

KATHARINE HOUSE HOSPICE

KATHARINE HOUSE HOSPICE

FINANCIAL STATEMENTS

For the year ended 31 March 2012

(A Company Limited by Guarantee not having share capital)

(Registered company number 2700516)

(Registered charity, number 1011712)

RSM TENON AUDIT LIMITED

STATUTORY AUDITORS

KATHARINE HOUSE HOSPICE
DIRECTORS' AND TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

Pages	2-4	Chairman's statement
	5-18	Report of the Trustees and Directors
	19-20	Report of the Auditors
	21	Katharine House Hospice Statement of Financial Activities
	22	Consolidated Statement of Financial Activities
	23	Consolidated Summary Income and Expenditure Account
	24	Katharine House Hospice Balance Sheet
	25	Consolidated Balance Sheet
	26	Consolidated Cash Flow Statement
	27	Notes to the Cash Flow Statement
	28 – 42	Notes to the Financial Statements

KATHARINE HOUSE HOSPICE

CHAIRMAN'S REPORT

I can report another successful year for the hospice. In a previous report I used the word consolidation and to a certain extent that has been our stance this year. That notwithstanding there has also been progress and in particular we have once again increased the number of patients and families we have supported.

Looking at our care services, as a member of the clinical sub-committee I carried out an unannounced visit early this year looking at all areas of the hospice. I can report a very satisfying experience. I spoke with patients who had nothing but praise for the care they were receiving. I found an air of professionalism and enthusiasm in all the departments I visited from the kitchen through day care, lymphoedema and the inpatient unit. I felt it a privilege to be involved with such an excellent team.

Keeping with the clinical theme, I reported a very satisfactory Care Quality Commission visit last year. There were a small number of recommendations which we have acted upon but I would like to highlight one, namely the supply of a cooked breakfast for patients who want one. This has gone down well with our patients, no pun intended, but we have found a secondary gain. Before this was brought in breakfast was served by our excellent health care assistants, which they found somewhat frustrating as they could not get on with caring for the patients. As a result of the new scheme breakfast is served by the cooks, which frees the health care assistants to care for our patients. The result is a double gain and satisfaction all round.

Last year, in response to falling activity levels, trustees asked Catherine Howlett, Director of Nursing Services to review how day care is run and to adjust the personnel in there. This has already borne fruit as we have seen an increase in the number of patients we are supporting and we now plan to refresh the drop-in day with a greater emphasis on the provision of consultations and therapies for patients and carers.

I reported last year the successful start of the At Home team. This success has continued to such an extent that we have decided to develop a Home Care service. This will be different from at home in that the care will be delivered over a longer timescale and, very much a new venture for us, there will be a fee for the service. The decision was not taken lightly. We perceive a need, but also realise that the same would have to pay for itself so we look forward to this new venture with interest. It will be headed by Sally Whitmore who I am sure will approach it with all the enthusiasm and skill she has applied to the at home team.

Lymphoedema continues to grow apace and is already stretching its new quarters in the Katharine House Clinic. With activity since opening the clinic increasing from an average of 90 treatments per month to 165 – over 80% more care being provided.

You will recall that the reason for acquiring the clinic was lack of space. Well, in short order we are back in the same situation, bursting at the seams. For that reason the Trustees have commissioned a firm of Architects to advise us on how we could generate more space on our small site. We will watch this venture carefully as, if it moves forward, it is going to require a major fund raising effort. I am sure our team are up to it.

Last year I mentioned our developing Multidisciplinary Team. This continues to develop. We now have two part time social workers, Gill Knight from Cannock and Kate Smith from Stafford. I would like to welcome them both to the hospice. We are in the process of appointing a physiotherapist and occupational therapist between us and the hospital.

The consultant sessions have once more run into problems but we have plans in place to work with Stafford Hospital to develop these sessions. We are still moving forward even if it does sometimes feel like two steps forward and one back.

KATHARINE HOUSE HOSPICE

CHAIRMAN'S REPORT

Continued

I have managed to get through the first page without referring to finance but here it comes. We have, I am pleased to say, maintained an even keel, and Richard continues to develop a strong relationship with the Primary Care Trust (PCT) which has seen our contribution from the statutory sector increase to £1m. This amounts to about 35% of our income which is a dramatic improvement from four years ago. However we now sail into somewhat uncharted waters in that PCTs are about to disappear to be replaced by Clinical Care Groups (CCGs) as part of the latest reorganisation of the Health Service. I strongly suspect that we will see PCT personnel appearing in the new organisations. Be that as it may, Richard has already been building bridges with these new bodies. We will be dealing particularly with two; Stafford and Surrounds and Cannock Chase who will function together under the umbrella of the Stafford and Surrounds and Cannock Chase Governing Body. We will see how this develops.

Looking forward, our financial position is stronger than it has been, but the coming three years look difficult. We are most grateful to the generous support of our local community that enables us to provide our services.

Where would we be without our volunteers? It is said an army marches on its stomach. Without doubt a Hospice marches with its 595 volunteers. As previously I was delighted to attend with some fellow trustees the Volunteer's Evening on May 14th. A Street Party and Red, White and blue were the theme and when I arrived it was clear that a good time was already being had by all. Once again I had great pleasure in giving out certificates for 5 years' service and badges for 10, 15 and 20 years' service. The whole affair was lead with her usual enthusiasm by Bev Wheat.

Our need for funds has continued to increase and our lottery, fundraising and retail teams have worked hard to try to raise what we need. Our retail arm has been working hard in an increasingly difficult environment and Libby Dale pushes ever forward in particular developing the large retail outlets within the business. It has been a great pleasure for me to visit some of our shops to see the work they do and I intend to visit them all during the year.

Lisa Taylor and her team have continued to develop and adapt their fundraising activities so that everyone in our community has some way of supporting us – whether cycling, walking, golfing, collecting, donating or even leaving us a gift in their will. We have just had a very successful Ladies Lunch. I know this from the first hand report of my wife. I am looking forward to the Annual Ball, which has been refreshed by moving it to the summer and introducing a Masquerade Theme. This seems to have been a successful move as ticket sales have gone well.

Roger Pollak and his support services team continue to keep the fabric of the hospice up to scratch with a recent 5 star rating for the kitchen. When we start to move on any planned development they are going to be in the forefront of that development.

It was a great pleasure for me and all the trustees to attend "Katharine House Together". This event brought together people from all the different teams that work across Katharine House. We heard presentations from the senior management team and equally importantly were able to meet and chat with a number of our retail, hospice and fundraising staff and volunteers. I think a thoroughly good day was had by all and the trustees learnt a great deal about the thoughts, ideas and concerns of our different teams.

At the end of my last report I said that we had appointed a PA to Richard and Catherine. I am pleased to say that Jane Chappell has been in that post for almost a year and has proved the major asset we had hoped for, in particular improving communication and liaison with trustees. I would like to formally welcome her to the hospice.

KATHARINE HOUSE HOSPICE

CHAIRMAN'S REPORT

Continued

On the personnel front I am delighted to welcome Lyn Hill Tout as a trustee. Lyn as many of you will know is Chief Executive of our hospital. She came to Stafford from Swindon where she was Chief Executive and also a trustee of their local hospice. She therefore brings a wealth of knowledge and experience with her.

And so to my fellow trustees. I am as always grateful to them for their support and commitment, all given freely as they too are volunteers. Our meetings are always a pleasure to chair. The debate is lively and nothing goes through without appropriate discussion. Outside committee meetings the application of their various skills and knowledge in retail, property, human resources and the law to name a few are always a huge asset to the Hospice.

However not to rest on our laurels we have taken up an offer from Help the Hospices for some free board development advice. Fiona Ash from the Centre for Charity Effectiveness has interviewed a number of us, attended two Council meetings and produced a report. We are in the process of reviewing this and seeing where we can improve ourselves. There is a view "if it ain't broke don't fix it". I rather prefer the view that there is always room for improvement even with a board such as ours which runs well. We will see where we get to.

As always my thanks to Richard for his commitment and friendship. He continues to move the Hospice forward with unremitting enthusiasm. I have mentioned his skill in negotiation with the statutory sector; this remains a major asset to us.

Once again I would like to thank the whole management team for their continuing commitment and hard work.

Thank you to the whole community for your continued and generous support even in these difficult times and I can assure you that it would not be possible to provide our services without your help. Finally I would like to thank everyone at Katharine House for their continued hard work and enthusiasm. I wish you all a successful 2012-2013.

