

**Butterwick Limited**

**Consolidated  
Financial Statements**

**31 March 2016**



Butterwick  
Hospice Care

Company Registration Number 2979587

Charity Number 1044816



**Butterwick Limited**

**Financial Statements  
Year Ended 31 March 2016**

---

| <b>CONTENTS</b>  | <b>PAGE</b> |
|--|-------------|
| <b>The Trustees' Report (including Directors' Report and Strategic Report)</b> | <b>1</b>    |
| <b>Independent Auditor's Report</b>  | <b>11</b>   |
| <b>Consolidated Statement of Financial Activities</b>                          | <b>13</b>   |
| <b>Consolidated and charitable company Balance Sheets</b>                      | <b>14</b>   |
| <b>Consolidated Statement of Cash Flows</b>                                    | <b>15</b>   |
| <b>Notes to the financial statements</b>                                       | <b>16</b>   |

---

## **Butterwick Limited**

### **The Trustees' Report (including Directors' Report and Strategic Report)**

---

The trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary undertakings for the year ending 31 March 2016 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

#### **REFERENCE AND ADMINISTRATIVE INFORMATION**

|                                    |   |
|------------------------------------|---|
| <b>Charity name</b>                | Butterwick Limited  |
| <b>Charity registration number</b> | 1044816   |
| <b>Company registration number</b> | 2979587   |
| <b>Registered office</b>           | Middlefield Road<br>Stockton on Tees<br>TS19 8XN  |
| <b>Trustees</b>                    | Mrs J C Hunter: Chairman from 1 April 2016<br>J P Bury: Retired as Chairman 31 March 2016<br>Dr E Lee<br>P Langdon<br>Mrs B S Blakey: Appointed Vice-Chairman 1 April 2016<br>Dr D Carr<br>Dr N G Reynolds<br>Mrs C M Lancaster |
| <b>Company Secretary</b>           | B Brown (Retired 31 October 2015)<br>I Mortimer (Appointed 31 October 2015)   |
| <b>Chief Executive</b>             | G Leggatt-Chidgey   |
| <b>Auditors</b>                    | Davies Tracey<br>Chartered Accountants & Statutory Auditor<br>Swan House<br>Westpoint Road<br>Teesdale Business Park<br>Stockton on Tees<br>TS17 6BP  |
| <b>Bankers</b>                     | Barclays Bank plc<br>49 High Street<br>Stockton on Tees<br>TS18 1AH   |
| <b>Solicitors</b>                  | Archers Law LLP<br>Lakeside House<br>Kingfisher Way<br>Stockton on Tees<br>TS18 3NB   |

## **Butterwick Limited**

### **The Trustees' Report (including Directors' Report and Strategic Report)**

---

#### **FOUNDER**

The Charity was founded by Mrs Mary Butterwick OBE who sadly died, aged 91, on 30th September 2015.

Mrs Butterwick's initial vision, personal self-sacrifice and tenacity, coupled with her close interest in the work of the Hospice which continued until her death, ensures her considerable legacy, in the Charity which bears her family name, for the benefit of the community which we freely serve.

#### **OBJECTIVES AND ACTIVITIES**

The company's objectives (as amended in January 1995) are the operation and provision of palliative care facilities and services for patients suffering from life threatening and limiting illness; along with related education into palliative care.

The trustees have considered the Charity Commission's guidance on public benefit when reviewing the company's aims and objectives and in planning future activities.

In meeting its charitable objectives:

"Butterwick Hospice Care endeavours to freely provide an excellence in evidence based specialist and holistic palliative care for all patients regardless of age or diagnosis; to be a centre of expertise and a specialist resource within the community as a whole.

The care is provided by a skilled multidisciplinary team and is supported by a wider organisation of administrative, finance and fundraising staff and a dedicated force of volunteers.

We value communication both within the organisation and with external agencies, and strive to provide for the needs of the local community."

In doing this the company operates in three district areas:

1. The Butterwick Hospice, Stockton on Tees
2. The Butterwick Hospice in Bishop Auckland
3. The Butterwick House Children's Hospice

In all areas of operation, alongside specialist medical and nursing care, the Hospice provides a comprehensive range of services to patients and their families including complementary and other therapies, bereavement and spiritual support, counselling and benefits advice.

The company seeks to optimise the use of its facilities and make best use of the resources which it expends. Detailed records of patient related activity are maintained and the trustees receive regular reports in this respect.

The Hospice continues to work closely with other healthcare providers (both voluntary organisations and the National Health Service) to ensure that its current services and developments align with national and locally identified priorities.

#### **The Butterwick Hospice, Stockton on Tees**

This is a ten bedded in-patient unit and a twenty place day hospice for adult patients drawn mainly from the Stockton on Tees Borough Council largely urban area but additionally to a lesser degree from the more rural adjacent County Durham.

#### **The Butterwick Hospice at Bishop Auckland**

Unlike the Hospice in Stockton which serves a largely urban area, the Hospice in Bishop Auckland serves a mainly dispersed rural community. In doing so the company has developed, in partnership with statutory and other voluntary bodies, services which meet these distinct needs.

The Hospice in Bishop Auckland serves the communities of Sedgefield, Wear Valley, Weardale and Teesdale. It does this by providing a Day Hospice in Bishop Auckland and Outreach Day Hospices within the NHS community hospitals in Sedgefield, Stanhope and Barnard Castle.

Recognising the distinct healthcare needs of the area, the company has also developed specialist neurological services focussed on patients, in particular, suffering from Multiple Sclerosis and their carers.

The company is working closely with the local Clinical Commissioning Groups and other voluntary sector organisations to further address the palliative care needs in the area.

The company also operates a Palliative Home Care Team which supports patients, on a 24 hour basis, and their carers in their own homes.

## **Butterwick Limited**

### **The Trustees' Report (including Directors' Report and Strategic Report)**

---

#### **The Butterwick House Children's Hospice**

Butterwick House now cares for children from birth, teenagers and young adults to a maximum age of twenty-five.

Based in Stockton-on-Tees, patients accessing Butterwick House are drawn from a wide geographical area from North Yorkshire in the South, Teesside, County Durham and Wearside in the North.

Butterwick House is a six bedded unit, with day care facilities, which primarily offers planned specialist respite care but also crisis and terminal care as necessary.

#### **Staff and Volunteers**

To enable it to achieve its charitable objectives, including the generation of sufficient financial resources to fund its activities, the company and its trading subsidiaries employ 176 staff (approximately 112 full time equivalent) and an additional 58 bank staff who cover staff holidays and sickness. The company additionally has the generous support of some 600 volunteers who assist in every area of the company's activities filling over 724 roles.

The company is fully compliant with the provisions of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010 and the Care Quality Commission (Registration) Regulations 2009 which requires inter alia that anybody who has contact with children or vulnerable adults should be subject to Disclosure and Barring Service checks using both enhanced and standard disclosure, before employment in either a paid or voluntary capacity.

The company recognises and acknowledges that it is dependent upon staff and volunteers, who have the necessary training and expertise, if it is to meet the needs of the patients which it serves and their families and carers. To this end the company invests both in initial induction training and ongoing continuing development for all staff and volunteers.

The company is supported by volunteers in every area of its activities including within clinical and income generation. Their contribution to the work of the company is considerable in financial terms. However, their greatest value is that they represent the community that supports Butterwick Hospice Care and for their dedication we offer our sincere thanks.

It is calculated that in the year volunteers in total worked approximately 159,786 hours for the company and its subsidiaries. At the National Minimum Wage, applicable at the year end, this equates to a contribution by the volunteers of some £1,071,000.

The company is both an accredited "Investor in People" and an "Investor in Volunteering".

In many areas of the company's work, the demands can be both emotionally and physically draining. Staff and volunteers are dedicated and habitually "go the extra mile" as is reflected in the many letters of appreciation which we receive. In supporting and equipping staff and volunteers to meet these demands, the company provides a range of mechanisms ranging from informal peer support to Clinical Supervision.

All members of staff have an annual 'Individual Development Review' which allows the opportunity to discuss work related issues, the needs of the company and ongoing personal development.

The company is proud of the skills, dedication and loyalty of its staff and volunteers and grateful for this contribution to the company meeting its charitable and operational objectives.

#### **Public Benefit**

The trustees believe the company provides a public benefit by offering palliative care to adults and children who are resident in the areas of North Yorkshire, Teesside, County Durham and Wearside and who are suffering from a life limiting illness. People access our services by means of referral by their GP, hospital consultant or clinical nurse specialist. Admission to our services is determined only by clinical and psychological need without reference to gender, race or faith. **The Hospice's services are free of charge to patients and their families.**

## **ACHIEVEMENTS AND PERFORMANCE**

### **Quality**

The Hospices' key objective is to provide an excellence of professional care to all patients and their carers.

