

St Catherine's Hospice Limited

(A CHARITABLE COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL)

FINANCIAL STATEMENTS

For the year ended 31 March 2010

Company Registration No. 1525404
Charity Registration No. 281362

St Catherine's Hospice Limited
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS AND TRUSTEES

Mrs E R Cowley, CBE
A G Cuppage
Mrs M I Finch Hatton
Dr J H House
Dr M J Waldron
D G Jones
J L StP Mansfield JP
A Wates DL
Ex Officio member of the Board:
M S O'Leary – Chief Executive

SECRETARY

M S O'Leary

REGISTERED COMPANY NUMBER

1525404 (England and Wales)

REGISTERED CHARITY NUMBER

281362

REGISTERED OFFICE

Malthouse Road
Crawley
West Sussex
RH10 6BH

AUDITORS

Kingston Smith LLP
Surrey House
36-44 High Street
Redhill
Surrey
RH1 1RH

St Catherine's Hospice Limited
OFFICERS AND PROFESSIONAL ADVISERS

BANKERS

Barclays Bank Plc
90-92 High Street
Crawley
West Sussex
RH10 1YX

SOLICITORS

Rawlison Butler
135 High Street
Crawley
West Sussex
RH10 1DQ

INVESTMENT ADVISERS

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

Smith & Williamson Investment Management Limited
25 Moorgate
London EC2R 6AY

To 30 June 2009:

The Charities Property Fund
c/o Rensburg Sheppards
2 Gresham Street
London EC2B 2AL

St Catherine's Hospice Limited

DIRECTORS/TRUSTEES' REPORT

The Directors, who are the Trustees under Charity law, submit their report and the financial statements of St Catherine's Hospice Limited for the year ended 31 March 2010.

The Hospice is a company limited by guarantee and a registered charity governed by its memorandum and articles of association.

The principal activity of the company is that of a Hospice caring for the terminally ill.

In addition there is a wholly owned subsidiary company, St Catherine's Hospice Trading (Sussex) Limited, which raises further funds for the Hospice.

DIRECTORS AND TRUSTEES (hereafter referred to as Trustees)

Under the Articles of Association, there shall be at least three and not more than twelve Trustees. Trustees shall be elected by the members at the Annual General Meeting. At each Annual General Meeting, one third of the Trustees shall retire from office, but are eligible for re-election. Any Trustee aged over 70 shall retire at each Annual General Meeting, but will be eligible for re-election.

The Trustees are required to hold at least four meetings in any year.

The Trustees who served in an honorary capacity during the year were as follows:

Mrs E R Cowley, CBE	Chairman
A G Cuppage	Vice - Chairman
Mrs M I Finch Hatton	
Dr J H House	
D G Jones	Hon Treasurer
J L St P Mansfield JP	
Dr M J Waldron	
A Wates DL	

M S O'Leary, Chief Executive of the Hospice, serves as an ex-officio member of the Board of Trustees.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Under the Company's Memorandum and Articles of Association, adopted by special resolution on 4 April 2000 and amended by special resolution dated 22 October 2007 the Trustees' Responsibilities are defined as follows:

- 1 To ensure that the Charity operates only in the promotion of its Objects which are defined in the Memorandum, Clause 3.
- 2 To ensure appropriate application of the Charity's powers which are defined in the Memorandum, Clause 4, paras. 4.1 to 4.19.
- 3 Specifically,
 - To act together, only in the Charity's interests and not delegate control of the Charity to others;
 - To exercise prudent governance and derive no personal financial or material benefit;

St Catherine's Hospice Limited

DIRECTORS/TRUSTEES' REPORT

- To seek appropriate professional advice when necessary;
- To ensure proper records of account of the Charity's finances are maintained and the Charity's property is adequately controlled;
- To ensure all reasonable risks to the Charity's possessions including properties and equipment are covered by suitable insurance;
- To invest prudently and as authorised under the Memorandum;
- To ensure the Charity observes its obligations as to the employment of staff;
- To ensure all activities involving the raising of funds are properly authorised, describe fully what the funds will be used for and that all funds raised are fully accounted for;
- To ensure all activities of the Charity are conducted without fear of public scrutiny.

In previous years, potential Trustees have been identified through existing networks. Initial interviews with no fewer than two Trustees offer opportunities for mutual exploration of the role and requirements. If it is agreed to progress, there then follows a formal meeting with all Trustees before adoption is approved. There has been no Trustee appointment during this financial year. On appointment to the Board new Trustees undergo an induction programme to familiarise them with the work of St Catherine's. Opportunities for ongoing learning result from regular inspection visits to review the work of the Hospice and briefings from key staff. In addition Trustees meet on a quarterly basis, outside normal Board meetings, to discuss strategic issues and develop governance themes.

CHARITABLE OBJECTIVES AND ACTIVITIES

Having agreed during 2008/09 St Catherine's Mission, Vision and Values and its six organisational goals for the three years 2008-2011, we are now reporting on the second year of that strategy. St Catherine's has referred to the guidance provided by the Charity Commission on Public Benefit when reviewing and planning aims and objectives. All our services are provided equally to all members of the community that we serve, and no charge is levied for any service that we provide.

