conditional Grant for the establishment of the At Home Team, see note 21.
- (c) Specific income for the provision of care to named patients.
- (d) A continuing annual service level agreement.
- (e) The hospice is in receipt of an annual rebate from the Department of Health, paid through South Staffordshire PCT, to cover the increased costs to the employer of the NHS pension scheme.
- (f) Placements for medical students and nurses, funded by various universities.

In addition the hospice has received one off grants from local councils for specific objectives, as described below and reported in notes 5 and 20.

	2013	2012
	£	£
Staffordshire County Councillors to provide replacement doors and lymphoedema service	6,559	4,380
Stafford Borough Council for the provision of automatic doors to aid disabled people	3,600	--
East Staffordshire Borough Council for the provision of patient transport	1,625	--

## 9. FEE INCOME

The main object of the charity is to provide home care, day care and inpatient care to people in mid-Staffordshire in need of specialist palliative care. The charity makes no charge for the provision of these services. A subsidiary object is to provide training, education and other resources for those involved in the provision of specialist palliative care services. To this end a training room was built as part of the extension in 2000. Training and education is often provided without charge, but for some a fee is charged to external trainees. Furthermore, the facilities are not always in use for the objects of the charity, and at times when the facilities are idle they are available to external organisations.

**KATHARINE HOUSE HOSPICE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2013

(Continued)

**10. EXPENDITURE ANALYSIS**

	Direct Staff	Direct Other	Deprec- iation	Recharged Direct Support	Recharged Management and Admin	2013 Total	2012 Total
<b>Charitable Activity</b>							
Inpatient Care	923,927	69,966	25,912	347,295	88,536	1,455,636	1,448,829
Day Care	171,448	32,913	18,296	73,981	30,525	327,163	232,153
Lymphoedema	95,806	38,815	9,316	39,582	14,818	198,337	155,729
At Home Care	303,402	85,178	1,442	72,878	39,210	502,110	563,185
Family Support	79,250	1,417	432	17,244	12,011	110,354	78,745
Respite for carers	15,939	1,392	--	1,462	2,340	21,133	25,530
Drop-In/ Wellbeing Day	15,984	197	1,903	9,595	12,124	39,803	28,914
Carers Support	14,446	1,172	--	3,222	3,258	22,098	25,172
Education	--	--	532	40	--	572	4,968
<b>Charitable Expenditure</b>	<b>1,620,202</b>	<b>231,050</b>	<b>57,833</b>	<b>565,299</b>	<b>202,822</b>	<b>2,677,206</b>	<b>2,563,225</b>
<b>Governance (11)</b>	<b>27,230</b>	<b>8,340</b>	<b>--</b>	<b>3,285</b>	<b>16,330</b>	<b>55,185</b>	<b>75,472</b>
<b>Fundraising (5)</b>	<b>205,672</b>	<b>82,785</b>	<b>3,593</b>	<b>4,816</b>	<b>47,344</b>	<b>344,210</b>	<b>313,545</b>
<b>Recharges to Subsidiaries</b>							
To KH Retail	--	20,291	1,465	16,655	41,766	80,177	59,452
To KH Promotions	--	1,413	2,057	1,458	17,461	22,389	18,577
To DLT Trading Ltd	--	--	--	--	--	--	--
<b>Total Recharges</b>	<b>--</b>	<b>21,704</b>	<b>3,522</b>	<b>18,113</b>	<b>59,227</b>	<b>102,566</b>	<b>78,029</b>
<b>Total Expenditure</b>				<b>591,513</b>	<b>325,723</b>	<b>3,179,167</b>	<b>3,030,271</b>
<b>Direct Support Services</b>							
Management of Care	163,259	19,694	2,310			185,263	148,335
Catering	47,966	24,246	775			72,987	73,062
Laundry	--	7,767	709			8,476	8,413
Housekeeping	43,217	23,021	103			66,341	59,637
Maintenance	28,169	51,047	--			79,216	79,518
Administration	53,245	121,830	4,154			179,229	156,904
<b>Total Direct Support</b>	<b>335,856</b>	<b>247,605</b>	<b>8,051</b>			<b>591,512</b>	<b>525,869</b>
<b>Overhead Costs</b>							
Management	69,283	71,046	7,281			147,610	123,617
Finance	48,352	(6,071)	1,325			43,606	38,239
Personnel	28,861	1,184	1,442			31,487	29,000
Voluntary Services	24,513	3,044	793			28,350	24,676
Marketing	41,041	33,629	--			74,670	74,624
<b>Total overhead</b>	<b>212,050</b>	<b>102,832</b>	<b>10,841</b>			<b>325,723</b>	<b>290,156</b>
<b>Total Direct Expenditure</b>	<b>2,401,010</b>	<b>694,316</b>	<b>83,840</b>				