The Hospices' services are registered with, and regulated by, the Care Quality Commission which carries out periodic unannounced inspections of the three main sites on which care is delivered.

These inspections are in-depth and rigorous. Following inspection the Care Quality Commission publishes a Report which is publically available and to which there are links on the Hospices' website.

## **Butterwick Limited**

### **The Trustees' Report (including Directors' Report and Strategic Report)**

---

The Butterwick Hospice in Bishop Auckland was last inspected in June 2015, Butterwick House Children's Hospice in February 2016 and Butterwick Hospice, Stockton-on-Tees in March 2016.

In all of the last issued reports, arising from these Inspections, the Hospices' have received an overall rating of 'Good' and the same rating in the five key domains :

- Is the service safe?
- Is the service effective?
- Is the service caring?
- Is the service responsive?
- Is the service well led?

#### **Summary of Patient Activity**

Through its various services the Hospice delivered care to over 2,000 patients in the year (Note: a number of patients will have received care and support from more than one Hospice Service).

#### **Stockton Adult Hospice**

In the year 184 adult patients (2015 - 143) were admitted to the **in-patient unit** and those patients received 2,192 nights of care (2015 - 1,855).

A number of patients were admitted on more than one occasion and the total number of admissions in the year was 214.

Of these 184 patients, 161 were suffering from cancer and 23 had a non-cancer diagnosis.

Many patients wish to die in their own homes and the Hospice facilitates this wherever possible following effective management of those patient's symptoms.

In the year, of the total 214 admissions, 96 patients were discharged.

The **Stockton Day Hospice** provides a wide range of services to patients.

During the year the Charity opened a specialist service for patients suffering from Motor Neurone Disease especially focussed on patients at an earlier stage of the progression of their illness.

In the year this service was accessed by 58 patients who attended on a total of 395 occasions. These patients received:

- 67 sessions of Relaxation Therapy
- 49 sessions of Diversional Therapy
- 378 sessions of Complementary Therapies

An additional 153 patients attended the Day Hospice on 1,585 occasions. Again, these patients received a wide range of services and therapies:

- 35 patients received specialist clinical intervention
- 12 patients received specialist medical support
- 1 patient received Clinical Psychotherapy

There were:

- 62 sessions of Chiropody
- 512 sessions of Relaxation Therapy
- 694 sessions of Diversional Therapy
- 518 attendances at spiritual support (Chapel or 1:1 spiritual support)
- 399 sessions of Physiotherapy
- 849 sessions of Complementary Therapies
- 277 sessions of Tai Chi

## **Butterwick Limited**

### **The Trustees' Report (including Directors' Report and Strategic Report)**

---

The **Family Support Team** in Stockton provides bereavement support and counselling both pre-death and post-death to patients and their carers.

In the year:

- 325 patients and carers accessed Family Support
- 1,552 one to one sessions were provided
- 333 home visits were undertaken
- 570 people attended drop-in sessions
- 61 episodes of telephone support were provided

Within **Butterwick House Children's Hospice**, 51 children and their families received a total of 1,035 episodes of care.

**The Butterwick Hospice at Bishop Auckland** supported a total of 660 patients in the year.

The Palliative Home Care Team supported a total of 115 patients in their own homes, providing a total of 8,040 hours of care on 1,020 separate occasions.

Bereavement Services and Family Support was accessed by 243 patients who received 435 home visits and a total of 1,112 'contacts'. There were 736 attendances at the Bishop Auckland 'drop in' sessions.

A total of 106 patients attended the neurological day Hospice service on a total of 641 occasions.

Physiotherapy was accessed by 78 patients in the year who received 597 sessions of treatment.

Complementary Therapies were accessed by 238 patients who received 2,039 sessions of therapy.

The Neurological Day Care was accessed by 100 patients in the year who attended on 626 occasions. These patients received:

- 455 sessions of Complementary Therapies
- 588 Physiotherapy treatments

The bereavement support service especially provided for children from Bishop Auckland Hospice continues to grow rapidly. In the year 117 children accessed the service (2015 - 76 children). These children received 575 sessions of support each of a minimum of one hour duration.

## **FINANCIAL REVIEW**

The Consolidated Statement of Financial Activities, on page 13 of these financial statements sets out the results of these activities directly carried out by Butterwick Limited (Butterwick Hospice Care: Butterwick Hospice at Stockton on Tees, Butterwick Hospice at Bishop Auckland and Butterwick House, Children's Hospice) as well as those of which Butterwick Limited is ultimately in control either as a corporate trustee (John Butterwick Trust Day Care Centre and Hospice) or as a parent company (Butterwick Lotteries Limited, Butterwick Hospice Retail Limited and Seven Wellbeing Centre Limited). The statement also includes the charity's share of the results of a joint venture, North East Hospices Lottery Limited, in which it has a 25% interest.

The Trust's function is to hold the properties at Stockton, all day to day running being handled by Butterwick Limited.

In the year ended 31 March 2016 the Charity operated at a deficit of £29,724 after a depreciation charge of £187,168. This compares to a surplus of £473,492 in the previous year (after depreciation).

### **Income Generation**

#### **Statutory Funding (NHS)**

The operation of the charity is partly funded by NHS England and from the local NHS Clinical Commissioning Groups, with the majority of the funds being raised by fundraising activities, the securing of grants and by the receipt of donations and legacies, and the operations of the subsidiary companies.

In the year a total of £1,429,028 was received from the NHS which equates to 29% of the Charity's total income in the year. This compared to £1,544,497 in the previous year (29%).

## **Butterwick Limited**

### **The Trustees' Report (including Directors' Report and Strategic Report)**

---

#### **Fundraising**

The company employs a team of fundraisers who work across the geographical area from which the Hospice draws patients. The fundraising team is performance managed against an annual fundraising plan which is approved by the trustees as an integral part of the company's Business Plan.

The company does not use external professional fundraisers and does not buy, sell or share donor information with any third party whatsoever. Strict policies and procedures are in place to ensure compliance with fundraising best practice and standards including data protection and the regularity and methods of maintaining contact with donors.

The company is a member of the Fundraising Standards Board and develops the skills of its fundraising team with the aim of them attaining membership of the Institute of Fundraising.

Fundraising performance, in the year, can be summarised as follows:

|                                   |                   |
|-----------------------------------|-------------------|
| Donations and legacies            | 1,412,652         |
| Fundraising events and activities | <u>877,251</u>    |
|                                   | 2,289,903         |
| Fundraising and publicity costs   | <u>895,997</u>    |
|                                   | <u>£1,393,906</u> |

This compares to a gross income in 2015 of £2,398,027 and a net income of £1,564,377.

The fundraising and publicity costs are 39% of gross income (2015 - 35%).

Virtually all the Charity's non-NHS income arises from fundraising and publicity activities including maintaining contact with some 30,000 supporters.

The Trustees are maintaining their investment in the Fundraising Team and in associated fundraising costs and are confident that the return on investment will, in time, improve. The level of investment, which is closely monitored, reflecting the geographical economic profile of the area in which the Charity fundraises and from which it draws its patients.

The Fundraising Team continues to report directly to the Chief Executive and their financial performance is monitored and overseen by the Director of Finance.

The trustees and the Senior Management Team are focussed on building upon the success of recent years to ensure the long term security of the charity and the care it provides to its patients and their families; we are determined these aims will be achieved.

#### **Butterwick Hospice Retail Limited**

Butterwick Hospice Retail Limited is a wholly owned subsidiary which operates charity shops selling predominantly donated goods. It pays all its trading profits to the company under Gift Aid.

In the year Butterwick Hospice Retail Limited contributed £8,756 compared to £70,803 in the previous year. In addition it sold items donated to the company which realised a further £191,153 (2015 - £172,564) on which Gift Aid was recovered totalling £47,304 (2015 - £43,185). The sale of these donated items together with the Gift Aid recovered (a total of £238,457) is included in the donations figures of £747,002, note 2.

Butterwick Hospice Retail Limited's direct and indirect support of the company, in the year, therefore totalled £247,213 (2015 - £286,552).

#### **Butterwick Lotteries Limited**

Butterwick Lotteries Limited is a wholly owned subsidiary which operates lotteries on behalf of the company. It pays all its trading profits to the company under Gift Aid.

