

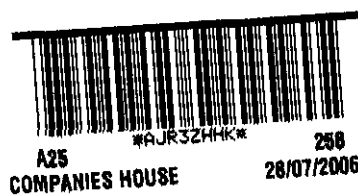
**HOPE HOUSE CHILDREN'S HOSPICES**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**for the year ended 31 December 2005**

**Charity number 1003859**

**Company number 2588103**

**BENTLEY JENNISON**  
**CHARTERED ACCOUNTANTS**  
**AND REGISTERED AUDITORS**



**HOPE HOUSE CHILDREN'S HOSPICES**

**A registered charity 1003859**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 December 2005**

**CONTENTS**

|              |              |   |
|--------------|--------------|---|
| <b>Pages</b> | <b>1 - 6</b> | <b>Trustees' Report</b>                               |
|              | <b>7</b>     | <b>Report of the auditors</b>                         |
|              | <b>8</b>     | <b>Consolidated statement of financial activities</b> |
|              | <b>9</b>     | <b>Hospice statement of financial activities</b>      |
|              | <b>10</b>    | <b>Summary income and expenditure account</b>         |
|              | <b>11</b>    | <b>Group balance sheet</b>                            |
|              | <b>12</b>    | <b>Hospice balance sheet</b>                          |
|              | <b>13</b>    | <b>Consolidated cashflow statement</b>                |
|              | <b>14-24</b> | <b>Notes to the financial statements</b>              |

---

# HOPE HOUSE CHILDREN'S HOSPICES

A registered charity 1003859

## TRUSTEES' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2005

### REFERENCE AND ADMINISTRATIVE DETAILS

#### Trustees and directors

|  |  |  |
|--|--|--|
| <b>Chair</b>                                 | Barbara Evans MA, MBA  | Local Government Officer   |
| <b>Vice Chair</b>                            | Janette Welch  | Training Manager   |
| <b>Treasurer</b>                             | Philip Inch BSc FCMA   | Financial Director   |
| <b>Trustees:</b>                             | Michael Mortimer<br>Jacqueline Ford<br>Dr Peter Aston FRCGP, DCH<br>Graham Morris<br>Stephen Rogers<br>Dafydd Wigley<br>Dr Mark Jones MBBS, FRCP( C ), FAAP, FRCPCH<br>(appointed 22 September 2005)<br>Dr Philip Minchom MB, ChB, FRCP, FRCPCH<br>(appointed 22 September 2005) | Sales Manager<br>Parent Representative<br>Retired GP<br>Company Director<br>District Judge<br>Company Director<br>Medical Practitioner<br>Medical Practitioner |
| <b>Secretary and Chief Executive Officer</b> | David Featherstone MBA   | Chief Executive Officer  |
| <b>Auditors</b>                              | Bentley Jennison<br>3 Hollinswood Court<br>Stafford Park 1<br>Shropshire<br>Telford<br>TF3 3BD   |  |
| <b>Bankers</b>                               | HSBC Bank<br>The Cross<br>Oswestry<br>Shropshire<br>SY11 2SR   |  |
| <b>Solicitors</b>                            | Howell Jones and Company<br>36 Station Road<br>Llanrwst<br>Sir Conwy<br>LL26 0DA   |  |
| <b>Registered Office</b>                     | Nant Lane<br>Morda<br>Oswestry<br>Shropshire<br>SY10 9BX   |  |

## HOPE HOUSE CHILDREN'S HOSPICES

### REPORT OF THE TRUSTEES

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31st December 2005.

Hope House Children's Hospices is a registered charity, number 1003859 and is a company limited by guarantee, incorporated under the Companies Act 1985, number 2588103. The Directors of the charitable company are its Trustees for the purpose of charity law, and throughout this report are collectively referred to as the Trustees.

The organisation is governed by its Memorandum and Articles of Association, and these vest the management of the company in the Trustees. The Trustees are drawn from the community served by the organisation. The Trustees have no pecuniary interest in the company and give their services voluntarily. The Trustees of the organisation are set out on the previous page, and have served throughout the period unless otherwise stated.

In accordance with the constitution, the Trustees retire by rotation on a three year rolling basis. At the 2006 Annual General Meeting the following Trustees will retire, and being eligible, will offer themselves for re-election.

Dr. Peter Aston FRCGP DCH  
Stephen Rogers  
Dafydd Wigley

The Trustees are elected by the subscribing Members of the Association of Hope House at the Annual General Meeting. The 2006 AGM will be held at Tŷ Gobaith on 28th September 2006.

The organisation has adopted the practice of advertising Trustee vacancies in the local press, indicating if any particular skills are required to strengthen the performance of the Board. People expressing an interest are interviewed by the Chair and Chief Executive Officer and given a detailed information pack outlining their legal obligations under charity and company law. They also receive information on the organisation and undergo a formal induction process with specific relevance to the work of the organisation.

The Specialist Sub Committee structure adopted by the Board continues to provide an efficient mechanism for discharging the Board's Corporate Governance responsibilities. The Sub Committee's currently in place are:

- Care Speciality
- Fundraising
- Subsidiary companies
- Investments
- Remuneration of senior managers

In addition the Chair and Vice Chair meet regularly with the Senior Management to keep in touch with operational matters.

The charity's two wholly owned subsidiaries, Hope House (Trading) Ltd. and Hope House (Lottery) Ltd., were established to run the commercial activities of the organisation and both gift aid the majority of their profits to the charity. Hope House (Trading) Ltd has been granted a ten year commercial lease on an investment property in Crewe owned by the charity.

The Trustees examine the major risks that the organisation faces each financial year during a full day strategy meeting, when the strategic plan is updated and budgets are set. The organisation has developed systems to monitor and control the risks identified and mitigate any impact that they may have on the organisation's future. A key element is the management of financial risk by the setting of a reserves policy regularly reviewed by Trustees.

## HOPE HOUSE CHILDREN'S HOSPICES

### REPORT OF THE TRUSTEES (continued)

#### MISSION STATEMENT

Hope House and Tŷ Gobaith will strive to be centres of excellence for palliative care, serving families with children who are not expected to reach adult years.

#### OBJECTIVES AND ACTIVITIES OF THE COMPANY

- 1 To provide life-limited children and their families living in Cheshire, Shropshire, North and Mid Wales with a hospice-based centre of excellence for emotional support, respite and terminal care.
- 2 To endeavour to provide care and support for families looking after life-limited children by the provision of a Community Support Team.
- 3 To raise, by public subscription, sufficient funds each year to provide such care.
- 4 To conduct a continuing dialogue with local health providers regarding service provision to ensure the expertise of Hope House Children's Hospices can be used to effect a positive improvement in the quality of life of terminally-ill children and their families.
- 5 To discuss with other providers deficiencies in service provision for terminally-ill children and their families and determine what Hope House Children's Hospices can do to fulfil identified needs.
- 6 To ensure appropriate staff are provided to efficiently run the business of the Company and to empathetically and professionally provide care for life-limited children and their families.
- 7 To at all times comply with the requirements of the Charity Commissioners, Companies House and other Statutory Bodies regulating the conduct of charity business and the operation of children's hospices.
- 8 To ensure that all policies and procedures from time to time agreed by the Council of Management are implemented by the staff of the organisation.