Dr John A Gibson
Chairman

REPORT OF THE TRUSTEES AND DIRECTORS OF KATHARINE HOUSE HOSPICE

1. Reference and Administrative Details

Name:	Katharine House Hospice		
Status:	Charity (registered number 1011712)		
Incorporation:	Company Limited by Guarantee (registered company number 2700516)		
Date of incorporation:	25 th March 1992		
Governing Document:	Memorandum and Articles of Association (last amended 13 October 2005)		
Registered Office:	Weston Road, Stafford, ST16 3SB The Registered Office is also the principal address of the Charity		
Trustees:	Dr J A Gibson	Chairman	
	Mr M R Melling	Treasurer	
	Mrs J Cashmore-James		
	Col M H H Evans		
	Mr D M Harding		
	Mrs L Hill-Tout	(appointed 14 February 2012)	
	Mr W G Johnson		
	Lady Mitting		
	Mrs N M O'Neill		
	Mr J-P Parsons		
	Mr D J Sandy		
	Mrs T E Weetman		
	Dr I Wilson		
Company Secretary:	Cllr P M M Farrington		
Chief Executive:	Dr R T Soulsby	Chief Executive	
Registered Manager:	Mrs C A Howlett	Director of Nursing Services	
Officers:	Mr N Connor	Marketing, Communications and PR Manager	
	Mrs E M Dale	Retail Manager	
	Dr E Hindmarsh	Medical Director	
	Mr C A Martindale	Lottery Manager	
	Mr R Pollak	Support Services Manager	
	Miss L M Taylor	Head of Fundraising	
	Mrs B Wheat	Voluntary Services Co-ordinator	
Auditors:	RSM Tenon Audit Ltd 3 Hollinswood Court Stafford Park 1 Telford Shropshire TF3 3DE	Bankers:	Lloyds TSB Bank Plc Market Square Stafford ST16 2JL
Investment Brokers:	Ad Valorum Wealth Management LLP Whitehall House Sandy Lane Newcastle-Under-Lyme ST5 0LZ	Fund Managers:	Williams de Broe plc P.O. Box 515 6 Broadgate London EC2M 2RP
Solicitors:	Hand Morgan & Owen 17 Martin Street Stafford ST16 2LF		

<p style="text-align: center;">REPORT OF THE TRUSTEES AND DIRECTORS OF</p> <p style="text-align: center;">KATHARINE HOUSE HOSPICE</p>

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 two 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.

Each subsidiary company gift aids its profits 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 a board known as the Council of Management, which plans to meet six times in each year. Exceptional meetings may be called from time to time to deal with specific issues. The Council 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.

Council of Management

Membership: All Trustees and Company Secretary

Attendees: Chief Executive, Director of Nursing, Head of Fundraising, Medical Director

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, and Mrs T E Weetman

Attendees: Chief Executive, Director of Nursing Services, Medical Director, and Clinical Lead Nurse

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 Care Standards Act (including twice yearly trustee inspections).

REPORT OF THE TRUSTEES AND DIRECTORS OF KATHARINE HOUSE HOSPICE

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, Retail Manager, Lottery Manager, Marketing & Communications Manager
- Business:** All aspects of the hospice's activities to generate income, covering 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), Col M H H Evans, Dr J A Gibson, Mrs N M O'Neill, and co-opted member Mr N L Potter.
- Attendees:** Chief Executive.
- Business:** Detailed scrutiny of the hospice's proposed annual budget, making a recommendation of a budget to the full Council; 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 all pay awards and rate increases for all staff except the Chief Executive (which is performed by the Council of Management); 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, Retail Manager, 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, Col M H H Evans, and Mrs T E Weetman.
- 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.

REPORT OF THE TRUSTEES AND DIRECTORS OF KATHARINE HOUSE HOSPICE

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.

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 Council of Management. The Council of Management has approved a Governance plan for 2012/13.

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 under 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 Council 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 Council to approve taking the nomination forward. If approved the chair of the Nominations and Governance Sub-Committee or the Chief Executive 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 Council of Management.

New trustees meet with the Chief Executive for a briefing. A trustee induction pack produced by Help the Hospices 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 care 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.

REPORT OF THE TRUSTEES AND DIRECTORS OF KATHARINE HOUSE HOSPICE

Katharine House Hospice has formed a relationship with Stafford District Bereavement and Loss Support Service (SDBLSS). Katharine House Hospice is a corporate trustee of SDBLSS. Katharine House 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. SDBLSS will provide Katharine House with access to their volunteer counselling 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;

<p>REPORT OF THE TRUSTEES AND DIRECTORS OF</p> <p>KATHARINE HOUSE HOSPICE</p>

- (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."

The trustees have chosen to deliver these objects through the provision of services and support to adults with an advanced life-limiting condition. The major services are an inpatient unit, hospice at home service, a day service, and a lymphoedema services. The Charity has developed a range of smaller services to support its beneficiaries. At 31 March 2012 the charity made provision as follows:

- A day care service for four 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 'Drop-In' service for patients and carers to access guidance and information on one day each week
- A lymphoedema service
- Bereavement support services
- A carers' support group
- A bereaved carers' support group
- A respite sitting service
- A rapid response Hospice at Home 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

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:

- ensure the financial sustainability of the current operations
- develop services in support of families and carers
- develop partnerships and alliances with other organisations
- use the resources of the hospice to support Stafford and Surrounds Clinical Commissioning Group, Cannock Chase Clinical Commissioning Group and South Staffordshire Primary Care Trust in the delivery of the improvements in End of Life care

REPORT OF THE TRUSTEES AND DIRECTORS OF KATHARINE HOUSE HOSPICE

4. Achievements and Performance

4.1 Charitable Activities

2011/12 has been a positive year as Katharine House Hospice has supported more patients than ever before. Achievements include:

1. Attendances in day care have reversed the downward trend, returning to 2009/10 levels at 1,546. It is noticeable that the number of non-attendances remains high at 26% generally due to patients being too unwell to attend, or attending other health services, or being away on holiday.
2. Demand for lymphoedema has continued to increase rapidly. Referrals increased to 198 (2011: 143) and activity has increased by over 22% to 1,981 treatments.
3. We had the highest number of admission to the inpatient unit at 220, although slightly fewer occupied bed days. The average length of stay decreased from 13.1 days to 11.6 days due to the appointment of social workers who can effect more rapid discharge from the unit.
4. Respite for carers had its most active year, with an increase of 42% in the hours provided to 756. However both carers' support and drop-in have fallen in activity for a second successive year. This has led to a review of the services.
5. The new hospice at Home services continues to grow, with 2,949 visits undertaken in the full year.

Indicator	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07
Day Care attendances	1,546	1,372	1,530	1,601	1,513	1,627
Drop-In attendances	344	475	492	392	574	622
Lymphoedema treatments	1,981	1,620	1,074	744	677	584
IPU occupied bed days	2,548	2,683	2,454	2,452	2,333	2,324
IPU admissions	220	205	213	202	211	184
Respite for carers (hrs)	756	532	344	446	188	210
Carers' Support attendances	96	153	178	197	144	123
Hospice at Home visits*	2,949	1,455	--	--	--	--

* Service commenced September 2010

During the year the hospice introduced two part-time social workers in partnership with Cannock Social Services and Stafford Social Services. These post-holders have done much to improve the timeliness of discharges from the in-patient unit and have improved the support the hospice can provide to families. The result has been to support patient choice in their preferred place of death with more rapid discharges of patients to their own homes. This has been supported by the hospice's at home services.

REPORT OF THE TRUSTEES AND DIRECTORS OF KATHARINE HOUSE HOSPICE

4.2 Volunteer Support

The hospice enjoys the support of 595 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 care patients, in-patients, bereavement support, massages for patients, chaplaincy and pastoral care, lymphoedema administration, catering, driving, reception, gardening, administration, money counting, fundraising, and finance. 370 volunteers work within the hospice and a further 225 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 below. 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 £340,085 (2011: £347,884).

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

4.3 Review of Income Generation

The fundraising department has had a successful year in the face of difficult circumstances. Although the net amount raised fell from £760,847 to £566,882 if the effect of the capital appeal revenues of £240,939 in 2010/11 is removed there was actually an increase of £46,974 (9%). Note 5 contains full details of the department's performance, which is complicated to assess given the large amounts of capital inflows in 2010/11, but a brief assessment is provided below:

	<u>2011/12</u>	<u>2010/11</u>	<u>Difference</u>
Fundraising for Revenue	880,426	833,755	+ 46,671
Total Costs of fundraising	313,544	313,847	- 303
Net income for revenue application	566,882	519,908	+ 46,974
Fundraising for capital project	0	240,939	-240,939
Total incoming resources from fundraising	566,882	760,847	-193,965

The underlying revenues have increased by 9% (2011: 28%) and this is a tremendous achievement given the constraints donors face in terms of their own income.