**KATHARINE HOUSE HOSPICE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2013

(Continued)

**11. GOVERNANCE COSTS**

	2013	2012
	£	£
Allocation of the costs of Management Time	27,230	21,758
Professional advice to trustees	960	6,558
Trustee Indemnity insurance	740	795
Audit and accountancy fees	6,000	6,300
Other Costs	640	20,714
Direct Support Recharge	16,330	5,102
Management and Admin Recharge	3,285	14,245
	<u>55,185</u>	<u>75,472</u>

**12. SPECIFIC CHARGES TO EXPENDITURE**

Audit fees for the group were £9,638 (2012: £9,138).  
Directors expenses were £NIL (2012: £NIL), see note 13.

**13. TRUSTEES' REMUNERATION AND EXPENSES**

None of the directors or connected person received any remuneration during the year, nor did they have any financial interest in the Company's activities (2012: £NIL). The secretary received expenses of £NIL (2012 - £NIL).

**14. EMPLOYEE NUMBERS AND COSTS**

The number of staff and whole time equivalents employed by the charity, analysed by function was:

Company				
	2013		2012	
	Average Employees	Whole time Equivalent	Average Employees	Whole time Equivalent
Nursing and Care	70	46.75	65	49.81
Medical and Therapies	3	1.20	3	1.22
Ancillary	19	7.70	14	6.71
Fundraising	8	7.28	8	7.33
Administration / Management	23	12.55	16	11.05
	<u>123</u>	<u>75.48</u>	<u>106</u>	<u>76.12</u>

  

Group				
	2013		2012	
	Average Employees	Whole time Equivalent	Average Employees	Whole time Equivalent
Nursing and Care	71	46.82	65	49.81
Medical and Therapies	3	1.20	3	1.22
Ancillary	19	7.70	14	6.71
Generating Funds	102	58.10	75	51.24
Administration / Management	28	15.78	20	13.43
	<u>223</u>	<u>129.60</u>	<u>177</u>	<u>122.41</u>

The costs of employment were:

Company			
	2013	2012	
	£	£	
Salary	1,918,074	1,847,254	
National Insurance	146,523	144,025	
Pension	139,098	131,519	
	<u>2,203,695</u>	<u>2,122,798</u>	
Non-payroll staff	197,315	156,162	
	<u>2,401,010</u>	<u>2,278,960</u>	

  

Group			
	2013	2012	
	£	£	
Salary	2,898,087	2,636,539	
National Insurance	206,110	190,312	
Pension	146,069	137,768	
	<u>3,250,266</u>	<u>2,964,619</u>	
Non-payroll staff	207,202	168,190	
	<u>3,457,468</u>	<u>3,132,809</u>	

The number of staff whose emoluments exceeded £60,000 during the year was:

Company			
	2013	2012	
£60,001 - £70,000	1	1	

  

Group			
	2013	2012	
£60,001 - £70,000	1	1	

**KATHARINE HOUSE HOSPICE**  
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(Continued)

**15. TANGIBLE FIXED ASSETS**

<b>COMPANY</b>	<b>Long Leasehold Land and Buildings £</b>	<b>Equipment, Furniture and Fixture £</b>	<b>IT Equipment and Software £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 April 2012	1,826,382	233,403	90,937	87,465	2,238,187
Additions	--	8,400	10,416	--	18,816
At 31 March 2013	<u>1,826,382</u>	<u>241,803</u>	<u>101,353</u>	<u>87,465</u>	<u>2,257,003</u>
<b>Depreciation</b>					
At 1 April 2012	439,472	176,508	40,896	54,419	711,295
Charge for the year	<u>36,529</u>	<u>19,370</u>	<u>15,514</u>	<u>12,427</u>	<u>83,840</u>
At 31 March 2013	<u>476,001</u>	<u>195,878</u>	<u>56,410</u>	<u>66,846</u>	<u>795,135</u>
<b>Net Book Value</b>					
At 31 March 2013	<u>1,350,381</u>	<u>45,925</u>	<u>44,943</u>	<u>20,619</u>	<u>1,461,868</u>
At 1 April 2012	<u>1,386,910</u>	<u>56,895</u>	<u>50,041</u>	<u>33,046</u>	<u>1,526,892</u>
<b>GROUP</b>					
<b>Cost</b>					
At 1 April 2012	1,915,370	255,452	130,661	120,487	2,421,970
Additions	<u>123,135</u>	<u>8,750</u>	<u>22,692</u>	<u>45,400</u>	<u>199,977</u>
At 31 March 2013	<u>2,038,505</u>	<u>264,202</u>	<u>153,353</u>	<u>165,887</u>	<u>2,621,947</u>
<b>Depreciation</b>					
At 1 April 2012	474,218	186,771	50,827	79,623	791,439
Charge for the year	<u>58,336</u>	<u>23,709</u>	<u>37,023</u>	<u>20,126</u>	<u>139,194</u>
At 31 March 2013	<u>532,554</u>	<u>210,480</u>	<u>87,850</u>	<u>99,749</u>	<u>930,633</u>
<b>Net Book Value</b>					
At 31 March 2013	<u>1,505,951</u>	<u>53,722</u>	<u>65,503</u>	<u>66,138</u>	<u>1,691,314</u>
At 1 April 2012	<u>1,441,152</u>	<u>68,681</u>	<u>79,834</u>	<u>40,863</u>	<u>1,630,530</u>

The Net Book Value of the Groups assets at 31 March 2013 represents Fixed Assets used for:

	<b>Long Leasehold Land and Buildings £</b>	<b>Equipment, Furniture and Fixture £</b>	<b>IT Equipment and Software £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
Care and education	830,836	44,021	20,519	20,619	915,995
Fundraising	78,741	--	3,540	--	82,281
Retail Subsidiary	155,570	7,797	24,100	45,519	232,986
Trading Subsidiary	17,403	544	3,540	--	21,487
Support Services	44,376	--	--	--	44,376
Administration	379,025	1,360	13,804	--	394,189
Governance	--	--	--	--	--
	<u>1,505,951</u>	<u>53,722</u>	<u>65,503</u>	<u>66,138</u>	<u>1,691,314</u>
Restricted Assets (20)	--	21,069	--	371	21,440
Unrestricted Assets	<u>1,505,951</u>	<u>32,653</u>	<u>65,503</u>	<u>65,767</u>	<u>1,669,874</u>
	<u>1,505,951</u>	<u>53,722</u>	<u>65,503</u>	<u>66,138</u>	<u>1,691,314</u>

**KATHARINE HOUSE HOSPICE**  
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(Continued)

**16. FIXED ASSET INVESTMENT - Company and Group**

At 31 March 2013 the market value of investments held were:

	<b>2013</b>		<b>2012</b>	
	£	%	£	%
Fixed Interest	267,902	51.7	248,750	53.6
UK Equities and Funds	123,666	23.8	63,715	13.7
Overseas Equities and Funds	35,308	6.8	9,936	2.1
Other Assets	38,189	7.4	20,956	4.5
Property Funds	13,864	2.7	12,308	2.6
Absolute return	22,034	4.2	19,955	4.3
<b>Value of Listed Investments</b>	<b>500,963</b>		<b>375,620</b>	
Cash Held for Investment Purposes	17,784	3.4	89,336	19.2
	<b>518,747</b>		<b>464,956</b>	

	<b>2013</b>	<b>2012</b>
	£	£
<b>Listed investments</b>		
Market Value at 31 March	375,620	480,917
Less Disposals at opening book value	--	(322,835)
Add acquisitions at cost	77,769	218,428
Net gain/(loss) on revaluation at 31 March	47,574	(890)
<b>Market Value at 31 March of listed investments</b>	<b>500,963</b>	<b>375,620</b>
<b>Historical Cost at 31 March</b>	<b>429,676</b>	<b>351,907</b>

All investments are held in unrestricted funds. The net gains and losses on revaluation are based on the market value of investment provided by William de Broe plc who manage the fund on behalf of the trustees.