The year under review was one of transformational change for St Catherine's. With effect from 1st April 2009, St Catherine's undertook to extend its area of operation to include a much larger part of East Surrey. A three-year contract was agreed with Surrey PCT to provide a full range of palliative care services in the area formerly served by Marie Curie Cancer Care from their base in Caterham. As a result, the population St Catherine's serves increased by 120,000. The clinical caseload increased by one third, and this expansion had knock-on effects for all aspects of St Catherine's operations over 2009/10.

Over 1,200 patients were newly referred for palliative care during the year, of whom 260 were admitted as Hospice inpatients. For most of the year the caseload of patients in the community was around 500 individuals at any one time. Over the whole year, the team was involved in the care of 1,400 patients. 325 people received support for their lymphoedema. Bereavement support - spiritual care, counselling and bereavement visitor services - were provided to 702 people (patients, their families and/or carers).

An important consequence of the increased investment in our community-based services has

St Catherine's Hospice Limited

DIRECTORS/TRUSTEES' REPORT

resulted in patients being offered more options for care at home. This aspect of our work is still evolving, but there is evidence that more patients are being cared for and dying at home, or care homes, supported by the Hospice according to their choice. Meaningful statistical comparisons are hard to draw. Without the development of this seven-day service over the past year which created extra capacity for practical care, it is likely that we would have seen a significant drop in the number of deaths at home.

Community-based clinical staff have made great efforts to establish effective working relationships with local GPs and District Nurses in the new area, to ensure patients experience seamless referral between services. Weekend and out of hours care is now standard practice. We will continue to monitor changes in need, the practice implications, and ensure that this informs strategic decisions.

St Catherine's self assessment, submitted to its regulatory body, the Care Quality Commission, was deemed satisfactory and therefore no inspection visit was required during the year.

St Catherine's Trustees conducted "provider visits" (a requirement of the Healthcare Commission which became the Care Quality Commission in April 2009) in July 2009, September 2009 and March 2010. Trustees visited the premises, spoke to patients, volunteers and staff, and examined working processes in detail. They used an agreed reporting format, designed to focus the visit and highlight issues for future scrutiny which, in turn, has been helpful in planning the yearly inspection cycle. All reports were duly submitted to the Care Quality Commission.

Notification of patient death has continued to be submitted to the Care Quality Commission within their tight turnaround time of 24 working hours. This applies to patients in the community and in the hospice. St Catherine's participated in a pilot in which the Care Quality Commission trialled new electronic processes of notification. It is hoped that improved electronic submission processes will be in place by the end of the year.

Feedback from patients and relatives is received in many different ways. Suggestions and comments about patient experiences and suggestions are used to improve services. As well as service feedback opportunities, St Catherine's endeavours to ensure a voice for patients and families within its external communications. This year a short film of the Hospice was produced which incorporated patient and family member experiences with the aim of providing reassurance to prospective patients on the nature of hospice care. It reinforces the brand identity, which is warm, people-orientated, and focuses on care with compassion and understanding.

Managers met quarterly to discuss complaints and concerns received and investigated. Processes were scrutinised and practices reviewed. A form to log verbal concerns introduced last year has enabled us to capture the views of people who would prefer their comments to remain informal. This has had a positive impact in that we have received more comments than before, and this has been beneficial from all aspects. In line with transparent governance processes, all feedback reports are collated for Trustees. The Board therefore sees a range of concerns, complaints, and trends. Compliments and positive feedback from patients and relatives continue significantly to outweigh the small number of complaints.

A contract was agreed with Dorking Hospital for StCH to design, deliver and evaluate an End of Life Care training programme for all their staff over a three year period. The project designed to identify and teach the necessary end of life care competencies to staff working in care homes moved into its second of three years' duration, and more care homes expressed

St Catherine's Hospice Limited

DIRECTORS/TRUSTEES' REPORT

interest in participating in an extension of the programme.

This year was marked by significantly increased collaborative work with other independent hospices in the south east. It featured in joint meetings with PCT commissioners, it was evident in local End of Life Care multi-agency planning meetings and, in the lead-up to the General Election 2010, resulted in a joint Sussex Hospices campaign being created and funded by Friends of East Sussex Hospices.

Five separate abstracts were submitted from St Catherine's for presentation at the Help the Hospices "Stronger Together" Conference November 2009. They were:-

1. Psychosocial skills in palliative care
2. The Management of constipation in palliative care – the hospice approach
3. Palliative care patients' electronic medical records in the community pharmacy – current benefits and future directions
4. Electronic hospice prescriptions – key patient and clinician benefits
5. Audit as a tool for service development and change

A whole raft of different events took place over the year to engage local communities in the new East Surrey area. Events were supported by the Chairman of Tandridge District Council, Peter Ainsworth MP, and a Surrey County Councillor who also created The Tandridge Fundraising Committee for St Catherine's. This was in addition to the continuing programme of activities organised by the Hospice, Friends Groups and other third-party fundraisers in our original catchment area.

Trustees reviewed the Risk Register and included additional risks connected to Board activities and corporate governance. Adverse winter weather and ensuring preparedness for a potential 'flu pandemic were added challenges over this year, but good planning and follow-up processes have ensured learning across the organisation which has improved readiness should similar unexpected circumstances arise in the future.