The picture for the retail department is somewhat misleading. Whilst the overall profit has decreased by 5% to £681,298 (2011: £715,583) this has been understated in the accounts due to the new retail gift aid scheme. This scheme has already resulted in £75,091 of income which has not been credited to the company as we await confirmation from the donors that this can be gift aided to the charity. Taking this into account the underlying performance is closer to £770k in terms of value to the hospice. See note 6 for further information.

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 4.7% to £238,410 (2010: £250,254). See note 6.

REPORT OF THE TRUSTEES AND DIRECTORS OF KATHARINE HOUSE HOSPICE

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

The major factors within the control of the charity are being 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 2011 trustees have implemented in full the recommendations from an external review of the management of Health and Safety within the charity and its two direct subsidiary companies. This review recognised the very positive health and safety culture within the organisation. 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 was a very positive experience; a number of refreshing recommendations have been made and the trustees have agreed a development plan.

There are a wide range of factors lying outside the direct control of the charity. The most significant is the relationship with South Staffordshire PCT and the emerging Clinical Commissioning Groups. This has improved very considerably over the last five years and, despite the recent financial pressures within the Primary Care Trust, funding and services have improved.

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 PCT income under threat of reductions. However, 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 and the trustees are seeking to prepare for this.

The recent economic downturn is a matter of some concern, but the trustees believe that sufficient reserves are held at the year end to enable the existing services to continue unaffected, and proposed developments to proceed, albeit with a more cautious outlook.

The regulatory framework within which the hospice operates is already complex and is set to become even more so following the enactment of the Health and Social Care Act in 2012. There will be further calls upon the charitable resources of the hospice to comply with the burden of further regulation, which will unfortunately not benefit our patients.

4.5 Review of Operational Objectives

The objectives set by trustees for 2011/12 and performance against these are examined below:

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

Service	
----------------	--

1. To review day care services	
--------------------------------	--

	A full review of day care services took place in 2011 and the recommendations were approved by the trustees in February 2012. These recommendations include the intention to move to more flexible, potentially shorter sessions for patients, and the introduction of more therapies.
--	--

<p style="text-align: center;">REPORT OF THE TRUSTEES AND DIRECTORS OF</p> <p style="text-align: center;">KATHARINE HOUSE HOSPICE</p>

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

- | | |
|---|--|
| 2. To develop a robust medical staffing structure | |
|---|--|

This has partially been achieved with the appointment of an additional doctor who ensures there is greater continuity in the care of patients through the week. However, the consultant input has fluctuated. The hospice is now seeking a contract with Mid-Staffordshire NHS Hospitals Trust.

- | | |
|--|--|
| 3. To enhance the professions supporting the multi-disciplinary team | |
|--|--|

The first development has been to appoint two part-time Social Workers in partnership with Stafford and Cannock Social Services. This has been an unqualified success. Patients and families are receiving timely and highly professional advice that helps them to navigate the complex care systems. The social workers have improved the discharge process from the in-patient unit, reducing the average length of stay by approximately one day to 11.5 days.

Financial

- | | |
|---|--|
| 4. To secure current and future statutory funding | |
|---|--|

NHS funding increased by £227,419 (27%) in 2011/12 and now , represents 35% of the hospice's funding (2011: 26%). 2012/13 sees a similar settlement for the core contract, but during this year the two year pilot for hospice at home comes to an end and the hospice will be seeking for this funding to continue.

- | | |
|--|--|
| 5. To continue the growth of the retail sector | |
|--|--|

Taking the Retail Gift Aid scheme into account the underlying performance has improved by 7% to around £770k in terms of value to the hospice.

Operational

- | | |
|--|--|
| 6. To strengthen the infrastructure support of the hospice | |
|--|--|

A number of initiatives have supported this objective: a Maintenance Supervisor has been appointed; breakfast cooks have been appointed to provide a hot breakfast option for inpatients; additional administrative support has been provided to the lymphoedema service to support the services continued expansion; additional administrative support has been provided to the Chief Executive and Director of Nursing Services; and additional administrative support has been provided to the personnel department.

- | | |
|---|--|
| 7. To extend the retail operations of Donna Louise Children's Hospice | |
|---|--|

The subsidiary company is now generating a surplus, but no additional stores have been opened.

Strategic

- | | |
|---|--|
| 8. To review all systems, documents, and procedures to ensure compliance with the new outcome measures for the Care Quality Commission. | |
|---|--|

This has been completed, and an announced inspection of the hospice by the Care Quality Commission confirmed compliance with all 16 of the core standards the hospice is required to meet.

REPORT OF THE TRUSTEES AND DIRECTORS OF
KATHARINE HOUSE HOSPICE

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 2011/12 Financial Performance

The Charity made an operating surplus of £50,459 (2011: £409,734 surplus) whilst the charity's investments have realised and unrealised losses of £39,200 (2011: gains £39,437). The principle uses of the charity's funds are set out below.

	2011/12		2010/11		2009/10		2008/09	
	£	%	£	%	£	%	£	%
Inpatient Care	1,448,829	54.9	1,417,259	59.5	1,401,227	75.2	1,355,770	75.4
Hospice at Home	563,185	21.3	404,814	17.1	--	-	--	-
Day Care	232,153	8.8	201,239	8.5	205,834	11.0	227,138	12.6
Lymphoedema service	155,729	5.9	115,196	4.9	77,931	4.2	56,839	3.2
Bereavement Support	78,745	3.0	83,515	3.5	39,596	2.1	22,025	1.2
Drop-In service	28,914	1.1	32,422	1.3	27,982	1.5	33,964	1.9
Respite for Carers	25,530	1.0	32,469	1.4	32,011	1.7	21,525	1.2
Carers' Support	25,172	1.0	18,114	0.8	18,052	1.0	17,182	1.0
Other	4,968	0.2	4,878	0.2	4,094	0.2	4,775	0.3
Care sub-total	2,563,225	97.1	2,309,906	97.2	1,806,727	96.9	1,739,218	96.8
Governance	75,472	2.9	64,576	2.8	57,088	3.1	58,133	3.2
Total	2,638,697	100	2,374,482	100	1,863,815	100	1,797,351	100

5.2 Principle Funding Sources

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

	2011/12		2010/11		2009/10		2008/09	
	£	%	£	%	£	%	£	%
Voluntary Income								
Unsolicited donations	51,840	1.7	39,294	1.2	84,327	3.9	78,785	2.9
Legacies	150,870	5.0	265,995	8.3	134,956	6.1	567,164	20.7
Fundraised income	881,977	29.2	1,074,694	33.7	680,264	31.2	682,407	24.9
Donation in Kind	--	-	--	-	--	-	100,000	3.6
Total Voluntary Income	1,084,687	35.9	1,379,983	43.3	899,547	41.2	1,428,356	52.1
Retail operations (net) ¹	621,846	20.6	668,436	21.0	479,224	22.0	542,548	19.8
Lottery (net)	219,833	7.3	230,614	7.2	229,468	10.5	236,755	8.6
Statutory Sector	1,070,638	35.5	843,219	26.4	555,768	25.5	497,872	18.1
Other	18,486	0.6	68,880	2.2	18,106	0.8	39,193	1.4
Total	3,015,490	100	3,189,853	100	2,182,113	100	2,744,724	100

¹ This includes the retained deficit within Katharine House Retail Ltd.

REPORT OF THE TRUSTEES AND DIRECTORS OF

KATHARINE HOUSE HOSPICE

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 Valorum Wealth Management LLP as brokers and advisors. Ad Valorum 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 taken a very defensive position with the portfolio, with large holdings of cash and investments in property portfolios and investments yielding dividends. The assets held are disclosed in Note 15.

The rapid decline in the Stock Market in 2008-2010 saw the portfolio perform very poorly. However, the markets over-reacted and returned a more positive performance, particularly for 2009/10. The markets in 2011/12 were again poor and investments have fell with net realised and unrealised losses in 2011/12 of £39,200 (2011: gains £39,437). Overall the investments are £20,713 above their historical cost of £444,243.

5.4 Reserves

The cash reserves of the charity at 31 March 2012 are taken from the Consolidated Balance sheet and include the total assets less tangible assets, less the investment property and less stock:

Free reserves	£ 648,946	(2011: £ 528,855)
Designated reserves	£ 415,433	(2011: £ 485,190)
Total Free and Designated reserves	£1,064,379	(2011: £1,014,045)
Restricted reserves	£ 73,308	(2011: £ 70,640)

The trustees have established seven designated funds, which are explained at 5.5 and in Note 19. The most significant of these is £174,263 for the provision of a community service across a 2 year period that commenced September 2010.

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 4 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 the community team 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 19. 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 training and development fund to ensure contractual commitments to staff training can be met.

