

THURSDAY



AHY5OSX7

A31

13/09/2007

254

COMPANIES HOUSE

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

for the year ended 31 December 2006

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 2006

CONTENTS

Pages	1 - 6	Report of the Trustees
	7	Report of the Auditors
	8	Consolidated statement of financial activities
	9	Hospice statement of financial activities
	10	Summary income and expenditure account
	11	Group balance sheet
	12	Hospices balance sheet
	13	Consolidated cashflow statement
	14-24	Notes to the financial statements

HOPE HOUSE CHILDREN'S HOSPICES

A registered charity 1003859

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2006

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees and directors

Chair	Barbara Evans MA, MBA	Local Government Officer
Vice Chair	Janette Welch	Training Manager
Treasurer	Philip Inch BSc FCMA	Financial Director
Trustees:	Michael Mortimer	Sales Manager
	Jacqueline Ford (resigned 25 November 2006)	Parent Representative
	Dr Peter Aston FRCGP, DCH	Retired GP
	Graham Morris	Company Director
	Stephen Rogers	District Judge
	Dafydd Wigley	Company Director
	Dr Mark Jones MBBS, FRCP(C), FAAP, FRCPCH	Medical Practitioner
	(resigned 25 November 2006)	
	Dr Philip Minchom MB, ChB, FRCP, FRCPCH	Medical Practitioner
Secretary and Chief Executive Officer	David Featherstone MBA	Chief Executive Officer
Auditors	Bentley Jennison 3 Hollinswood Court Stafford Park 1 Shropshire Telford TF3 3BD	
Bankers	HSBC Bank The Cross Oswestry Shropshire SY11 2SR	
Solicitors	Howell Jones and Company 36 Station Road Llanrwst Sir Conwy LL26 0DA	
Registered Office	Nant Lane Morda Oswestry Shropshire 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 2006

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 Council. The Trustees making up the Council 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 2007 Annual General Meeting the following Trustees will retire, and being eligible, will offer themselves for re-election:

Barbara Evans
Philip Inch
Michael Mortimer
Graham Morris

The Council members are elected by the subscribing Members of the Association of Hope House at the Annual General Meeting. The 2007 AGM will be held at Hope House on 17th October 2007.

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:

Clinical Governance
Fundraising
Subsidiary companies
Investments
Senior Manager's Remuneration

In addition the Chair and Vice Chair meet regularly with the Senior Management Team 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 was granted a ten year commercial lease in 2005 on an investment property in Crewe owned by the charity.

RISK MANAGEMENT

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

	2006	2005	2004	2003
Shropshire	31%	33%	34%	41%
Cheshire	13%	11%	13%	16%
North Wales	48%	46%	42%	29%
Mid Wales	5%	7%	8%	10%
Other areas	3%	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"

HOPE HOUSE CHILDREN'S HOSPICES

REPORT OF THE TRUSTEES (continued)

Residential Care

Pressure on beds at Hope House remains high, with occupancy of available beds around the 90% level, occupancy at Tŷ Gobaith continued to grow reaching similar levels to Hope House by the end of the year

Significant work was undertaken to the infrastructure at Hope House during the year including a new heating plant and a fire alarm, both systems were over ten years old and becoming more unreliable. The new heating system is more efficient and more flexible and will reduce carbon emissions significantly.

A new building was erected at Tŷ Gobaith to accommodate a counselling room, general store and generator space, we acknowledge the importance of the grant received from The Welsh Assembly Government to enable this work to be undertaken.

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."

In addition to residential care provided at Hope House in Oswestry and Tŷ Gobaith in Conwy, the organisation is now extensively involved in psycho-social support to families individually and in specific groups, such as Building Bridges, our sibling support programme. Counselling family members who have experienced, or will experience, the loss of a child is a growing area of our work.

The outreach service provided by the organisation continues to be very popular, with heavy demands now being placed on the counselling and support services. We acknowledge the importance of a three-year grant from the Big Lottery Fund towards the core cost of staffing the hospice and providing bereavement counselling services in the community, and The Welsh Assembly Government's contribution to the establishment of a home nursing service for children living in Wales. The final tranches of both these grants were received during 2006.