In the year ended 31 December 2015 Butterwick Lotteries Limited contributed £263,419 to the company (2014 - £295,638).

Butterwick Lotteries Limited also administers a lottery on behalf of North East Hospices Lottery Limited (NEHL). NEHL's profits are paid equally under Gift Aid to four local North east Hospices including the Butterwick Hospice at Bishop Auckland. NEHL generated £56,058 for the company in the year ended 31 December 2015 (2014 - £69,074).



**The Trustees' Report (including Directors' Report and Strategic Report)**

---

**Going concern**

The principal financial risk facing the charity is its ability to generate sufficient income to cover expenditure incurred in fulfilling the objectives of the charity. The trustees have reviewed the cash position of the charity, the current and future bank overdraft funding available to the charity and cash forecasts at the date of signing the financial statements and are confident that the charity will be able to meet all of its financial commitments.

The trustees believe that the charity is well placed to manage its financial risks successfully despite the current uncertain economic outlook. After making enquiries the trustees have a reasonable expectation that the charity has adequate reserves to continue in operational existence for the foreseeable future. Accordingly the trustees continue to adopt the going concern basis in preparing the financial statements.

**Reserves**

The charitable group's reserves have been depleted as a result of operational deficits in past years coupled with capital expenditure.

The trustees' policy is to strengthen the charity's financial position by rebuilding reserves from operational surpluses at a rate of at least £50,000 per annum. Recognising our continued dependence upon unpredictable charitable activity and support, and the current annual revenue budget, the trustees have concluded that it would be prudent and realistic, at the current time, to incrementally create a reserve equating to six months operational costs.

A key priority for the trustees is to build cash reserves in line with their above policy.

**PLANS FOR FUTURE PERIODS**

The Trustees, with the support of the Senior Management Team, are consistently looking forward to identify how the Charity can strengthen and develop its current patient services. In addition, they are mindful of optimising the best use of resources and ensuring the Charity is aware of, and able to address, the changing needs of the local communities it serves.

**Adult in-patient services**

From the time of its construction, twenty years ago, the in-patient area within the Stockton Adults Hospice, has included two beds in one room similar to a two-bedded bay in a hospital setting.

This arrangement is far from ideal and, among the disadvantages, is that of the configuration negatively impacting on patient activity levels.

During the year under review a scheme has been developed, and costed, to remodel this area within the Hospice to provide two separate bedrooms each with en-suite facilities.

This work was completed, within budget, in November 2016 and it is forecast, in a full year, it will enable a growth in bed occupancy of approximately 350 bed days which equates to some 23 additional admissions.

**Medical Services – Medical Structure**

The Hospice, provides a specialist and complex clinical service to its patients. The ability to provide this service effectively and safely is dependent upon the Hospice employing a small medical team of Doctors qualified and experienced in the speciality of palliative medicine in which there is a national shortage of practitioners.

For some time the Hospice has prioritised the expansion of its medical team and, in particular, has worked closely with North Tees and Hartlepool NHS Foundation Trust to attract an additional Consultant.

Post year end the Hospice and the Foundation Trust have jointly been able to recruit a Consultant who, although based in the Hospice, also works within the local Acute Hospital.

This jointly funded post greatly strengthens the Hospice's medical structure and is of significant benefit to the wider local population needing palliative care.

**Medical Services – Out of Hours**

The availability of effective and robust medical cover out of hours and at weekends is a national issue of importance, particularly for patients with specialist needs. Building upon its investment in the additional Consultant detailed immediately above, the Hospice has also, post year end, further invested in the creation of a specialist on-call medical rota.

This has already proved effective and beneficial. In time it is planned that this will additionally facilitate the Hospice being able to admit patients at weekends.

## **Butterwick Limited**

### **The Trustees' Report (including Directors' Report and Strategic Report)**

---

#### **Butterwick 20 : 20 Vision**

The Hospice has for many years worked within the framework of an annual Business Plan which identified its strategic, operational and fundraising priorities.

Post year end the Trustees met to consider their governance model including their strategic vision for the future development of the Hospice.

Arising from this the Senior Management Team are working with the Trustees to develop a detailed forward looking strategic and operational plan "Butterwick 20 : 20 Vision".

This major piece of work is progressing and will be agreed, and in place, by early 2017 to inform the Hospices' priorities in the following three to four years.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing Document**

Butterwick Limited is a charitable company limited by guarantee (incorporated October 1994) and as such is governed by a Memorandum and Articles of Association. It was registered by the Charity Commission on 7<sup>th</sup> March 1995, registration number 1044816.

### **Trustees**

The trustees are drawn from a variety of disciplines with the aim of ensuring that the company has strong and informed leadership.

When a vacancy occurs, the Chairman undertakes a skills audit to ascertain what particular expertise and background is desirable and a search committee is formed to seek a suitable new recruit.

Trustees are given an induction on joining the Board, the content of which is tailored to their particular existing skills and interests. The trustees are kept abreast of news and developments within the wider charity and hospice world by the receipt of regular briefings and the circulation of relevant Charity Commission and other publications. Trustees are also given the opportunity of attending appropriate local and national seminars and conferences.

The trustees continue to review the company's governance arrangements, including the term of office of trustees, and to consider models of best practice.

The Trustees have agreed to follow the "Good Governance, A Code for the Voluntary and Community Sector" (Second Edition, October 2010).

### **Organisation**

The company operates using the name Butterwick Hospice Care incorporating the Butterwick Hospice, Stockton on Tees; the Butterwick Hospice at Bishop Auckland and the Butterwick House Children's Hospice.

The company is organised so that the trustees meet quarterly to manage its affairs; the trustees receive quarterly written reports from the Chief Executive and the senior managers, which incorporate management accounts and reports on the company's activities and progress in meeting pre-identified objectives.

There are two sub-committees, chaired by trustees which meet quarterly; the Finance and General Purpose Committee, and the Clinical Strategy and Governance Committee. The minutes of both committee meetings are circulated, together with supporting documentation, to all trustees for consideration at their quarterly meetings.

The Finance and General Purpose Committee has general oversight of non-clinical matters including finance, fundraising, personnel, voluntary services, Health and Safety, risk management and maintenance of the company's buildings. It is chaired by a Trustee, a Chartered Accountant, and a second trustee, a Solicitor, is also a member. It is attended by the Chief Executive, the Director of Finance and other members of the company's non-clinical management team. A key role of the committee is to scrutinise the company's operational and capital budget and recommend same for approval by the Board. Secondly, the committee reviews the company's detailed quarterly management accounts showing actual income and expenditure compared to budget.

The Clinical Strategy and Governance Committee, which also acts as the Clinical Governance Committee, has general oversight of all matters of a clinical nature including quality, audit and the development, delivery and monitoring of patient services. It is chaired by a clinically qualified Trustee, attended by three additional trustees with clinical expertise, the Chief Executive, the Director of Patient Care and Service Development, the Hospice Physician and the nursing leads of both adult and children's services.

The trustees additionally meet for a half day annually each Spring, with the Chief Executive and the management team, to review each area of the company's activities, establish strategic and operational priorities and agree a Business Plan and Budget for the ensuing year.

## **Butterwick Limited**

### **The Trustees' Report (including Directors' Report and Strategic Report)**

---

The agreed strategic and operational objectives are then disseminated across the company to staff and volunteers by the distribution of executive summaries of the Business Plan and by a series of internal meetings.

#### **Pay policy for senior staff**

The Charity is heavily dependent upon the skills, dedication and commitment of all its staff, including the senior staff team, who provide day to day direction, leadership and management to what is a substantial and complex organisation. The Trustees recognise the necessity of setting remuneration levels which enable the retention and, when necessary, the recruitment of suitably qualified staff taking into account, where applicable, local comparable posts.

Salaries are revised on an annual basis for every member of staff.

On recruitment the salaries of senior staff are agreed by the Trustees following a benchmarking exercise.

Apart from senior staff recently recruited, the current senior staff have received only the increments paid to all staff in the last eight years:

|         |     |
|---------|-----|
| 2009/10 | Nil |
| 2010/11 | 2%  |
| 2011/12 | 2%  |
| 2012/13 | Nil |
| 2013/14 | Nil |
| 2014/15 | Nil |
| 2015/16 | 2%  |
| 2016/17 | Nil |

#### **Relationships with other charities and organisations**

Within its charitable objectives and resources, the company seeks to play a leading role within the local healthcare and voluntary sectors in the geographical and specialist areas in which it operates.

The company in particular works closely and productively with the local NHS Clinical Commissioning Groups, the local NHS Foundation Trust, with neighbouring hospices and other local charities.