REPORT OF THE TRUSTEES AND DIRECTORS OF KATHARINE HOUSE HOSPICE

3. A legacy equalisation fund to enable trustees to budget for the very unpredictable nature of legacy income.
4. A Community Team fund for use in the initial phases of a hospice at home service (now part way through its second year of operation).
5. An IT renewal 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.
6. 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.
7. A review of premises fund. This sets aside £50,000 to enable the trustees to review the potential options of developing the existing site and to take any proposals to planning stage.

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.

The objectives approved by trustees for 2012/13 are:

Service

- To implement the agreed recommendations of the day care services review
- To enhance further the professions supporting the Multi-disciplinary Team
- To develop a care agency

Financial

- To secure current and future statutory sector funding
- To continue the growth of revenue from the retail sector

Operational

- To establish a care agency

Managerial

- To prepare the hospice for the implementation of the Health and Social Service Act 2012
- To review the options for developing the hospice's main site

<p style="text-align: center;">REPORT OF THE TRUSTEES AND DIRECTORS OF</p> <p style="text-align: center;">KATHARINE HOUSE HOSPICE</p>

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 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 Council of Management 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 Council of Management 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 Council of Management 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.

9. Auditors

The directors will recommend to members the re-appointment of our present auditors RSM Tenon Audit Limited.

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

Approved by the Board on 4 September 2012 and signed on its behalf by:

Dr John A Gibson
Chairman

**REPORT OF THE TRUSTEES AND DIRECTORS 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 2011, 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.

<p style="text-align: center;">REPORT OF THE TRUSTEES AND DIRECTORS OF</p> <p style="text-align: center;">KATHARINE HOUSE HOSPICE</p>

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 2012, 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:
RSM Tenon Audit Limited
Statutory Auditor
1 Hollinswood Court
Stafford Park 1
Telford
Shropshire. TF3 3DE

KATHARINE HOUSE HOSPICE
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2012

	Note	Unrestricted £	Designated £	Restricted £	2012 Totals £	2011 Totals £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary Income	(2)	36,815	150,870	15,025	202,710	305,289
Fundraised Income	(5)	703,311	--	178,666	881,977	1,074,694
Gift Aid - Promotions Subsidiary	(6)	219,833	--	--	219,833	230,614
Gift Aid - Retail Subsidiary	(6)	621,846	--	--	621,846	668,436
Investment Income	(7)	10,500	--	--	10,500	9,586
Incoming resources from charitable activities						
Statutory Sector Income	(8)	14,600	26,214	1,029,824	1,070,638	843,219
Fee Income Received	(9)	3,431	--	--	3,431	51,044
Other Incoming Resources		4,555	--	--	4,555	8,250
Total Incoming Resources		1,614,891	177,084	1,223,515	3,015,490	3,191,132
RESOURCES EXPENDED						
Costs of generating voluntary income						
Fundraising Costs	(5)	313,544	--	--	313,544	313,847
Investment Management Fees		10,266	--	--	10,266	6,183
Investment Property Costs		2,524	--	--	2,524	887
		326,334	--	--	326,334	320,917
Net incoming resources for charitable application		1,288,557	177,084	1,223,515	2,689,156	2,870,215
Hospice Operating Costs	(10)	1,188,491	142,382	1,232,352	2,563,225	2,309,906
Governance Costs	(10)	75,472	--	--	75,472	64,576
Capital Project works		--	--	--	--	85,999
		1,263,963	142,382	1,232,352	2,638,697	2,460,481
Total Resources Expended		1,590,297	142,382	1,232,352	2,965,031	2,781,398
Net incoming / (outgoing) resources before transfers		24,594	34,702	(8,837)	50,459	409,734
Gross transfers between funds	(20)	104,459	(104,459)	--	--	--
Net incoming / (outgoing) resources before other gains and losses		129,053	(69,757)	(8,837)	50,459	409,734
Net gains (losses) on investment assets		(39,200)	--	--	(39,200)	39,437
Net Movement in Funds		89,853	(69,757)	(8,837)	11,259	449,171
RECONCILIATION OF FUNDS						
Fund balances brought forward		2,408,434	485,190	103,324	2,996,948	2,547,777
Fund Balances Carried Forward	(20)	2,498,287	415,433	94,487	3,008,207	2,996,948

KATHARINE HOUSE HOSPICE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2012

	Note	Unrestricted £	Designated £	Restricted £	2012 Totals £	2011 Totals £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary Income	(2)	36,815	150,870	15,025	202,710	305,289
Fundraised Income	(5)	703,311	--	178,666	881,977	1,074,694
Gross Income - Promotions	(6)	483,247	--	--	483,247	541,375
Gross Income - Retail	(6)	1,930,165	--	--	1,930,165	1,842,583
Gross Income - DLT Trading	(6)	191,914	--	--	191,914	197,102
Investment Income	(7)	10,531	--	--	10,531	9,615
Incoming resources from charitable activities						
Statutory Sector Grants	(8)	14,600	26,214	1,029,824	1,070,638	843,219
Fee Income Received		3,431	--	--	3,431	51,044
Other Incoming Resources		4,555	--	--	4,555	8,250
Total Incoming Resources		3,378,569	177,084	1,223,515	4,779,168	4,873,171
RESOURCES EXPENDED						
Costs of generating voluntary income						
Fundraising Costs	(5)	313,544	--	--	313,544	313,847
Cost of Operating Promotions	(6)	263,445	--	--	263,445	310,790
Cost of Operating Retail	(6)	1,314,703	--	--	1,314,703	1,180,531
Cost of Operating DLT Trading	(6)	185,117	--	--	185,117	193,616
Investment Management Fees		10,266	--	--	10,266	6,183
Investment Property Costs		2,524	--	--	2,524	887
		2,089,599	--	--	2,089,599	2,005,854
Net incoming resources for charitable application		1,288,970	177,084	1,223,515	2,689,569	2,867,317
Hospice Operating Costs	(10)	1,188,491	142,382	1,232,352	2,563,225	2,309,906
Governance Costs	(10)	75,472	--	--	75,472	64,576
Capital Works		--	--	--	--	85,999
		1,263,963	142,382	1,232,352	2,638,697	2,460,481
Total Resources Expended		3,353,562	142,382	1,232,352	4,728,296	4,466,335
Net incoming / (outgoing) resources before transfers		25,007	34,702	(8,837)	50,872	406,836
Gross transfers between funds	(20)	104,459	(104,459)	--	--	--
Net incoming / (outgoing) resources before other gains and losses		129,466	(69,757)	(8,837)	50,872	406,836
Net gains (losses) on investment assets		(39,200)	--	--	(39,200)	39,437
Net Movement in Funds		90,266	(69,757)	(8,837)	11,672	446,273
RECONCILIATION OF FUNDS						
Fund balances brought forward		2,418,951	485,190	103,324	3,007,465	2,561,192
Fund Balances Carried Forward	(20)	2,509,217	415,433	94,487	3,019,137	3,007,465

KATHARINE HOUSE HOSPICE
CONSOLIDATED INCOME AND EXPENDITURE
for the year ended 31 March 2012

	2012 £	2011 £
Gross Income from continuing operations	4,779,168	4,873,171
Total expenditure of continuing operations	4,728,296	4,466,335
Net income / (expenditure) for the year before transfers and investment asset disposal	50,872	406,836
Gain / (Loss) on disposal of fixed asset investments	--	--
Net income / (expenditure) for the year	50,872	406,836

- Total income comprises:
£ 3,555,653 unrestricted and designated funds
£ 1,223,515 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 £2,605,326 (2011: £2,581,060). 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 42 provides full information on the movements within the year on all the funds of the Charity.