**INVESTMENT PROPERTY - Group and Company**

	<b>2013</b>	<b>2012</b>
	£	£
Net book Value - brought forward	250,000	250,000
Net book Value - carried forward	250,000	250,000

The trustees have considered the value of the investment property and have determined that in their opinion it is not materially different.

**FIXED ASSET INVESTMENT - Company**

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

	<b>2013</b>	<b>2012</b>
	£	£
KH Promotions Limited	100	100
Katharine House Retail Limited	2	2
Embrace Quality care Limited	5,000	--
KHH Development Limited	500	--
	<b>5,602</b>	<b>102</b>

Results for the year are shown in note 6.

**KATHARINE HOUSE HOSPICE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2013

(Continued)

**17. DEBTORS**

	Company		Group	
	2013	2012	2013	2012
	£	£	£	£
Intercompany accounts:				
KH Promotions Limited	161,586	150,179	--	--
Katharine House Retail Limited	614,692	430,738	--	--
Embrace Quality Care Limited	6,700	--	--	--
Trade Debtors	--	--	5,908	--
NHS pharmaceutical supplies	11,861	4,131	11,861	4,131
HMRC	56,820	6,186	103,660	22,590
Other Debtors	250	250	1,496	1,481
Prepayments	26,763	1,199	96,281	53,540
Deposits provided	--	--	3,875	3,875
	<u>878,672</u>	<u>592,683</u>	<u>223,081</u>	<u>85,617</u>

The intercompany accounts are the balance of funds to be transferred to the Hospice in respect of gift aid payments for the year. The balances are payable on demand. In view of the nature of the balances, interest is not charged by the Hospice on the outstanding amounts, nor has it taken security for the balances.

**18. STOCK**

	Company		Group	
	2013	2012	2013	2012
	£	£	£	£
Christmas Cards	--	--	1,032	2,468

**19. CREDITORS**

	Company		Group	
	2013	2012	2013	2012
	£	£	£	£
Intercompany account - DLT Trading Ltd	2,627	1,346	--	--
Share capital KHH Development Ltd	500	--	--	--
Payments on account	--	--	156,790	149,635
Trade creditors	90,641	65,258	136,531	76,991
Corporation Tax	--	--	--	1,191
Accruals	15,547	16,719	31,080	27,920
Deferred income	31,581	121,299	31,581	121,299
Other creditors	5,160	5,125	6,149	5,275
	<u>146,056</u>	<u>209,747</u>	<u>362,131</u>	<u>382,311</u>

There are no amounts falling due after more than one year.

**20. FUNDS**

**General, Designated and Restricted Funds:**

	General Funds	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Income	3,845,763	129,495	1,249,592	5,224,850
Expenditure in generating funds	(2,448,927)	--	--	(2,448,927)
	<u>1,396,836</u>	<u>129,495</u>	<u>1,249,592</u>	<u>2,775,923</u>
Opening value of funds	2,508,026	415,433	94,487	3,017,946
Transfers (to) / from general funds	226,064	(226,566)	502	--
Gains / (losses) on investment assets				
Realised	--	--	--	--
Unrealised	47,574	--	--	47,574
	<u>4,178,500</u>	<u>318,362</u>	<u>1,344,581</u>	<u>5,841,443</u>
Charitable expenditure	(1,449,353)	(67,439)	(1,236,710)	(2,753,502)
Closing value of funds	<u>2,729,147</u>	<u>250,923</u>	<u>107,871</u>	<u>3,087,941</u>