#### ACHIEVEMENTS AND PERFORMANCE

*"What we found at Hope House instantly put us at ease. The staff were friendly and approachable, and for the first time in sixteen years we were dealing with people who understood our son's crippling problems and our difficulties in trying to cope with them."*

#### Families receiving support

During the year Hope House Children's Hospices provided care and support for over 300 life-limited children and their families; with the usage by area of dwelling being:

|             | 2005 | 2004 | 2003 |
|-------------|------|------|------|
| Shropshire  | 33%  | 34%  | 41%  |
| Cheshire    | 11%  | 13%  | 16%  |
| North Wales | 46%  | 42%  | 29%  |
| Mid Wales   | 7%   | 8%   | 10%  |
| Other areas | 3%   | 3%   | 4%   |

*"Hope House is the only place that provides a real rest for me but it takes an hour and a half to get there. To have Tŷ Gobaith on our doorstep in North Wales is a dream come true"*

In addition to residential care the organisation is now extensively involved in psycho social support to families individually and in specific groups. Counselling family members who have experienced, or will experience, the loss of a child is a growing area of our work.

## HOPE HOUSE CHILDREN'S HOSPICES

### REPORT OF THE TRUSTEES (continued)

Pressure on beds at Hope House remains high, with occupancy of available beds around the 90% level; occupancy at Tŷ Gobaith continues to grow in line with expectations as the new hospice becomes established.

Considerable refurbishment work was carried out at Hope House during 2005. Ten years of continuous use resulted in a need to upgrade the children's bedrooms and enlarge the play room and pool changing area. This work was undertaken without significant disruption to residential care.

#### Outreach service

*"Our daughter had been quite unwell and I was exhausted but she wasn't well enough to travel to the hospice. I just telephoned and a couple of hours later a nurse who knew my daughter well arrived at the house - I wouldn't have managed without her."*

The outreach service provided by the organisation continues to be very popular, with heavy demands now being placed on the counselling and support services. The organisation has taken steps to address this demand through the employment of additional staff at both Hope House and Tŷ Gobaith. We acknowledge the importance of a three year grant from the Big Lottery Fund towards the cost of providing bereavement counselling services in the community. The Welsh Assembly Government also made a significant contribution to the establishment of a home nursing service for children living in Wales.

The care service was enhanced during 2005 by the appointment of Youth and Sibling Support workers. Several sibling support activities have taken place under the "Building Bridges" programme involving suitably qualified volunteers in addition to staff.

The organisation continues to benefit from the support of dedicated volunteers in many areas including:

- Gardening
- Housekeeping
- Driving
- Support (Friends) Groups
- Hydrotherapy poolside supervision
- Office support duties
- Hairdressing
- Aromatherapy
- Shops

The contribution made by the many volunteers cannot be overstated; not only do they support the paid staff but act as ambassadors for the organisation within the communities from which they come.

#### FINANCIAL REVIEW

##### Fundraising

New money donated in the year amounted to £2.6 million, a fall of 18% compared to 2004. This was a reflection of the increasingly tough fundraising climate during a year when major natural disasters worldwide received much attention. However a slight decrease in income had been predicted following the successful Tŷ Gobaith capital appeal. Careful budgeting and cost control contributed to a small operating surplus being achieved in the year.

During the year further tranches of the significant three year grant from the Big Lottery Fund were received towards the cost of core nursing and the cost of a Volunteer Services Manager.

A further payment was also received from the Welsh Assembly Government grant for additional Community Nurses in Mid and North Wales.

Hope House (Trading) Ltd, like much of the retail sector found trading conditions more difficult, but still made a contribution of £118k to the charity. The shops provide a vital presence on the high street in the area served by the Hospices and act as a focal point for local friends' groups and volunteers.

The year saw the first full twelve months of trading for Hope House (Lottery) Ltd, which despite a slower than anticipated take-up in membership made a contribution of £48k to the charity.

## HOPE HOUSE CHILDREN'S HOSPICES

### REPORT OF THE TRUSTEES (continued)

#### Investments

The investment portfolio is managed by a Specialist Sub Committee of the board, and in general terms aims to spread risk across several sectors as follows:

- 50% all money in cash or cash based investments with leading banks
- 25% invested in capital guarantee schemes with first class investment houses
- 10 to 15% invested in commercial property
- 10 to 15% invested in equities (preferably FTSE 100 companies) or unit trusts.

The investment policy is to maximise the returns from investments, whilst holding sufficient liquid assets to facilitate the day to day running of the Hospices.

#### RESERVES POLICY

The Trustees are conscious that the organisation's income is susceptible to fluctuations in donations and legacies resulting from events beyond its control. The Trustees are also aware of the rapid development in palliative care and feel that the need may arise for funds to be designated to specific projects at short notice to enable those projects to be undertaken. A designated Development Fund is therefore maintained for service development to facilitate the broadening of the care service in appropriate areas.

The Trustees, whilst conscious that the Hospices must operate with an appropriately skilled workforce, are also aware of their responsibilities to their employees. Funds are therefore designated to a Workforce Management Fund, to accommodate the cost of managing staff, and equipping them to carry out their role more effectively. Payments from this fund is only considered in cases where benefit to both the employee and the organisation can be demonstrated. The Trustees are persuaded that this arrangement allows the organisation to discharge its moral obligation to people who may not be able to maintain the high standards of service delivery expected by the organisation due to circumstances beyond their control. During 2005 payments amounting to £13,800 were made from the fund.

Notwithstanding the above, the Trustees feel that it is prudent to maintain a level of free unrestricted reserves that enable the organisation to:

- Cover provision of care, fundraising and administration for a full operational year. In the coming twelve months this sum equates to £3.3 million.
- Provide a pool of funds equal to 10% of the preceding year's charitable expenditure from which funds can be designated to specific projects.

Unrestricted reserves at the year end amounted to £7.5 million, but because reserves are used to fund fixed assets and medium term investments (which generate income for the organisation), the free reserves amounted to £3.2 million. This is below the policy target and the trustees have adopted a strategy to increase reserves to the target figure.

#### Plans for Future Periods

In view of the tightening fundraising climate already referred to, the organisation is not planning service enhancements at the current time. The major challenge is to maintain and develop new income streams to ensure the long term continuation of the services currently delivered to life limited children and their families throughout the area served by the organisation; especially as both the Big Lottery Fund and Welsh Assembly Government grants come to an end.

The organisation will be seeking to strengthen links with supporters and donors, and to encourage more planned regular giving. As part of this activity efforts will be made to increase the membership of the Hope House Lottery.

Only one new shop is planned for the Trading company in the coming year, with most effort being put into increasing profitability in the existing locations and increasing levels of stock donated.

**HOPE HOUSE CHILDREN'S HOSPICES**  
**REPORT OF THE TRUSTEES (continued)**

**Trustee's Responsibilities in relation to the financial statements**

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and the incoming resources and application of resources, including the net income or expenditure, of the group for the year. In preparing those financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and which enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

**Auditors**

In accordance with section 395 of the Companies Act 1985 a resolution to re-appoint Bentley Jennison as auditors of the charity will be proposed at the Annual General Meeting.

By Order of the Board



**Barbara J Evans MA, MBA**  
**Chair**

25<sup>th</sup> May 2006



**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF  
HOPE HOUSE CHILDREN'S HOSPICES**

We have audited the financial statements of Hope House Children's Hospices for the year ended 31 December 2005 set out on pages 8 to 24. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 14 and 15.