The notes on pages 28 to 42 form part of these accounts

KATHARINE HOUSE HOSPICE

(Registered No. 2700516)

BALANCE SHEET

at 31 March 2012

	Note	Unrestricted & Designated Funds £	Restricted Funds £	2012 Total Funds £	Unrestricted Funds £	Restricted Funds £	2011 Total Funds £
FIXED ASSETS							
Tangible assets	(15)	1,505,804	21,088	1,526,892	1,542,653	32,684	1,575,337
Investments	(16)	464,956	--	464,956	503,940	--	503,940
Investment Property	(16)	250,000	--	250,000	250,000	--	250,000
Investment in Group	(16)	102	--	102	102	--	102
		<u>2,220,862</u>	<u>21,088</u>	<u>2,241,950</u>	<u>2,296,695</u>	<u>32,684</u>	<u>2,329,379</u>
CURRENT ASSETS							
Debtors	(17)	592,683	--	592,683	658,641	--	658,641
Cash at bank and in hand		<u>218,511</u>	<u>164,810</u>	<u>383,321</u>	<u>28,175</u>	<u>162,051</u>	<u>190,226</u>
		<u>811,194</u>	<u>164,810</u>	<u>976,004</u>	<u>686,816</u>	<u>162,051</u>	<u>848,867</u>
CREDITORS	(19)	(118,336)	(91,411)	(209,747)	(89,887)	(91,411)	(181,298)
amounts falling due within one year							
NET CURRENT ASSETS		<u>692,858</u>	<u>73,399</u>	<u>766,257</u>	<u>596,929</u>	<u>70,640</u>	<u>667,569</u>
CREDITORS		--	--	--	--	--	--
amounts falling due after one year							
TOTAL ASSETS		<u>2,913,720</u>	<u>94,487</u>	<u>3,008,207</u>	<u>2,893,624</u>	<u>103,324</u>	<u>2,996,948</u>
REPRESENTED BY:							
Restricted Funds		--	94,487	94,487	--	103,324	103,324
Designated Funds		415,433	--	415,433	485,190	--	485,190
Unrestricted Funds		<u>2,498,287</u>	--	<u>2,498,287</u>	<u>2,408,434</u>	--	<u>2,408,434</u>
		<u>2,913,720</u>	<u>94,487</u>	<u>3,008,207</u>	<u>2,893,624</u>	<u>103,324</u>	<u>2,996,948</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 4 September 2012 and signed on its behalf

M R Melling, Director

J A Gibson, Chairman

KATHARINE HOUSE HOSPICE
(Registered No. 2700516)
CONSOLIDATED BALANCE SHEET
at 31 March 2012

	Note	Unrestricted & Designated Funds £	Restricted Funds £	2012 Total Funds £	Unrestricted Funds £	Restricted Funds £	2011 Total Funds £
FIXED ASSETS							
Tangible assets	(15)	1,609,442	21,088	1,630,530	1,637,161	32,684	1,669,845
Investments	(16)	464,956	--	464,956	503,940	--	503,940
Investment Property	(16)	250,000	--	250,000	250,000	--	250,000
		<u>2,324,398</u>	<u>21,088</u>	<u>2,345,486</u>	<u>2,391,101</u>	<u>32,684</u>	<u>2,423,785</u>
CURRENT ASSETS							
Debtors	(17)	85,617	--	85,617	121,909	--	121,909
Stock	(18)	2,468	--	2,468	2,935	--	2,935
Cash at bank and in hand		801,876	164,810	966,686	587,089	162,051	749,140
		<u>889,961</u>	<u>164,810</u>	<u>1,054,771</u>	<u>711,933</u>	<u>162,051</u>	<u>873,984</u>
CREDITORS	(19)	(290,900)	(91,411)	(382,311)	(198,893)	(91,411)	(290,304)
amounts falling due within one year							
NET CURRENT ASSETS		<u>599,061</u>	<u>73,399</u>	<u>672,460</u>	<u>513,040</u>	<u>70,640</u>	<u>583,680</u>
CREDITORS		--	--	--	--	--	--
amounts falling due after one year							
TOTAL ASSETS		<u>2,923,459</u>	<u>94,487</u>	<u>3,017,946</u>	<u>2,904,141</u>	<u>103,324</u>	<u>3,007,465</u>
REPRESENTED BY:							
Restricted Funds	(20)	--	94,487	94,487	--	103,324	103,324
Designated Funds	(20)	415,433	--	415,433	485,190	--	485,190
Unrestricted Funds	(20)	2,498,287	--	2,498,287	2,408,434	--	2,408,434
Subsidiary Retained Profit	(6)	29,200	--	29,200	34,459	--	34,459
Subsidiary Retained Loss	(6)	(19,461)	--	(19,461)	(23,942)	--	(23,942)
		<u>2,923,459</u>	<u>94,487</u>	<u>3,017,946</u>	<u>2,904,141</u>	<u>103,324</u>	<u>3,007,465</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 4 September 2012 and signed on its behalf by:-

M R Melling, Director

J A Gibson, Chairman

KATHARINE HOUSE HOSPICE
CONSOLIDATED CASH FLOW STATEMENT
at 31 March 2012

	2012	2011
	£	£
RECONCILIATION OF OPERATING PROFIT TO OPERATING CASHFLOWS		
Net (outgoing) incoming resources	50,872	406,836
Depreciation	110,540	96,771
Income from fixed asset investment	(7,108)	(3,592)
Interest received	(3,423)	(6,023)
(Increase) / decrease in Debtors	36,292	(51,584)
(Increase) / decrease in Stock	467	256
Increase / (decrease) in Creditors	90,816	70,419
	<hr/>	<hr/>
Net cash (outflow) inflow from operating activities	278,456	513,083
	<hr/> <hr/>	<hr/> <hr/>

CASHFLOW STATEMENT

Cashflow from operating activities	278,456	513,083
Returns on investments and servicing of finance	10,531	9,615
	<hr/>	<hr/>
	288,987	522,698
(Purchase) / Sale of fixed assets	(5,128)	(221,795)
Financing	--	--
	<hr/>	<hr/>
Increase / (Decrease) in cash	283,859	300,903
	<hr/> <hr/>	<hr/> <hr/>

KATHARINE HOUSE HOSPICE
CONSOLIDATED CASH FLOW STATEMENT
at 31 March 2012

NOTE 1 TO THE CASH FLOW STATEMENT

	2012	2011
	£	£
Returns on investments and servicing of finance		
Income from fixed asset investments	7,108	3,592
Interest received	3,423	6,023
	<u>10,531</u>	<u>9,615</u>
Financing		
(Purchasing of shares in trading companies) / Issue of shares	--	--
Sale and purchase of fixed assets		
Purchase of tangible fixed assets	(71,225)	(234,004)
Purchase of fixed asset investments	(218,428)	(69,099)
Proceeds of sale of fixed asset investments	284,525	81,308
	<u>(5,128)</u>	<u>(221,795)</u>

NOTE 2 TO THE CASH FLOW STATEMENT - Reconciliation of Net Cash Flow to Movement in Net Funds

Net cash inflow / (outflow)	283,859	300,903
	<u>283,859</u>	<u>300,903</u>
Change in net funds in the year	772,163	471,260
Net funds at 1 April	<u>772,163</u>	<u>471,260</u>
Net funds at 31 March	<u><u>1,056,022</u></u>	<u><u>772,163</u></u>

NOTE 3 TO THE CASH FLOW STATEMENT - Analysis of Changes in Net Funds

	As at	Cash	Non cash	As at
	1 April 2011	Flows	Changes	31 March 2012
Cash in hand, at bank, and in the investment portfolio	<u>772,163</u>	<u>283,859</u>	<u>--</u>	<u><u>1,056,022</u></u>

KATHARINE HOUSE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

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:-

Leasehold buildings	2% 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 in the income and expenditure account.

KATHARINE HOUSE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

(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	2012 £	2011 £
Unsolicited donations and gifts		51,840	39,294
Legacies	(3)	150,870	265,995
		<u>202,710</u>	<u>305,289</u>

3. LEGACIES

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

	No.	2012 £	No.	2011 £
Up to £10,000	11	19,603	13	15,491
£10,000 to £49,999	4	50,703	2	70,237
£50,000 to £99,999	1	80,564	1	50,000
Over £100,000	--	--	1	130,267
		<u>150,870</u>		<u>265,995</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 2012

(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 £58,256 (2011: £47,497).

The performance set out below specifically excludes: £150,870 of legacy income (2011: £265,995); £51,840 of unsolicited donations (2011: £39,294); grants from the statutory sector; and fee income derived from education, consultancy and similar.

	Unrestricted	Restricted	2012	2011
	Note		Total	Total
	£	£	£	£
Income Sources				
Individuals and groups	277,478	10,947	288,425	316,773
Gift aid	54,541	3,715	58,256	47,497
Collections	38,529	--	38,529	36,131
Membership (4)	635	--	635	555
Corporate Support	77,336	600	77,936	76,101
Trusts	31,770	163,404	195,174	107,911
Trusts - Capital Appeal	--	--	--	240,939
Events	205,144	--	205,144	230,675
Support groups	9,950	--	9,950	10,500
Tea bar income	5,552	--	5,552	4,653
Other sources	2,376	--	2,376	2,959
	<u>703,311</u>	<u>178,666</u>	<u>881,977</u>	<u>1,074,694</u>
Direct Costs				
Wage costs	198,851		198,851	191,068
Bought-in staff	--		--	--
Other staff costs	1,786		1,786	662
IT Costs	2,474		2,474	1,613
External suppliers	--		--	--
Event costs	54,715		54,715	59,045
Project costs	1,642		1,642	6,805
Tea bar costs	2,359		2,359	2,060
Other costs	7,493		7,493	13,559
Depreciation	3,593		3,593	2,982
	<u>272,913</u>		<u>272,913</u>	<u>277,794</u>
Support Costs				
Maintenance	3,748		3,748	3,490
	<u>3,748</u>		<u>3,748</u>	<u>3,490</u>
Overhead Costs				
Administrative costs	36,883		36,883	32,563
	<u>36,883</u>		<u>36,883</u>	<u>32,563</u>
Total Fundraising Costs	<u>313,544</u>		<u>313,544</u>	<u>313,847</u>
Net Income from Fundraising			<u>568,433</u>	<u>760,847</u>

KATHARINE HOUSE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

(Continued)

6. TRADING SUBSIDIARIES

The charity has two wholly owned subsidiary undertakings, both of which are incorporated in England and Wales. KH Promotions Limited - formerly known as Katharine House Trading Limited - operates a society lottery and Katharine House Retail Limited operates charitable shops and merchandising.