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

- Qualified Counsellors
- 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 £3 million, an increase of 15% on 2005, thanks to a significant bequest notified late in the year. The fundraising climate generally however remained tough throughout 2006 with the fundraising team having to find ever more imaginative ways of attracting donors such as the successful Ho! Ho! Ho! Hope House Santa Run in December.

As planned the organisation has put significant effort into developing links with donors and ran a campaign to encourage more regular giving. A programme of regular visits by donors to both hospices was undertaken.

HOPE HOUSE CHILDREN'S HOSPICES

REPORT OF THE TRUSTEES (continued)

Fundraising - continued

A successful bid was made to the Department of Health for a significant grant towards core costs of providing care to English children, the first tranche of a three year programme being received during the year, however the year also saw the final payments of the three year grant from the Big Lottery Fund towards the cost of core nursing and the cost of a Volunteer Services Manager

The final payment was also received from the Welsh Assembly Government grant for additional Community Nurses in Mid and North Wales. A campaign to secure the continuation of this grant is under way, but it is currently being resisted by the Welsh Assembly Government Health Secretary

Efforts within the Trading Company were concentrated on increasing the profitability of existing locations and improving the supply of stock. As a result the contribution made towards the work of the Charity increased by 48% to £228k. 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

Efforts to increase the membership of the Hope House Lottery met with little success and the membership remained fairly static, however a net contribution of £66k was made, up £16k on that achieved in 2005. More resources will be put into this area of revenue generation during 2007

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. Payment 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 2006 no payments 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 £3.6 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

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

Unrestricted reserves at the year end amounted to £8 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 £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

The fundraising environment remains very challenging and the organisation does not, consequently, plan to expand its services in the coming twelve months. We will endeavour to meet demand from existing resources whilst maintaining the high quality of care provided.

The organisation will continue to develop new income streams, and will review its management structure to ensure adequate resources are made available.

The organisation is participating in the National Strategic Funding Review currently being undertaken by the Westminster Department of Health. It has also contributed to the Palliative Care Baseline Service Review being conducted by the Welsh Assembly Government. Both reviews are examining the manner in which palliative care is provided and funded and the outcomes are awaited with great interest.

The organisation will continue to lobby the Welsh Assembly Government to fund the care of Welsh Children to the same level as the Department of Health funds English children. The disparity in the level of funding is now quite marked, with English children receiving about 25% of the cost of their hospice care from the NHS, whilst in Wales the figure remains below 4%.

Renewed efforts will be made to increase the membership of the Lottery by investing more resources and reviewing its management and marketing strategies.

The Trading Company will examine the possibility of modest expansion during the next twelve months into new locations and new types of trading.

Trustees' 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

Barbara Evans

Date 14/2/ 2007

**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 2006 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 (United Kingdom Generally Accepted Accounting Practice).

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 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 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 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.

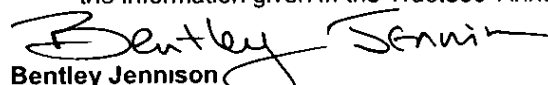
OPINION

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's and group's affairs at 31 December 2006, and of their incoming resources and application of resources, including their income and expenditure, in the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Trustees' Annual Report is consistent with the financial statements.