The company also works with local Universities and other education institutions in providing training, education and placement opportunities at both undergraduate and post graduate level to healthcare professionals.

Nationally, in particular, the company works with Hospice UK, which is a national membership charity working on behalf of the hospice movement and Together for Short Lives which is a membership charity working on behalf of children's hospices.

Within the Butterwick Hospice at Bishop Auckland, the company also accommodates the local NHS employed Macmillan Nursing Team.

#### **Risk management**

The company has policies, procedures, systems and controls in place to mitigate operational risks.

Five key areas of risk have been identified which are subject to rigorous risk assessment and management:

- Clinical : including emergency preparedness
- Property : including security, fire and maintenance
- Financial : including income generation, and budgetary control and insurance
- Personnel : including volunteers
- Information Technology : including security of data

Business Continuity plans are in place and the Charity undertakes major incident scenario planning including site evacuation on a regular basis.

Risk management is reviewed annually by the trustees and measurable objectives are incorporated into the Business Plan. The trustees receive a detailed annual Risk Management Report supplemented by quarterly updates and copies of all external inspection reports.

A risk awareness culture is embedded within the day to day working methods and thinking of the company's staff and volunteers. The company employs a part-time Health and Safety Manager and has a Health and Safety Committee which has cross-organisational representation.

**RESPONSIBILITIES OF THE TRUSTEES**

The trustees (who are also directors of Butterwick Limited for the purposes of company law) are responsible for preparing the Trustees Report (including the Strategic Report) and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

We, the directors of the company who held office at the date of approval of these financial statements, as set out on page 1, each confirm so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the board

  
.....  
MRS J C HUNTER MBE

21 November 2016

## **Independent Auditors Report to the Members and Trustees of Butterwick Limited**

---

We have audited the financial statements of Butterwick Limited for the year ended 31 March 2016 set out on pages 13 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with regulations made under Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

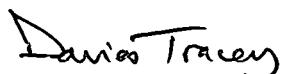
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Craig McBride (Senior Statutory Auditor)  
for and on behalf of

DAVIES TRACEY  
Chartered Accountants and Statutory Auditor  
Swan House  
Westpoint Road  
Teesdale Business Park  
Stockton on Tees  
TS17 6BP

..... 21 / 11 ..... 2016

Davies Tracey is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**Butterwick Limited**

**Consolidated Statement of Financial Activities (including a Consolidated Income and Expenditure Account)**  
**Year Ended 31 March 2016**

|  | Note | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | Total Funds<br>2016<br>£ | Total Funds<br>2015<br>£ |
|--|------|----------------------------|--------------------------|-------------------------|--------------------------|--------------------------|
| <b>Income and endowments from:</b>           |      |                            |                          |                         |                          |                          |
| Donations and legacies                       | 2    | 4,483                      | 1,408,169                | -                       | 1,412,652                | 1,519,567                |
| <i>Income from charitable activities:</i>    |      |                            |                          |                         |                          |                          |
| Department of Health Section 64 Grant        |      | -                          | 195,819                  | -                       | 195,819                  | 195,818                  |
| NHS Primary Care Trusts                      |      | -                          | 1,233,209                | -                       | 1,233,209                | 1,348,679                |
| <i>Income from other trading activities:</i> |      |                            |                          |                         |                          |                          |
| Fundraising                                  |      | -                          | 877,251                  | -                       | 877,251                  | 878,460                  |
| Charity shops                                |      | 357,296                    | 293,913                  | -                       | 651,209                  | 706,958                  |
| Lotteries                                    |      | 494,006                    | -                        | -                       | 494,006                  | 516,715                  |
| Wellbeing centre                             |      | 39,108                     | -                        | -                       | 39,108                   | 50,552                   |
| <i>Investment income</i>                     |      |                            |                          |                         |                          |                          |
| Interest receivable                          |      | -                          | 33                       | -                       | 33                       | 26                       |
| Group share of income<br>from joint venture  |      | -                          | 56,058                   | -                       | 56,058                   | 69,074                   |
| Other income                                 |      | <u>54,652</u>              | <u>-</u>                 | <u>-</u>                | <u>54,652</u>            | <u>82,176</u>            |
| <b>Total income and endowments</b>           |      | <b><u>949,545</u></b>      | <b><u>4,064,452</u></b>  | <b><u>-</u></b>         | <b><u>5,013,997</u></b>  | <b><u>5,368,025</u></b>  |
| <b>Expenditure on</b>                        |      |                            |                          |                         |                          |                          |
| <i>Raising funds:</i>                        |      |                            |                          |                         |                          |                          |
| Fundraising and publicity                    |      | -                          | 895,997                  | -                       | 895,997                  | 833,650                  |
| Charity shops                                |      | 368,656                    | 323,857                  | -                       | 692,513                  | 674,982                  |
| Lotteries                                    |      | 264,874                    | -                        | -                       | 264,874                  | 249,455                  |
| Wellbeing centre                             |      | 61,475                     | -                        | -                       | 61,475                   | 56,125                   |
| <i>Charitable activities</i>                 |      |                            |                          |                         |                          |                          |
| Hospice running costs                        | 3    | <u>56,039</u>              | <u>3,072,435</u>         | <u>-</u>                | <u>3,128,474</u>         | <u>3,079,726</u>         |
| <b>Total expenditure</b>                     |      | <b><u>751,044</u></b>      | <b><u>4,292,289</u></b>  | <b><u>-</u></b>         | <b><u>5,043,333</u></b>  | <b><u>4,893,938</u></b>  |
| <b>Net income/(expenditure)</b>              |      | <b>198,501</b>             | <b>(227,837)</b>         | <b>-</b>                | <b>(29,336)</b>          | <b>474,087</b>           |
| <b>Transfers</b>                             | 16   | <u>(210,000)</u>           | <u>210,000</u>           | <u>-</u>                | <u>-</u>                 | <u>-</u>                 |
|  |      | (11,499)                   | (17,837)                 | -                       | (29,336)                 | 474,087                  |
| <b>Tax on activities</b>                     | 8    | <u>(388)</u>               | <u>-</u>                 | <u>-</u>                | <u>(388)</u>             | <u>(595)</u>             |
| <b>Net movement in funds</b>                 |      | <b>(11,887)</b>            | <b>(17,837)</b>          | <b>-</b>                | <b>(29,724)</b>          | <b>473,492</b>           |
| <b>Reconciliation of funds</b>               |      |                            |                          |                         |                          |                          |
| <b>Total funds brought forward</b>           | 16   | <u>874,059</u>             | <u>2,487,886</u>         | <u>50,961</u>           | <u>3,412,906</u>         | <u>2,939,414</u>         |
| <b>Total funds carried forward</b>           | 16   | <u>862,172</u>             | <u>2,470,049</u>         | <u>50,961</u>           | <u>3,383,182</u>         | <u>3,412,906</u>         |

The statement of financial activities includes all gains and losses recognised in the year.  
All income and expenditure derive from continuing activities.

The notes form part of these financial statements.

**Butterwick Limited**

**Consolidated and Charitable Company Balance Sheets  
Year Ended 31 March 2016**

|   |      | 2016             |                  | 2015             |                  |
|---|------|------------------|------------------|------------------|------------------|
|   | Note | Group<br>£       | Company<br>£     | Group<br>£       | Company<br>£     |
| <b>FIXED ASSETS</b>                                   |      |                  |                  |                  |                  |
| Tangible assets                                       | 9    | 3,056,128        | 1,054,764        | 3,142,666        | 1,089,367        |
| Investments   | 10   | <u>4,626</u>     | <u>4,631</u>     | <u>4,626</u>     | <u>4,631</u>     |
| Total fixed assets                                    |      | <u>3,060,754</u> | <u>1,059,395</u> | <u>3,147,292</u> | <u>1,093,998</u> |
| <b>CURRENT ASSETS</b>                                 |      |                  |                  |                  |                  |
| Stocks  | 11   | 3,613            | 624              | 4,805            | 316              |
| Debtors   | 12   | 272,940          | 446,660          | 303,949          | 382,188          |
| Cash at bank and in hand                              |      | <u>514,281</u>   | <u>374,418</u>   | <u>376,728</u>   | <u>323,499</u>   |
| Total current assets                                  |      | 790,834          | 821,702          | 685,482          | 706,003          |
| <b>CREDITORS: Amounts falling due within one year</b> | 13   | <u>(468,211)</u> | <u>(344,091)</u> | <u>(419,309)</u> | <u>(307,582)</u> |
| <b>NET CURRENT ASSETS</b>                             |      | <u>322,623</u>   | <u>477,611</u>   | <u>266,173</u>   | <u>398,421</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      | 3,383,377        | 1,537,006        | 3,413,465        | 1,492,419        |
| <b>PROVISION FOR LIABILITIES</b>                      |      |                  |                  |                  |                  |
| Deferred taxation                                     | 14   | <u>(195)</u>     | <u>-</u>         | <u>(559)</u>     | <u>-</u>         |
| <b>TOTAL NET ASSETS</b>                               |      | <u>3,383,182</u> | <u>1,537,006</u> | <u>3,412,906</u> | <u>1,492,419</u> |
| <b>FUNDS</b>  |      |                  |                  |                  |                  |
| Unrestricted  |      | 862,172          | 650,375          | 874,059          | 587,951          |
| Restricted  |      | 2,470,049        | 886,631          | 2,487,886        | 904,468          |
| Endowment   |      | <u>50,961</u>    | <u>-</u>         | <u>50,961</u>    | <u>-</u>         |
| <b>TOTAL FUNDS</b>                                    | 16   | <u>3,383,182</u> | <u>1,537,006</u> | <u>3,412,906</u> | <u>1,492,419</u> |

These financial statements were approved by the trustees and authorised for issue on 21 November 2016 and are signed on their behalf by:

  
MRS J C HUNTER MBE

  
MRS B S BLAKEY

Company Registration Number: 2979587

The notes form part of these financial statements.



**Butterwick Limited****Consolidated Statement of Cash Flows  
Year Ended 31 March 2016**

|   | 2016                  | 2015                  |
|---|-----------------------|-----------------------|
|   | £                     | £                     |
| <b>Net cash provided by operating activities</b>  | <b>182,092</b>        | <b>339,151</b>        |
| <b>Cash flows from investing activities</b>   |                       |                       |
| Interest received   | 33                    | 26                    |
| Receipts from joint venture   | 56,058                | 69,074                |
| Receipts from the sale of fixed assets  | 2,384                 | -                     |
| Payments to acquire tangible fixed assets   | (103,014)             | (39,816)              |
| <b>Cash used by investing activities</b>  | <b>(44,539)</b>       | <b>29,284</b>         |
| <b>Increase in cash and cash equivalents in the year</b>                                  | <b>137,553</b>        | <b>368,435</b>        |
| <b>Cash and cash equivalents at the beginning of the year</b>                             | <b>376,728</b>        | <b>8,293</b>          |
| <b>Cash and cash equivalents at the end of the year</b>                                   | <b><u>514,281</u></b> | <b><u>376,728</u></b> |
| <b>Reconciliation of net movement in funds to net cash flow from operating activities</b> |                       |                       |
| Net movement in funds   | (29,724)              | 473,492               |
| Depreciation  | 187,168               | 194,697               |
| Deferred tax  | (364)                 | (963)                 |
| Interest received   | (33)                  | (26)                  |
| Receipts from joint venture   | (56,058)              | (69,074)              |
| Decrease in stocks  | 1,192                 | 10,088                |
| Decrease in debtors   | 31,009                | (3,349)               |
| Increase/(decrease) in creditors  | <u>48,902</u>         | <u>(265,714)</u>      |
|   | <b><u>182,092</u></b> | <b><u>339,151</u></b> |

The notes form part of these financial statements.

## 1. ACCOUNTING POLICIES

### **Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Butterwick Limited meets the definition of a public benefit entity under FRS 102.

### **Reconciliation with previous Generally Accepted Accounting Practice**

In preparing the financial statements, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

At the date of transition, there were no restatements of comparative items required. There were no changes in accounting policies resulting from adoption of SORP (FRS 102).

### **Presentation of financial statements**

The group financial statements consolidate the financial statements of Butterwick Limited, its wholly owned subsidiary undertakings, Butterwick Hospice Retail Limited, Butterwick Lotteries Limited, John Butterwick Trust Day Care Centre and Hospice and Seven Wellbeing Centre Limited, and its joint venture, North East Hospices Lottery Limited. The results of the subsidiary undertakings are consolidated on a line by line basis. Joint ventures are accounted for using the equity method.

The charity has availed itself of paragraph 4(1) of Schedule 1 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 and adapted the Companies Act formats to reflect the special nature of the charity's activities. No SOFA has been presented for the charity alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP. The net income for the year for the individual company was £44,587 (2015 – £379,707).

### **Going concern**

The principal financial risk facing the charity is its ability to generate sufficient income to cover expenditure incurred in fulfilling the objectives of the charity. The trustees have reviewed the cash position of the charity, the current and future bank overdraft funding available to the charity and cash forecasts at the date of signing the financial statements and are confident that the charity will be able to meet all of its financial commitments.

The trustees believe that the charity is well placed to manage its financial risks successfully despite the current uncertain economic outlook. After making enquiries the trustees have a reasonable expectation that the charity has adequate reserves to continue in operational existence for the foreseeable future. Accordingly the trustees continue to adopt the going concern basis in preparing the financial statements.

### **Company status**

The charity is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the charity being wound up the liability in respect of the guarantee is limited to £1 per member of the charity.

### **Incoming resources**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Lottery subscriptions or other income received in advance of the provision of other specified service it is deferred until the criteria for income recognition are met.

**1. ACCOUNTING POLICIES (continued)**

**Donated services and facilities**

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised and refer to the Trustees' Report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

**Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category, including irrecoverable VAT. Where costs cannot be directly attributable to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Fundraising costs are those incurred in seeking voluntary contributions. Support costs are those costs incurred directly in support of expenditure on the objects of the charity.

**Leasing**

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

**Tangible fixed assets and depreciation**

Purchased tangible fixed assets are stated at cost less depreciation. Donated tangible fixed assets are capitalised at the value at which the gift was included in income. Each item is considered on an individual basis.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

|                              |  |
|------------------------------|--|
| Freehold buildings           | - over 50 years  |
| Leasehold land and buildings | - over 50 years or the period of the lease to the first break clause |
| Summerhouse                  | - over 5 years   |
| Fixtures and fittings        | - over 5 to 10 years   |
| Computer equipment           | - over 4 years   |
| Motor vehicles               | - over 5 years   |

Freehold land is not depreciated.

**Investments**

Listed investments are included at market value as at the year end. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

**Stock**

Stock is stated at the lower of cost and net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

**Debtors**

Other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**1. ACCOUNTING POLICIES (continued)**

**Pension costs**

The charity's clinical staff are eligible to contribute to the NHS pension scheme, an unfunded final salary scheme. Contributions are made by both the employer and employee. The scheme is a multi-employer scheme as defined by Financial Reporting Standard 102. The charity is unable to identify its share of the underlying assets and liabilities of the scheme.

The charity also operates a defined contribution pension scheme. The scheme funds are administered by trustees and are independent of the charity's assets. The costs of providing contributions to the schemes are included in the SOFA on an accruals basis.

**Fund accounting**

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity. Transfers are made from unrestricted funds to cover deficits in any restricted funds.

**Taxation**

The company is a registered charity and has no liability to corporation tax on its charitable activities.

The trading subsidiaries are liable to corporation tax on their taxable profits. Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**2. DONATIONS AND LEGACIES**

|                     | 2016             | 2015             |
|---------------------|------------------|------------------|
|                     | £                | £                |
| Donations           | 747,002          | 853,034          |
| Grant making trusts | -                | 95,562           |
| Legacies            | <u>665,650</u>   | <u>570,971</u>   |
|                     | <u>1,412,652</u> | <u>1,519,567</u> |

Included in the above Donations is Retail Gift Aid of £238,457 (2015 - £215,750) which is attributable to the activities of the Charity Shops but is reported separately. Donations also includes £110,603 (2015 - £120,820) of grants awarded by various Charitable Trusts which are attributable to work carried out within the Fundraising Team.

A significant element of the other Donations received can be attributed to the events and publicity generated by the Fundraising Team.

In addition to recorded incoming resources the charity received the benefit of many thousands of voluntary hours and unclaimed out of pocket expenses contributed by its supporters, both individuals and organisations. It would be impossible to place a value on all these services and expenses, without which much of the work undertaken could not be achieved and for which the charity is extremely grateful.