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.

	KH Promotions Limited		Katharine House Retail Ltd	
	2012	2011	2012	2011
	£	£	£	£
Turnover	483,247	541,375	1,930,165	1,842,583
Cost of Sales	(177,879)	(189,163)	(252,736)	(252,377)
GROSS PROFIT	305,368	352,212	1,677,429	1,590,206
Administration	(66,989)	(101,987)	(1,002,515)	(881,007)
Recharges paid to Katharine House	(18,577)	(19,640)	(59,452)	(47,147)
Interest Received	31	29	1,125	1,125
NET PROFIT	219,833	230,614	616,587	663,177
Payments to Katharine House Hospice:-				
Under Gift Aid	(219,833)	(230,614)	(621,846)	(668,436)
Retained in subsidiary undertaking	--	--	(5,259)	(5,259)
Retained earnings brought forward			34,459	39,718
Retained earnings carried forward			29,200	34,459
The aggregate of the assets, liabilities and funds at 31 March was:				
Tangible Assets	--	--	103,640	94,510
Assets	226,943	196,113	450,460	461,265
Liabilities	(226,843)	(196,013)	(524,898)	(521,282)
Funds	100	100	29,202	34,493

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 Limited	
	2012	2011
	£	£
Turnover	191,914	197,102
Cost of Sales	(55,688)	(54,432)
GROSS PROFIT	136,226	142,670
Administration	(103,429)	(112,184)
NET PROFIT	32,797	30,486
Interest Payable	(1,125)	(1,125)
Donation under Gift Aid	(26,000)	(27,000)
Corporation Tax	(1,191)	--
Retained in subsidiary undertaking	4,481	2,361
Retained earnings brought forward	(23,942)	(26,303)
Retained earnings carried forward	(19,461)	(23,942)
The aggregate of the assets, liabilities and funds at 31 March was:		
Assets	20,120	19,826
Liabilities	(39,580)	(43,767)
Funds	(19,460)	(23,941)

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

KATHARINE HOUSE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

(Continued)

7. INVESTMENT INCOME

	Company		Group	
	2012	2011	2012	2011
	£	£	£	£
Bank Interest	19	43	50	72
Interest from Investments	3,373	5,951	3,373	5,951
Dividends	6,912	3,592	6,912	3,592
Rent	196	--	196	--
Tax reclaim	--	--	--	--
	<u>10,500</u>	<u>9,586</u>	<u>10,531</u>	<u>9,615</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.

		2012		2011	
		£	%	£	%
Local Primary Care Trusts					
Support for operating the Day Unit	(a)	77,197	2.56	92,423	2.90
Support for operating the Inpatient Unit	(a)	541,291	17.95	460,439	14.43
Support to provide lymphoedema	(a)	71,769	2.38	10,265	0.32
Support for at home team	(b)	339,567	11.26	246,956	7.74
Continuing care funding	(c)	11,100	0.37	1,200	0.04
Stafford Borough Council	(d)	3,500	0.12	3,500	0.11
NHS Pension Rebate	(e)	26,214	0.87	26,214	0.82
Student placements	(f)	--	-	2,222	0.07
		<u>1,070,638</u>	<u>35.50</u>	<u>843,219</u>	<u>26.42</u>

- (a) A three year recurring service level agreement the value of which is derived annually.
- (b) A Conditional Grant for the commencement of the At Home Team, see note 20.
- (c) Specific income for the provision of care to named patients.
- (d) A three year fixed term service level agreement ending 31 March 2012.
- (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.

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. In addition, the hospice's Chief Executive and Director of Nursing Services provided consultancy services to Walsall Teaching Primary Care Trust in 2010, to assist in the establishment of a new hospice in Walsall. This consultancy resulted in a one off, exceptional payment of £49,500 in the 2010/11 figures.

KATHARINE HOUSE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

(Continued)

10. EXPENDITURE ANALYSIS

		Direct Staff	Direct Other	Deprec- iation	Recharged Direct Support	Recharged Management and Admin	2012 Total	2011 Total
Charitable Activity								
Inpatient Care		954,151	58,589	22,262	324,670	89,157	1,448,829	1,417,259
Day Care		96,252	37,013	18,791	54,457	25,640	232,153	201,239
Lymphoedema		68,085	37,562	9,316	24,493	16,273	155,729	115,196
At Home Care		317,877	136,182	1,442	75,103	32,581	563,185	404,814
Bereavement Support		59,376	364	432	10,286	8,287	78,745	83,515
Respite for carers		20,631	1,610	--	1,814	1,475	25,530	32,469
Drop-In Service		15,462	430	1,903	7,024	4,095	28,914	32,422
Carers Support		14,519	848	--	1,253	8,552	25,172	18,114
Education		--	4,436	532	--	--	4,968	4,878
Charitable Expenditure		<u>1,546,353</u>	<u>277,034</u>	<u>54,678</u>	<u>499,100</u>	<u>186,060</u>	<u>2,563,225</u>	<u>2,309,906</u>
Governance	(11)	<u>21,758</u>	<u>34,367</u>	<u>--</u>	<u>5,102</u>	<u>14,245</u>	<u>75,472</u>	<u>64,576</u>
Fundraising	(5)	<u>198,851</u>	<u>70,470</u>	<u>3,593</u>	<u>3,748</u>	<u>36,883</u>	<u>313,545</u>	<u>313,845</u>
Recharges to Subsidiaries								
To KH Retail		--	990	1,465	16,084	40,913	59,452	47,147
To KH Promotions		--	2,629	2,057	1,834	12,057	18,577	19,640
To DLT Trading Ltd		--	--	--	--	--	--	--
Total Recharges		<u>--</u>	<u>3,619</u>	<u>3,522</u>	<u>17,918</u>	<u>52,970</u>	<u>78,029</u>	<u>66,787</u>
Total Expenditure					<u>525,868</u>	<u>290,158</u>	<u>3,030,271</u>	<u>2,755,114</u>
Direct Support Services								
Management of Care		132,325	14,568	1,442			148,335	123,140
Catering		43,885	28,273	904			73,062	65,892
Laundry		--	7,704	709			8,413	8,663
Housekeeping		36,169	23,365	103			59,637	47,699
Maintenance		26,027	53,491	--			79,518	59,306
Administration		49,987	102,763	4,154			156,904	147,201
Total Direct Support		<u>288,393</u>	<u>230,164</u>	<u>7,312</u>			<u>525,869</u>	<u>451,901</u>
Overhead Costs								
Management		86,263	30,073	7,281			123,617	94,127
Finance		44,992	(8,077)	1,324			38,239	23,940
Personnel		23,463	4,095	1,442			29,000	1,137
Voluntary Services		21,424	2,459	793			24,676	55,946
Marketing		40,477	34,147	--			74,624	71,126
Total overhead		<u>216,619</u>	<u>62,697</u>	<u>10,840</u>			<u>290,156</u>	<u>246,276</u>
Total Direct Expenditure		<u>2,271,974</u>	<u>678,351</u>	<u>79,945</u>				

KATHARINE HOUSE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

(Continued)

11. GOVERNANCE COSTS

	2012	2011
	£	£
Allocation of the costs of Management Time	21,758	22,471
Professional advice to trustees	6,558	3,300
Trustee Indemnity insurance	795	581
Audit and accountancy fees	6,300	6,300
Other Costs	20,714	15,794
Direct Support Recharge	5,102	4,515
Management and Admin Recharge	14,245	11,615
	<u>75,472</u>	<u>64,576</u>

12. SPECIFIC CHARGES TO EXPENDITURE

Audit fees for the group were £9,138 (2011: £9,138).
Directors expenses were £NIL (2011: £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 (2011: £NIL). The secretary received expenses of £Nil (2011 - £Nil).