This report is made solely to the charity's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity'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 company and the charity'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**

As described in the Statement of Trustees' Responsibilities the Trustees, who are also the directors of Hope House Children's Hospices for the purposes of company law, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Trustees Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

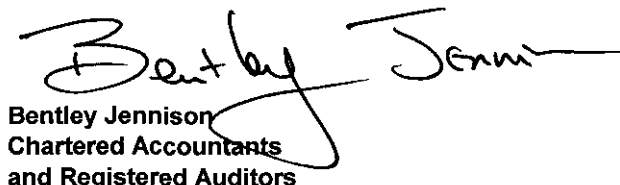
**BASIS OF OPINION**

We conducted our audit in accordance with United Kingdom Auditing Standards 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

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

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the charitable company's and group's affairs at 31 December 2005 and of their incoming resources and application of resources, including their income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Bentley Jennison  
Chartered Accountants  
and Registered Auditors

28 June 2006

3 Hollinswood Court  
Stafford Park 1  
Telford  
Shropshire TF3 3BD

**HOPE HOUSE CHILDREN'S HOSPICES**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 December 2005**

|  | Note | Unrestricted Funds<br>General Funds<br>£ | Designated Funds<br>£ | Restricted Funds<br>£ | Total<br>2005<br>£ | Total<br>2004<br>£ |
|--|------|--|-----------------------|-----------------------|--------------------|--------------------|
| <b>INCOMING RESOURCES</b>  |      |  |                       |                       |                    |                    |
| <b>Incoming resources from generated funds:</b>                        |      |  |                       |                       |                    |                    |
| Voluntary income   | 4    | 2,612,043                                | -                     | -                     | 2,612,043          | 3,182,366          |
| Activities for generating funds  |      |  |                       |                       |                    |                    |
| - incoming resources from trading activities                           | 3    | 994,384                                  | -                     | -                     | 994,384            | 822,939            |
| Investment Income  | 5    | 135,835                                  | -                     | -                     | 135,835            | 122,282            |
| <b>Incoming resources from charitable activities</b>                   | 6    | 111,533                                  | -                     | 315,498               | 427,031            | 402,211            |
| <b>TOTAL INCOMING RESOURCES</b>  |      | <u>3,853,795</u>                         | <u>-</u>              | <u>315,498</u>        | <u>4,169,293</u>   | <u>4,529,798</u>   |
| <b>RESOURCES EXPENDED</b>  |      |  |                       |                       |                    |                    |
| <b>Costs of generating funds</b>                                       |      |  |                       |                       |                    |                    |
| Costs of generating voluntary income                                   |      |  |                       |                       |                    |                    |
| Fundraising trading  |      |  |                       |                       |                    |                    |
| - appeals department   | 7    | 522,517                                  | -                     | -                     | 522,517            | 498,199            |
| - trading activities   | 3    | 829,237                                  | -                     | -                     | 829,237            | 662,225            |
| <b>Charitable activities</b>   |      |  |                       |                       |                    |                    |
| - cost of activities in furtherance of the charity's objects           | 7    | 2,271,036                                | -                     | 315,498               | 2,586,534          | 2,173,521          |
| <b>Governance costs</b>  |      |  |                       |                       |                    |                    |
| - management and administration  | 6    | 35,523                                   | -                     | -                     | 35,523             | 29,273             |
| <b>Other resources expended</b>  |      |  |                       |                       |                    |                    |
| Taxation   | 10   | 7  | -                     | -                     | 7                  | 389                |
| <b>TOTAL RESOURCES EXPENDED</b>  |      | <u>3,658,320</u>                         | <u>-</u>              | <u>315,498</u>        | <u>3,973,818</u>   | <u>3,363,607</u>   |
| <b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>                         |      | 195,475                                  | -                     | -                     | 195,475            | 1,166,191          |
| <b>GROSS TRANSFERS BETWEEN FUNDS</b>                                   | 19   | 13,806                                   | (13,806)              |                       | -                  | -                  |
| <b>NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES</b> |      | 209,281                                  | (13,806)              | -                     | 195,475            | 1,166,191          |
| <b>OTHER RECOGNISED GAINS AND LOSSES</b>                               |      |  |                       |                       |                    |                    |
| Gains/losses on investment assets                                      | 14   | 63,802                                   | -                     | -                     | 63,802             | 69,332             |
| <b>NET MOVEMENTS IN FUNDS</b>  |      | <u>273,083</u>                           | <u>(13,806)</u>       | <u>-</u>              | <u>259,277</u>     | <u>1,235,523</u>   |
| <b>RECONCILIATION OF FUNDS</b>   |      |  |                       |                       |                    |                    |
| Total Funds brought forward  |      | 7,155,797                                | 1,250,000             | -                     | 8,405,797          | 7,170,274          |
| <b>TOTAL FUNDS CARRIED FORWARD</b>                                     | 19   | <u>7,428,880</u>                         | <u>1,236,194</u>      | <u>-</u>              | <u>8,665,074</u>   | <u>8,405,797</u>   |

The group's income and expenses all relate to continuing operations. There are no recognised gains or losses other than those disclosed in the statement of financial activities.

**HOPE HOUSE CHILDREN'S HOSPICES**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
for the year ended 31 December 2005

|  |      | Unrestricted Funds |                       |                       |                 |                 |
|--|------|--------------------|-----------------------|-----------------------|-----------------|-----------------|
|  | Note | General Funds<br>£ | Designated Funds<br>£ | Restricted Funds<br>£ | Total 2005<br>£ | Total 2004<br>£ |
| <b>INCOMING RESOURCES</b>  |      |                    |                       |                       |                 |                 |
| <b>Incoming resources from generated funds:</b>                        |      |                    |                       |                       |                 |                 |
| Voluntary income   | 4    | 2,612,043          | -                     | -                     | 2,612,043       | 3,182,366       |
| Investment Income  | 5    | 144,547            | -                     | -                     | 144,547         | 126,349         |
| Income from subsidiaries   | 4    | 125,500            | -                     | -                     | 125,500         | 158,042         |
| <b>Incoming resources from charitable activities</b>                   | 6    | 111,533            |                       | 315,498               | 427,031         | 402,211         |
| <b>TOTAL INCOMING RESOURCES</b>  |      | 2,993,623          | -                     | 315,498               | 3,309,121       | 3,868,968       |
| <b>RESOURCES EXPENDED</b>  |      |                    |                       |                       |                 |                 |
| <b>Costs of generating funds</b>                                       |      |                    |                       |                       |                 |                 |
| Costs of generating voluntary income                                   |      |                    |                       |                       |                 |                 |
| Fundraising trading: other costs                                       | 7    | 522,517            | -                     | -                     | 522,517         | 498,199         |
| <b>Charitable activities</b>   |      |                    |                       |                       |                 |                 |
| - cost of activities in furtherance of the charity's objects           | 7    | 2,271,036          | -                     | 315,498               | 2,586,534       | 2,173,521       |
| <b>Governance costs</b>  |      |                    |                       |                       |                 |                 |
| - management and administration  | 6    | 35,523             | -                     | -                     | 35,523          | 29,273          |
| <b>TOTAL RESOURCES EXPENDED</b>  |      | 2,829,076          | -                     | 315,498               | 3,144,574       | 2,700,993       |
| <b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>                         |      | 164,547            | -                     | -                     | 164,547         | 1,167,975       |
| <b>GROSS TRANSFERS BETWEEN FUNDS</b>                                   | 19   | 13,806             | (13,806)              | -                     | -               | -               |
| <b>NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES</b> |      | 178,353            | (13,806)              | -                     | 164,547         | 1,167,975       |
| <b>OTHER RECOGNISED GAINS AND LOSSES</b>                               |      |                    |                       |                       |                 |                 |
| Gains/losses on investment assets                                      | 14   | 63,802             | -                     | -                     | 63,802          | 69,332          |
| <b>NET MOVEMENTS IN FUNDS</b>  |      | 242,155            | (13,806)              | -                     | 228,349         | 1,237,307       |
| <b>RECONCILIATION OF FUNDS</b>   |      |                    |                       |                       |                 |                 |
| <b>Total Funds brought forward</b>                                     |      | 7,172,411          | 1,250,000             | -                     | 8,422,411       | 7,185,104       |
| <b>TOTAL FUNDS CARRIED FORWARD</b>                                     | 19   | 7,414,566          | 1,236,194             | -                     | 8,650,760       | 8,422,411       |

The charity's income and expenses all relate to continuing operations. There are no recognised gains or losses other than those disclosed in the statement of financial activities.