**3. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES**

|                          | Costs directly<br>allocated to<br>activities<br>£ | Support<br>costs<br>£ | Total<br>£       |
|--------------------------|---|-----------------------|------------------|
| Stockton on Tees Hospice | 1,379,608   | 208,352               | 1,587,960        |
| Bishop Auckland Hospice  | 553,110   | 121,563               | 674,673          |
| Children's Hospice       | <u>770,875</u>                                    | <u>94,966</u>         | <u>865,841</u>   |
|                          | <u>2,703,593</u>                                  | <u>424,881</u>        | <u>3,128,474</u> |

Costs directly allocated to activities consist of:

|                          | Staff<br>Costs<br>£ | Other Direct<br>Patient Care<br>£ | Depreciation<br>£ | Other<br>£     | Total<br>£       |
|--------------------------|---------------------|-----------------------------------|-------------------|----------------|------------------|
| Stockton on Tees Hospice | 1,185,772           | 95,798                            | 19,057            | 78,981         | 1,379,608        |
| Bishop Auckland Hospice  | 448,053             | 53,099                            | 26,640            | 25,318         | 553,110          |
| Children's Hospice       | <u>696,181</u>      | <u>27,872</u>                     | <u>18,362</u>     | <u>28,460</u>  | <u>770,875</u>   |
|                          | <u>2,330,006</u>    | <u>176,769</u>                    | <u>64,059</u>     | <u>132,759</u> | <u>2,703,593</u> |

**4. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS**

|                | Basis<br>of<br>allocation | General<br>Support<br>£ | Governance<br>£ | Total<br>£     |
|----------------|---------------------------|-------------------------|-----------------|----------------|
| Premises costs | Usage                     | 156,288                 | -               | 156,288        |
| Staff costs    | Staff time                | 32,904                  | 94,935          | 127,839        |
| Depreciation   | Usage                     | 99,022                  | 11,017          | 110,039        |
| Other          | Usage                     | <u>-</u>                | <u>30,715</u>   | <u>30,715</u>  |
|                |                           | <u>288,214</u>          | <u>136,667</u>  | <u>424,881</u> |

**5. AUDITORS' REMUNERATION**

|                       | 2016<br>£     | 2015<br>£     |
|-----------------------|---------------|---------------|
| Auditors remuneration |               |               |
| - audit fees          | 11,000        | 10,850        |
| - accountancy         | <u>11,803</u> | <u>11,092</u> |

**6. STAFF COSTS**

|                       | 2016<br>£        | 2015<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 3,073,698        | 2,953,314        |
| Social security costs | 177,814          | 170,339          |
| Other pension costs   | <u>164,826</u>   | <u>106,896</u>   |
|                       | <u>3,416,338</u> | <u>3,230,549</u> |

No remuneration or expenses have been paid, either directly or indirectly, to the trustees or to anyone having a family or business connection with the trustees in either the current or previous financial year.

**6. STAFF COSTS (continued)**

The average number of employees analysed by function, was:

|                               | 2016<br>No        | 2015<br>No        |
|-------------------------------|-------------------|-------------------|
| Charitable activities         | 113               | 112               |
| Cost of generating funds      | 49                | 50                |
| Management and administration | <u>14</u>         | <u>14</u>         |
|                               | <b><u>176</u></b> | <b><u>176</u></b> |

These numbers do not include 'bank' nurses who provide cover when necessary.

The number of employees whose emoluments amounted to over £60,000 (excluding employer pension contributions) in the year was as follows:-

|                   | 2016<br>No | 2015<br>No |
|-------------------|------------|------------|
| £60,001 - £70,000 | <u>1</u>   | <u>2</u>   |

The key management personnel of the parent charity and the group comprise the trustees, the Chief Executive, the Finance Director and the Director of Patient Care and Service Development. The total employee benefits of the key management personnel were £172,150 (2015 - £170,142).

**7. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES**

|   | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | Total Funds<br>2015<br>£ |
|---|----------------------------|--------------------------|-------------------------|--------------------------|
| <b>Income and endowments from:</b>                      |                            |                          |                         |                          |
| Donations and legacies                                  | 57,500                     | 1,462,067                | -                       | 1,519,567                |
| <b>Income from charitable activities:</b>               |                            |                          |                         |                          |
| Department of Health Section 64 Grant                   | -                          | 195,818                  | -                       | 195,818                  |
| NHS Primary Care Trusts                                 | -                          | 1,348,679                | -                       | 1,348,679                |
| <b>Income from other trading activities:</b>            |                            |                          |                         |                          |
| Fundraising   | -                          | 878,460                  | -                       | 878,460                  |
| Charity shops   | 378,292                    | 328,666                  | -                       | 706,958                  |
| Lotteries   | 516,715                    | -                        | -                       | 516,715                  |
| Wellbeing centre  | 50,552                     | -                        | -                       | 50,552                   |
| <b>Investment income</b>                                |                            |                          |                         |                          |
| Interest receivable                                     | -                          | 26                       | -                       | 26                       |
| Group share of incoming resources<br>from joint venture | -                          | 69,074                   | -                       | 69,074                   |
| Other income  | <u>82,176</u>              | <u>-</u>                 | <u>-</u>                | <u>82,176</u>            |
| <b>Total income and endowments</b>                      | <b><u>1,085,235</u></b>    | <b><u>4,282,790</u></b>  | <b><u>-</u></b>         | <b><u>5,368,025</u></b>  |

7. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES (*continued*)

|                                    | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | Total Funds<br>2015<br>£ |
|------------------------------------|----------------------------|--------------------------|-------------------------|--------------------------|
| <b>Expenditure on</b>              |                            |                          |                         |                          |
| <i>Raising funds:</i>              |                            |                          |                         |                          |
| Fundraising and publicity          | -                          | 833,650                  | -                       | 833,650                  |
| Charity shops                      | 348,157                    | 326,825                  | -                       | 674,982                  |
| Lotteries                          | 249,455                    | -                        | -                       | 249,455                  |
| Wellbeing centre                   | 56,125                     | -                        | -                       | 56,125                   |
| <i>Charitable activities</i>       |                            |                          |                         |                          |
| Hospice running costs              | <u>55,952</u>              | <u>3,023,774</u>         | <u>-</u>                | <u>3,079,726</u>         |
| <b>Total expenditure</b>           | <u>709,689</u>             | <u>4,184,249</u>         | <u>-</u>                | <u>4,893,938</u>         |
| <b>Net income</b>                  | 375,546                    | 98,541                   | -                       | 474,087                  |
| <b>Transfers</b>                   | <u>318,972</u>             | <u>(318,972)</u>         | <u>-</u>                | <u>-</u>                 |
|                                    | 694,518                    | (220,431)                | -                       | 474,087                  |
| <b>Tax on activities</b>           | <u>(595)</u>               | <u>-</u>                 | <u>-</u>                | <u>(595)</u>             |
| <b>Net movement in funds</b>       | 693,923                    | (220,431)                | -                       | 473,492                  |
| <b>Reconciliation of funds</b>     |                            |                          |                         |                          |
| <b>Total funds brought forward</b> | <u>180,136</u>             | <u>2,708,317</u>         | <u>50,961</u>           | <u>2,939,414</u>         |
| <b>Total funds carried forward</b> | <u>874,059</u>             | <u>2,487,886</u>         | <u>50,961</u>           | <u>3,412,906</u>         |

8. TAXATION

Butterwick Limited is a registered charity and is therefore not liable to corporation tax. The non-charitable subsidiary undertakings are responsible for settling their own corporation tax liabilities.

The tax charge in the consolidated statement of financial activities is made up of corporation tax of £752 (2015 - £1,558) and deferred tax of £(364) (2015 - £(963)).