14. EMPLOYEE NUMBERS AND COSTS

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

Company				
	2012		2011	
	Average Employees	Whole time Equivalent	Average Employees	Whole time Equivalent
Nursing and Care	65	49.81	50	41.48
Medical and Therapies	3	1.22	3	0.85
Ancillary	14	6.71	9	5.29
Fundraising	8	7.33	8	7.69
Administration / Management	16	11.05	12	9.21
	<u>106</u>	<u>76.12</u>	<u>82</u>	<u>64.52</u>

Group				
	2012		2011	
	Average Employees	Whole time Equivalent	Average Employees	Whole time Equivalent
Nursing and Care	65	49.81	50	41.48
Medical and Therapies	3	1.22	3	0.85
Ancillary	14	6.71	9	5.29
Generating Funds	75	51.24	63	44.75
Administration / Management	20	13.43	16	13.10
	<u>177</u>	<u>122.41</u>	<u>141</u>	<u>105.47</u>

The costs of employment were:

Company				Group			
	2012		2011		2012		2011
	£		£		£		£
Salary	1,847,254		1,666,704		2,636,539		2,425,832
National Insurance	144,025		134,141		190,312		182,665
Pension	131,519		115,404		137,768		124,538
	<u>2,122,798</u>		<u>1,916,249</u>		<u>2,964,619</u>		<u>2,733,035</u>
Non-payroll staff	156,162		105,388		168,190		122,124
	<u>2,278,960</u>		<u>2,021,637</u>		<u>3,132,809</u>		<u>2,855,159</u>

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

Company				Group			
	2012		2011		2012		2011
£60,001 - £70,000	1		1		1		1

KATHARINE HOUSE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

(Continued)

15. TANGIBLE FIXED ASSETS - Company

	Long Leasehold Land and Buildings £	Equipment, Furniture and Fixture £	IT Equipment and Software £	Motor Vehicles £	Total £
Cost					
At 1 April 2011	1,826,382	278,625	102,312	87,465	2,294,784
Additions	--	31,501	--	--	31,501
Disposals	--	(76,723)	(11,375)	--	(88,098)
At 31 March 2012	<u>1,826,382</u>	<u>233,403</u>	<u>90,937</u>	<u>87,465</u>	<u>2,238,187</u>
Depreciation					
At 1 April 2011	402,945	236,883	37,625	41,994	719,447
Charge for the year	36,527	16,348	14,646	12,425	79,946
Disposals	--	(76,723)	(11,375)	--	(88,098)
At 31 March 2012	<u>439,472</u>	<u>176,508</u>	<u>40,896</u>	<u>54,419</u>	<u>711,295</u>
Net Book Value					
At 31 March 2012	<u>1,386,910</u>	<u>56,895</u>	<u>50,041</u>	<u>33,046</u>	<u>1,526,892</u>
At 1 April 2011	<u>1,423,437</u>	<u>41,742</u>	<u>64,687</u>	<u>45,471</u>	<u>1,575,337</u>

The Net Book Value at 31 March 2012 represents Fixed Assets used for:

	Long Leasehold Land and Buildings £	Equipment, Furniture and Fixture £	IT Equipment and Software £	Motor Vehicles £	Total £
Inpatient Care	413,547	45,315	5,005		463,867
Day Care	271,167	3,176	2,002	8,556	284,901
Fundraising	80,869		5,004		85,873
Drop-In Service	53,123		500		53,623
Administration	33,695	1,154	10,008		44,857
Finance	17,770	769	2,502		21,041
Retail Subsidiary	--		5,004		5,004
Trading Subsidiary	17,770	769	5,004		23,543
Care Management	26,956		2,502		29,458
Laundry	26,956				26,956
At Home Team	26,956		2,502		29,458
Education	20,217				20,217
Catering	15,624	259			15,883
Lymphoedema	34,495	5,068	2,502	24,489	66,554
Charity Management	303,072		2,502		305,574
Personnel	26,956		2,502		29,458
Other < £15,000	17,738	385	2,503		20,626
	<u>1,386,911</u>	<u>56,895</u>	<u>50,042</u>	<u>33,045</u>	<u>1,526,893</u>
Restricted Assets (20)		14,678		6,410	21,088
Unrestricted Assets	<u>1,386,911</u>	<u>42,217</u>	<u>50,042</u>	<u>26,635</u>	<u>1,505,805</u>
	<u>1,386,911</u>	<u>56,895</u>	<u>50,042</u>	<u>33,045</u>	<u>1,526,893</u>

KATHARINE HOUSE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

(Continued)

TANGIBLE FIXED ASSETS - Group

	Long Leasehold Land and Buildings £	Equipment, Furniture and Fixture £	IT Equipment and Software £	Motor Vehicles £	Total £
Cost					
At 1 April 2011	1,915,370	300,674	102,312	120,486	2,438,842
Additions	--	31,501	39,724	--	71,225
Disposals	--	(76,723)	(11,375)	--	(88,098)
At 31 March 2012	<u>1,915,370</u>	<u>255,452</u>	<u>130,661</u>	<u>120,486</u>	<u>2,421,969</u>
Depreciation					
At 1 April 2011	426,109	242,736	37,625	62,527	768,997
Charge for the year	48,109	20,758	24,577	17,096	110,540
Disposals	--	(76,723)	(11,375)	--	(88,098)
At 31 March 2012	<u>474,218</u>	<u>186,771</u>	<u>50,827</u>	<u>79,623</u>	<u>791,439</u>
Net Book Value					
At 31 March 2012	<u>1,441,152</u>	<u>68,681</u>	<u>79,834</u>	<u>40,863</u>	<u>1,630,530</u>
At 1 April 2011	<u>1,489,261</u>	<u>57,938</u>	<u>64,687</u>	<u>57,959</u>	<u>1,669,845</u>

The Net Book Value at 31 March 2012 represents Fixed Assets used for:

	Long Leasehold Land and Buildings £	Equipment, Furniture and Fixture £	IT Equipment and Software £	Motor Vehicles £	Total £
Inpatient Care	413,547	45,315	5,005	--	463,867
Day Care	271,167	3,176	2,002	8,556	284,901
Fundraising	80,869	--	5,004	--	85,873
Drop-In Service	53,123	--	500	--	53,623
Administration	33,695	1,154	10,008	--	44,857
Finance	17,770	769	2,502	--	21,041
Retail Subsidiary	54,242	11,786	34,797	7,817	108,642
Trading Subsidiary	17,770	769	5,004	--	23,543
Care Management	26,956	--	2,502	--	29,458
Laundry	26,956	--	--	--	26,956
Governance	26,956	--	2,502	--	29,458
Education	20,217	--	--	--	20,217
Catering	15,624	259	--	--	15,883
Lymphoedema	34,495	5,068	2,502	24,489	66,554
Charity Management	303,072	--	2,502	--	305,574
Personnel	26,956	--	2,502	--	29,458
	<u>1,441,153</u>	<u>68,681</u>	<u>79,835</u>	<u>40,862</u>	<u>1,630,531</u>
Restricted Assets (20)	--	14,678	--	6,410	21,088
Unrestricted Assets	<u>1,441,153</u>	<u>54,003</u>	<u>79,835</u>	<u>34,452</u>	<u>1,609,443</u>
	<u>1,441,153</u>	<u>68,681</u>	<u>79,835</u>	<u>40,862</u>	<u>1,630,531</u>

KATHARINE HOUSE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

(Continued)

16. FIXED ASSET INVESTMENT - Company and Group

At 31 March 2012 the market value of investments held were:

	2012		2011	
	£	%	£	%
Fixed Interest	248,750	53.6	61,072	12.1
UK Equities and Funds	63,715	13.7	201,313	40.0
Overseas Equities and Funds	9,936	2.1	158,592	31.5
Other Assets	20,956	4.5	40,555	8.0
Property Funds	12,308	2.6	--	-
Absolute return	19,955	4.3	19,385	3.8
Cash Held for Investment Purposes	89,336	19.2	23,023	4.6
	<u>464,956</u>	<u>100.0</u>	<u>503,940</u>	<u>100.0</u>

	2012	2011
	£	£
Listed investments		
Market Value at 31 March	480,917	453,689
Less Disposals at opening book value (proceeds £284,525)	(322,835)	(81,594)
Add acquisitions at cost	218,428	69,099
Net gain/(loss) on revaluation at 31 March	(890)	39,723
	<u>375,620</u>	<u>480,917</u>
Cash held for investment purposes	89,336	23,023
Market Value at 31 March	<u>464,956</u>	<u>503,940</u>
Historical Cost at 31 March	<u>441,243</u>	<u>373,866</u>

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

	2012	2011
	£	£
Net book Value - brought forward	<u>250,000</u>	<u>250,000</u>
Addition - at cost	--	--
Revaluation	--	--
Net book Value - carried forward	<u>250,000</u>	<u>250,000</u>

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

FIXED ASSET INVESTMENT - Company

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

	2012	2011
	£	£
KH Promotions Limited	100	100
Katharine House Retail Limited	<u>2</u>	<u>2</u>
	<u>102</u>	<u>102</u>

Results for the year are shown in note 6.