**KATHARINE HOUSE HOSPICE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(Continued)

Restricted Funds		Movements on Restricted Funds			Closing value held as:		
Fund	Opening Fund Value £	Income £	Charitable Expend £	Transfer from / (to) General Fund £	Closing Fund Value £	Vehicles Equipment Fixtures and Fittings £	Net Current Assets £
<b>Capital and Equipment funds:</b>							
Day Care Equipment	13,634	1,440	5,236	--	9,838	67	9,771
IPU Refurbishment and Equipment	7,076	5,750	9,344	--	3,482	3,482	--
Stafford Borough - Jubilee doors	--	3,600	3,600	--	--	--	--
Stafford County Council - new doors	--	3,600	3,600	--	--	--	--
Lymphoedema Equipment	--	8,988	2,872	--	6,116	--	6,116
Clothworkers Fund	--	20,000	6,300	--	13,700	13,700	--
February Foundation	--	3,500	3,513	13	--	--	--
Awards for All - Cross care roll out	--	9,693	8,641	--	1,052	--	1,052
Minibus fund	6,410	--	6,039	--	371	371	--
IPU French Windows	4,380	--	560	--	3,820	3,820	--
Help the Hospices Day Care Bath	2,473	--	2,473	--	--	--	--
Multi-sensory Equipment	1,926	--	383	--	1,543	--	1,543
St James – Macerator	502	--	502	--	--	--	--
Queen Elizabeth Fund – Recliner	63	--	63	--	--	--	--
<b>Revenue funds to operate specified services:</b>							
Lymphoedema Services	19,304	7,887	9,205	--	17,986	--	17,986
IPU Fund	8,775	10,385	513	--	18,647	--	18,647
Bereaved Carers Group	4,617	--	5,106	489	--	--	--
At Home Team fund 20	4,728	63,988	68,716	--	--	--	--
David Wright Acupuncture Clinic	1,061	--	--	--	1,061	--	1,061
PCT Support of IPU	--	563,837	563,837	--	--	--	--
PCT Support of At Home Team 20	--	288,793	288,793	--	--	--	--
PCT Support of Day Care	--	59,000	59,000	--	--	--	--
PCT Support of Lymphoedema	--	145,000	145,000	--	--	--	--
Carers Group	--	2,500	2,500	--	--	--	--
Respite for carers	--	1,000	1,000	--	--	--	--
Complementary therapies at home	--	45	45	--	--	--	--
Day Therapies Fund	1,408	1,469	652	--	2,225	--	2,225
Family support Services	--	272	272	--	--	--	--
Well being Day	--	9,415	4,870	--	4,545	--	4,545
Spiritual Support	--	1,262	37	--	1,225	--	1,225
Nutrition Project	--	1,000	--	--	1,000	--	1,000
<b>Other revenue funds for specified purposes:</b>							
Multi-disciplinary Team	7,358	30,050	26,066	--	11,342	--	11,342
Patients Comfort Fund Day Care	3,620	852	1,444	--	3,028	--	3,028
Patients Comfort Fund IPU	2,006	110	210	--	1,906	--	1,906
Diversional Therapies	1,593	--	178	--	1,415	--	1,415
IPU Staff Gift	585	--	--	--	585	--	585
Patient Transport	--	1,000	1,000	--	--	--	--
East Staffs Council - Patient transport	--	1,625	1,625	--	--	--	--
Staff Education	985	1,685	2,260	--	410	--	410
Keele Medical Students Fund	885	1,443	--	--	2,328	--	2,328
Garden Fund	1,284	--	1,038	--	246	--	246
Aromatherapy Fund	--	100	100	--	--	--	--
<b>Memorial Funds</b>							
Mahendra Patel (Hoist for IPU)	81	--	81	--	--	--	--
Leslie Reader (Recliner chair)	36	--	36	--	--	--	--
<b>Miscellaneous restricted donations</b>							
	(303)	303	--	--	--	--	--
	<b>94,487</b>	<b>1,249,592</b>	<b>1,236,710</b>	<b>502</b>	<b>107,871</b>	<b>21,440</b>	<b>86,431</b>

The capital and equipment funds are primarily for the purchase of items of equipment or refurbishments. The assets purchased remain restricted until the asset has been written off. Some have small cash balances which are used in the maintenance of the asset. The day care equipment fund has been built up to purchase equipment for the development of a therapies day within the service.

The revenue funds to operate specific services are generally funds that are expected to be spent within 12 months to support the operation of whole services. Within some of these funds there are more specifically restricted donations for specific elements of the services. Expenditure against these funds is only ever for direct costs of running the services, not for recourses or overheads.

