

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

**for the year ended 31 December 2007**

**Charity number 1003859**

**Company number 2588103**

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

**TUESDAY**



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**COMPANIES HOUSE**

**HOPE HOUSE CHILDREN'S HOSPICES**

**A registered charity 1003859**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 December 2007**

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# HOPE HOUSE CHILDREN'S HOSPICES

A registered charity 1003859

## TRUSTEES' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2007

### 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 Dr Peter Aston FRCGP, DCH Graham Morris Stephen Rogers Dafydd Wigley Dr Philip Minchom MB, ChB, FRCP, FRCPCH Prabhjit Kaur Chana (appointed 17 <sup>th</sup> October 2007) Gwyn Bartley (appointed 17 <sup>th</sup> October 2007) Meinir Wigley (appointed 17 <sup>th</sup> October 2007)	Sales Manager Retired GP Company Director District Judge Company Director Medical Practitioner Training Consultant Solicitor Marketing Executive
<b>Secretary and Chief Executive Officer</b>	David Featherstone MBA	Chief Executive Officer
<b>Auditors</b>	RSM Bentley Jennison 3 Hollinswood Court Stafford Park 1 Shropshire Telford TF3 3BD	
<b>Bankers</b>	HSBC Bank The Cross Oswestry Shropshire SY11 2SR	
<b>Solicitors</b>	Howell Jones and Company 36 Station Road Llanrwst Sir Conwy LL26 0DA	
<b>Registered Office</b>	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 2007

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 2008 Annual General Meeting the following Trustees will retire, and being eligible, will offer themselves for re-election:

Janette Welch  
Philip Minchom

The Council members are elected by the subscribing Members of the Association of Hope House at the Annual General Meeting. The 2008 AGM will be held at Hope House on Wednesday 24th September 2008.

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. Three new Trustees were recruited during 2007.

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 Managers' 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 a property in Crewe owned by the charity as an investment.

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 an Outreach Service
- 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 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 340 life-limited children and their families, with the usage by area of dwelling being

	2007	2006	2005	2004	2003
Shropshire	39%	31%	33%	34%	41%
Cheshire	9%	13%	11%	13%	16%
North Wales	36%	48%	46%	42%	29%
Mid Wales	11%	5%	7%	8%	10%
Other areas	5%	3%	3%	3%	4%

The more recent figures reflect an increase in demand for counselling and outreach services provided in the family home

## HOPE HOUSE CHILDREN'S HOSPICES

### REPORT OF THE TRUSTEES (continued)

#### Residential Care

As indicated in last year's report the organisation did not expand its service during 2007, managing to achieve occupancy levels in excess of 90% at both hospices from existing resources

Many of the common areas at Hope House were refurbished during the year, with new flooring, lighting and soft furnishings replacing in some cases original fittings which were over ten years old. New multi sensory equipment was installed in the hydrotherapy pool to enhance the experience enjoyed by users.

Minor alterations were undertaken to the clinical areas at Tŷ Gobaith to improve usage of space following the experience of three years of operational use.

#### 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 the demands being placed on the counselling and support services now outstripping the organisation's ability to supply.

#### Volunteers

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

- Qualified Counsellors
- Professional Management and Marketing of the Lottery
- Gardening
- Housekeeping
- Driving
- Support (Friends) Groups
- Hydrotherapy poolside supervision
- Office support duties
- Hairdressing
- Aromatherapy
- Shops

The contribution made by the many volunteers, and the considerable hours worked 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

During 2007 the organisation reviewed its management structure and transferred responsibility for the Trading and Lottery companies to the Chief Executive. This step enabled the Fundraising Director to focus more closely on the fundraising campaign. As a result new money donated in the year was on target at £2.9 million. Although this is a decrease of 3.5% on the previous year, the 2006 income figure was inflated by a significant legacy late in the year. The organisation said goodbye to its longstanding Fundraising Director at the end of the year and wishes her well in her new role within the Children's Hospice movement, a replacement was recruited and started work at the end of February 2008.

## HOPE HOUSE CHILDREN'S HOSPICES

### REPORT OF THE TRUSTEES (continued)

#### **Fundraising - continued**

The second annual payment of the three year grant from the Department of Health towards the core costs of providing care for English children was received during the year along with an interim payment from the Welsh Assembly Government who announced a review of future funding policy. The organisation continues to participate fully with public bodies on both sides of the border in an attempt to secure long term funding arrangements.

Both the Trading and Lottery companies performed well during the year, benefiting from the new management structure. Hope House (Trading) Ltd increased its contribution by 15% to £263k despite difficult trading caused by the very wet summer with one of the shops having been flood damaged. An attempt to move into a new location in Oswestry was thwarted late in the year when negotiations unexpectedly failed and the premises were secured by an alternative business.

As part of the structural review the management of Hope House (Lottery) Ltd was brought in-house with the resultant cost savings helping achieve an increase of 16% in its contribution to the charity of £77k. Membership of the lottery has been stabilised during the year and attempts to gain new members and experiment with new marketing initiatives such as single ticket sales through Hope House shops continue.

#### **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 policy was ratified by a full meeting of the board on 23 January 2008.

#### **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 are 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 2007 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 £4 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 as reserves are used to fund fixed assets, the free reserves amounted to £3.8 million

**Plans for Future Periods**

In view of the stable fundraising climate and healthy reserves the organisation will modestly expand its Outreach Service provision during 2008 to fulfil some of the identified demand

The organisation will continue to contribute to the National Strategic Funding Review in England, and the Palliative Care Funding Review in Wales

The Trading company will renew efforts to expand into new locations and new types of trading

The Lottery will continue to explore new marketing opportunities being careful not to antagonise members of the public who already donate generously

The Fundraising Team will continue to explore new income streams including the corporate sector

**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 RSM Bentley Jennison as auditors of the charity will be proposed at the Annual General Meeting

By Order of the Board



**Barbara Evans MA, MBA**  
Chair

Date: 21<sup>st</sup> May 2008



**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 2007 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 2007, 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.

RSM Bentley Jennison  
Chartered Accountants  
and Registered Auditors

6 June 2008



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 2007

	Note	Unrestricted Funds General Funds £	Designated Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds						
Voluntary income	4	2,901,247	-	-	2,901,247	3,042,570
Activities for generating funds						
- incoming resources from trading activities	3	1,305,406	-	-	1,305,406	1,132,323
Investment Income	5	137,499	-	-	137,499	116,966
Incoming resources from charitable activities	6	118,584	-	529,084	647,668	760,699
<b>TOTAL INCOMING RESOURCES</b>		<b>4,462,736</b>	<b>-</b>	<b>529,084</b>	<b>4,991,820</b>	<b>5,052,558</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating funds						
Costs of generating voluntary income						
Fundraising / trading						
- appeals department	7	584,854	-	-	584,854	516,172
- trading activities	3	973,693	-	-	973,693	834,701
Charitable activities						
- cost of activities in furtherance of the charity's objects	7	2,590,666	-	628,460	3,219,126	2,946,374
Governance costs						
- management and administration	6	40,343	-	-	40,343	32,685
Other resources expended						
Taxation	10	-	-	-	-	-
<b>TOTAL RESOURCES EXPENDED</b>		<b>4,189,556</b>	<b>-</b>	<b>628,460</b>	<b>4,818,016</b>	<b>4,329,932</b>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>		<b>273,180</b>	<b>-</b>	<b>(99,376)</b>	<b>173,804</b>	<b>722,626</b>
<b>GROSS TRANSFERS BETWEEN FUNDS</b>	19	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>273,180</b>	<b>-</b>	<b>(99,376)</b>	<b>173,804</b>	<b>722,626</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
Gains/(losses) on investment assets	14	(84,542)	-	-	(84,542)	5,091
<b>NET MOVEMENTS IN FUNDS</b>		<b>188,638</b>	<b>-</b>	<b>(99,376)</b>	<b>89,262</b>	<b>727,717</b>
<b>RECONCILIATION OF FUNDS</b>						
Total Funds brought forward		8,057,221	1,236,194	99,376	9,392,791	8,665,074
<b>TOTAL FUNDS CARRIED FORWARD</b>	19	<b>8,245,859</b>	<b>1,236,194</b>	<b>-</b>	<b>9,482,053</b>	<b>9,392,791</b>

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 2007

	Note	Unrestricted Funds General Funds £	Designated Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income	4	2,901,247	-	-	2,901,247	3,042,570
Investment Income	5	141,927	-	-	141,927	120,144
Income from subsidiaries	4	327,285	-	-	327,285	288,843
<b>Incoming resources from charitable activities</b>	6	118,584	-	529,084	647,668	760,699
<b>TOTAL INCOMING RESOURCES</b>		<u>3,489,043</u>	<u>-</u>	<u>529,084</u>	<u>4,018,127</u>	<u>4,212,256</u>
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds</b>						
Costs of generating voluntary income						
Fundraising / trading other costs	7	584,854	-	-	584,854	516,172
<b>Charitable activities</b>						
- cost of activities in furtherance of the charity's objects	7	2,590,666	-	628,460	3,219,126	2,946,374
<b>Governance costs</b>						
- management and administration	6	40,343	-	-	40,343	32,685
<b>TOTAL RESOURCES EXPENDED</b>		<u>3,215,863</u>	<u>-</u>	<u>628,460</u>	<u>3,844,323</u>	<u>3,495,231</u>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>		273,180	-	(99,376)	173,804	717,025
<b>GROSS TRANSFERS BETWEEN FUNDS</b>	19	-	-	-	-	-
<b>NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		273,180	-	(99,376)	173,804	717,025
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
Gains/(losses) on investment assets	14	(84,542)	-	-	(84,542)	5,091
<b>NET MOVEMENTS IN FUNDS</b>		<u>188,638</u>	<u>-</u>	<u>(99,376)</u>	<u>89,262</u>	<u>722,116</u>
<b>RECONCILIATION OF FUNDS</b>						
<b>Total Funds brought forward</b>		8,037,306	1,236,194	99,376	9,372,876	8,650,760
<b>TOTAL FUNDS CARRIED FORWARD</b>	19	<u>8,225,944</u>	<u>1,236,194</u>	<u>-</u>	<u>9,462,138</u>	<u>9,372,876</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 2007**

	<b>Total Funds</b>	
	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Gross income of continuing operations	4,991,820	5,052,558
Total expenditure of continuing operations	<u>(4,818,016)</u>	<u>(4,329,932)</u>
<b>Surplus on continuing operations for the year before taxation and transfers</b>	<u>173,804</u>	<u>722,626</u>
Profit/(loss) on the revaluation of investments	(84,542)	5,091
Taxation	-	-
	<u><u>89,262</u></u>	<u><u>727,717</u></u>

- Gross income from continuing activities is derived from £4,462,736 unrestricted funds and £529,084 restricted funds

- Of total expenditure, £4,274,098 relates to unrestricted funds and £628,460 relates to restricted funds

- The net surplus for the year consists of £273,180 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 2007

		2007		2006	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	12	4,391,739		4,465,036	
Investments	14	<u>3,282,919</u>		<u>2,954,336</u>	
TOTAL FIXED ASSETS			7,674,658		7,419,372
CURRENT ASSETS					
Stock	15	17,175		8,710	
Debtors	16	79,068		568,033	
Cash at bank and in hand		<u>1,822,786</u>		<u>1,515,180</u>	
TOTAL CURRENT ASSETS		1,919,029		2,091,923	
LIABILITIES					
Creditors: Amounts falling due within one year	17	<u>(111,634)</u>		<u>(118,504)</u>	
NET CURRENT ASSETS			1,807,395		1,973,419
NET ASSETS			<u>9,482,053</u>		<u>9,392,791</u>
THE FUNDS OF THE CHARITY.					
Restricted funds	19		-		99,376
Unrestricted funds					
General funds	19		8,225,944		8,037,306
Designated funds	19		1,236,194		1,236,194
Non-charitable trading funds	19		<u>19,915</u>		<u>19,915</u>
TOTAL UNRESTRICTED FUNDS			<u>9,482,053</u>		<u>9,293,415</u>
TOTAL CHARITY FUNDS			<u>9,482,053</u>		<u>9,392,791</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 21st May 2008 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 2007

	Notes	2007		2006	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	13	4,300,951		4,386,194	
Investments	14	<u>3,282,923</u>		<u>2,954,340</u>	
<b>TOTAL FIXED ASSETS</b>			7,583,874		7,340,534
<b>CURRENT ASSETS</b>					
Stock	15	-		-	
Debtors	16	375,106		823,795	
Cash at bank and in hand		<u>1,561,531</u>		<u>1,271,319</u>	
<b>TOTAL CURRENT ASSETS</b>		1,936,637		2,095,114	
<b>LIABILITIES</b>					
Creditors: Amounts falling due within one year	17	<u>(58,373)</u>		<u>(62,772)</u>	
<b>NET CURRENT ASSETS</b>			1,878,264		2,032,342
<b>NET ASSETS</b>			<u>9,462,138</u>		<u>9,372,876</u>
<b>THE FUNDS OF THE CHARITY:</b>					
Restricted funds	19		-		99,376
Unrestricted funds					
General funds	19		8,225,944		8,037,306
Designated funds	19		<u>1,236,194</u>		<u>1,236,194</u>
<b>TOTAL UNRESTRICTED FUNDS</b>			<u>9,462,138</u>		<u>9,273,500</u>
<b>TOTAL CHARITY FUNDS</b>			<u>9,462,138</u>		<u>9,372,876</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 21<sup>st</sup> May 2008 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 2007**

	2007	2006
	£	£
Net cash inflow from operating activities	744,198	264,293
Returns on investment		
Interest received	137,499	116,966
Taxation	-	-
Capital expenditure and financial investment		
Purchase of property, plant and equipment	(174,091)	
Proceeds from sale of fixed assets	-	(372,691)
	(174,091)	
Financing of investments		
Purchase of new investments	(400,000)	(800,000)
Proceeds from sale of investments	-	-
	(400,000)	-
Increase / (decrease) in cash	307,606	(791,432)
Cash at bank and in hand at 1 January 2007	1,515,180	2,306,612
Cash at bank and in hand at 31 December 2007	1,822,786	1,515,180
<b>Reconciliation of operating surplus to operating cashflow:</b>		
Net incoming resources (before revaluation profits/losses)	173,804	722,626
Less investment income	(137,499)	(116,966)
Operating surplus	36,305	605,660
Donated investments	(13,125)	(99,045)
Depreciation and loss on disposal	247,388	249,577
(Increase)/Decrease in stocks	(8,465)	669
Decrease/(Increase) in debtors	488,965	(507,638)
(Decrease)/Increase in creditors	(6,870)	15,070
	744,198	264,293

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 2007**

## **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 2007**

## **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

Investment properties are revalued by officers of the company, and the aggregate surplus or deficit is transferred to the revaluation reserve. Depreciation is not provided of the said properties as it is considered to be one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

### **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 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 2007

### 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 Hospices. 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	
	2007	2006	2007	2006
	£	£	£	£
Turnover	177,509	165,464	1,126,137	966,859
Cost of Sales	(65,000)	(65,000)	(59,828)	(39,636)
	<u>112,509</u>	<u>100,464</u>	<u>1,066,309</u>	<u>927,223</u>
Administrative expenses	(39,326)	(36,168)	(809,539)	(693,897)
Management charges paid to the charity	-	-	(50,000)	(25,000)
	<u>73,183</u>	<u>64,296</u>	<u>206,770</u>	<u>208,326</u>
Operating profit	73,183	64,296	206,770	208,326
Rent receivable	-	-	1,760	-
Interest receivable	3,733	2,157	4,250	-
Interest payable to the charity	(2,243)	-	(10,169)	(5,335)
	<u>74,673</u>	<u>66,453</u>	<u>202,611</u>	<u>202,991</u>
Net profit	74,673	66,453	202,611	202,991
Donation under Gift Aid to the charity	(74,673)	(66,453)	(202,611)	(197,390)
Taxation	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,601</u>
Retained in subsidiary	-	-	-	5,601

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

	Hope House (Lottery) Limited		Hope House (Trading) Limited	
	2007	2006	2007	2006
	£	£	£	£
Tangible fixed assets	392	-	90,397	78,842
Current assets	128,146	122,500	193,939	169,970
Creditors Amounts falling due within one year	(123,617)	(117,579)	(269,338)	(233,814)
Net current assets/(liabilities)	<u>4,529</u>	<u>4,921</u>	<u>(75,399)</u>	<u>(63,844)</u>
Net assets	<u>4,921</u>	<u>4,921</u>	<u>14,998</u>	<u>14,998</u>
Share capital	2	2	2	2
Reserves	4,919	4,919	14,996	14,996
	<u>4,921</u>	<u>4,921</u>	<u>14,998</u>	<u>14,998</u>

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2007

**4 INCOMING RESOURCES FROM GENERATED FUNDS**

<b>Voluntary income</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Total 2007 £</b>	<b>Total 2006 £</b>
Donations	2,331,467	-	2,331,467	2,227,284
Tax recovered - Gift Aid	47,692	-	47,692	43,553
Legacies	522,088	-	522,088	771,733
	<u>2,901,247</u>	<u>-</u>	<u>2,901,247</u>	<u>3,042,570</u>
<b>Income from subsidiaries</b>				
Donations from subsidiaries under Gift Aid			277,285	263,843
Management charges received from subsidiaries			50,000	25,000
			<u>327,285</u>	<u>288,843</u>

**5 INVESTMENT INCOME**

	<b>Group</b>		<b>Charity</b>	
	<b>2007 £</b>	<b>2006 £</b>	<b>2007 £</b>	<b>2006 £</b>
Interest on UK Government securities	82,087	60,890	82,087	60,890
Interest on bank deposits	47,429	53,919	47,429	53,919
Interest on bank deposits - subsidiaries	7,983	2,157	-	-
Interest received from subsidiaries	-	-	12,411	5,335
	<u>137,499</u>	<u>116,966</u>	<u>141,927</u>	<u>120,144</u>

**6 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

<b>Income from statutory bodies.</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Total 2007 £</b>	<b>Total 2006 £</b>
Health Authority grants	118,584	20,000	138,584	116,291
English Health Authority grants towards pensions	-	30,458	30,458	42,808
Welsh Health Authority grants towards pensions	-	32,234	32,234	29,890
Welsh Assembly grant	-	149,062	149,062	99,376
Department of Health Initiative	-	297,330	297,330	297,330
The Big Lottery Fund - Palliative Care Services	-	-	-	150,004
The Big Lottery Fund - Bereavement Support	-	-	-	25,000
	<u>118,584</u>	<u>529,084</u>	<u>647,668</u>	<u>760,699</u>

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
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**7 TOTAL RESOURCES EXPENDED**

	Activities undertaken directly	Grant funding	Support costs	2007 Total	2006 Total
	£	£	£	£	£
<b>Cost of generating funds</b>					
Cost of generating voluntary income					
Appeals department					
Staff costs and overheads	325,899	-	108,608	434,507	420,768
Publicity materials	150,347	-	-	150,347	95,404
				<u>584,854</u>	<u>516,172</u>
Fundraising trading					
Cost of goods sold	59,828	-	-	59,828	39,636
Operating expenses	848,865	-	-	848,865	730,065
Lottery prizes paid out	65,000	-	-	65,000	65,000
				<u>973,693</u>	<u>834,701</u>
<b>Charitable activities</b>					
Care of children and families	2,428,948	628,460	161,718	3,219,126	2,946,374
<b>Governance costs</b>	38,031	-	2,312	40,343	32,685
<b>Other resources expended</b>					
Taxation	-	-	-	-	-
	<u>3,916,918</u>	<u>628,460</u>	<u>272,638</u>	<u>4,818,016</u>	<u>4,329,932</u>

**8 SUPPORT COSTS ALLOCATION**

	Finance & legal	Office management	Direct Support costs	2007 Total	2006 Total
	£	£	£	£	£
<b>Cost of generating funds</b>					
Cost of generating voluntary income					
Appeals department					
Staff costs and overheads	-	24,018	84,590	108,608	95,376
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	-	141,008	20,710	161,718	158,438
<b>Governance costs</b>	2,035	277	-	2,312	2,817
<b>Other resources expended</b>					
Taxation	-	-	-	-	-
	<u>2,035</u>	<u>165,303</u>	<u>105,300</u>	<u>272,638</u>	<u>256,631</u>

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2007

<b>Governance costs are made up of the following</b>	<b>2007</b>	<b>2006</b>
	£	£
Officers' costs - apportionment	23,278	19,253
Trustees' expenses	-	221
Trustees' indemnity insurance	1,168	1,062
Audit fees - audit services	6,500	6,432
Audit fees - non audit services	2,500	2,900
Finance and Legal fees	2,035	2,370
Recruitment	4,585	-
Overhead expenses	277	447
	<u>40,343</u>	<u>32,685</u>

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

	£	£
Dr P Aston	-	221
	<u>-</u>	<u>221</u>

**9 STAFF COSTS**

	<b>2007</b>	<b>2006</b>
	£	£
Wages and salaries	2,005,969	2,313,191
Social security costs	240,498	219,538
Pension costs	173,583	160,340
	<u>2,420,050</u>	<u>2,693,069</u>

	<b>2007</b>	<b>2006</b>
	no	no
The average number of employees, analysed by function, was		
Hospice services	93	100
Fundraising and publicity	13	19
Support	11	8
	<u>117</u>	<u>127</u>
Employed by the charity	28	25
Employed by non-charitable trading subsidiaries		
	<u>145</u>	<u>152</u>

Numbers of staff to whom retirement benefits are accruing

Under money purchase schemes	46	50
Under NHS Pension scheme	33	35
	<u>79</u>	<u>85</u>

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
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**10 NET INCOMING RESOURCES**

	2007 £	2006 £
Net incoming resources for the group are stated after charging		
Depreciation	243,978	249,577
Loss on disposal of fixed assets	3,410	-
Directors' remuneration	-	-
Auditors' remuneration	9,000	9,332
Operating lease rentals other	35,071	33,839

**OTHER RECOGNISED GAINS AND LOSSES**

Unrealised (losses)/gains on revaluation of investments	(84,542)	5,091
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**11 TAXATION**

	2007 £	2006 £
UK Corporation Tax on profits for the year	-	-
Adjustments in respect of prior periods	-	-

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 Land & Buildings	Investment Property	Plant Machinery Fixtures & Fittings	Motor vehicles	Total
	£	£	£	£	£
<b>Cost.</b>					
At 1 January 2007	4,456,687	281,684	1,043,680	55,005	5,837,056
Additions	31,538	-	142,553	-	174,091
Disposals	-	-	(37,927)	-	(37,927)
At 31 December 2007	4,488,225	281,684	1,148,306	55,005	5,973,220
<b>Depreciation.</b>					
At 1 January 2007	723,480	-	618,082	30,458	1,372,020
Charge for the year	100,822	-	137,019	6,137	243,978
Eliminated on disposals	-	-	(34,517)	-	(34,517)
At 31 December 2007	824,302	-	720,584	36,595	1,581,481
<b>Net book value.</b>					
At 31 December 2007	3,663,923	281,684	427,722	18,410	4,391,739
At 31 December 2006	3,733,207	281,684	425,598	24,547	4,465,036

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2007

**13 TANGIBLE FIXED ASSETS - HOSPICE**

	Freehold Land & Buildings	Investment Property	Plant Machinery Fixtures & Fittings	Motor vehicles	Total
	£	£	£	£	£
<b>Cost:</b>					
At 1 January 2007	4,456,687	281,684	827,154	55,005	5,620,530
Additions	31,538	-	99,980	-	131,518
Disposals	-	-	(34,238)	-	(34,238)
At 31 December 2007	<u>4,488,225</u>	<u>281,684</u>	<u>892,896</u>	<u>55,005</u>	<u>5,717,810</u>
<b>Depreciation:</b>					
At 1 January 2007	723,480	-	480,397	30,458	1,234,335
Charge for the year	100,822	-	106,665	6,137	213,624
Eliminated on disposals	-	-	(31,100)	-	(31,100)
At 31 December 2007	<u>824,302</u>	<u>-</u>	<u>555,962</u>	<u>36,595</u>	<u>1,416,859</u>
<b>Net book value:</b>					
At 31 December 2007	<u>3,663,923</u>	<u>281,684</u>	<u>336,934</u>	<u>18,410</u>	<u>4,300,951</u>
At 31 December 2006	<u>3,733,207</u>	<u>281,684</u>	<u>346,757</u>	<u>24,547</u>	<u>4,386,195</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	Gilts	Total
	£	in subsidiaries	£	£
		£		
At 1 January 2007	2,954,336	4	2,954,336	2,954,340
Additions in the year	413,125	-	413,125	413,125
Disposals in the year	-	-	-	-
Revaluations in the year	(84,542)	-	(84,542)	(84,542)
At 31 December 2007	<u>3,282,919</u>	<u>4</u>	<u>3,282,919</u>	<u>3,282,923</u>
Historical cost	<u>3,621,461</u>	<u>4</u>	<u>3,621,461</u>	<u>3,621,465</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 are incorporated in England and Wales

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
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**14 INVESTMENTS (CONTINUED)**

Assets comprising more than 5% of the fund total are -	£	%
CAF Bristol and West	1,000,000	30.5%
Chase de Vere Protected Portfolio Plan	689,912	21.0%
Aria Global Property Tracker+	400,088	12.2%
HSBC Money Market	400,000	12.2%
Treasury 7 1/4% Stk 2007	193,200	5.9%
Dawnay Day Quantum Protected China & Japan	200,213	6.1%
Dawnay Day Quantum Protected Japan Portfolio	200,213	6.1%

**15 STOCKS**

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	£	£	£	£
Goods for resale	17,175	8,710	-	-

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

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	£	£	£	£
Amounts due from Hope Hospice (Trading) Limited	-	-	262,780	227,725
Amounts due from Hope Hospice (Lottery) Limited	-	-	76,914	66,453
Legacy receivable	-	500,000	-	500,000
Prepayments	79,068	68,033	35,412	29,617
	<u>79,068</u>	<u>568,033</u>	<u>375,106</u>	<u>823,795</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	£	£	£	£
Trade creditors	6,685	53,924	6,442	5,401
Taxation and social security	-	-	-	-
Corporation Tax	-	-	-	-
Accruals and deferred income	104,949	64,580	51,931	57,369
Amounts due to Hope House (Lottery) Limited	-	-	-	2
	<u>111,634</u>	<u>118,504</u>	<u>58,373</u>	<u>62,772</u>



**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2007

**18 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Restricted Funds	Designated Funds	General Funds	Non Charitable Funds	Total Funds
	£	£	£	£	£
Tangible fixed assets	-	-	4,300,951	90,788	4,391,739
Investments	-	-	3,282,919	-	3,282,919
Cash at bank and in hand	-	1,236,194	325,337	261,255	1,822,786
Other net current assets/(liabilities)	-	-	316,737	(332,128)	(15,391)
	-	1,236,194	8,225,944	19,915	9,482,053

**19 MOVEMENT IN FUNDS**

	At 1 January 2007	Incoming resources	Outgoing resources	Transfers	At 31 December 2007
	£	£	£	£	£
<b>Restricted funds</b>					
Department of Health Initiative grant	-	297,330	(297,330)	-	-
Health Authority grants	-	20,000	(20,000)	-	-
English Health Authority grants towards pensions	-	30,458	(30,458)	-	-
Welsh Assembly grant	99,376	149,062	(248,438)	-	-
Welsh Health Authority grant towards pensions	-	32,234	(32,234)	-	-
<b>Total restricted funds</b>	99,376	529,084	(628,460)	-	-
<b>Unrestricted funds</b>					
Designated workforce management fund	236,194	-	-	-	236,194
Designated development fund	1,000,000	-	-	-	1,000,000
	1,236,194	-	-	-	1,236,194
General funds	8,037,306	3,149,347	(2,960,709)	-	8,225,944
Non charitable trading funds	19,915	1,313,389	(1,313,389)	-	19,915
<b>Total unrestricted funds</b>	9,293,415	4,462,736	(4,274,098)	-	9,482,053

**20 RESTRICTED FUNDS**

The Welsh Assembly awarded the Hospice a grant in 2007 to fund the provision of community care nurses in Wales

The Department of Health awarded the Hospice a grant in 2007 to fund care for children in England

**HOPE HOUSE CHILDREN'S HOSPICES**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2007**

**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.

**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**

There were no events since the year end that require disclosure within the financial statements.

**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 2007 was £202,611 (2006 £197,390) for Hope House (Trading) Limited and £74,673 (2006 £66,453) 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 2007 was £50,000 (2006 £25,000). At the balance sheet date, Hope House (Trading) Limited owed the charity £262,780 (2006 £227,725). 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 £10,169 (2006 £5,335).

At the balance sheet date, Hope House (Lottery) Limited owed the charity £76,914 (2006 £66,453). Interest of £2,243 has been charged on this amount outstanding.

**25 CAPITAL COMMITMENTS**

There were capital commitments of £14,000 contracted for at the year end (2006 none).

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

**26 OPERATING LEASE COMMITMENTS**

At 31 December 2007, the group had annual commitments under non-cancellable operating leases as follows:

Expiry Date	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Within one year	4,998	12,015	2,256	9,393
Between two and five years	115,505	78,550	99,102	68,004