KATHARINE HOUSE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

(Continued)

17. DEBTORS

	Company		Group	
	2012	2011	2012	2011
	£	£	£	£
Intercompany accounts:				
KH Promotions Limited	150,179	120,685	--	--
Katharine House Retail Limited	430,738	490,234	--	--
DLT Trading Ltd	--	545	--	--
NHS pharmaceutical supplies	4,131	20,301	4,131	20,301
HMRC	6,186	876	22,590	17,528
Other Debtors	250	--	1,481	1,228
Prepayments	1,199	26,000	53,540	78,978
Deposits provided	--	--	3,875	3,875
	<u>592,683</u>	<u>658,641</u>	<u>85,617</u>	<u>121,909</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	
	2012	2011	2012	2011
	£	£	£	£
Christmas Cards	--	--	2,468	2,935

19. CREDITORS

	Company		Group	
	2012	2011	2012	2011
	£	£	£	£
Intercompany account - DLT Trading Ltd	1,346	--	--	--
Payments on account	--	--	149,635	70,286
Trade creditors	65,258	33,242	76,991	50,438
Corporation Tax	--	--	1,191	--
Accruals	16,719	25,889	27,920	47,363
Deferred income	121,299	117,218	121,299	117,218
Other creditors	5,125	4,949	5,275	4,999
	<u>209,747</u>	<u>181,298</u>	<u>382,311</u>	<u>290,304</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	3,378,569	177,084	1,223,515	4,779,168
Expenditure in generating funds	<u>(2,089,599)</u>	<u>--</u>	<u>--</u>	<u>(2,089,599)</u>
	1,288,970	177,084	1,223,515	2,689,569
Opening value of funds	2,418,951	485,190	103,324	3,007,465
Transfers (to) / from general funds	104,459	(104,459)	--	--
Gains / (losses) on investment assets				
Realised	(38,309)	--	--	(38,309)
Unrealised	<u>(891)</u>	<u>--</u>	<u>--</u>	<u>(891)</u>
	3,773,180	557,815	1,326,839	5,657,834
Charitable expenditure	<u>(1,263,963)</u>	<u>(142,382)</u>	<u>(1,232,352)</u>	<u>(2,638,697)</u>
Closing value of funds	2,509,217	415,433	94,487	3,019,137

KATHARINE HOUSE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

(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 £
Capital and Equipment funds:							
Day Care Equipment	11,917	6,240	4,523	--	13,634	67	13,567
IPU Refurbishment	10,670	--	3,594	--	7,076	7,076	--
Minibus fund	12,449	--	6,039	--	6,410	6,410	--
IPU French Windows	--	4,380	--	--	4,380	4,380	--
Help the Hospices Day Care Bath	4,837	--	2,364	--	2,473	2,473	--
Multi-sensory Equipment	1,926	--	--	--	1,926	--	1,926
St James – Macerator	1,440	--	938	--	502	502	--
Queen Elizabeth Fund – Recliner	442	--	379	--	63	63	--
Bladder scanner/oxygen tank	1,761	--	1,761	--	--	--	--
Kitchen Equipment	--	1,580	1,580	--	--	--	--
Rowley Trust - O2 Concentrator	100	--	100	--	--	--	--
Revenue funds to operate specified services:							
Lymphoedema Services	21,283	24,289	26,268	--	19,304	--	19,304
IPU Fund	--	12,510	3,735	--	8,775	--	8,775
Bereaved Carers Group	3,642	3,713	2,738	--	4,617	--	4,617
At Home Team fund 20	750	98,935	94,957	--	4,728	--	4,728
David Wright Acupuncture Clinic	1,061	--	--	--	1,061	--	1,061
PCT Support of IPU	--	541,291	541,291	--	--	--	--
PCT Support of At Home Team 20	--	339,567	339,567	--	--	--	--
PCT Support of Day Care	--	77,197	77,197	--	--	--	--
PCT Support of Lymphoedema	--	71,769	71,769	--	--	--	--
Carers Group	8,583	1,170	9,753	--	--	--	--
Other support of IPU	--	5,328	5,328	--	--	--	--
Complementary therapies at home	3,073	--	3,073	--	--	--	--
Day care Fund	--	1,478	70	--	1,408	--	1,408
Drop In Fund	--	1,000	1,000	--	--	--	--
Other revenue funds for specified purposes:							
Multi-disciplinary Team	--	17,000	9,642	--	7,358	--	7,358
Patients Comfort Fund Day Care	5,553	266	2,199	--	3,620	--	3,620
Patients Comfort Fund IPU	2,974	28	996	--	2,006	--	2,006
Diversional Therapies	1,998	--	405	--	1,593	--	1,593
IPU Staff Gift	619	--	34	--	585	--	585
Awards4All - volunteer transport	5,266	--	5,266	--	--	--	--
Staff Education	47	5,577	4,639	--	985	--	985
Keele Medical Students Fund	--	4,957	4,072	--	885	--	885
Medical Staffing Day Care	1,020	3,000	4,020	--	--	--	--
Garden Fund	549	2,100	1,365	--	1,284	--	1,284
Aromatharapy Fund	552	140	692	--	--	--	--
Memorial Funds							
Mahendra Patel (Hoist for IPU)	562	--	481	--	81	81	--
Leslie Reader (Recliner chair)	250	--	214	--	36	36	--
Miscellaneous restricted donations							
	--	--	303	--	(303)	--	(303)
	103,324	1,223,515	1,232,352	--	94,487	21,088	73,399

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 recharges or overheads.

KATHARINE HOUSE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

(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	35,266	--	2,243	1,977	35,000
Renewal of IT fund	8,000	--	--	10,000	18,000
Training and Development Fund	12,000	--	11,478	10,648	11,170
Legacy Equalisation Fund	100,000	150,870	--	(150,870)	100,000
NHS Pension Rebate Fund	27,000	26,214	--	(26,214)	27,000
Community Care Project	302,924	--	128,661	--	174,263
Review of premises	--	--	--	50,000	50,000
	485,190	177,084	142,382	(104,459)	415,433

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 2012/13 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 will be used to support the At Home team until its future commissioning is secured.

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 view 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
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

(Continued)

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.

	2012	2011		
Income				
Total Income received from statutory sector commissioners	339,567	338,367		
Income deferred from previous year	91,411			
Income deferred to following year	(91,411)	(91,411)		
Income credited to restricted PCT At Home fund	339,567	246,956		
Other restricted income received	98,935	61,532		
Total income	438,502	308,488		
Expenditure				
Sub-contract to Compton Hospice	118,980	118,980		
Katharine House Hospice Costs				
Salary related	317,877	196,553		
Other Employment (including travel, training and recruitment)	12,375	12,375		
Other costs	4,827	6,300		
Depreciation	1,442	--		
Recharged direct support	75,103	52,861		
Recharged overheads	32,581	17,745		
Total Expenditure	563,185	404,814		
Expenses debited to restricted PCT At Home fund	339,567	246,956		
Expenses debited to restricted At Home team fund	94,957	60,782		
Expenses debited to Community Care Project designated fund	128,661	97,076		
	563,185	404,814		
Fund movements				
On restricted PCT At Home Fund	--	--		
On restricted At Home team Fund	3,978	750		
On designated Community Care Project Fund	(128,661)	(97,076)		
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	--	750	302,924	303,674
Income	339,567	98,935	--	438,502
Expenditure	(339,567)	(94,957)	(128,661)	(563,185)
Closing balance	--	4,728	174,263	178,991
Held as:				
Cash	91,411	4,728	174,263	270,402
Deferred income creditor	(91,411)	--	--	(91,411)
Total	--	4,728	174,263	178,991

KATHARINE HOUSE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

(Continued)

2. TRANSFERS BETWEEN FUNDS

	<u>Note</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
General Funds		177,084	(72,625)	<u>104,459</u>
Designated Funds:				
Repairs and Renewals		1,977	--	
Renewal of IT fund		10,000	--	
Training and Development Fund		10,648	--	
Review of premises		50,000	--	
Legacy Equalisation Fund		--	(150,870)	
NHS Pension Rebate Fund		--	(26,214)	
		<u>72,625</u>	<u>(177,084)</u>	<u>(104,459)</u>

23. FINANCIAL COMMITMENTS

Capital Commitments - Company and Group

The charity has no capital commitments at 31 March 2012.

Operating Lease Commitments - Company and Group

At 31 March 2012 the charity had annual commitments under non-cancellable operating leases as follows:

	At 31 March 2012	At 31 March 2011
Expiring in 2 to 5 years	146,000	134,000
Expiring after 5 years	56,000	38,000

24. POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.