**KATHARINE HOUSE HOSPICE**  
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(Continued)

The other revenue funds for specified purposes are funds for use in the provision of aspects of services or for provision not specific to a service. The multi-disciplinary team fund is to assist the hospice to develop its multi-disciplinary team, and in 2011/12 two part-time social workers were appointed, with future funds going towards Occupational Therapy, Physiotherapy, and support of the family.

The Awards 4 All fund from The Big Lottery supported the provision of volunteer transport to help with the growing demand for lymphoedema services.

The Keele Medical Students fund purchased equipment for use whilst medical students visit the hospice on placements.

The Medical Staffing Day Care fund helped establish the provision of specific medical sessions for day care patients.

The memorial funds are for capital equipment bought in memory of someone close to the donors, usually a former patient of the hospice.

The miscellaneous restricted funds are for small and unusual donations, which are hard to otherwise classify.

### Designated Funds

The trustees have established seven designated reserves from within the free and unrestricted funds available. The primary purpose of these funds is to assist the charity in managing its reserves and financial risks, particularly in the light of known future commitments, unexpected failure of income and larger one off items of expenditure.

#### Movements on Designated Funds:

Designated Fund	Opening Fund Value £	Income £	Charitable Expend £	Transfer from / (to) General Fund £	Closing Fund Value £
Repairs and Renewals Fund	35,000	--	7,002	7,002	35,000
Renewal of IT fund	18,000	--	--	12,000	30,000
Training and Development Fund	11,170	--	7,247	5,000	8,923
Legacy Equalisation Fund	100,000	103,281	--	(103,281)	100,000
NHS Pension Rebate Fund	27,000	26,214	--	(26,214)	27,000
Community Care Project	174,263	--	53,190	(121,073)	--
Review of premises	50,000	--	--	--	50,000
	<b>415,433</b>	<b>129,495</b>	<b>67,439</b>	<b>(226,566)</b>	<b>250,923</b>

The Repairs and Renewals fund has been established to assist in budgeting the Hospices' annual expenditure. The tendency has been to over-budget in certain areas to cover "emergency" expenditure. This fund will enable trustees to allocate larger items of equipment expenditure and maintenance and repair costs against this fund rather than the general funds.

The Training and Development fund has been established to ensure that commitments to staff development can be funded. In particular this fund will support staff through Masters, Diploma and Degree courses, as well as the professional development of nursing staff to become prescribers.

The Legacy Equalisation fund has been established to help trustees make sound financial decisions without reference to legacy income. The Hospice's legacy income has varied from as low as £35k to as high as £567k in the last five years. This creates a great deal of uncertainty when setting budgets at the beginning of the year. By establishing this fund trustees will be able to use these funds in the event of a shortfall in legacy income against the annual budget. This will enable trustees to make robust decisions on the commitment of expenditure to new or existing projects over a three year period. The 2013/14 budget for legacies is £100,000.

The NHS Pension Rebate fund has been established to recognise the uncertain nature of this rebate. The Hospice is opted into the NHS Pension Scheme. Following an increase in employer contributions to the scheme in 2004 the NHS provided a rebate to hospices. After an initial three year period this rebate has continued annually, but is not certain to continue. This fund will give the Hospice one year to put in place necessary contingency arrangements to manage the loss of this high risk income.

The Community Care Project fund was created in 2010 to recognise the trustees commitment of £400,000 of reserves across 24 months. This fund has been used to support the At Home team. This is now a continuing part of the hospices general operations.

The Review of Premises Fund has been established to enable an initial feasibility study to be carried out in relation to the hospice's current site. The building and premises are insufficient for the expected future needs of the hospice. This fund will enable architects to be commissioned to review options for developing the site, and if needed to take an option to planning and tender stage. This is expected to be over the next two years.



**KATHARINE HOUSE HOSPICE**  
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**21. AT HOME TEAM FUND**

This fund was established as the Community Care Project within Katharine House Designated Funds at 31 March 2010.