**HOPE HOUSE CHILDREN'S HOSPICES**  
**CONSOLIDATED SUMMARY OF INCOME AND EXPENDITURE ACCOUNT**  
**for the year ended 31 December 2005**

|  | <b>Total Funds</b>    |                         |
|--|-----------------------|-------------------------|
|  | <b>2005</b>           | <b>2004</b>             |
|  | <b>£</b>              | <b>£</b>                |
| Gross income of continuing operations  | 4,169,293             | 4,529,798               |
| Total expenditure of continuing operations   | <u>(3,973,825)</u>    | <u>(3,363,996)</u>      |
| <b>Surplus on continuing operations<br/>for the year before taxation and transfers</b> | <u>195,468</u>        | <u>1,165,802</u>        |
| Profit/(loss) on the revaluation of investments  | 63,802                | 69,332                  |
| Taxation   | (7)                   | (389)                   |
|  | <u><u>259,277</u></u> | <u><u>1,235,523</u></u> |

- Gross income from continuing activities is derived from £3,853,795 unrestricted funds and £315,498 restricted funds.

- Of total expenditure, £3,658,320 relates to unrestricted funds and £315,498 relates to restricted funds.

- The net surplus for the year consists of £259,277 unrestricted funds and £nil restricted funds.

The summary income and expenditure account is derived from the Consolidated Statement of Financial Activities on page 8 which, together with the notes on pages 14 to 24, provides full information on the movements during the year on all funds of the charitable company.

**HOPE HOUSE CHILDREN'S HOSPICES**  
**GROUP BALANCE SHEET**  
**at 31 December 2005**

|  | Notes | 2005             |                  | 2004             |                  |
|--|-------|------------------|------------------|------------------|------------------|
|  |       | £                | £                | £                | £                |
| <b>FIXED ASSETS</b>                            |       |                  |                  |                  |                  |
| Tangible assets                                | 12    | 4,341,921        |                  | 4,004,673        |                  |
| Investments                                    | 14    | <u>2,050,200</u> |                  | <u>1,986,398</u> |                  |
| <b>TOTAL FIXED ASSETS</b>                      |       |                  | 6,392,121        |                  | 5,991,071        |
| <b>CURRENT ASSETS</b>                          |       |                  |                  |                  |                  |
| Stock  | 15    | 9,379            |                  | 21,993           |                  |
| Debtors  | 16    | 60,395           |                  | 51,998           |                  |
| Cash at bank and in hand                       |       | <u>2,306,612</u> |                  | <u>2,482,583</u> |                  |
| <b>TOTAL CURRENT ASSETS</b>                    |       | <u>2,376,386</u> |                  | <u>2,556,574</u> |                  |
| <b>LIABILITIES</b>                             |       |                  |                  |                  |                  |
| Creditors: Amounts falling due within one year | 17    | <u>(103,433)</u> |                  | <u>(141,848)</u> |                  |
| <b>NET CURRENT ASSETS</b>                      |       |                  | 2,272,953        |                  | 2,414,726        |
| <b>NET ASSETS</b>                              |       |                  | <u>8,665,074</u> |                  | <u>8,405,797</u> |
| <b>THE FUNDS OF THE CHARITY:</b>               |       |                  |                  |                  |                  |
| Restricted funds                               | 19    |                  | -                |                  | -                |
| Unrestricted funds                             |       |                  |                  |                  |                  |
| General funds                                  | 19    |                  | 7,414,566        |                  | 7,172,411        |
| Designated funds                               | 19    |                  | 1,236,194        |                  | 1,250,000        |
| Non-charitable trading funds                   | 19    |                  | <u>14,314</u>    |                  | <u>(16,614)</u>  |
| <b>TOTAL UNRESTRICTED FUNDS</b>                |       |                  | <u>8,665,074</u> |                  | <u>8,405,797</u> |
| <b>TOTAL CHARITY FUNDS</b>                     |       |                  | <u>8,665,074</u> |                  | <u>8,405,797</u> |

The directors have taken advantage of the exemptions conferred by Part 1 of Schedule 8 of the Companies Act 1985 and have done so on the grounds that, in their opinion, the group is entitled to these exemptions as a small group.

Approved by the board on 25<sup>th</sup> May 2006 and signed on its behalf by:-

*Barbara Evans*  
**Barbara Evans MA, MBA**

**Chair**

The notes on pages 14 to 24 form part of these accounts

## HOPE HOUSE CHILDREN'S HOSPICES

## BALANCE SHEET

at 31 December 2005

|  |       | 2005             |                  | 2004             |                  |
|--|-------|------------------|------------------|------------------|------------------|
|  | Notes | £                | £                | £                | £                |
| FIXED ASSETS                                   |       |                  |                  |                  |                  |
| Tangible assets                                | 13    | 4,236,799        |                  | 3,939,363        |                  |
| Investments                                    | 14    | <u>2,050,204</u> |                  | <u>1,986,402</u> |                  |
| TOTAL FIXED ASSETS                             |       |                  | 6,287,003        |                  | 5,925,765        |
| CURRENT ASSETS                                 |       |                  |                  |                  |                  |
| Stock  | 15    | -                |                  | -                |                  |
| Debtors  | 16    | 192,555          |                  | 188,737          |                  |
| Cash at bank and in hand                       |       | <u>2,216,138</u> |                  | <u>2,404,863</u> |                  |
| TOTAL CURRENT ASSETS                           |       | 2,408,693        |                  | 2,593,600        |                  |
| LIABILITIES                                    |       |                  |                  |                  |                  |
| Creditors: Amounts falling due within one year | 17    | <u>(44,936)</u>  |                  | <u>(96,954)</u>  |                  |
| NET CURRENT ASSETS                             |       |                  | 2,363,757        |                  | 2,496,646        |
| NET ASSETS                                     |       |                  | <u>8,650,760</u> |                  | <u>8,422,411</u> |
| THE FUNDS OF THE CHARITY:                      |       |                  |                  |                  |                  |
| Restricted funds                               | 19    |                  | -                |                  | -                |
| Unrestricted funds                             |       |                  |                  |                  |                  |
| General funds                                  | 19    |                  | 7,414,566        |                  | 7,172,411        |
| Designated funds                               | 19    |                  | <u>1,236,194</u> |                  | <u>1,250,000</u> |
| TOTAL UNRESTRICTED FUNDS                       |       |                  | <u>8,650,760</u> |                  | <u>8,422,411</u> |
| TOTAL CHARITY FUNDS                            |       |                  | <u>8,650,760</u> |                  | <u>8,422,411</u> |

The directors have taken advantage of the exemptions conferred by Part 1 of Schedule 8 of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to these exemptions as a small company.