Goals for 2008-2011 are:-

Goal 1 - St Catherine's will enable the delivery of end of life care to the highest possible standard.

Goal 2 - St Catherine's will be a key resource for our community to learn about death, dying and bereavement.

Goal 3 - St Catherine's will seek to influence the improvement of funding for, and access to, end of life care.

Goal 4 - St Catherine's will seek to advance knowledge and develop practice in palliative care.

Goal 5 - St Catherine's will aim to become increasingly reflective of the community it serves.

Goal 6 – St Catherine's ensures its long term financial sustainability in order to deliver its charitable objectives in the future.

A revised three to five year strategy is being created, for agreement in autumn 2010.

St Catherine's Hospice Limited

DIRECTORS/TRUSTEES' REPORT

FINANCIAL REVIEW

The net movement in funds for the year was an increase of £2,082,162 compared with the previous year's decrease of £324,919. As a result our fund balances increased from £7,149,893 at 31 March 2009 to £9,232,055 at 31 March 2010. There are two main reasons for this growth. In 2008/09 we experienced realised and unrealised losses on investments amounting to £756,382, while in 2009/10 we made net gains of £388,163. The losses and the gains were outside our control and reflect the general movement on world stock markets.

The second reason was due to an unprecedented level of legacy income that was £1m higher than in 2008/09.

Income from the lottery dropped slightly compared with 2008/09. The fall in profit from £329,000 to £289,000 was more marked due to increased promotional activities aimed at increasing membership. The gross income from our trading company rose by 8.3% to just over £1,500,000 while net profit rose to £497,199 compared with £417,343 in 2008/09.

The cost of generating funds increased by 1.9%, while incoming resources increased by 35.1%. In addition to the figures quoted above the increase in income also includes an additional £1,300,000 from Surrey PCT for the funding of work in our new area of East Surrey.

INVESTMENT POLICY

The Trustees have the power to invest in such stocks, shares, investments and property as they see fit. During 2008/09 the Trustees carried out a review of the investment strategy. As a result the Board resolved to dispose of its investment in property and to switch to fund managers offering funds based on a total return strategy. The sale of the property investments was completed on 30 June 2009. In addition all investment proceeds are now accumulated within the new funds and do not support current expenditure. Details of the current investments are provided in notes 12 and 13 to the accounts.

RESERVES POLICY

A review of the reserves policy was carried out in November 2009 and the policy now states that "St Catherine's Hospice should hold free reserves of not less than six months' and not more than nine months' running costs, net of known commitments, at any one time. This position will be reviewed by the Board on an annual basis."

Monthly expenditure in 2009/10 was £619,613. As at 31 March 2010 the Hospice held free reserves of £7,084,520 which equates to 11.4 months' running costs. This high figure is largely due to the unpredictable nature of legacy income which was £1m higher in 2009/10 than it was in 2008/09. Without legacy income the Hospice would be operating with a substantial deficit. The Board has decided to earmark a sum of £2.1m from general reserves in order to safeguard against any drop in legacy income in 2010/11 and future years. By excluding the £2.1m the number of months' running costs held in free reserves falls to 8 months which is well within the limits set by the Board.

FOUNDATION FUND

This is a restricted fund and exists primarily to support the day to day running costs of the Hospice should the following events occur:

- The General Fund is below six months future running costs;

St Catherine's Hospice Limited

DIRECTORS/TRUSTEES' REPORT

- The Hospice operating costs are exceeding its income on a regular monthly basis.

Before any capital or income of The Foundation Fund is appropriated the view of the New Horizons Appeal Committee will be sought. The Trustees must approve and finally determine the use of all Foundation Fund assets.

OTHER RESTRICTED FUNDS

From time to time the Hospice may receive grants or donations whose use is restricted by the donor. In these circumstances, the funds are shown as restricted.

CAPITAL ASSETS FUND

This comprises the book value of the tangible assets of the Hospice as shown in its balance sheet. The Capital Assets Fund is automatically excluded from the General Fund as it could only be realised by disposing of or mortgaging tangible assets.

GENERAL FUND

This is an unrestricted fund and is available to be used for:

- The day to day running of the Hospice;
- The costs of any capital projects in whole or in part where the cost is not met from any other fund; and
- For any other purpose as the Trustees see fit to fulfil the objectives of the Hospice.

MARKET VALUE OF LAND AND BUILDINGS

Freehold land was donated to the Hospice and valued at £60,000 by the Trustees in December 1983. All other freehold land and buildings are included in the financial statements at cost or open market value if lower. In the opinion of the Trustees, the open market value of the freehold land and buildings is not less than the amounts shown in the financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. The Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

St Catherine's Hospice Limited
DIRECTORS/TRUSTEES' REPORT

AUDITORS

In accordance with custom and practice, a resolution to appoint auditors will be put to the members at the Annual General Meeting"

On behalf of the Board



Mrs E R Cowley, CBE

Chairman

26 July 2010

St Catherine's Hospice Limited

DIRECTORS/TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF ST CATHERINE'S HOSPICE LIMITED

We have audited the consolidated and parent charitable company's financial statements of St Catherine's Hospice Limited for the year ended 31 March 2010 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

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 for no purpose other than to draw to the attention of the charitable company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the charitable company for the purposes of company law) responsibilities for preparing the Trustees' Annual Report 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 charitable company has not kept adequate accounting records, if the charitable company's 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 disclosures of trustees' remuneration specified by law are not made.