In April 2010 an informal partnership was created to fund and establish community services dedicated to support people coming to the end of their lives within the Western Locality of South Staffordshire Primary Care Trust. The purpose of this service was to prevent unnecessary and stressful admissions to hospital and to enable rapid discharge from hospital. The partners, to whom the Trustees are grateful, are South Staffordshire Primary Care Trust, Stafford and Surrounds Practise Based Commissioners, Cannock Chase Commissioning Consortia, Seisden Peninsular Commissioning Consortia, Compton Hospice (registered charity 512387), and Katharine House Hospice.

Katharine House Hospice and Compton Hospice are the providers of this service, Katharine House to Stafford and Cannock, Compton to Seisdon and areas around Wolverhampton. Both these hospices are also providing their own charitable funds to support the project. The PCT and the commissioners are substantially funding the project. The project is a two year pilot project commencing September 2010.

Income and Expenditure, fund movements and accounting treatments are set out below. There are three separate funds involved, one to account for the restricted, conditional grant from the Primary Care Trust, one to account for other restricted income received to support this team, and one is to account for the £400,000 designated funds set aside by the trustees for this project.

	2013	2012
<b>Income</b>		
Total Income received from statutory sector commissioners	288,793	339,567
Income deferred from previous year	91,411	91,411
Income deferred to following year	--	(91,411)
Income credited to restricted PCT At Home fund	380,204	339,567
Other income received	63,988	98,935
<b>Total income</b>	<b>444,192</b>	<b>438,502</b>
<b>Expenditure</b>		
Sub-contract to Compton Hospice	69,405	118,980
Katharine House Hospice Costs		
Salary related	303,402	317,877
Other Employment (including travel, training and recruitment)	12,375	12,375
Other costs	3,398	4,827
Depreciation	1,442	1,442
Recharged direct support	72,878	75,103
Recharged overheads	39,210	32,581
<b>Total Expenditure</b>	<b>502,110</b>	<b>563,185</b>
Expenses debited to the restricted PCT At Home Fund	380,204	339,567
Expenses debited to the restricted At Home Team Fund	68,716	94,957
Expenses debited to the designated Community Care Project Fund	53,190	128,661
	<b>502,110</b>	<b>563,185</b>
<b>Fund movements</b>		
On restricted PCT At Home Fund	--	--
On restricted At Home Team Fund	(4,728)	3,978
On designated Community Care Project Fund	(53,190)	(128,661)

**Movement on At Home Team Funds**

	Restricted PCT At Home Team Fund	Restricted At Home Team Fund	Designated Community Care Project Fund	Total
Opening Balance	--	4,728	174,263	178,991
Income	380,204	63,988	--	444,192
Expenditure	(380,204)	(68,716)	(53,190)	(502,110)
Transfer from designated fund to general funds	--	--	(121,073)	(121,073)
Closing balance	--	--	--	--

**KATHARINE HOUSE HOSPICE**  
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**22. TRANSFERS BETWEEN FUNDS**

	<u>Note</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<b>General Funds</b>		250,568	(24,504)	<u>226,064</u>
<b>Designated Funds:</b>				
Repairs and Renewals		7,002	--	
Renewal of IT fund		12,000	--	
Training and Development Fund		5,000	--	
Legacy Equalisation Fund		--	(103,281)	
NHS Pension Rebate Fund		--	(26,214)	
Community Care Project		--	(121,073)	
		<u>24,002</u>	<u>(250,568)</u>	<u>(226,566)</u>
<b>Restricted Funds:</b>				
February Foundation		13	--	
Bereaved Carers Group		489	--	
		<u>502</u>	<u>--</u>	<u>502</u>

**23. FINANCIAL COMMITMENTS**

**Capital Commitments - Company and Group**

The charity has no capital commitments at 31 March 2013.

**Operating Lease Commitments - Company and Group**

At 31 March 2013 the charity had annual commitments under non-cancellable operating leases as follows:

	At 31 March 2013	At 31 March 2012
Expiring in 2 to 5 years	236,000	146,000
Expiring after 5 years	38,500	56,000

**24. POST BALANCE SHEET EVENTS**

The hospice has acquired new premises at a cost of £275,000 and has taken out a bank loan of £350,000 to make this acquisition and to refurbish the premises.