Approved by the board on 25th May 2006 and signed on its behalf by:-

*Barbara Evans*

Barbara Evans MA, MBA

Chair

The notes on pages 14 to 24 form part of these accounts.

**HOPE HOUSE CHILDREN'S HOSPICES**  
**CONSOLIDATED CASHFLOW STATEMENT**  
**for the year ended 31 December 2005**

|   | 2005      | 2004        |
|---|-----------|-------------|
|   | £         | £           |
| Net cash inflow from operating activities                         | 225,310   | 1,297,389   |
| Returns on investment:  |           |             |
| Interest received   | 135,835   | 122,282     |
| Taxation  | -         | -           |
| Capital expenditure and financial investment:                     |           |             |
| Purchase of property, plant and equipment                         | (540,939) |             |
| Proceeds from sale of fixed assets                                | 3,823     |             |
|   | (537,116) | (1,066,948) |
| Financing of investments  |           |             |
| Purchase of new investments                                       | -         |             |
| Proceeds from sale of investments                                 | -         |             |
|   | -         | 305,000     |
| Increase in cash  | (175,971) | 657,723     |
| Cash at bank and in hand at 1 January 2005                        | 2,482,583 | 1,824,860   |
| Cash at bank and in hand at 31 December 2005                      | 2,306,612 | 2,482,583   |
| <b>Reconciliation of operating surplus to operating cashflow:</b> |           |             |
| Net incoming resources (before revaluation profits/losses)        | 195,475   | 1,166,191   |
| Less: investment income   | (135,835) | (122,282)   |
| Operating surplus   | 59,640    | 1,043,909   |
| Depreciation and loss on disposal                                 | 199,868   | 189,088     |
| (Increase)/Decrease in stocks                                     | 12,614    | (1,244)     |
| (Increase)/Decrease in debtors                                    | (8,397)   | 4,543       |
| (Decrease)/Increase in creditors                                  | (38,415)  | 61,093      |
|   | 225,310   | 1,297,389   |

The notes on pages 14 to 24 form part of these accounts.

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2005**

## **1 ACCOUNTING POLICIES**

### **Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and The Statement of Recommended Practice, Reporting and Accounting for Charities, (SORP 2005) and under the historical cost convention as modified by the revaluation of listed fixed asset investments.

### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the Hospice and its subsidiaries Hope House (Trading) Limited, and Hope House (Lottery) Limited. Intra-group trading is eliminated on consolidation. No separate summary income and expenditure account is presented for the parent undertaking, as provided by section 230 of the Companies Act 1985.

### **Fund accounting**

Funds held by the charity fall into one of the following categories:

- Unrestricted general funds      these are funds which can be used in accordance with the charitable objects at the discretion of the trustees
- Designated funds                these are funds set aside by the trustees out of unrestricted general funds for specific purposes or projects
- Restricted funds                  these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for a particular restricted purpose.

### **Income and donations**

Donations, bequests, grants and similar incoming resources are accounted for when received 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 to do so. Income includes income tax recovered and recoverable. Income from the sale of donated goods in the group's retail outlets is recognised at their sales value, when the goods are sold.

### **Allocation of expenditure**

Expenditure is allocated between cost headings on the following basis:

- a      Expenditure wholly incurred on activities falling within each category is charged direct.
- b      Expenditure involving more than one category is apportioned in accordance with reasonable estimates.



**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2005**

## **1 ACCOUNTING POLICIES (CONTINUED)**

### **Depreciation**

Depreciation is provided on the cost of fixed assets in order to write them down to their estimated realisable value over their estimated useful life as follows:

|                     |                        |
|---------------------|------------------------|
| Freehold buildings  | 40 years straight line |
| Freehold land       | Nil                    |
| Plant and machinery | 25% reducing balance   |
| Motor vehicles      | 25% reducing balance   |

The company operates a capitalisation policy whereby only assets with a cost exceeding £500 are capitalised, assets purchased with a cost less than £500 are written off as a charge in the income and expenditure account.

### **Stock**

Stocks are stated at the lower of cost and net realisable value.

### **Investments**

Listed investments are valued at market value as at the balance sheet date less any permanent diminution. Gains and losses on disposal and revaluation of investments are charged or credited to the Statement Of Financial Activities.

### **Operating leases**

Operating lease commitments are charged to the profit and loss account on a straight line basis, over the lease term.

### **Pension**

The company pays contributions to the NHS pension scheme and to personal pension plans for employees. The annual contributions payable are charged to the profit and loss account.

## **2 STATUS OF THE COMPANY**

Hope House Children's Hospices is registered under the Companies Act 1985 and is limited by guarantee. The liability of each of each member is limited to a maximum of £1. It is a registered charity and its registration number is 1003859.

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2005

### 3 TRADING ACTIVITIES OF THE SUBSIDIARIES

Hope House (Trading) Limited is a wholly owned subsidiary of the charity which sells new and donated goods in support of the Hospice. Hope House (Lottery) Limited is a wholly owned subsidiary of the charity which operates a weekly lottery and is registered with the Gaming Board.

The companies donate under gift aid to the charity their taxable profits in excess of the corporation tax 'nil' rate band.

#### Profit and loss accounts:

|   | Hope House (Lottery)<br>Limited |           | Hope House (Trading)<br>Limited |           |
|---|---------------------------------|-----------|---------------------------------|-----------|
|   | 2005<br>£                       | 2004<br>£ | 2005<br>£                       | 2004<br>£ |
| Turnover                                | 154,030                         | 46,171    | 840,354                         | 776,768   |
| Cost of Sales                           | (65,000)                        | (27,500)  | (47,815)                        | (55,626)  |
|   | 89,030                          | 18,671    | 792,539                         | 721,142   |
| Administrative expenses                 | (42,248)                        | (22,939)  | (674,174)                       | (556,485) |
| Management charges paid to the charity  | -                               | -         | (25,000)                        | (25,000)  |
| Operating profit                        | 46,782                          | (4,268)   | 93,365                          | 139,657   |
| Interest receivable                     | 1,294                           | 111       | -                               | 1,716     |
| Interest payable to the charity         | -                               | -         | (10,005)                        | (5,569)   |
| Net profit                              | 48,076                          | (4,157)   | 83,360                          | 135,804   |
| Donation under gift aid to the charity  | (39,000)                        | -         | (61,500)                        | (133,042) |
| Taxation - adjustment for prior periods | -                               | -         | (7)                             | (389)     |
| Retained in subsidiary                  | 9,076                           | (4,157)   | 21,853                          | 2,373     |

#### The assets and liabilities of the subsidiaries were:

|   | Hope House (Lottery)<br>Limited |           | Hope House (Trading)<br>Limited |           |
|---|---------------------------------|-----------|---------------------------------|-----------|
|   | 2005<br>£                       | 2004<br>£ | 2005<br>£                       | 2004<br>£ |
| Tangible fixed assets                             | -                               | -         | 105,122                         | 65,309    |
| Current assets                                    | 90,365                          | 37,075    | 68,731                          | 133,674   |
| Creditors: Amounts falling due<br>within one year | (85,444)                        | (41,230)  | (164,456)                       | (211,438) |
| Net current assets/(liabilities)                  | 4,921                           | (4,155)   | (95,725)                        | (77,764)  |
| Net assets/(liabilities)                          | 4,921                           | (4,155)   | 9,397                           | (12,455)  |
| Share capital                                     | 2                               | 2         | 2                               | 2         |
| Reserves  | 4,919                           | (4,517)   | 9,395                           | (12,457)  |
|   | 4,921                           | (4,515)   | 9,397                           | (12,455)  |