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

Basis of audit opinion

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

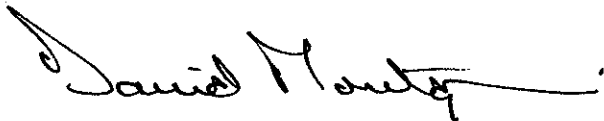
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF ST
CATHERINE'S HOSPICE LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view of the group's and parent charitable company's affairs as at 31 March 2010 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information provided in the Trustees' Annual Report is consistent with the financial statements.



David Montgomery, Senior Statutory Auditor
For and on behalf of Kingston Smith LLP, Statutory Auditors
Surrey House
36-44 High Street
Redhill
Surrey
RH1 1RH

Date: 26 July 2010

St Catherine's Hospice Limited
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 March 2010

	Notes	Unrestricted resources £	Restricted resources £	Total 2010 £	Total 2009 £
Income and Expenditure					
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary Income:					
Donations		1,150,081	56,809	1,206,890	1,191,554
Legacies		2,378,203	-	2,378,203	1,395,762
Fundraising Events		706,515	-	706,515	636,426
Shop Income		1,531,364	-	1,531,364	1,413,657
Lottery Income		490,776	-	490,776	507,423
Investment Income	2	36,628	16	36,644	123,709
Incoming resources from charitable activities:					
Income from provision of education & training		30,683	-	30,683	25,718
NHS Grants		2,459,793	-	2,459,793	1,168,220
Other Grants		168,185	85,250	253,435	268,470
Miscellaneous Income		35,046	-	35,046	28,506
TOTAL INCOMING RESOURCES		8,987,274	142,075	9,129,349	6,759,445
RESOURCES EXPENDED					
Cost of generating funds:					
Voluntary income		554,570	-	554,570	665,399
Fundraising events		179,831	22,070	201,901	227,712
Retail shops		1,141,312	-	1,141,312	996,315
Lottery costs		220,705	-	220,705	189,734
Total cost of generating funds		2,096,418	22,070	2,118,488	2,079,160
Cost of charitable activities:					
Inpatient care		2,282,042	16,098	2,298,140	2,177,078
Community care		1,624,233	48,855	1,673,088	966,546
Daycare		402,100	30,885	432,985	295,767
Social support services		270,287	-	270,287	248,437
Education		541,177	15,000	556,177	492,067
Total cost of charitable activities		5,119,839	110,838	5,230,677	4,179,895
Governance costs		86,185	-	86,185	68,927
TOTAL RESOURCES EXPENDED	4	7,302,442	132,908	7,435,350	6,327,982
NET INCOMING RESOURCES	5	1,684,832	9,167	1,693,999	431,463
Gains on investments:					
Realised		(6,199)	-	(6,199)	(571,102)
Unrealised	10	272,531	121,831	394,362	(185,280)
Net movement in funds		1,951,164	130,998	2,082,162	(324,919)
Fund balances brought forward at 1 April 2009		5,848,249	1,301,644	7,149,893	7,474,812
Fund balances carried forward at 31 March 2010		7,799,413	1,432,642	9,232,055	7,149,893

St Catherine's Hospice Limited
 CONSOLIDATED BALANCE SHEET
 31 March 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	11	2,484,807	2,591,510
Investments	12	1,131,453	959,622
		<u>3,616,260</u>	<u>3,551,132</u>
CURRENT ASSETS			
Investments	13	2,534,726	2,268,394
Stock	14	-	6,187
Debtors	15	1,030,560	583,701
Cash at bank and in hand		3,409,115	1,416,224
		<u>6,974,401</u>	<u>4,274,506</u>
CREDITORS: Amounts falling due within one year	16	(1,358,606)	(675,745)
NET CURRENT ASSETS		<u>5,615,795</u>	<u>3,598,761</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,232,055</u>	<u>7,149,893</u>
CAPITAL AND RESERVES			
Restricted Fund	17	1,432,642	1,301,644
Unrestricted Funds:			
Capital Assets	18	2,237,989	2,308,445
General		5,561,424	3,539,804
		<u>9,232,055</u>	<u>7,149,893</u>

The financial statements on pages 13 to 31 were approved by the board of directors and authorised for issue on 26th July 2010 and are signed on its behalf by:



Mrs E R Cowley, C.B.E.
 Chairman

St Catherine's Hospice Limited
BALANCE SHEET
31 March 2010

		2010 £	2009 £
FIXED ASSETS			
Tangible assets	11	2,466,709	2,567,785
Investments	12	1,181,453	1,009,622
		<u>3,648,162</u>	<u>3,577,407</u>
CURRENT ASSETS			
Investments	13	2,534,726	2,268,394
Debtors	15	1,013,802	581,737
Cash at bank and in hand		3,368,341	1,379,226
		<u>6,916,869</u>	<u>4,229,357</u>
CREDITORS: Amounts falling due within one year	16	(1,332,976)	(656,871)
		<u>5,583,893</u>	<u>3,572,486</u>
NET CURRENT ASSETS		<u>5,583,893</u>	<u>3,572,486</u>
TOTAL ASSETS LESS LIABILITIES		<u>9,232,055</u>	<u>7,149,893</u>
CAPITAL AND RESERVES			
Restricted Fund	17	1,432,642	1,301,644
Unrestricted Funds			
Capital Assets	18	2,237,989	2,308,445
General		5,561,424	3,539,804
		<u>9,232,055</u>	<u>7,149,893</u>

The financial statements on pages 13 to 31 were approved by the board of directors and authorised for issue on 26th July 2010 and are signed on its behalf by:



Mrs E R Cowley C.B.E.
Chairman

Company Registration No. 1525404

St Catherine's Hospice Limited
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2010

	Notes	2010 £	2009 £
NET CASH FLOW FROM OPERATING ACTIVITIES	22a	2,030,004	180,968
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from listed investments		14,441	78,160
Bank interest received		22,187	41,199
Restricted funds – interest received		16	4,351
		<u>36,644</u>	<u>123,710</u>
Net cash flow after returns on investment and servicing of finance		<u>2,066,648</u>	<u>304,678</u>
Taxation paid		-	-
CAPITAL EXPENDITURE			
Purchase of listed investments held as fixed assets		(50,000)	(960,406)
Sale of listed investments held as fixed assets		-	920,406
Cash transferred to listed investments held as fixed assets		-	(32,116)
Purchase of fixed assets		(23,757)	(184,017)
Net cash outflow for capital expenditure		<u>(73,757)</u>	<u>(256,133)</u>
MANAGEMENT OF LIQUID RESOURCES			
Purchase of listed securities		(436,457)	(1,825,370)
Sale of listed securities		436,457	1,825,370
Cash transferred to listed investments held as current assets		-	(68,905)
Net cash out flow from management of liquid resources		<u>-</u>	<u>(68,905)</u>
INCREASE/(DECREASE) IN CASH	23c	<u>1,992,891</u>	<u>(20,360)</u>

St Catherine's Hospice Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at market value and in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005) published in March 2005, applicable accounting standards and the Companies Act 2006.

The charity has availed itself of Statutory Instrument 2008 No 409 The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 Part 2 paragraph 3(1) and adapted the Companies Act formats to reflect the special nature of the Charity's activities. No separate SOFA or Income and Expenditure Account have been presented for the Charity alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

DONATED ASSETS

Tangible assets donated to the Hospice are recorded at the original estimate of their value to the company.

TANGIBLE FIXED ASSETS

Fixed assets other than donated assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write down each asset to its estimated residual value evenly over its expected useful life, as follows:-

Freehold buildings	2% per annum on cost
Extensions and refurbishments	10% per annum on cost
Equipment (excluding leasehold improvements)	25% per annum on cost
Leasehold improvements	based on length of lease
Motor vehicles	25% per annum on cost

TAXATION

The company has been granted charitable status and is therefore not liable to corporation tax.

LEASED ASSETS AND OBLIGATIONS

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the general fund operating account in annual amounts in accordance with the terms of the lease.

PENSIONS CONTRIBUTIONS

Retirement benefits to certain employees are provided by defined contribution schemes which are funded by contributions from the company. Payments are made to insurance companies and these are charged against income of the year in which they become payable. The estimated amount of employer debt on withdrawal liability from the growth plan with The Pensions Trust as at 30th September 2009 was £380,832 (£342,612, 2008).

Some clinical staff are members of the National Health Services scheme and contributions are determined by the Government actuary. Payments are charged against income as they become payable.

DONATIONS, GRANTS AND OTHER INCOME

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods;

St Catherine's Hospice Limited

ACCOUNTING POLICIES

- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Credit for other income including donations and investment income is taken when received. Income from legacies is treated in accordance with the Charities SORP 2005.

Income in the trading company represents the amount receivable for goods supplied to customers.

RESOURCES EXPENDED

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

INVESTMENTS

Investments are placed with fund managers on a total return basis. This reflects the Trustees' decision to increase the value of reserves by reinvesting dividend income in accumulation units and by seeking long term capital growth. Consequently, the value of reinvested income is reflected within the unrealised gain on investments in the Statement of Financial Activities rather than as investment income. Investments are stated in the accounts at market value in accordance with SORP 2005.

STOCK

Stock is valued at the lower of cost and net realisable value.

GROUP FINANCIAL STATEMENTS

These financial statements consolidate the results of the charity and its wholly-owned subsidiary St Catherine's Hospice Trading (Sussex) Limited on a line by line basis. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

St Catherine's Hospice Limited
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2010

1 INCOMING RESOURCES

Incoming resources derive from the group's principal activities carried on wholly in the United Kingdom.

2 INVESTMENT INCOME	2010 £	2009 £
Income from investments:		
General fund		
Listed	14,441	78,160
Interest received	22,187	41,199
	<u>36,628</u>	<u>119,359</u>
Foundation Fund	16	4,350
	<u>36,644</u>	<u>123,709</u>

3 TRADING OPERATIONS

The wholly owned trading subsidiary, St Catherine's Hospice Trading (Sussex) Limited, which is incorporated in England, pays all of its profits to the charity under Gift Aid. St Catherine's Hospice Trading (Sussex) Limited operates shops selling donated goods and manages the Education Centre. The charity owns the entire issued share capital of 50,000 shares of £1 each. A summary of the trading results is shown below.

	2010 £	2009 £
Turnover	1,572,032	1,401,862
Cost of sales	88,245	63,589
Gross profit	<u>1,483,787</u>	<u>1,338,273</u>
Other operating expenses (net)	986,588	920,930
Profit on ordinary activities	<u>497,199</u>	<u>417,343</u>
Donations under Gift Aid	(497,199)	(417,343)
Retained in the subsidiary	<u>-</u>	<u>-</u>

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2010

4	RESOURCES EXPENDED	Staff Costs	Other Costs	Depreciation	Total 2010	Total 2009
		£	£	£	£	£
	Cost of generating funds:					
	Voluntary income	398,534	144,617	11,419	554,570	665,399
	Fundraising events	103,343	98,558	-	201,901	227,712
	Retail shops	545,546	590,140	5,626	1,141,312	996,315
	Lottery costs	66,852	153,853	-	220,705	189,734
	Investment management costs	-	-	-	-	-
	Cost of charitable activities:					
	Inpatient care	1,787,924	462,949	47,267	2,298,140	2,177,078
	Community care	1,429,280	223,935	19,873	1,673,088	966,546
	Daycare	272,315	134,001	26,669	432,985	295,767
	Social support services	230,724	37,340	2,223	270,287	248,437
	Education	355,455	183,339	17,383	556,177	492,067
	Governance costs	72,420	13,765	-	86,185	68,927
		<u>5,262,393</u>	<u>2,042,497</u>	<u>130,460</u>	<u>7,435,350</u>	<u>6,327,982</u>

Other costs include catering and domestic supplies, building and equipment maintenance, IT, insurance, professional fees and heat, light and water. Where a direct allocation is not possible, the costs have been allocated on floor area, number of computers, staff numbers (whole time equivalent) and number of phone extensions etc.

5	NET INCOMING RESOURCES	2010	2009
		£	£
	Net incoming resources are stated after charging:		
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the year:		
	Owned assets	130,460	140,733
	Operating lease rentals:		
	Equipment	9,559	14,176
	Vehicles	9,645	9,223
	Shops	281,150	269,020
	Auditors' remuneration		
	External Audit of Group	17,759	18,038
	Other services to Group	287	-
		<u> </u>	<u> </u>

St Catherine's Hospice Limited
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2010

6	EMPLOYEES	2010 No	2009 No
<p>The average weekly number of persons employed by the group during the year was:</p>			
	Fundraising	14	14
	Trading company	28	27
	Inpatient care	40	41
	Community care	32	16
	Daycare	4	2
	Social support services	7	5
	Education	7	6
	Chief executive	1	1
	Admin & support staff	35	33
		168	145
		168	145

The Hospice employs a significant number of staff on a part-time basis. The average number of staff shown above are calculated to show the full time equivalent staff numbers.

		2010 £	2009 £
<p>Staff costs for the above persons:</p>			
	Wages and salaries	4,629,541	3,853,761
	Social security costs	401,408	348,922
	Other pension costs	231,543	172,024
		5,262,492	4,374,707
		5,262,492	4,374,707

2010 Pension Costs are shown net of NHS funding of £62,994. No emolument was paid during the year to any of the Directors (2009: £Nil) and no Director was reimbursed for expenses (2009: £Nil).

The number of employees who received emoluments in the following ranges was:

		2010 £	2009 £
	£60,001 - £70,000	1	-
	£70,001 - £80,000	2	2
	£80,001 - £90,000	-	-
	£90,001 - £100,000	1	1
	£100,000 - £110,000	1	-
		1	-
		1	-

St Catherine's Hospice Limited
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2010

7 RELATED PARTY TRANSACTION

During the year, the Hospice paid an annual software support and maintenance fee to Healthy Software Limited, a company in which Dr M Waldron, a Trustee of the Hospice, was a director and shareholder. There was also a payment for additional services. The total cost of the services was £10,056 (2009: £9,865), the normal commercial price.

8 PENSION CONTRIBUTIONS

Retirement benefits to certain employees are provided by defined contribution schemes which are funded by contributions from the company. Payments are made to insurance companies.

Some clinical staff are members of the National Health Services Scheme and contributions are determined by the Government actuary.

The pension cost charge represents contributions payable by the company and amounted to £231,543 (2009: £172,024). The figure for 2010 has been shown net of NHS funding.

At the year end contributions outstanding totalled £42,198 (2009: £32,984)

9 VOLUNTARY HELP

The Charity is dependent upon a team of part-time voluntary helpers who assist in all areas of the charity's care.

10	UNREALISED GAIN (LOSS) ON INVESTMENTS	2010 £	2009 £
----	---------------------------------------	-----------	-----------

Adjustment to book value of fixed and current asset investments to bring them to their market value at 31 March 2010:

General Fund	272,531	(184,496)
Foundation Fund	121,831	(784)
	394,362	(185,280)
	394,362	(185,280)

St Catherine's Hospice Limited
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2010

11 TANGIBLE FIXED ASSETS	<i>Freehold land and buildings</i>	<i>Equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
GROUP	£	£	£	£
Cost or valuation				
1 April 2009	3,580,529	663,472	40,286	4,284,287
Additions	1,971	21,786	-	23,757
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2010	3,582,500	685,258	40,286	4,308,044
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
1 April 2009	1,046,696	605,795	40,286	1,692,777
Charged in the year	99,744	30,716	-	130,460
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2010	1,146,440	636,511	40,286	1,823,237
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
31 March 2010	2,436,060	48,747	-	2,484,807
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2009	2,533,833	57,677	-	2,591,510
	<hr/>	<hr/>	<hr/>	<hr/>

St Catherine's Hospice Limited
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2010

11 TANGIBLE FIXED ASSETS
 (continued)

HOSPICE	<i>Freehold land and buildings</i> £	<i>Equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost				
1 April 2009	3,580,529	598,851	40,286	4,219,666
Additions	1,971	21,786	-	23,757
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2010	3,582,500	620,637	40,286	4,243,423
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
1 April 2009	1,046,696	564,899	40,286	1,651,881
Charged in year	99,744	25,089	-	124,833
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2010	1,146,440	589,988	40,286	1,776,714
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
31 March 2010	2,436,060	30,649	-	2,466,709
	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2009	2,533,833	33,952	-	2,567,785
	<hr/>	<hr/>	<hr/>	<hr/>

Freehold land was donated to the Hospice and valued at £60,000 by the Directors in December 1983.

All freehold land and buildings are included in the financial statements at lower of cost and open market value. In the opinion of the Directors, the open market value of the freehold land and buildings are not less than the stated value.

St Catherine's Hospice Limited
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2010

12	FIXED ASSETS INVESTMENTS	<i>Listed Investments</i>
		£
	Cost or market value 1 April 2009	959,622
	Additions	50,000
	Disposals	-
		<hr/>
	31 March 2010	1,009,622
	Realised gain/(loss)	-
	Provision for unrealised gain/(loss)	121,831
		<hr/>
	Cost or market value 31 March 2010	1,131,453
		<hr/> <hr/>
	31 March 2009	959,622
		<hr/> <hr/>
	Historical cost 31 March 2010	1,012,547
		<hr/> <hr/>

Investments held by the Hospice also include an additional £50,000 (2009: £50,000) investment in the subsidiary company at cost.

During 2009/10 an additional £50,000 was invested split equally between the two managers. The listed investments held form part of the Foundation Fund and the portfolio is invested as follows:

- 52% Sarasin & Partners LLP
- 48% Smith & Williamson Investment Management Limited

Subsidiary company:				<i>Aggregate capital & reserves</i>	<i>Result for the year</i>
<i>Name</i>	<i>Country of incorporation</i>	<i>Class of holding</i>	<i>Proportion Held</i>	£	£
St Catherine's Hospice Trading (Sussex) Limited	England	Ordinary	100%	50,000	-

St Catherine's Hospice Limited
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2010

13	INVESTMENTS HELD AS CURRENT ASSETS	<i>Listed investments</i> £
	Market value 1 April 2009	2,268,394
	Additions	436,457
	Disposals	(436,457)
	Net cash movement	-
		<hr/>
	31 March 2010	2,268,394
	Realised gain/(loss)	(6,199)
	Provision for unrealised gain/(loss)	272,531
		<hr/>
	Market value 31 March 2010	2,534,726
		<hr/> <hr/>
	31 March 2009	2,268,394
		<hr/> <hr/>
	Historical cost 31 March 2010	2,261,827
		<hr/> <hr/>

On 31 March 2009 288,132 units in the Charities Property Fund (CPF) were sold for £251,395, with a settlement date of 6 April 2009. The remaining investment in the CPF, comprising 218,259 units, was sold on 30 June 2009 at a value of £185,062. The full consideration of £436,457 was reinvested immediately, split equally between our two fund managers. At 31 March 2010 the investment portfolio is invested as follows:

- 52% Sarasin & Partners LLP
- 48% Smith & Williamson Investment Management Limited

14	STOCK	Group		Hospice	
		2010	2009	2010	2009
		£	£	£	£
	Goods for resale	-	6,187	-	-
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2010

15	DEBTORS	Group		Hospice	
		2010 £	2009 £	2010 £	2009 £
	Trade debtors	845,291	298,225	845,291	298,225
	Amount due from subsidiary company	-	-	33,610	58,498
	Other debtors	7,545	21,107	-	-
	Prepayments and accrued income	177,724	264,369	134,901	225,014
		<u>1,030,560</u>	<u>583,701</u>	<u>1,013,802</u>	<u>581,737</u>

16	CREDITORS: Amounts falling due within one year	Group		Hospice	
		2010 £	2009 £	2010 £	2009 £
	Trade and other creditors	215,567	113,125	202,473	99,437
	Taxation and social security costs	158,427	130,092	156,540	127,406
	Accruals & deferred income	984,612	432,528	973,963	430,028
		<u>1,358,606</u>	<u>675,745</u>	<u>1,332,976</u>	<u>656,871</u>

Certain items of deferred income are restricted funds to be used in 2010/11.

17	RESTRICTED FUNDS	<i>Balance</i>			<i>Balance</i> 31 March 2010 £
		<i>1 April</i> 2009 £	<i>Incoming</i> <i>resources</i> £	<i>Outgoing</i> <i>resources</i> £	
	Foundation Fund	1,002,356	169,406	22,070	1,149,692
	Garden Fund	4,253	180	3,398	1,035
	Rosetta Life Fund	9,255	-	-	9,255
	Equipment Fund	2,118	-	-	2,118
	NHS Net Fund	24,322	-	-	24,322
	DoH Dignity in Care Grant	164,767	-	18,793	145,974
	Capital Expenditure Fund	94,573	-	11,827	82,746
	FG Roberts	-	21,000	3,500	17,500
	Other restricted funds	-	73,320	73,320	-
		<u>1,301,644</u>	<u>263,906</u>	<u>132,908</u>	<u>1,432,642</u>

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2010

Foundation Fund – exists primarily to support the running costs of the Hospice in the event of severe cash flow difficulties.

Garden fund - represents monies raised through the 21st Birthday appeal to re-develop the Hospice garden.

Rosetta Life Fund – to enable patients and families to share thoughts through the arts via a resident artist.

Equipment Fund – represents monies raised to fund specific items of equipment.

NHS Net – has been set up to fund our connection to the NHS Net.

DoH Dignity in Care grant – was a one-off grant for a major extension of Day Hospice facilities.

Capital Expenditure Fund – has been set up for the purchase of fixed assets from donations to restricted funds.

FG Roberts Fund – represents a donation for specific projects not spent in 2009/10.

18 CAPITAL ASSETS FUND

This represents the total net book value of the tangible fixed assets held by the Hospice.

	£
1 April 2009	2,308,445
Transfer to General Fund	(70,456)
	<u>2,237,989</u>
31 March 2010	<u><u>2,237,989</u></u>

19 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	<i>Unrestricted General and Designated Funds £</i>	<i>Restricted £</i>	<i>Total Funds £</i>
Fund balances at 31 March 2010 are represented by:			
Tangible fixed assets	2,256,087	228,720	2,484,807
Investments	2,534,726	1,131,453	3,666,179
Current assets	4,367,206	72,469	4,439,675
Current liabilities	(1,358,606)	-	(1,358,606)
	<u>7,799,413</u>	<u>1,432,642</u>	<u>9,232,055</u>
	<u><u>7,799,413</u></u>	<u><u>1,432,642</u></u>	<u><u>9,232,055</u></u>

20 MEMBERS OF THE HOSPICE

There are 40 members of the company who are required to contribute £1 each in the event of the company being wound up.

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2010

21 OPERATING LEASE COMMITMENTS

At 31 March 2010 the group was committed to make the following payments in respect of operating leases:

	2010 £	2009 £
Land and buildings		
expiring within one year	39,250	63,120
expiring two to five years	95,076	64,200
over five years	166,125	141,700
Other		
expiring within one year	6,275	2,654
expiring two to five years	3,370	6,569
	<u>310,096</u>	<u>278,243</u>

Payments under operating leases are recognised as expenditure as they fall due. No provision has been made for future commitments.

St Catherine's Hospice Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2010

22	CASH FLOWS	2010	2009		
		£	£		
a	Reconciliation of operating surplus to net cash inflow from operating activities				
	Surplus/(deficit)				
	General fund	1,684,832	304,525		
	Restricted funds	9,167	126,938		
	Less investment income	(36,644)	(123,710)		
	Decrease/(Increase) in stock	6,187	(4,858)		
	Depreciation	130,460	140,733		
	(Increase)/Decrease in debtors	(446,859)	(431,194)		
	Increase/(Decrease) in creditors	682,861	168,534		
		<u>2,030,004</u>	<u>180,968</u>		
b	Analysis of changes in net debt	<i>1 April</i> 2009 £	<i>Cash flows</i> £	<i>Other</i>	<i>31 March</i> 2010 £
	Cash at bank and in hand	739,187	(189,759)	-	549,428
	Deposits at bank	677,037	2,182,650	-	2,859,687
		<u>1,416,224</u>	<u>1,992,891</u>	<u>-</u>	<u>3,409,115</u>
	Securities held as current asset investments	2,268,394	-	266,332	2,534,726
		<u>3,684,618</u>	<u>1,992,891</u>	<u>266,332</u>	<u>5,943,841</u>

St Catherine's Hospice Limited
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2010

22	CASH FLOWS (continued)		
c	Reconciliation of net cash flow to movement in net debt	2010	2009
		£	£
	Increase/(Decrease) in cash in the year	1,992,891	(20,360)
	Cash used to increase/(decrease) liquid resources	-	68,905
		<u>1,992,891</u>	<u>48,545</u>
	Realised and unrealised gain on current asset investments	266,332	(574,948)
		<u>2,259,223</u>	<u>(526,403)</u>
	Movement in net debt in the year	2,259,223	(526,403)
	Net debt at 1 April 2009	3,684,618	4,211,021
	Net debt at 31 March 2010	5,943,841	3,684,618
23	CAPITAL COMMITMENTS	2010	2009
		£	£
	Capital expenditure contracted for but not provided for in the financial statements	-	-
		<u>-</u>	<u>-</u>