**9. TANGIBLE FIXED ASSETS****Group**

|                        | Land and<br>buildings<br>£ | Furniture<br>& equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£       |
|------------------------|----------------------------|-------------------------------|------------------------|------------------|
| <b>Cost</b>            |                            |                               |                        |                  |
| At 1 April 2015        | 3,990,657                  | 1,449,901                     | 159,953                | 5,600,511        |
| Additions              | 6,061                      | 63,022                        | 33,931                 | 103,014          |
| Disposals              | -                          | (5,674)                       | (12,868)               | (18,542)         |
| Transfers              | -                          | -                             | -                      | -                |
| At 31 March 2016       | <u>3,996,718</u>           | <u>1,507,249</u>              | <u>181,016</u>         | <u>5,684,983</u> |
| <b>Depreciation</b>    |                            |                               |                        |                  |
| At 1 April 2015        | 1,094,276                  | 1,223,884                     | 139,685                | 2,457,845        |
| Charge for the year    | 82,461                     | 90,767                        | 13,940                 | 187,168          |
| Eliminated on disposal | -                          | (3,290)                       | (12,868)               | (16,158)         |
| At 31 March 2016       | <u>1,176,737</u>           | <u>1,311,361</u>              | <u>140,757</u>         | <u>2,628,855</u> |
| <b>Net book value</b>  |                            |                               |                        |                  |
| At 31 March 2016       | <u>2,819,981</u>           | <u>195,888</u>                | <u>40,259</u>          | <u>3,056,128</u> |
| At 31 March 2015       | <u>2,896,381</u>           | <u>226,017</u>                | <u>20,268</u>          | <u>3,142,666</u> |

**Analysis of land and buildings**

|  | Cost             |                  | Net book value   |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2016             | 2015             | 2016             | 2015             |
|  | £                | £                | £                | £                |
| Freehold                                 | 1,063,928        | 1,063,928        | 770,088          | 792,602          |
| Long leasehold                           | 68,805           | 68,805           | 60,000           | 60,000           |
| Short leasehold                          | 97,016           | 97,016           | -                | 4,636            |
| Buildings erected on long leasehold land | <u>2,766,969</u> | <u>2,760,908</u> | <u>1,989,893</u> | <u>2,039,143</u> |
|  | <u>3,996,718</u> | <u>3,990,657</u> | <u>2,819,981</u> | <u>2,896,381</u> |



**Butterwick Limited**

**Notes to The Financial Statements  
Year Ended 31 March 2016**

**9. TANGIBLE FIXED ASSETS (continued)**

| <b>Company</b>                        | <b>Land and<br/>buildings<br/>£</b> | <b>Furniture<br/>&amp; equipment<br/>£</b> | <b>Motor<br/>vehicles<br/>£</b> | <b>Total<br/>£</b> |
|---------------------------------------|-------------------------------------|--|---------------------------------|--------------------|
| <b>Cost</b>                           |                                     |  |                                 |                    |
| At 1 April 2015                       | 1,132,733                           | 1,417,253                                  | 147,085                         | 2,697,071          |
| Additions                             | -                                   | 55,104                                     | 33,931                          | 89,035             |
| Disposals                             | -                                   | (2,384)                                    | -                               | (2,384)            |
| Transfers                             | -                                   | -  | -                               | -                  |
| At 31 March 2016                      | <u>1,132,733</u>                    | <u>1,469,973</u>                           | <u>181,016</u>                  | <u>2,783,722</u>   |
| <b>Depreciation</b>                   |                                     |  |                                 |                    |
| At 1 April 2015                       | 280,131                             | 1,200,756                                  | 126,817                         | 1,607,704          |
| Charge for the year                   | 22,514                              | 84,800                                     | 13,940                          | 121,254            |
| Eliminated on disposal                | -                                   | -  | -                               | -                  |
| At 31 March 2016                      | <u>302,645</u>                      | <u>1,285,556</u>                           | <u>140,757</u>                  | <u>1,728,958</u>   |
| <b>Net book value</b>                 |                                     |  |                                 |                    |
| At 31 March 2016                      | <u>830,088</u>                      | <u>184,417</u>                             | <u>40,259</u>                   | <u>1,054,764</u>   |
| At 31 March 2015                      | <u>852,602</u>                      | <u>216,497</u>                             | <u>20,268</u>                   | <u>1,089,367</u>   |
| <b>Analysis of land and buildings</b> |                                     |  |                                 |                    |
|                                       | <b>Cost</b>                         |  | <b>Net book value</b>           |                    |
|                                       | <b>2016</b>                         | <b>2015</b>                                | <b>2016</b>                     | <b>2015</b>        |
|                                       | <b>£</b>                            | <b>£</b>                                   | <b>£</b>                        | <b>£</b>           |
| Freehold                              | 1,063,928                           | 1,063,928                                  | 771,472                         | 792,602            |
| Long leasehold                        | <u>68,805</u>                       | <u>68,805</u>                              | <u>58,616</u>                   | <u>60,000</u>      |
|                                       | <u>1,132,733</u>                    | <u>1,132,733</u>                           | <u>830,088</u>                  | <u>852,602</u>     |

**10. INVESTMENTS**

| <b>Group</b>   | <b>2016<br/>£</b> | <b>2015<br/>£</b> |
|--|-------------------|-------------------|
| Market value at 31 March                                   | <u>4,625</u>      | <u>4,625</u>      |
| Historical cost at 31 March                                | <u>13,750</u>     | <u>13,750</u>     |
| UK listed investments are represented by:<br>Equity shares | <u>4,625</u>      | <u>4,625</u>      |

**Company**

Investments held by the company also include:-

|                                      | <b>Shares in<br/>subsidiary<br/>undertakings<br/>£</b> | <b>Shares<br/>in joint<br/>ventures<br/>£</b> | <b>Total<br/>£</b> |
|--------------------------------------|--|---|--------------------|
| At 1 April 2015 and at 31 March 2016 | <u>5</u>   | <u>1</u>                                      | <u>6</u>           |

# Butterwick Limited

## Notes to The Financial Statements Year Ended 31 March 2016

### 10. INVESTMENTS (continued)

#### Subsidiary undertakings

|   | Class of share | Proportion held directly |
|---|----------------|--------------------------|
| Butterwick Lotteries Limited                      | Ordinary       | 100%                     |
| Butterwick Hospice Retail Limited                 | Ordinary       | 100%                     |
| John Butterwick Trust Day Care Centre and Hospice | -              | -                        |
| Seven Wellbeing Centre Limited                    | Ordinary       | 100%                     |

Butterwick Limited is the sole trustee of John Butterwick Trust Day Care Centre and Hospice.

The results of Butterwick Hospice Retail Limited, John Butterwick Trust Day Care Centre and Hospice and Seven Wellbeing Centre Limited for the year ended 31 March 2016 together with the results of Butterwick Lotteries Limited for the year ended 31 December 2015 have been included in these consolidated accounts.

The principal activity of Butterwick Lotteries Limited is the operation of a lottery. Its year end is 31 December to facilitate its reporting to the Gambling Commission.

The principal activity of Butterwick Hospice Retail Limited is the operation of retail charity shops selling donated goods and merchandise.

The principal activity of John Butterwick Trust Day Care Centre and Hospice is the provision of property for occupation by Butterwick Limited.

The principal activity of Seven Wellbeing Centre Limited is the provision of complementary therapies and training courses.

A summary of the results of the subsidiary undertakings is shown below

|   | Butterwick<br>Lotteries<br>Limited | Butterwick<br>Hospice<br>Retail Ltd | John Butterwick<br>Trust Day Care<br>Centre and Hospice | Seven<br>Wellbeing<br>Centre Ltd |
|---|------------------------------------|-------------------------------------|---|----------------------------------|
| Company number  | 03141067                           | 02775096                            | N/A   | 06874997                         |
| Charity number  | N/A                                | N/A                                 | 515705  | N/A                              |
|   | £                                  | £                                   | £   | £                                |
| Turnover  | 463,674                            | 643,709                             | 4,483   | 38,580                           |
| Cost of sales   | (113,040)                          | (29,785)                            | -   | (1,228)                          |
| Gross profit  | 350,634                            | 613,924                             | 4,483   | 37,352                           |
| Other income  | 30,332                             | 7,500                               | -   | 3,528                            |
| Administrative expenses                                 | (117,547)                          | (612,668)                           | (56,039)  | (60,247)                         |
| Net profit/(loss)                                       | <u>263,419</u>                     | <u>8,756</u>                        | <u>(51,556)</u>   | <u>(19,367)</u>                  |
| The aggregate of the assets, liabilities and funds was: |                                    |                                     |   |                                  |
| Assets  | 126,052                            | 168,777                             | 2,051,546   | 17,321                           |
| Liabilities   | (126,050)                          | (141,557)                           | (171,730)   | (82,088)                         |
|   | <u>2</u>                           | <u>27,220</u>                       | <u>1,879,816</u>  | <u>(64,767)</u>                  |

**Butterwick Limited****Notes to The Financial Statements  
Year Ended 31 March 2016****10. INVESTMENTS (continued)****Joint Venture**

Butterwick Limited holds 25% of the issued ordinary share capital of North East Hospices Lottery Limited. North East Hospices Lottery Limited's principal activity is the operation of a lottery. It has agreed to pay all of its trading profits equally to the four hospices which own it.

The results of North East Hospices Lottery Limited for the year ended 31 December 2015 are included in these consolidated accounts. North East Hospices Lottery Limited generated lottery income of £482,358 (2014 - £530,301), incurred costs (before covenants to participators) of £258,125 (2014 - £254,004) resulting in a profit for the year (before covenants to participators) of £224,233 (2014 - £276,297). It had net assets of £4 (2014 - £4) at the balance sheet date.

The group's share of net assets/(liabilities) of the joint venture comprises

|             | 2016<br>£ | 2015<br>£ |
|-------------|-----------|-----------|
| Assets      | 37,743    | 39,631    |
| Liabilities | (37,742)  | (39,630)  |
|             | <u>1</u>  | <u>1</u>  |

**11. STOCK**

|             | 2016         |              | 2015         |              |
|-------------|--------------|--------------|--------------|--------------|
|             | Group<br>£   | Company<br>£ | Group<br>£   | Company<br>£ |
| Merchandise | 2,989        | -            | 4,489        | -            |
| Stamps      | <u>624</u>   | <u>624</u>   | <u>316</u>   | <u>316</u>   |
|             | <u>3,613</u> | <u>624</u>   | <u>4,805</u> | <u>316</u>   |

**12. DEBTORS**

|                                   | 2016           |                | 2015           |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | Group<br>£     | Company<br>£   | Group<br>£     | Company<br>£   |
| Amount owed by group undertakings | 10,767         | 264,237        | 34,127         | 201,458        |
| Other debtors                     | 121,880        | 84,219         | 123,458        | 79,577         |
| Prepayments                       | <u>140,293</u> | <u>98,204</u>  | <u>146,364</u> | <u>101,153</u> |
|                                   | <u>272,940</u> | <u>446,660</u> | <u>303,949</u> | <u>382,188</u> |

**13. CREDITORS: Amounts falling due within one year**

|                                       | 2016           |                | 2015           |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | Group<br>£     | Company<br>£   | Group<br>£     | Company<br>£   |
| Trade creditors                       | 187,139        | 134,106        | 77,433         | 65,007         |
| Amounts owed to group undertakings    | -              | 28,376         | -              | 19,843         |
| Corporation tax                       | 752            | -              | 1,558          | -              |
| Other taxes and social security costs | 54,167         | 54,167         | 48,597         | 48,597         |
| Other creditors                       | 114,616        | 103,655        | 174,541        | 152,374        |
| Accruals                              | 42,081         | 23,787         | 37,631         | 21,861         |
| Advance lottery payments              | <u>69,456</u>  | <u>-</u>       | <u>79,549</u>  | <u>-</u>       |
|                                       | <u>468,211</u> | <u>344,091</u> | <u>419,309</u> | <u>307,682</u> |

#### 14. DEFERRED TAX

The movement in the deferred taxation provision during the year was:-

|                           | 2016         |              | 2015         |              |
|---------------------------|--------------|--------------|--------------|--------------|
|                           | Group<br>£   | Company<br>£ | Group<br>£   | Company<br>£ |
| Provision brought forward | 559          | -            | 1,522        | -            |
| Decrease in provision     | <u>(364)</u> | <u>-</u>     | <u>(963)</u> | <u>-</u>     |
| Provision carried forward | <u>195</u>   | <u>-</u>     | <u>559</u>   | <u>-</u>     |

The group and company's provisions for deferred tax consist of the tax effect of timing differences in respect of:-

|  | 2016       |              | 2015       |              |
|--|------------|--------------|------------|--------------|
|  | Group<br>£ | Company<br>£ | Group<br>£ | Company<br>£ |
| Excess of allowances over depreciation on fixed assets | <u>195</u> | <u>-</u>     | <u>559</u> | <u>-</u>     |

#### 15. FINANCIAL COMMITMENTS

At 31 March 2016 the group was committed to make the following minimum payments in respect of operating leases.

|                            | Land and buildings |                | Other        |              |
|----------------------------|--------------------|----------------|--------------|--------------|
|                            | 2016<br>£          | 2015<br>£      | 2016<br>£    | 2015<br>£    |
| Expiry date                |                    |                |              |              |
| Within one year            | 117,963            | 141,099        | 9,406        | 9,406        |
| Between two and five years | 363,646            | 405,898        | -            | -            |
| Over five years            | <u>373,145</u>     | <u>451,728</u> | <u>-</u>     | <u>-</u>     |
|                            | <u>854,754</u>     | <u>998,725</u> | <u>9,406</u> | <u>9,406</u> |

**16. STATEMENT OF FUNDS**

|                                | At 1 April 2015<br>£    | Income<br>£             | Expenditure<br>£          | Transfers<br>£          | At 31 March<br>2016<br>£ |
|--------------------------------|-------------------------|-------------------------|---------------------------|-------------------------|--------------------------|
| <b>Unrestricted funds</b>      | <b><u>874,059</u></b>   | <b><u>949,545</u></b>   | <b><u>(751,432)</u></b>   | <b><u>(210,000)</u></b> | <b><u>862,172</u></b>    |
| <b>Restricted funds</b>        |                         |                         |                           |                         |                          |
| Bishop Auckland Hospice        | 1,988,955               | 951,848                 | (934,305)                 | -                       | 2,006,498                |
| Stockton on Tees Hospice       | 75,164                  | 2,005,548               | (2,058,505)               | -                       | 22,207                   |
| Children's Hospice             | (57,280)                | 1,107,056               | (1,258,652)               | 210,000                 | 1,124                    |
| Dignity in Care                |                         |                         |                           |                         |                          |
| Bishop Auckland Hospice        | 63,606                  | -                       | (6,865)                   | -                       | 56,741                   |
| Stockton on Tees Hospice       | 88,629                  | -                       | (16,165)                  | -                       | 72,464                   |
| Outpatient Supportive Services |                         |                         |                           |                         |                          |
| Bishop Auckland                | <u>328,812</u>          | <u>-</u>                | <u>(17,797)</u>           | <u>-</u>                | <u>311,015</u>           |
| <b>Total restricted funds</b>  | <b><u>2,487,886</u></b> | <b><u>4,064,452</u></b> | <b><u>(4,292,289)</u></b> | <b><u>210,000</u></b>   | <b><u>2,470,049</u></b>  |
| <b>Endowment fund</b>          | <b><u>50,961</u></b>    | <b><u>-</u></b>         | <b><u>-</u></b>           | <b><u>-</u></b>         | <b><u>50,961</u></b>     |
| <b>Total funds</b>             | <b><u>3,412,906</u></b> | <b><u>5,013,997</u></b> | <b><u>(5,043,721)</u></b> | <b><u>-</u></b>         | <b><u>3,383,182</u></b>  |

The Bishop Auckland Hospice fund operates to raise funds for the day to day running of a hospice at Bishop Auckland.

The Stockton on Tees Hospice fund operates to raise funds for the day to day running of a hospice at Stockton on Tees.

The Children's Hospice fund operates to raise funds for the day to day running of the children's hospice at Stockton on Tees.

The Dignity in Care and Outpatient Supportive Services funds represent grants provided by the Department of Health to help fund improvements to the hospices. Fixed asset expenditure has been capitalised when incurred and depreciation of those assets is charged to the appropriate fund over the life of the assets.

The endowment fund was created through the gift of the original hospice building. This was subsequently sold and the proceeds and related gains have been reinvested in the existing hospice premises.

Transfers are made from unrestricted funds where possible to minimise deficits arising in restricted funds.

**17. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS**

Fund balances at 31 March 2016 are represented by

|                                  | Unrestricted<br>Funds<br>£ | Restricted<br>funds<br>£ | Endowment<br>funds<br>£ | Total<br>funds<br>£     |
|----------------------------------|----------------------------|--------------------------|-------------------------|-------------------------|
| Tangible fixed assets            | 1,950,403                  | 1,054,764                | 50,961                  | 3,056,128               |
| Investments                      | 4,625                      | 1                        | -                       | 4,626                   |
| Net current assets/(liabilities) | (1,092,661)                | 1,415,284                | -                       | 322,623                 |
| Provisions                       | <u>(195)</u>               | <u>-</u>                 | <u>-</u>                | <u>(195)</u>            |
|                                  | <b><u>862,172</u></b>      | <b><u>2,470,049</u></b>  | <b><u>50,961</u></b>    | <b><u>3,383,182</u></b> |

**18. PENSION COSTS**

The group operates a defined contribution pension scheme. The assets of the scheme are held in independently administered funds. Some clinical staff are members of the NHS Pension Scheme and contributions are determined by the Government actuary. The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer.

The total pension cost charge for the year represents contributions payable by the company and amounted to £164,826 (2015 - £106,896).

**19. RELATED PARTY TRANSACTIONS**

During the year Butterwick Lotteries Limited provided management services amounting to £30,332 (2015 - £34,080) to North East Hospices Lottery Limited on an arm's length commercial basis.