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2005

**4 INCOMING RESOURCES FROM GENERATED FUNDS**

| Voluntary income                              | Unrestricted<br>£ | Restricted<br>£ | Total<br>2005<br>£ | Total<br>2004<br>£ |
|---|-------------------|-----------------|--------------------|--------------------|
| Donations                                     | 2,120,020         | -               | 2,120,020          | 2,672,597          |
| Tax recovered - gift aid                      | 59,606            | -               | 59,606             | 55,872             |
| Legacies                                      | 432,417           | -               | 432,417            | 453,897            |
|   | <u>2,612,043</u>  | <u>-</u>        | <u>2,612,043</u>   | <u>3,182,366</u>   |
| Donations from subsidiaries under gift aid    |                   |                 | 100,500            | 133,042            |
| Management charges received from subsidiaries |                   |                 | 25,000             | 25,000             |

**5 INVESTMENT INCOME**

|  | 2005<br>£      | 2004<br>£      |
|--|----------------|----------------|
| Interest on UK Government securities     | 58,295         | 58,450         |
| Interest on bank deposits                | 76,246         | 62,330         |
| Interest on bank deposits - subsidiaries | 1,294          | 1,502          |
|  | <u>135,835</u> | <u>122,282</u> |
| Interest received from subsidiaries      | 10,005         | 5,569          |

**6 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

| Income from statutory bodies:                   | Unrestricted<br>£ | Restricted<br>£ | Total<br>2005<br>£ | Total<br>2004<br>£ |
|---|-------------------|-----------------|--------------------|--------------------|
| Health Authority grants                         | 111,533           | -               | 111,533            | 109,045            |
| Welsh Assembly                                  | -                 | 128,000         | 128,000            | 64,000             |
| The Big Lottery Fund - Palliative Care Services | -                 | 162,498         | 162,498            | 204,166            |
| The Big Lottery Fund - Bereavement Support      | -                 | 25,000          | 25,000             | 25,000             |
|   | <u>111,533</u>    | <u>315,498</u>  | <u>427,031</u>     | <u>402,211</u>     |

**7 TOTAL RESOURCES EXPENDED**

|                                     | Activities<br>undertaken<br>directly<br>£ | Grant<br>funding<br>£ | Support<br>costs<br>£ | 2005<br>Total<br>£ | 2004<br>Total<br>£ |
|-------------------------------------|---|-----------------------|-----------------------|--------------------|--------------------|
| <b>Cost of generating funds</b>     |   |                       |                       |                    |                    |
| Cost of generating voluntary income |   |                       |                       |                    |                    |
| Appeals department:                 |   |                       |                       |                    |                    |
| Staff costs and overheads           | 298,200                                   | -                     | 89,998                | 388,198            | 390,623            |
| Publicity materials                 | 134,319                                   | -                     | -                     | 134,319            | 107,576            |
|                                     |   |                       |                       | <u>522,517</u>     | <u>498,199</u>     |
| Fundraising trading:                |   |                       |                       |                    |                    |
| Cost of goods sold                  | 47,815                                    | -                     | -                     | 47,815             | 55,626             |
| Operating expenses                  | 716,422                                   | -                     | -                     | 716,422            | 579,099            |
| Lottery prizes paid out             | 65,000                                    | -                     | -                     | 65,000             | 27,500             |
|                                     |   |                       |                       | <u>829,237</u>     | <u>662,225</u>     |
| <b>Charitable activities</b>        |   |                       |                       |                    |                    |
| Care of children and families       | 2,154,032                                 | 315,498               | 117,004               | 2,586,534          | 2,173,521          |
| <b>Governance costs</b>             | 28,477                                    | -                     | 7,046                 | 35,523             | 29,273             |
| <b>Other resources expended</b>     |   |                       |                       |                    |                    |
| Taxation                            | 7   | -                     | -                     | 7                  | 389                |
|                                     | <u>3,444,272</u>                          | <u>315,498</u>        | <u>214,048</u>        | <u>3,973,818</u>   | <u>3,363,607</u>   |

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2005**

**8 SUPPORT COSTS ALLOCATION**

|                                     | Finance &<br>legal | Office<br>management | Direct<br>Support<br>costs | 2005<br>Total  | 2004<br>Total  |
|-------------------------------------|--------------------|----------------------|----------------------------|----------------|----------------|
| <b>Cost of generating funds</b>     | £                  | £                    | £                          | £              | £              |
| Cost of generating voluntary income |                    |                      |                            |                |                |
| Appeals department:                 |                    |                      |                            |                |                |
| Staff costs and overheads           | -                  | 24,279               | 65,719                     | 89,998         | 92,170         |
| Publicity materials                 | -                  | -                    | -                          | -              | -              |
| Fundraising trading:                |                    |                      |                            |                |                |
| Cost of goods sold                  | -                  | -                    | -                          | -              | -              |
| Operating expenses                  | -                  | -                    | -                          | -              | -              |
| Lottery prizes paid out             | -                  | -                    | -                          | -              | -              |
| Investment management fees          | -                  | -                    | -                          | -              | -              |
| <b>Charitable activities</b>        |                    |                      |                            |                |                |
| Care of children and families       | -                  | 99,669               | 17,335                     | 117,004        | 98,011         |
| <b>Governance costs</b>             | 2,461              | 4,585                | -                          | 7,046          | 2,433          |
| <b>Other resources expended</b>     |                    |                      |                            |                |                |
| Taxation                            | -                  | -                    | -                          | -              | -              |
|                                     | <u>2,461</u>       | <u>128,533</u>       | <u>83,054</u>              | <u>214,048</u> | <u>192,614</u> |

**Governance costs are made up of the following:**

|                                 | 2005<br>£     | 2004<br>£     |
|---------------------------------|---------------|---------------|
| Officers' costs - apportionment | 16,654        | 16,219        |
| Trustees' expenses              | 1,078         | 806           |
| Trustees' indemnity insurance   | 1,062         | 982           |
| Audit fees - audit services     | 6,783         | 6,183         |
| Audit fees - non audit services | 2,900         | 2,650         |
| Finance and Legal fees          | 2,461         | 1,088         |
| Overhead expenses               | 4,585         | 1,345         |
|                                 | <u>35,523</u> | <u>29,273</u> |

No trustee received any remuneration. Trustees' expenses were reimbursed as follows:

|            | £            | £          |
|------------|--------------|------------|
| Dr P Aston | 758          | 524        |
| J Ford     | 320          | 282        |
|            | <u>1,078</u> | <u>806</u> |

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2005**

**9 STAFF COSTS**

|                       | <b>2005</b>      | <b>2004</b>      |
|-----------------------|------------------|------------------|
|                       | £                | £                |
| Wages and salaries    | 2,408,221        | 2,010,411        |
| Social security costs | 190,577          | 161,190          |
| Pension costs         | 115,306          | 110,251          |
|                       | <u>2,714,104</u> | <u>2,281,852</u> |

|   | <b>2005</b> | <b>2004</b> |
|---|-------------|-------------|
|   | no          | no          |
| The average number of employees, analysed by function, was: |             |             |
| Hospice services  | 100         | 87          |
| Fundraising and publicity                                   | 19          | 18          |
| Support   | 8           | 6           |
|   | <u>127</u>  | <u>111</u>  |
| Employed by the charity                                     | 127         | 111         |
| Employed by non-charitable trading subsidiaries             | 25          | 23          |
|   | <u>152</u>  | <u>134</u>  |

Numbers of staff to whom retirement benefits are accruing:

|                              |           |           |
|------------------------------|-----------|-----------|
| Under money purchase schemes | 52        | 48        |
| Under NHS Pension scheme     | 31        | 25        |
|                              | <u>83</u> | <u>73</u> |

There were no employees earning greater than £60,000 during the year (2004: nil).