Bentley Jennison
Chartered Accountants
and Registered Auditors
28 August 2007

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 2006

	Note	Unrestricted Funds General Funds £	Designated Funds £	Restricted Funds £	Total 2006 £	Total 2005 £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	4	3,042,570	-	-	3,042,570	2,612,043
Activities for generating funds						
- incoming resources from trading activities	3	1,132,323	-	-	1,132,323	994,384
Investment Income	5	116,966	-	-	116,966	135,835
Incoming resources from charitable activities	6	413,621	-	347,078	760,699	427,031
TOTAL INCOMING RESOURCES		<u>4,705,480</u>	<u>-</u>	<u>347,078</u>	<u>5,052,558</u>	<u>4,169,293</u>
RESOURCES EXPENDED						
Costs of generating funds						
Costs of generating voluntary income						
Fundraising / trading						
- appeals department	7	516,172	-	-	516,172	522,517
- trading activities	3	834,701	-	-	834,701	829,237
Charitable activities						
- cost of activities in furtherance of the charity's objects	7	2,698,672	-	247,702	2,946,374	2,586,534
Governance costs						
- management and administration	7	32,685	-	-	32,685	35,523
Other resources expended						
Taxation	11	-	-	-	-	7
TOTAL RESOURCES EXPENDED		<u>4,082,230</u>	<u>-</u>	<u>247,702</u>	<u>4,329,932</u>	<u>3,973,818</u>
NET INCOMING RESOURCES BEFORE TRANSFERS		623,250	-	99,376	722,626	195,475
GROSS TRANSFERS BETWEEN FUNDS	19	-	-	-	-	-
NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES		623,250	-	99,376	722,626	195,475
OTHER RECOGNISED GAINS AND LOSSES						
Gains/losses on investment assets	14	5,091	-	-	5,091	63,802
NET MOVEMENTS IN FUNDS		<u>628,341</u>	<u>-</u>	<u>99,376</u>	<u>727,717</u>	<u>259,277</u>
RECONCILIATION OF FUNDS						
Total Funds brought forward		7,428,880	1,236,194	-	8,665,074	8,405,797
TOTAL FUNDS CARRIED FORWARD	19	<u>8,057,221</u>	<u>1,236,194</u>	<u>99,376</u>	<u>9,392,791</u>	<u>8,665,074</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 2006

	Note	Unrestricted Funds General Funds £	Designated Funds £	Restricted Funds £	Total 2006 £	Total 2005 £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	4	3,042,570	-	-	3,042,570	2,612,043
Investment Income	5	120,144	-	-	120,144	144,547
Income from subsidaries	4	288,843	-	-	288,843	125,500
Incoming resources from charitable activities	6	413,621	-	347,078	760,699	427,031
TOTAL INCOMING RESOURCES		<u>3,865,178</u>	<u>-</u>	<u>347,078</u>	<u>4,212,256</u>	<u>3,309,121</u>
RESOURCES EXPENDED						
Costs of generating funds						
Costs of generating voluntary income						
Fundraising trading other costs	7	516,172	-	-	516,172	522,517
Charitable activities						
- cost of activities in furtherance of the charity's objects	7	2,698,672	-	247,702	2,946,374	2,586,534
Governance costs						
- management and administration	7	32,685	-	-	32,685	35,523
TOTAL RESOURCES EXPENDED		<u>3,247,529</u>	<u>-</u>	<u>247,702</u>	<u>3,495,231</u>	<u>3,144,574</u>
NET INCOMING RESOURCES BEFORE TRANSFERS		617,649	-	99,376	717,025	164,547
GROSS TRANSFERS BETWEEN FUNDS	19	-	-	-	-	-
NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES		617,649	-	99,376	717,025	164,547
OTHER RECOGNISED GAINS AND LOSSES						
Gains/losses on investment assets	14	5,091	-	-	5,091	63,802
NET MOVEMENTS IN FUNDS		<u>622,740</u>	<u>-</u>	<u>99,376</u>	<u>722,116</u>	<u>228,349</u>
RECONCILIATION OF FUNDS						
Total Funds brought forward		7,414,566	1,236,194	-	8,650,760	8,422,411
TOTAL FUNDS CARRIED FORWARD	19	<u>8,037,306</u>	<u>1,236,194</u>	<u>99,376</u>	<u>9,372,876</u>	<u>8,650,760</u>

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 2006

	Total Funds	
	2006	2005
	£	£
Gross income of continuing operations	5,052,558	4,169,293
Total expenditure of continuing operations	<u>(4,329,932)</u>	<u>(3,973,825)</u>
Surplus on continuing operations for the year before taxation and transfers	<u>722,626</u>	<u>195,468</u>
Profit/(loss) on the revaluation of investments	5,091	63,802
Taxation	-	(7)
	<u><u>727,717</u></u>	<u><u>259,277</u></u>

- Gross income from continuing activities is derived from £4,705,480 unrestricted funds and £347,078 restricted funds

- Of total expenditure, £4,082,230 relates to unrestricted funds and £247,702 relates to restricted funds

- The net surplus for the year consists of £623,250 unrestricted funds and £99,376 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 2006

	Notes	2006		2005	
		£	£	£	£
FIXED ASSETS					
Tangible assets	12	4,465,036		4,341,921	
Investments	14	<u>2,954,336</u>		<u>2,050,200</u>	
TOTAL FIXED ASSETS			7,419,372		6,392,121
CURRENT ASSETS					
Stock	15	8,710		9,379	
Debtors	16	568,033		60,395	
Cash at bank and in hand		<u>1,515,180</u>		<u>2,306,612</u>	
TOTAL CURRENT ASSETS		2,091,923		2,376,386	
LIABILITIES					
Creditors Amounts falling due within one year	17	<u>(118,504)</u>		<u>(103,433)</u>	
NET CURRENT ASSETS			1,973,419		2,272,953
NET ASSETS			<u>9,392,791</u>		<u>8,665,074</u>
THE FUNDS OF THE CHARITY					
Restricted funds	19		99,376		-
Unrestricted funds					
General funds	19		8,037,306		7,414,566
Designated funds	19		1,236,194		1,236,194
Non-charitable trading funds	19		<u>19,915</u>		<u>14,314</u>
TOTAL UNRESTRICTED FUNDS			<u>9,293,415</u>		<u>8,665,074</u>
TOTAL CHARITY FUNDS			<u>9,392,791</u>		<u>8,665,074</u>

Approved by the board on 14 August 2007 and signed on its behalf by -

Barbara Evans MA, MBA

Chair

Barbara Evans

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

HOPE HOUSE CHILDREN'S HOSPICES


BALANCE SHEET

at 31 December 2006

		2006		2005	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	13	4,386,194		4,236,799	
Investments	14	<u>2,954,340</u>		<u>2,050,204</u>	
TOTAL FIXED ASSETS			7,340,534		6,287,003
CURRENT ASSETS					
Stock	15	-		-	
Debtors	16	823,795		192,555	
Cash at bank and in hand		<u>1,271,319</u>		<u>2,216,138</u>	
TOTAL CURRENT ASSETS		2,095,114		2,408,693	
LIABILITIES					
Creditors Amounts falling due within one year	17	<u>(62,772)</u>		<u>(44,936)</u>	
NET CURRENT ASSETS			<u>2,032,342</u>		<u>2,363,757</u>
NET ASSETS			<u>9,372,876</u>		<u>8,650,760</u>
THE FUNDS OF THE CHARITY					
Restricted funds	19		99,376		-
Unrestricted funds					
General funds	19		8,037,306		7,414,566
Designated funds	19		<u>1,236,194</u>		<u>1,236,194</u>
TOTAL UNRESTRICTED FUNDS			<u>9,273,500</u>		<u>8,650,760</u>
TOTAL CHARITY FUNDS			<u>9,372,876</u>		<u>8,650,760</u>

Approved by the board on 14 August 2007 and signed on its behalf by -

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 2006

	2006	2005
	£	£
Net cash inflow from operating activities	264,293	225,310
Returns on investment		
Interest received	116,966	135,835
Taxation	-	-
Capital expenditure and financial investment		
Purchase of property, plant and equipment	(372,691)	
Proceeds from sale of fixed assets	<u> </u>	
	(372,691)	(537,116)
Financing of investments		
Purchase of new investments	(800,000)	
Proceeds from sale of investments	<u> </u>	<u> </u>
	(800,000)	-
(Decrease) / Increase in cash	<u>(791,432)</u>	<u>(175,971)</u>
Cash at bank and in hand at 1 January 2006	<u>2,306,612</u>	<u>2,482,583</u>
Cash at bank and in hand at 31 December 2006	<u>1,515,180</u>	<u>2,306,612</u>
Reconciliation of operating surplus to operating cashflow		
Net incoming resources (before revaluation profits/losses)	722,626	195,475
Less investment income	<u>(116,966)</u>	<u>(135,835)</u>
Operating surplus/(deficit)	605,660	59,640
Donated investments	(99,045)	-
Depreciation and loss on disposal	249,577	199,868
(Increase)/Decrease in stocks	669	12,614
(Increase)/Decrease in debtors	(507,638)	(8,397)
(Decrease)/Increase in creditors	15,070	(38,415)
	<u>264,293</u>	<u>225,310</u>

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 2006

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 by 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 included in full in the Statement of Financial Activities when receivable. 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.

Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.

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

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

HOPE HOUSE CHILDREN'S HOSPICES
NOTES ON CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006

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 2006

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 Gambling Commission.

The companies donate their taxable profits to the charity under Gift Aid.

Profit and loss accounts

	Hope House (Lottery) Limited		Hope House (Trading) Limited	
	2006 £	2005 £	2006 £	2005 £
Turnover	165,464	154,030	966,859	840,354
Cost of Sales	(65,000)	(65,000)	(39,636)	(47,815)
	100,464	89,030	927,223	792,539
Administrative expenses	(36,168)	(42,248)	(693,897)	(674,174)
Management charges paid to the charity	-	-	(25,000)	(25,000)
	64,296	46,782	208,326	93,365
Operating profit	2,157	1,294	-	-
Interest receivable	-	-	(5,335)	(10,005)
Interest payable to the charity				
Net profit	66,453	48,076	202,991	83,360
Donation under gift aid to the charity	(66,453)	(39,000)	(197,390)	(61,500)
Taxation - adjustment for prior periods	-	-	-	(7)
Retained in subsidiary	-	9,076	5,601	21,853

The assets and liabilities of the subsidiaries were

	Hope House (Lottery) Limited		Hope House (Trading) Limited	
	2006 £	2005 £	2006 £	2005 £
Tangible fixed assets	-	-	78,842	105,122
Current assets	122,500	90,365	169,970	68,731
Creditors: Amounts falling due within one year	(117,579)	(85,444)	(233,814)	(164,456)
Net current assets	4,921	4,921	(63,844)	(95,725)
Net assets/(liabilities)	4,921	4,921	14,998	9,397
Share capital	2	2	2	2
	4,919	4,919	14,996	9,395
	4,921	4,921	14,998	9,397

HOPE HOUSE CHILDREN'S HOSPICES
NOTES ON CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006

4 INCOMING RESOURCES FROM GENERATED FUNDS

Voluntary income	Unrestricted £	Restricted £	Total 2006 £	Total 2005 £
Donations	2,227,284	-	2,227,284	2,120,020
Tax recovered - Gift Aid	43,553	-	43,553	59,606
Legacies	771,733	-	771,733	432,417
	<u>3,042,570</u>	<u>-</u>	<u>3,042,570</u>	<u>2,612,043</u>
Income from subsidiaries				
Donations from subsidiaries under Gift Aid			263,843	100,500
Management charges received from subsidiaries			25,000	25,000
			<u>288,843</u>	<u>125,500</u>

5 INVESTMENT INCOME

	Group		Charity	
	2006 £	2005 £	2006 £	2005 £
Interest on UK Government securities	60,890	58,295	60,890	58,296
Interest on bank deposits	53,919	76,246	53,919	76,246
Interest on bank deposits - subsidiaries	2,157	1,294	-	-
Interest received from subsidiaries	-	-	5,335	10,005
	<u>116,966</u>	<u>135,835</u>	<u>120,144</u>	<u>144,547</u>

6 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

Income from statutory bodies	Unrestricted £	Restricted £	Total 2006 £	Total 2005 £
Health Authority grants	116,291	-	116,291	111,533
English Health Authority grants towards pensions	-	42,808	42,808	-
Welsh Health Authority grants towards pensions	-	29,890	29,890	-
Welsh Assembly grant	-	99,376	99,376	128,000
Department of Health Initiative	297,330	-	297,330	-
The Big Lottery Fund - Palliative Care Services	-	150,004	150,004	162,498
The Big Lottery Fund - Bereavement Support	-	25,000	25,000	25,000
	<u>413,621</u>	<u>347,078</u>	<u>760,699</u>	<u>427,031</u>

HOPE HOUSE CHILDREN'S HOSPICES
NOTES ON CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006

7 TOTAL RESOURCES EXPENDED

	Activities undertaken directly	Grant funding	Support costs	2006 Total	2005 Total
	£	£	£	£	£
Cost of generating funds					
Cost of generating voluntary income					
Appeals department					
Staff costs and overheads	325,392	95,376	-	420,768	388,198
Publicity materials	95,404	-	-	95,404	134,319
				<u>516,172</u>	<u>522,517</u>
Fundraising / trading					
Cost of goods sold	39,636	-	-	39,636	47,815
Operating expenses	730,065	-	-	730,065	716,422
Lottery prizes paid out	65,000	-	-	65,000	65,000
				<u>834,701</u>	<u>829,237</u>
Charitable activities					
Care of children and families	2,540,234	158,438	247,702	2,946,374	2,586,534
Governance costs	29,868	2,817	-	32,685	35,523
Other resources expended					
Taxation	-	-	-	-	7
	<u>3,825,599</u>	<u>256,631</u>	<u>247,702</u>	<u>4,329,932</u>	<u>3,973,818</u>

8 SUPPORT COSTS ALLOCATION

	Finance & legal	Office management	Direct Support costs	2006 Total	2005 Total
	£	£	£	£	£
Cost of generating funds					
Cost of generating voluntary income					
Appeals department					
Staff costs and overheads	-	19,335	76,041	95,376	89,998
Publicity materials	-	-	-	-	-
Fundraising trading					
Cost of goods sold	-	-	-	-	-
Operating expenses	-	-	-	-	-
Lottery prizes paid out	-	-	-	-	-
Investment management fees	-	-	-	-	-
Charitable activities					
Care of children and families	-	142,598	15,840	158,438	117,004
Governance costs	2,370	447	-	2,817	7,046
Other resources expended					
Taxation	-	-	-	-	-
	<u>2,370</u>	<u>162,380</u>	<u>91,881</u>	<u>256,631</u>	<u>214,048</u>

HOPE HOUSE CHILDREN'S HOSPICES
NOTES ON CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006

Governance costs are made up of the following:

	2006 £	2005 £
Officers' costs - apportionment	19,253	16,654
Trustees' expenses	221	1,078
Trustees' indemnity insurance	1,062	1,062
Audit fees - audit services	6,432	6,783
Audit fees - non audit services	2,900	2,900
Finance and Legal fees	2,370	2,461
Overhead expenses	447	4,585
	<u>32,685</u>	<u>35,523</u>

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

	£	£
Dr P Aston	221	758
J Ford	-	320
	<u>221</u>	<u>1,078</u>

9 STAFF COSTS

	2006 £	2005 £
Wages and salaries	2,313,191	2,408,221
Social security costs	219,538	190,577
Pension costs	160,340	115,306
	<u>2,693,069</u>	<u>2,714,104</u>

	2006 no	2005 no
The average number of employees, analysed by function, was		
Hospice services	100	100
Fundraising and publicity	19	19
Support	8	8
	<u>127</u>	<u>127</u>
Employed by the charity	25	25
Employed by non-charitable trading subsidiaries		
	<u>152</u>	<u>152</u>

Numbers of staff to whom retirement benefits are accruing

Under money purchase schemes	50	52
Under NHS Pension scheme	35	31
	<u>85</u>	<u>83</u>

HOPE HOUSE CHILDREN'S HOSPICES
NOTES ON CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006

10 NET INCOMING RESOURCES

2006
£ **2005**
£

Net incoming resources for the group are stated after charging

Depreciation and loss on disposal of fixed assets	249,577	199,868
Directors' remuneration	-	-
Auditors' remuneration	9,332	9,683
Operating lease rentals other	33,839	49,079
	<u> </u>	<u> </u>

OTHER RECOGNISED GAINS AND LOSSES

Unrealised gains/(losses) on revaluation of investments	5,091	63,802
	<u> </u>	<u> </u>

11 TAXATION

2006
£ **2005**
£

UK Corporation Tax on profits for the year
Adjustments in respect of prior periods

-	-
-	7
<u> </u>	<u> </u>

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 subsidiaries, 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 Land & Buildings	Investment Property	Plant Machinery Fixtures & Fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2006	4,311,179	281,684	816,608	55,005	5,464,476
Additions	145,508	-	227,183	-	372,691
Disposals	-	-	-	-	-
At 31 December 2006	<u>4,456,687</u>	<u>281,684</u>	<u>1,043,791</u>	<u>55,005</u>	<u>5,837,167</u>
Depreciation					
At 1 January 2006	623,460	-	476,817	22,277	1,122,554
Charge for the year	100,020	-	141,375	8,182	249,577
Eliminated on disposals	-	-	-	-	-
At 31 December 2006	<u>723,480</u>	<u>-</u>	<u>618,192</u>	<u>30,459</u>	<u>1,372,131</u>
Net book value.					
At 31 December 2006	<u>3,733,207</u>	<u>281,684</u>	<u>425,599</u>	<u>24,546</u>	<u>4,465,036</u>
At 31 December 2005	<u>3,687,719</u>	<u>281,684</u>	<u>339,791</u>	<u>32,728</u>	<u>4,341,922</u>

HOPE HOUSE CHILDREN'S HOSPICES
NOTES ON CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006

13 TANGIBLE FIXED ASSETS - HOSPICE

	Freehold Land & Buildings	Investment Property	Plant Machinery Fixtures & Fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2006	4,311,179	281,684	599,971	55,005	5,247,839
Additions	145,508	-	227,183	-	372,691
Disposals	-	-	-	-	-
At 31 December 2006	<u>4,456,687</u>	<u>281,684</u>	<u>827,154</u>	<u>55,005</u>	<u>5,620,530</u>
Depreciation:					
At 1 January 2006	623,460	-	365,303	22,277	1,011,040
Charge for the year	100,020	-	115,094	8,182	223,296
Eliminated on disposals	-	-	-	-	-
At 31 December 2006	<u>723,480</u>	<u>-</u>	<u>480,397</u>	<u>30,459</u>	<u>1,234,336</u>
Net book value					
At 31 December 2006	<u>3,733,207</u>	<u>281,684</u>	<u>346,757</u>	<u>24,546</u>	<u>4,386,194</u>
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>

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

14 INVESTMENTS

	Group	Investment in subsidiaries	Company	Total
	£	£	£	£
At 1 January 2006	2,050,200	4	2,050,200	2,050,204
Additions in the year	899,045	-	899,045	899,045
Disposals in the year	-	-	-	-
Revaluations in the year	5,091	-	5,091	5,091
At 31 December 2006	<u>2,954,336</u>	<u>4</u>	<u>2,954,336</u>	<u>2,954,340</u>
Historical cost	<u>3,221,035</u>	<u>4</u>	<u>3,221,035</u>	<u>3,221,039</u>

Investments 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 2006

14 INVESTMENTS (CONTINUED)

Assets comprising more than 5% of the fund total are -	£	%
CAF Bristol and West	1,000,000	33.8%
Chase de Vere Dynamic Growth Plan	707,000	23.9%
Chase de Vere Aria Global	400,000	13.5%
HSBC Fixed Interest	400,000	13.5%
Treasury 7 1/4% Stk 2007	196,658	6.7%
Treasury 6 1/4% Stk 2010	111,993	3.8%

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 were subject to a lock-in deed, that was released in March 2006. These have now been recognised in the financial statements at their current market value and have been treated as donated investments.

15 STOCKS

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Goods for resale	8,710	9,379	-	-

16 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Amounts due from Hope Hospice (Trading) Limited	-	-	227,725	126,505
Amounts due from Hope Hospice (Lottery) Limited	-	-	66,453	39,000
Legacy receivable	500,000	-	500,000	-
Tax recoverable	-	14,500	-	14,500
Prepayments	68,033	45,895	29,617	12,550
	<u>568,033</u>	<u>60,395</u>	<u>823,795</u>	<u>192,555</u>

17 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade creditors	53,924	53,319	5,401	7,904
Taxation and social security	-	-	-	-
Corporation Tax	-	-	-	-
Accruals and deferred income	64,580	50,114	57,369	37,030
Amounts due to Hope House (Lottery) Limited	-	-	2	2
	<u>118,504</u>	<u>103,433</u>	<u>62,772</u>	<u>44,936</u>

HOPE HOUSE CHILDREN'S HOSPICES
NOTES ON CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds	Designated Funds	General Funds	Non Charitable Funds	Total Funds
	£	£	£	£	£
Tangible fixed assets	96,865	-	4,289,329	78,842	4,465,036
Investments	-	-	2,954,336	-	2,954,336
Cash at bank and in hand	2,511	1,236,194	32,657	243,818	1,515,180
Other net current assets/(liabilities)	-	-	760,984	(302,745)	458,239
	<u>99,376</u>	<u>1,236,194</u>	<u>8,037,306</u>	<u>19,915</u>	<u>9,392,791</u>

19 MOVEMENT IN FUNDS

	At 1 January 2006	Incoming resources	Outgoing resources	Transfers	At 31 December 2006
	£	£	£	£	£
Restricted funds					
The Big Lottery Fund	-	175,004	(175,004)	-	-
Welsh Assembly Fund capital grant	-	99,376	-	-	99,376
English Health Authority grants towards pensions	-	42,808	(42,808)	-	-
Welsh Health Authority grants towards pensions	-	29,890	(29,890)	-	-
Total restricted funds	<u>-</u>	<u>347,078</u>	<u>(247,702)</u>	<u>-</u>	<u>99,376</u>
Unrestricted funds					
Designated workforce management fund	236,194	-	-	-	236,194
Designated development fund	1,000,000	-	-	-	1,000,000
	<u>1,236,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,236,194</u>
General funds	7,414,566	3,576,091	(2,953,351)	-	8,037,306
Non charitable trading funds	14,314	1,134,480	(1,128,879)	-	19,915
Total unrestricted funds	<u>8,665,074</u>	<u>4,710,571</u>	<u>(4,082,230)</u>	<u>-</u>	<u>9,293,415</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 and the final tranches were received during the year

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 and the final tranche received in 2006

HOPE HOUSE CHILDREN'S HOSPICES
NOTES ON CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006

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. Payment 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.

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 POST BALANCE SHEET EVENTS

Since the year end the charity has received a legacy of £500,000, which under the requirements of SORP 2005 has been included in these accounts. A final amount is due to be received but as yet can not be quantified.

24 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 2006 was £197,390 (2005 £61,500) for Hope House (Trading) Limited and £66,453 (2005 £39,000) 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 2006 was £25,000 (2005 £25,000). At the balance sheet date, Hope House (Trading) Limited owed the charity £227,725 (2005 £126,505). 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 £5,335 (2005 £10,005).

At the balance sheet date, Hope House (Lottery) Limited owed the charity £66,453 (2005 £39,000) and the charity owed the company £2. No interest has been charged on this amount outstanding.

25 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.

26 OPERATING LEASE COMMITMENTS

At 31 December 2006, the group had annual commitments under non-cancellable operating leases as follows:

Expiry Date	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Within one year	12,015	6,729	9,393	6,729
Between two and five years	78,550	120,357	68,004	95,554
	<u> </u>	<u> </u>	<u> </u>	<u> </u>