**10 NET INCOMING RESOURCES**

|   | <b>2005</b>    | <b>2004</b>    |
|---|----------------|----------------|
|   | £              | £              |
| Net incoming resources for the group are stated after charging: |                |                |
| Depreciation and loss on disposal of fixed assets               | 199,868        | 120,250        |
| Directors' remuneration   | -              | -              |
| Auditors' remuneration  | 9,683          | 8,833          |
| Operating lease rentals: other                                  | 49,079         | 26,598         |
|   | <u>258,630</u> | <u>155,681</u> |

**OTHER RECOGNISED GAINS AND LOSSES**

|   |               |               |
|---|---------------|---------------|
| Unrealised gains/(losses) on revaluation of investments | <u>63,802</u> | <u>69,332</u> |
|---|---------------|---------------|

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2005

**11 TAXATION**

|  | 2005<br>£ | 2004<br>£ |
|--|-----------|-----------|
| UK Corporation Tax on profits for the year | -         | -         |
| Adjustments in respect of prior periods    | 7         | 389       |

There were no factors that affected the tax charge for the period which has been calculated on the profits on ordinary activities of the trading subsidiary, before tax at the standard rate of corporation tax in the UK.

There are no factors that may affect future tax charges.

**12 TANGIBLE FIXED ASSETS - GROUP**

|                         | Freehold<br>Land &<br>Buildings | Investment<br>Property | Plant<br>Machinery<br>Fixtures &<br>Fittings | Motor<br>vehicles | Total     |
|-------------------------|---------------------------------|------------------------|--|-------------------|-----------|
|                         | £                               | £                      | £  | £                 | £         |
| <b>Cost:</b>            |                                 |                        |  |                   |           |
| At 1 January 2005       | 4,217,031                       | 29,283                 | 691,626                                      | 20,771            | 4,958,711 |
| Additions               | 94,148                          | 252,401                | 160,156                                      | 34,234            | 540,939   |
| Disposals               | -                               | -                      | (35,395)                                     | -                 | (35,395)  |
| At 31 December 2005     | 4,311,179                       | 281,684                | 816,387                                      | 55,005            | 5,464,255 |
| <b>Depreciation:</b>    |                                 |                        |  |                   |           |
| At 1 January 2005       | 528,937                         | -                      | 408,028                                      | 17,073            | 954,038   |
| Charge for the year     | 94,523                          | -                      | 101,615                                      | 5,204             | 201,342   |
| Eliminated on disposals | -                               | -                      | (33,046)                                     | -                 | (33,046)  |
| At 31 December 2005     | 623,460                         | -                      | 476,597                                      | 22,277            | 1,122,334 |
| <b>Net book value:</b>  |                                 |                        |  |                   |           |
| At 31 December 2005     | 3,687,719                       | 281,684                | 339,790                                      | 32,728            | 4,341,921 |
| At 31 December 2004     | 3,688,094                       | 29,283                 | 283,598                                      | 3,698             | 4,004,673 |

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2005

**13 TANGIBLE FIXED ASSETS - HOSPICE**

|                         | Freehold<br>Land &<br>Buildings | Investment<br>Property | Plant<br>Machinery<br>Fixtures &<br>Fittings | Motor<br>vehicles | Total            |
|-------------------------|---------------------------------|------------------------|--|-------------------|------------------|
|                         | £                               | £                      | £  | £                 | £                |
| <b>Cost:</b>            |                                 |                        |  |                   |                  |
| At 1 January 2005       | 4,217,031                       | 29,283                 | 549,910                                      | 20,771            | 4,816,995        |
| Additions               | 94,148                          | 252,401                | 85,456                                       | 34,234            | 466,239          |
| Disposals               | -                               | -                      | (35,395)                                     | -                 | (35,395)         |
| At 31 December 2005     | <u>4,311,179</u>                | <u>281,684</u>         | <u>599,971</u>                               | <u>55,005</u>     | <u>5,247,839</u> |
| <b>Depreciation:</b>    |                                 |                        |  |                   |                  |
| At 1 January 2005       | 528,937                         | -                      | 331,622                                      | 17,073            | 877,632          |
| Charge for the year     | 94,523                          | -                      | 66,727                                       | 5,204             | 166,454          |
| Eliminated on disposals | -                               | -                      | (33,046)                                     | -                 | (33,046)         |
| At 31 December 2005     | <u>623,460</u>                  | <u>-</u>               | <u>365,303</u>                               | <u>22,277</u>     | <u>1,011,040</u> |
| <b>Net book value:</b>  |                                 |                        |  |                   |                  |
| At 31 December 2005     | <u>3,687,719</u>                | <u>281,684</u>         | <u>234,668</u>                               | <u>32,728</u>     | <u>4,236,799</u> |
| At 31 December 2004     | <u>3,688,094</u>                | <u>29,283</u>          | <u>218,288</u>                               | <u>3,698</u>      | <u>3,939,363</u> |

The investment property relates to a shop in Crewe which is being rented by Hope House (Trading) Limited.

**14 INVESTMENTS**

|                          | Group            |                               | Company          |                  |
|--------------------------|------------------|-------------------------------|------------------|------------------|
|                          | Gilts            | Investment<br>in subsidiaries | Gilts            | Total            |
|                          | £                | £                             | £                | £                |
| At 1 January 2005        | 1,986,398        | 4                             | 1,986,398        | 1,986,402        |
| Additions in the year    | -                | -                             | -                | -                |
| Disposals in the year    | -                | -                             | -                | -                |
| Revaluations in the year | 63,802           | -                             | 63,802           | 63,802           |
| At 31 December 2005      | <u>2,050,200</u> | <u>4</u>                      | <u>2,050,200</u> | <u>2,050,204</u> |
| Historical cost          | <u>2,321,990</u> | <u>4</u>                      | <u>2,321,990</u> | <u>2,321,994</u> |

Gilts are valued at market value at the balance sheet date.

Investment in the subsidiaries represent 100% of the nominal value of the issued ordinary share capital of Hope House (Trading) Limited and Hope House (Lottery) Limited, both companies incorporated in England and Wales.

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2005**

**14 INVESTMENTS (CONTINUED)**

| Assets comprising more than 5% of the fund total are:- | £         | %     |
|--|-----------|-------|
| CAF Bristol and West                                   | 1,000,000 | 48.8% |
| Chase de Vere Dynamic Growth Plan                      | 693,391   | 33.8% |
| Treasury 7 1/4% Stk 2007                               | 204,077   | 10.0% |
| Treasury 6 1/4% Stk 2010                               | 117,358   | 5.7%  |

The charity received a donation of 402,200 ordinary shares of 0.5p each in 2003, in City Block plc and 30,000 ordinary shares of 0.5p each in May 2004, in Compass Finance Group plc which are subject to a lock-in deed. These have not been recognised in the financial statements because they are not yet convertible into a liquid asset. The lock-in clause on the investments was released in March 2006, the share value at the date of release was £156,000.

**15 STOCKS**

|                  | <b>Group</b> |             | <b>Company</b> |             |
|------------------|--------------|-------------|----------------|-------------|
|                  | <b>2005</b>  | <b>2004</b> | <b>2005</b>    | <b>2004</b> |
|                  | £            | £           | £              | £           |
| Goods for resale | 9,379        | 21,993      | -              | -           |

**16 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|   | <b>Group</b>  |               | <b>Company</b> |                |
|---|---------------|---------------|----------------|----------------|
|   | <b>2005</b>   | <b>2004</b>   | <b>2005</b>    | <b>2004</b>    |
|   | £             | £             | £              | £              |
| Amounts due from Hope Hospice (Trading) Limited | -             | -             | 126,505        | 163,611        |
| Amounts due from Hope Hospice (Lottery) Limited | -             | -             | 39,000         | -              |
| Interest receivable                             | -             | 1,545         | -              | 1,545          |
| Tax recoverable                                 | 14,500        | 18,563        | 14,500         | 18,563         |
| Prepayments                                     | 45,895        | 31,890        | 12,550         | 5,018          |
|   | <u>60,395</u> | <u>51,998</u> | <u>192,555</u> | <u>188,737</u> |

**17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|   | <b>Group</b>   |                | <b>Company</b> |               |
|---|----------------|----------------|----------------|---------------|
|   | <b>2005</b>    | <b>2004</b>    | <b>2005</b>    | <b>2004</b>   |
|   | £              | £              | £              | £             |
| Trade creditors                             | 53,319         | 4,155          | 7,904          | 4,155         |
| Taxation and social security                | -              | 51,006         | -              | 51,006        |
| Corporation Tax                             | -              | -              | -              | -             |
| Accruals and deferred income                | 50,114         | 86,687         | 37,030         | 41,791        |
| Amounts due to Hope House (Lottery) Limited | -              | -              | 2              | 2             |
|   | <u>103,433</u> | <u>141,848</u> | <u>44,936</u>  | <u>96,954</u> |



**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2005**

**18 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

|  | <b>Restricted Funds</b> | <b>Designated Funds</b> | <b>General Funds</b> | <b>Non Charitable Funds</b> | <b>Total Funds</b> |
|--|-------------------------|-------------------------|----------------------|-----------------------------|--------------------|
|  | £                       | £                       | £                    | £                           | £                  |
| Tangible fixed assets                  | -                       | -                       | 4,236,799            | 105,122                     | 4,341,921          |
| Investments                            | -                       | -                       | 2,050,200            | -                           | 2,050,200          |
| Cash at bank and in hand               | -                       | 1,236,194               | 979,946              | 90,472                      | 2,306,612          |
| Other net current assets/(liabilities) | -                       | -                       | 127,121              | (181,280)                   | (54,159)           |
|  | <u>-</u>                | <u>1,236,194</u>        | <u>7,394,066</u>     | <u>14,314</u>               | <u>8,644,574</u>   |

**19 MOVEMENT IN FUNDS**

|                                      | <b>At 1 January 2005</b> | <b>Incoming resources</b> | <b>Outgoing resources</b> | <b>Transfers</b> | <b>At 31 December 2005</b> |
|--------------------------------------|--------------------------|---------------------------|---------------------------|------------------|----------------------------|
|                                      | £                        | £                         | £                         | £                | £                          |
| <b>Restricted funds</b>              |                          |                           |                           |                  |                            |
| The Big Lottery Fund                 | -                        | 187,498                   | (187,498)                 | -                | -                          |
| Welsh Assembly Fund                  | -                        | 128,000                   | (128,000)                 | -                | -                          |
| <b>Total restricted funds</b>        | <u>-</u>                 | <u>315,498</u>            | <u>(315,498)</u>          | <u>-</u>         | <u>-</u>                   |
| <b>Unrestricted funds</b>            |                          |                           |                           |                  |                            |
| Designated workforce management fund | 250,000                  | -                         | -                         | (13,806)         | 236,194                    |
| Designated development fund          | 1,000,000                | -                         | -                         | -                | 1,000,000                  |
|                                      | <u>1,250,000</u>         | <u>-</u>                  | <u>-</u>                  | <u>(13,806)</u>  | <u>1,236,194</u>           |
| General funds                        | 7,172,411                | 2,923,213                 | (2,694,864)               | 13806            | 7,414,566                  |
| Non charitable trading funds         | (16,614)                 | 994,384                   | (963,456)                 | -                | 14,314                     |
| <b>Total unrestricted funds</b>      | <u>8,405,797</u>         | <u>3,917,597</u>          | <u>(3,658,320)</u>        | <u>-</u>         | <u>8,665,074</u>           |

**20 RESTRICTED FUNDS**

Two lottery funded grants were awarded to the Hospice in 2003 under the The Big Lottery Fund Palliative Care for Children Programme.

One grant for £75,000 is specifically to fund the provision of a Bereavement Counsellor for the children and their families, the other grant for £650,000 is to help sustain and develop the existing palliative care services that the Hospices provide to children and their families. Both of these grants were awarded for a three year period.

The Welsh Assembly awarded the Hospice a grant in 2003 to fund the provision of community care nurses in Wales. The grant was awarded over three years.

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2005**

**21 DESIGNATED FUNDS**

The Trustees, whilst conscious that the Hospices must operate with an appropriately skilled workforce, are also aware of their responsibilities to their employees. Funds are therefore designated to a Workforce Management Fund, to accommodate the cost of managing staff, and equipping them to carry out their role more effectively. Payments from this fund is only considered in cases where benefit to both the employee and the organisation can be demonstrated. The Trustees are persuaded that this arrangement allows the organisation to discharge its moral obligation to people who may not be able to maintain the high standards of service delivery expected by the organisation due to circumstances beyond their control. During 2005 payments amounting to £13,800 were made from the fund.

**22 PENSIONS**

The charity makes contributions to certain pension schemes for its employees. One of the schemes, for eligible employees, is the NHS Pension Scheme. The level of contributions is determined annually by the NHS Pensions Agency and the charity has no further liability beyond the contributions determined. Other schemes to which employer contributions are made are money purchase schemes.

**23 RELATED PARTY TRANSACTIONS**

The subsidiary companies, Hope House (Trading) Limited and Hope House (Lottery) Limited, donate their profits to the charity under gift aid. The payment for 2005 was £61,500 (2004: £133,042) for Hope House (Trading) Limited and £39,000 (2004: £Nil) for Hope House (Lottery) Limited. Certain employees of the charity spend a significant proportion of their time involved in the activities of the companies. Accordingly, the companies pay a charge to the charity to cover the cost of the time so spent. The charge for 2005 was £25,000 (2004: £25,000). At the balance sheet date, Hope House (Trading) Limited owed the charity £126,505 (2004: £163,611). Interest is charged on the balance outstanding, in accordance with the loan agreement dated 1 June 1999, which also contains a provision for security. The charge for the year was £10,005 (2004: £5,569).

At the balance sheet date, Hope House (Lottery) Limited owed the charity £39,000 (2004: £Nil) and the charity owed the company £2. No interest has been charged on this amount outstanding.

**24 CAPITAL COMMITMENTS**

There were no capital commitments contracted for at the year end.

There were no capital commitments authorised but not contracted for at the year end.

**25 OPERATING LEASE COMMITMENTS**

At 31 December 2005, the group had annual commitments under non-cancellable operating leases as follows:

| Expiry Date:               | Group<br>2005     | 2004              | Company<br>2005   | 2004              |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
|                            | £                 | £                 | £                 | £                 |
| Within one year            | 6,729             | 9,605             | 6,729             | 7,526             |
| Between two and five years | 120,357           | 96,081            | 95,554            | 80,326            |
|                            | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |