

Registered number: 02979587
Charity number: 1044816

BUTTERWICK LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017



BUTTERWICK LIMITED
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2017**

Trustees

J C Hunter, Chairman
B S Blakey, Vice Chairman
J P Bury
Dr E Lee (resigned 27 March 2017)
P Langdon
Dr D Carr
Dr N G Reynolds
C M Lancaster
B I McLain (appointed 29 June 2017)

Company registered number

02979587

Charity registered number

1044816

Registered office

Butterwick Hospice, Middlefield Road, Stockton On Tees, Cleveland, TS19 8XN

Company secretary

I Mortimer

Chief executive officer

Graham Leggatt-Chidgey acted as Chief Executive until 10th April 2017.
Debbie Jones was appointed to the role on 1st September 2017.

Independent auditors

Waltons Clark Whitehill Limited, Maritime House, Harbour Walk, The Marina, Hartlepool, TS24 0UX

Bankers

Barclays Bank plc, 49 High Street, Stockton on Tees, TS18 1AH

Solicitors

Archers Law LLP, Lakeside House, Kingfisher Way, Stockton on Tees, TS18 3NB

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TRUSTEES' REPORT
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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 charity'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 distinct 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 charity 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 charity 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 charity 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, a 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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2017

other voluntary bodies, services which meet these distinct needs.

The Hospice in Bishop Auckland serves the communities of Sedgfield, 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 Sedgfield, Stanhope and Barnard Castle.

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

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

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 charity and its trading subsidiaries employ 178 staff (approximately 129 full time equivalent) and an additional 65 bank staff who cover staff holidays and sickness. The charity additionally has the generous support of some 590 volunteers who assist in every area of the charity's activities filling over 723 roles.

The charity 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 charity 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 charity invests both in initial induction training and ongoing continuing development for all staff and volunteers.

The charity 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 157,487 hours for the charity and its subsidiaries. At the National Living Wage, applicable at the year end, this equates to a contribution by the volunteers of some £1,181,154.

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

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FOR THE YEAR ENDED 31 MARCH 2017

In many areas of the charity'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 charity 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 charity is proud of the skills, dedication and loyalty of its staff and volunteers and grateful for their contribution to the company meeting its charitable and operational objectives.

Public Benefit

The trustees believe the charity 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 charity's key objective is to provide an excellence of professional care to all patients and their carers.

The charity's 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.

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 charity 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 145 adult patients (2016 : 184) were admitted to the in-patient unit and those patients received 1,905 nights of care (2016 : 2,192).

A number of patients were admitted on more than one occasion and the total number of admissions in the year was 176.

Of these 145 patients, 117 were suffering from cancer and 28 had a non-cancer diagnosis.

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

In the year, of the total 145 admissions, 87 patients were discharged.

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

The specialist service for patients suffering from Motor Neurone Disease especially focussed on patients at an earlier stage of the progression of their illness continues to be successful.

In the year this service was accessed by 16 patients who attended on a total of 408 occasions. These patients received:

- 41 sessions of Specialist Nurse Contact
- 322 sessions of Complementary Therapies

An additional 82 patients attended the Day Hospice on 1,572 occasions. Again, these patients received a wide range of services and therapies.

There were :

- 32 sessions of Chiropody
- 444 sessions of Relaxation Therapy / Tai Chi
- 291 sessions of Diversional Therapy
- 234 attendances at spiritual support (Chapel or 1:1 spiritual support)
- 814 sessions of Complementary Therapies

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 :

- 298 patients and carers accessed Family Support
- 1,651 one to one sessions were provided
- 499 home visits were undertaken
- 647 people attended drop-in sessions
- 140 episodes of telephone support were provided

Within **Butterwick House Children's Hospice**, 50 children and their families received a total of 990 episodes of care.

The **Butterwick Hospice at Bishop Auckland** supported a total of 746 patients in the year.

The Palliative Home Care Team supported a total of 142 patients in their own homes, providing a total of 7,867 hours of care on 1,001 separate occasions.

Bereavement Services and Family Support was accessed by 327 patients who received 561 home visits and a total of 1,475 'contacts'. There were 695 attendances at the Bishop Auckland 'drop in' sessions.

A total of 97 patients attended the neurological day Hospice service on a total of 619 occasions.

Physiotherapy was accessed by 163 patients in the year who received 1,213 sessions of treatment.

Complementary Therapies were accessed by 205 patients who received 2,156 sessions of therapy.

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TRUSTEES' REPORT (continued)
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The Neurological Day Care was accessed by 97 patients in the year who attended on 619 occasions. These patients received :

424 sessions of Complementary Therapies
551 Physiotherapy treatments

The bereavement support service especially provided for children from Bishop Auckland Hospice continues to grow rapidly. In the year 131 children accessed the service (2016 : 76 children). These children received 808 sessions of support each of a minimum of one hour duration.

FINANCIAL REVIEW

The Consolidated Statement of Financial Activities 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 2017 the group operated at a deficit of £191,659 after a depreciation charge of £178,083. This compares to a deficit of £29,724 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 £1,345,545 was received from the NHS which equates to 27% of the Charity's total income in the year. This compared to £1,429,028 in the previous year (29%).

Fundraising

The company employs a team of fundraisers who work across the wide geographical area from which the Hospices draw 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.

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

Donations and legacies	£1,399,979
Fundraising events and activities	£847,330
Total fundraising income	£2,247,309
Fundraising and publicity costs	£966,426

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Surplus from Fundraising £1,280,883

This compares to a gross income in 2016 of £2,289,903 and a net income of £1,308,648.

The fundraising and publicity costs are 43% of gross fundraising income, (2016 43%).

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, reflects 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 £57,850 compared to £8,756 in the previous year. In addition it sold items donated to the company which realised a further £168,647 (2016 £191,153) on which Gift Aid was recovered totalling £42,162 (2016 £47,304). The sale of these donated items together with the Gift Aid recovered (a total of £210,811) is included in the donations figures.

Butterwick Hospice Retail Limited's direct and indirect support of the company, in the year, therefore totalled £268,659 (2016 - £247,213).

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 31st December 2016 Butterwick Lotteries Limited contributed £214,689 to the company (2016 - £263,418).

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 £53,652 for the company in the year ended 31st December 2016 (2015 - £56,058).

Going concern

The principle 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

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FOR THE YEAR ENDED 31 MARCH 2017

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.

At the year end total group reserves were £3,191,522 of which £1,921,516 was unrestricted.

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 at the current time, to incrementally create a reserve equating to a minimum of three months operational costs. Based on current expenditure levels, three months operational costs amounts to just over £1 million. At 31st March 2017 free reserves fell short of this figure and a strategy is being developed to close this funding gap.

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

PLANS FOR FUTURE PERIODS

During the year the senior management team worked on the development of 20/20 Vision, a three year plan looking at strategic and operational development to strengthen and progress the range of services that the charity offers. This is to be achieved whilst ensuring the best and most effective use of resources and responding to the changing needs of the community.

Medical services

The charity provides a specialist and complex clinical service to its patients. Last year the Hospice was successful in expanding its medical team. Medical care is provided by a Hospice physician and Senior Hospice physician. Working in partnership with North Tees and Hartlepool Foundation Trust the Hospice also has support from 2 Palliative Care Consultants. This strengthens the charity's medical structure and is of significant benefit to the wider local population requiring access to palliative care. The charity is working closely with North Tees and Hartlepool Foundation Trust in order to accommodate and mentor GP trainees. This will assist in promoting the Hospice services to external providers and is in line with the CQC's statement that GP practices will be given an additional rating assessing the quality of end-of-life care they provide to patients.

Family Support Services

As part of the holistic care provided by the charity pre and post bereavement support is vital in supporting patients and their families. The number of referrals to the Hospice family support team continues to increase. The charity has seen a significant increase to the family support service in relation to providing support to children and young people. The charity will recruit a counsellor specifically to provide support to this group.

Complementary Therapies

The demand for complementary therapies to benefit and support in-patient care has increased. To enable the services to meet the needs of the in-patient unit the service will be reviewed and restructured to enable a dedicated session to focus on in-patient care.

Children's Services

The availability of specialist equipment within Butterwick House for children with multifaceted needs is a priority to ensure the comfort and safety of the most complex children. To better meet this need, investment is required to increase the specialist beds from one to two during the year, enabling staff to provide care and support to those children with more complex needs and their families.

In addition to the provision of in-patient care for children, the opportunity to offer community outreach is being explored and a service proposal is being developed to gain funding to progress this expansion of care.

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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 7th 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

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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.

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.

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

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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.

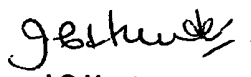
STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

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

This report was approved by the Trustees on 21 December 2017 and signed on their behalf by:


B S Blakey
Trustee


J C Hunter
Trustee

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUTTERWICK LIMITED

We have audited the financial statements of Butterwick Limited for the year ended 31 March 2017 set out on pages 14 to 39. 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).

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion 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.

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 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 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 charitable company's affairs as at 31 March 2017 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' report incorporating the group strategic report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUTTERWICK LIMITED

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report.

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

- the parent charitable company has not kept adequate 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.



H O'Driscoll FCA (senior statutory auditor)

for and on behalf of

Waltons Clark Whitehill Limited

Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX
21 December 2017

BUTTERWICK LIMITED
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	2	997,169	402,810	-	1,399,979	1,412,652
Charitable activities	3	7,881	1,415,287	-	1,423,168	1,425,956
Other trading activities:						
Fundraising	4	897,002	410,680	-	1,307,682	1,371,257
Trading activities	5	777,861	-	-	777,861	742,399
Share of joint venture net income		-	53,652	-	53,652	56,058
Investments	6	2,599	-	-	2,599	33
Other income		2,150	-	-	2,150	5,642
TOTAL INCOME AND ENDOWMENTS		2,684,662	2,282,429	-	4,967,091	5,013,997
EXPENDITURE ON:						
Raising funds:						
Voluntary income	8	835,135	276,589	-	1,111,724	1,153,235
Fundraising trading	5	682,649	-	-	682,649	753,988
Charitable activities	8/9/10	56,604	3,307,908	-	3,364,512	3,136,110
TOTAL EXPENDITURE	7	1,574,388	3,584,497	-	5,158,885	5,043,333
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		1,110,409	(1,302,068)	-	(191,659)	(29,724)
Transfers between Funds	21	(51,065)	51,065	-	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		1,059,344	(1,251,003)	-	(191,659)	(29,724)
NET MOVEMENT IN FUNDS		1,059,344	(1,251,003)	-	(191,659)	(29,724)
RECONCILIATION OF FUNDS:						
Total funds brought forward		862,172	2,470,049	50,961	3,383,182	3,412,906
TOTAL FUNDS CARRIED FORWARD		1,921,516	1,219,046	50,961	3,191,523	3,383,182

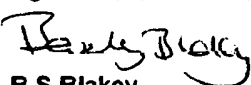
The notes on pages 18 to 39 form part of these financial statements.

BUTTERWICK LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 02979587

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	15		3,054,660		3,056,128
Investments	16		4,625		4,625
Investments in joint ventures					
-Share of gross assets		43,508		37,743	
-Share of gross liabilities		(43,507)		(37,742)	
Share of net assets.	16		1		1
			<u>3,059,286</u>		<u>3,060,754</u>
CURRENT ASSETS					
Stocks	17	2,779		3,613	
Debtors	18	691,793		272,940	
Cash at bank and in hand		115,815		514,281	
		<u>810,387</u>		<u>790,834</u>	
CREDITORS: amounts falling due within one year	19	(678,090)		(468,211)	
NET CURRENT ASSETS			<u>132,297</u>		<u>322,623</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,191,583</u>		<u>3,383,377</u>
Deferred tax	20		(60)		(195)
NET ASSETS			<u>3,191,523</u>		<u>3,383,182</u>
CHARITY FUNDS					
Endowment funds	21	50,961		50,961	
Restricted funds	21	1,219,046		2,470,049	
Unrestricted funds	21	1,921,516		862,172	
TOTAL FUNDS			<u>3,191,523</u>		<u>3,383,182</u>

The financial statements were approved and authorised for issue by the Trustees on 21 December 2017 and signed on their behalf, by:


B S Blakey
Trustee


J C Hunter
Trustee

The notes on pages 18 to 39 form part of these financial statements.

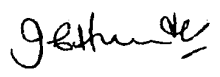
BUTTERWICK LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 02979587

COMPANY BALANCE SHEET
AS AT 31 MARCH 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	15		1,113,428		1,054,763
Investments	16		4,631		4,631
			<u>1,118,059</u>		<u>1,059,394</u>
CURRENT ASSETS					
Stocks	17	376		624	
Debtors	18	651,735		446,661	
Cash at bank and in hand		22,748		374,418	
		<u>674,859</u>		<u>821,703</u>	
CREDITORS: amounts falling due within one year	19	(515,531)		(344,091)	
NET CURRENT ASSETS			<u>159,328</u>		<u>477,612</u>
NET ASSETS			<u><u>1,277,387</u></u>		<u><u>1,537,006</u></u>
CHARITY FUNDS					
Restricted funds			1,219,046		886,631
Unrestricted funds			58,341		650,375
TOTAL FUNDS			<u><u>1,277,387</u></u>		<u><u>1,537,006</u></u>

The financial statements were approved and authorised for issue by the Trustees on 21 December 2017 and signed on their behalf, by:


B S Blakey
Trustee


J C Hunter
Trustee

The notes on pages 18 to 39 form part of these financial statements.

BUTTERWICK LIMITED
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash (used in)/provided by operating activities	23	(278,102)	182,092
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends, interest and rents from investments		2,599	33
Proceeds from the sale of tangible fixed assets		-	2,384
Purchase of tangible fixed assets		(176,615)	(103,014)
Receipts from joint venture		53,652	56,058
NET CASH USED IN INVESTING ACTIVITIES		(120,364)	(44,539)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		(398,466)	137,553
Cash and cash equivalents brought forward		514,281	376,728
CASH AND CASH EQUIVALENTS CARRIED FORWARD	24	115,815	514,281

The notes on pages 18 to 39 form part of these financial statements.

BUTTERWICK LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Butterwick Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

Butterwick Lotteries Limited has a year end of 31 December 2016 which is a difference in year end of less than three months. As permitted under FRS 102 separate management accounts to March 2017 have not been prepared and the results for the year to December 2016 have been included. Intercompany balances with Butterwick Lotteries Limited remain on consolidation due to the timing difference at the year end.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

The income and expenditure account for the year dealt with in the accounts of the company was £(259,619) (2016 - £44,587).

1.2 Company status

The company is a company limited by guarantee and registered in England and Wales. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

The registered office address is:

Butterwick Hospice
Middlefield Road
Stockton on Tees
Cleveland
TS19 8XN

BUTTERWICK LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. ACCOUNTING POLICIES (continued)

1.3 Going concern

No material uncertainties that may cast significant doubt about the ability of the charity to continue as a going concern have been identified by the trustees.

1.4 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust 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 company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company 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.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the company where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Where goods are donated under the gift aid scheme the Charity is not entitled to the income until the goods are sold and the donor has confirmed that they are gifting the proceeds. In this case the income is included as a donation rather than as a sale.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

BUTTERWICK LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

BUTTERWICK LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	over 50 years
Leasehold property	-	over 50 years, the period of the lease or until the first break clause
Furniture & Equipment	-	over 5 to 10 years
Motor vehicles	-	over 5 years

1.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the statement of financial activities.

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Joint venture undertakings**
Investments in joint ventures are stated at the company's share of net assets. The company's share of the profits or losses of the joint ventures is included in the statement of financial activities using the equity accounting basis.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.9 Stocks

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

1.10 Debtors

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

1.11 Cash at Bank and in hand

Cash at bank and 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.

BUTTERWICK LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. ACCOUNTING POLICIES (continued)

1.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.13 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.14 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

1.15 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, 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.

1.16 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

BUTTERWICK LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. ACCOUNTING POLICIES (continued)

1.17 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	583,950	109,863	-	693,813	747,002
Legacies	413,219	292,947	-	706,166	665,650
Total donations and legacies	997,169	402,810	-	1,399,979	1,412,652
Total 2016	4,483	1,408,169	-	1,412,652	

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Stockton on Tees Hospice	-	402,974	-	402,974	389,981
Bishop Auckland Hospice	-	502,653	-	502,653	608,499
Childrens Hospice	-	509,660	-	509,660	427,476
Other Charitable Activity	7,881	-	-	7,881	-
Total	7,881	1,415,287	-	1,423,168	1,425,956
Total 2016	-	1,425,956	-	1,425,956	

BUTTERWICK LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

4. FUNDRAISING INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Other Charitable Activity	436,650	-	-	436,650	365,316
Bishop Auckland Hospice	-	222,269	-	222,269	263,080
Childrens Hospice	-	188,411	-	188,411	248,855
Lottery	460,352	-	-	460,352	494,006
	<u>897,002</u>	<u>410,680</u>	<u>-</u>	<u>1,307,682</u>	<u>1,371,257</u>
<i>Total 2016</i>	<u>494,006</u>	<u>877,251</u>	<u>-</u>	<u>1,371,257</u>	

5. TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Charity trading income					
Charity shops	681,122	-	-	681,122	651,209
Wellbeing centre	51,961	-	-	51,961	39,108
Other trading activities	44,778	-	-	44,778	52,082
	<u>777,861</u>	<u>-</u>	<u>-</u>	<u>777,861</u>	<u>742,399</u>
Trading expenses					
Charity shops	334,724	-	-	334,724	387,390
Wellbeing centre	30,145	-	-	30,145	32,203
Wages and Salaries	293,365	-	-	293,365	303,390
National Insurance	12,950	-	-	12,950	13,536
Pensions	6,672	-	-	6,672	6,867
Depreciation	4,793	-	-	4,793	10,602
	<u>682,649</u>	<u>-</u>	<u>-</u>	<u>682,649</u>	<u>753,988</u>
Net income/(expenditure) from trading activities	<u>95,212</u>	<u>-</u>	<u>-</u>	<u>95,212</u>	<u>(11,589)</u>

BUTTERWICK LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

6. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	2,599	-	-	2,599	33
<i>Total 2016</i>	33	-	-	33	

7. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Staff costs 2017 £	Depreciation 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	573,779	-	537,945	1,111,724	1,153,235
Expenditure on fundraising trading	312,988	4,793	364,868	682,649	753,988
Costs of generating funds	886,767	4,793	902,813	1,794,373	1,907,223
Stockton on Tees Hospice	1,219,592	108,830	366,556	1,694,978	1,411,567
Bishop Auckland Hospice	489,258	40,503	178,691	708,452	779,297
Childrens Hospice	849,867	23,957	87,258	961,082	945,246
Charitable activities	2,558,717	173,290	632,505	3,364,512	3,136,110
	3,445,484	178,083	1,535,318	5,158,885	5,043,333
<i>Total 2016</i>	<i>3,416,338</i>	<i>187,168</i>	<i>1,439,098</i>	<i>5,042,604</i>	

BUTTERWICK LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

8. COSTS OF RAISING FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Fundraising	221,077	171,570	-	392,647	218,715
Lottery	145,298	-	-	145,298	171,980
Voluntary income staff costs	468,760	105,019	-	573,779	762,540
	<u>835,135</u>	<u>276,589</u>	<u>-</u>	<u>1,111,724</u>	<u>1,153,235</u>
<i>Total 2016</i>	<u>257,238</u>	<u>895,997</u>	<u>-</u>	<u>1,153,235</u>	

9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Stockton on Tees Hospice	24,922	1,670,056	-	1,694,978	1,411,567
Bishop Auckland Hospice	2	708,450	-	708,452	779,297
Childrens Hospice	31,680	929,402	-	961,082	945,246
	<u>56,604</u>	<u>3,307,908</u>	<u>-</u>	<u>3,364,512</u>	<u>3,136,110</u>
<i>Total 2016</i>	<u>56,039</u>	<u>3,080,070</u>	<u>-</u>	<u>3,136,109</u>	

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Stockton on Tees Hospice	1,284,062	410,916	1,694,978	1,411,567
Bishop Auckland Hospice	507,008	201,444	708,452	779,297
Childrens Hospice	856,564	104,518	961,082	945,246
<i>Total 2017</i>	<u>2,647,634</u>	<u>716,878</u>	<u>3,364,512</u>	<u>3,136,110</u>
<i>Total 2016</i>	<u>2,452,247</u>	<u>683,862</u>	<u>3,136,109</u>	

BUTTERWICK LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

11. DIRECT COSTS

	Stockton on Tees Hospice £	Bishop Auckland Hospice £	Childrens Hospice £	Total 2017 £	Total 2016 £
Patient Care	134,498	60,782	30,612	225,892	194,538
Travel Expenses					
patients	14,276	8,960	2,754	25,990	26,363
Premises	8,477	651	3,268	12,396	6,779
Occupational					
Health	901	251	-	1,152	515
Staff Travel	3,456	15,976	272	19,704	9,992
Volunteer Travel	4,894	17,103	-	21,997	4,259
Recruitment	4,726	757	627	6,110	941
Training &					
Education	7,032	2,750	844	10,626	4,873
Clinical					
Supervision	670	1,800	-	2,470	1,820
Wages and					
Salaries	1,001,262	365,186	775,223	2,141,671	1,947,258
National					
Insurance	59,278	19,469	29,503	108,250	151,911
Pensions	44,592	13,323	13,461	71,376	102,998
	<u>1,284,062</u>	<u>507,008</u>	<u>856,564</u>	<u>2,647,634</u>	<u>2,452,247</u>
<i>At 31 March 2016</i>	<u>861,372</u>	<u>692,878</u>	<u>897,996</u>	<u>2,452,246</u>	

BUTTERWICK LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

12. SUPPORT COSTS

	Stockton on Tees Hospice £	Bishop Auckland Hospice £	Childrens Hospice £	Total 2017 £	Total 2016 £
Premises	62,381	34,238	27,691	124,310	146,426
Staff Travel	18,909	-	-	18,909	28,661
Volunteer Travel	41	-	-	41	19,578
Recruitment	31	26	-	57	13,556
Training & Education	4,592	-	-	4,592	19,551
Administration Costs	920	77	-	997	1,450
Bank Charges	3,480	859	1,488	5,827	4,346
Telephone & Fax	8,226	3,374	77	11,677	12,566
Printing postage & stationery	23,408	12,446	6,485	42,339	41,912
Insurance	15,543	3,524	3,529	22,596	23,704
IT & Internet costs	30,224	10,525	6,780	47,529	41,832
Equipment maintenance	9,369	1,387	2,831	13,587	11,889
Audit fees	10,502	3,205	-	13,707	12,138
Wages and Salaries	75,686	88,506	28,829	193,021	110,958
National Insurance	23,515	1,784	1,584	26,883	10,060
Pension cost	15,259	990	1,267	17,516	6,821
Depreciation	108,830	40,503	23,957	173,290	178,414
	<u>410,916</u>	<u>201,444</u>	<u>104,518</u>	<u>716,878</u>	<u>683,862</u>
At 31 March 2016	<u>366,138</u>	<u>191,041</u>	<u>126,653</u>	<u>683,832</u>	

During the year ended 31 March 2017, the company incurred the following Governance costs:

£58,513 (2016 - £67,019) included within the table above in respect of Direct & Support costs - Stockton on Tees Hospice.

£23,203 (2016 - £39,102) included within the table above in respect of Direct & Support costs - Bishop Auckland Hospice.

£29,185 (2016 - £30,546) included within the table above in respect of Direct & Support costs - Childrens Hospice.

Included within charitable activities in 2016 was £3,072,435 of restricted expenditure and £56,039 of unrestricted expenditure.

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13. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charitable group	178,083	187,168

During the year, no Trustees received any remuneration (2016 - £NIL).

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2016 - £NIL).

14. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	3,152,142	3,118,409
Social security costs	178,549	179,814
Other pension costs	114,794	118,115
	<u>3,445,485</u>	<u>3,416,338</u>

The average number of persons employed by the company during the year was as follows:

	2017 No.	2016 No.
Childrens Hospice	25	27
Stockton on Tees Hospice	94	91
Bishop Auckland Hospice	29	31
Seven Wellbeing Centre	2	3
Butterwick Lottery	8	8
Butterwick Retail	20	21
	<u>178</u>	<u>181</u>

The number of higher paid employees was:

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	1

Total remuneration of key management personnel in the year was £162,169 (2016: £172,150).

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15. TANGIBLE FIXED ASSETS

Group	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Furniture and Equipment £	Motor vehicles £	Total £
Cost						
At 1 April 2016	1,063,928	2,835,775	97,016	1,507,249	181,016	5,684,984
Additions	7,769	62,164	-	106,682	-	176,615
Disposals	-	-	-	(475,777)	(77,375)	(553,152)
At 31 March 2017	1,071,697	2,897,939	97,016	1,138,154	103,641	5,308,447
Depreciation						
At 1 April 2016	287,619	792,103	97,016	1,311,361	140,757	2,628,856
Charge for the year	21,518	57,242	-	85,703	13,620	178,083
On disposals	-	-	-	(475,777)	(77,375)	(553,152)
At 31 March 2017	309,137	849,345	97,016	921,287	77,002	2,253,787
Net book value						
At 31 March 2017	762,560	2,048,594	-	216,867	26,639	3,054,660
At 31 March 2016	776,309	2,043,672	-	195,888	40,259	3,056,128

Company	Freehold property £	Long-term leasehold property £	Furniture and Equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2016	1,063,928	68,805	1,469,973	181,016	2,783,722
Additions	7,769	62,164	106,682	-	176,615
Disposals	-	-	(475,777)	(77,375)	(553,152)
At 31 March 2017	1,071,697	130,969	1,100,878	103,641	2,407,185
Depreciation					
At 1 April 2016	287,619	15,027	1,285,556	140,757	1,728,959
Charge for the year	21,518	1,902	80,910	13,620	117,950
On disposals	-	-	(475,777)	(77,375)	(553,152)
At 31 March 2017	309,137	16,929	890,689	77,002	1,293,757
Net book value					
At 31 March 2017	762,560	114,040	210,189	26,639	1,113,428
At 31 March 2016	776,309	53,778	184,417	40,259	1,054,763

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**NOTES TO THE FINANCIAL STATEMENTS
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16. FIXED ASSET INVESTMENTS

Group	Listed securities £	Investments in participating interests £	Total £
Market value			
At 1 April 2016 and 31 March 2017	<u>4,625</u>	<u>1</u>	<u>4,626</u>

Company	Listed securities £	Shares in group undertakings £	Investments in participating interests £	Total £
Market value				
At 1 April 2016 and 31 March 2017	<u>4,625</u>	<u>5</u>	<u>1</u>	<u>4,631</u>

17. STOCKS

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Merchandise	2,403	2,989	-	-
Stamps	376	624	376	624
	<u>2,779</u>	<u>3,613</u>	<u>376</u>	<u>624</u>

18. DEBTORS

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	94,342	28,113	83,840	26,079
Amounts owed by group undertakings	422	10,767	147,848	264,237
Other debtors	414,281	93,767	298,284	58,141
Prepayments and accrued income	182,748	140,293	121,763	98,204
	<u>691,793</u>	<u>272,940</u>	<u>651,735</u>	<u>446,661</u>

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19. CREDITORS: Amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	225,001	187,139	178,094	134,106
Amounts owed to group undertakings	119,750	-	99,362	28,376
Corporation tax	-	752	-	-
Other taxation and social security	53,844	54,167	53,844	54,167
Other creditors	152,768	114,616	151,533	103,655
Accruals and deferred income	126,727	111,537	32,698	23,787
	678,090	468,211	515,531	344,091

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Deferred income				
Deferred income at 1 April 2016	69,456	79,549	-	-
Resources deferred during the year	88,075	69,456	7,363	-
Amounts released from previous years	(69,456)	(79,549)	-	-
Deferred income at 31 March 2017	88,075	69,456	7,363	-

Deferred income represents Lottery payments received in advance, payments for courses at Seven Wellbeing Centre Limited not yet taken and grants received for future periods.

20. DEFERRED TAXATION

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
At beginning of year	195	559	-	-
Released during the year	(135)	(364)	-	-
At end of year	60	195	-	-

The provision for deferred taxation is made up as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Accelerated capital allowances	60	195	-	-

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**NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2017 £
Unrestricted funds					
General Funds	899,717	1,491,229	(648,757)	224,389	1,966,578
Funds within non charitable subsidiaries	(37,545)	1,193,433	(925,496)	(275,454)	(45,062)
	<u>862,172</u>	<u>2,684,662</u>	<u>(1,574,253)</u>	<u>(51,065)</u>	<u>1,921,516</u>
Endowment funds					
Endowment Funds	<u>50,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,961</u>
Restricted funds					
Bishop Auckland Hospice	2,006,498	983,974	(988,563)	(1,570,113)	431,796
Stockton on Tees Hospice	22,207	402,886	(1,520,046)	1,311,316	216,363
Children's Hospice	1,124	841,917	(1,047,162)	280,918	76,797
Dignity in Care					
Bishop Auckland Hospice	56,741	-	(6,810)	(5,831)	44,100
Dignity in Care					
Stockton on Tees Hospice	72,464	-	(14,676)	19,980	77,768
Outpatient Supportive Services					
Bishop Auckland	311,015	-	(7,240)	14,795	318,570
	<u>2,470,049</u>	<u>2,228,777</u>	<u>(3,584,497)</u>	<u>51,065</u>	<u>1,165,394</u>
Total of funds	<u><u>3,383,182</u></u>	<u><u>4,913,439</u></u>	<u><u>(5,158,750)</u></u>	<u><u>-</u></u>	<u><u>3,137,871</u></u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 April 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2016 £
Unrestricted funds						
General Funds	874,059	949,545	(751,432)	(210,000)	-	862,172
	<u>874,059</u>	<u>949,545</u>	<u>(751,432)</u>	<u>(210,000)</u>	<u>-</u>	<u>862,172</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS (continued)

Endowment funds

	Balance at 1 April 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2016 £
Endowment Funds	50,961	-	-	-	-	50,961
	<u>50,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,961</u>

Restricted funds

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
Dignity in Care						
Stockton on Tees Hospice	88,629	-	(16,165)	-	-	72,464
Outpatient Supportive Services						
Bishop Auckland	328,812	-	(17,797)	-	-	311,015
	<u>2,487,886</u>	<u>4,064,452</u>	<u>(4,292,289)</u>	<u>210,000</u>	<u>-</u>	<u>2,470,049</u>
Total of funds	<u>3,412,906</u>	<u>5,013,997</u>	<u>(5,043,721)</u>	<u>-</u>	<u>-</u>	<u>3,383,182</u>

The Bishop Auckland Hospice fund operates to raise funds for the day to day running of a hospice at Bishop Auckland. Transfers have been posted in the current year in order to align the year end balance with the assets and liabilities held which are restricted towards this purpose. This is explained in more detail in note 29.

The Stockton on Tees Hospice fund operates to raise funds for the day to day running of a hospice at Stockton on Tees. This is the largest cost and one of the primary charitable activities and income raised from unrestricted events and donations made without restrictions helps to fund this area. There is therefore a transfer in from unrestricted funds to cover the expenditure.

The Children's Hospice fund operates to raise funds for the day to day running of the children's hospice at Stockton on Tees. Transfers have been posted in the current year in order to align the year end balance with the assets and liabilities held which are restricted towards this purpose.

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 when incurred and depreciation of those assets is charged to the appropriate fund over the life of the asset.

In the current year the fund balances have been aligned with the relevant assets and a transfer posted to represent this.

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21. STATEMENT OF FUNDS (continued)

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.

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £
Tangible fixed assets	1,890,269	1,113,430	50,961	3,054,660
Fixed asset investments	4,625	1	-	4,626
Current assets	693,378	117,009	-	810,387
Creditors due within one year	(666,696)	(11,394)	-	(678,090)
Provisions for liabilities and charges	(60)	-	-	(60)
	<u>1,921,516</u>	<u>1,219,046</u>	<u>50,961</u>	<u>3,191,523</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Endowment funds 2016 £	Total funds 2016 £
Tangible fixed assets	1,950,403	1,054,764	50,961	3,056,128
Fixed asset investments	4,625	1	-	4,626
Current assets	(624,450)	1,415,284	-	790,834
Creditors due within one year	(468,211)	-	-	(468,211)
Provisions for liabilities and charges	(195)	-	-	(195)
	<u>862,172</u>	<u>2,470,049</u>	<u>50,961</u>	<u>3,383,182</u>

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23. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	Group
	£	2016
		£
Net expenditure for the year (as per Statement of Financial Activities)	(191,659)	(29,724)
Adjustment for:		
Depreciation charges	178,083	187,168
Dividends, interest and rents from investments	(2,599)	(33)
Decrease in stocks	834	1,192
(Increase)/decrease in debtors	(418,853)	31,009
Increase in creditors	209,879	48,902
Deferred tax	(135)	(364)
Receipts from joint venture	(53,652)	(56,058)
Net cash (used in)/provided by operating activities	(278,102)	182,092

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017	Group
	£	2016
		£
Cash in hand	115,815	514,281
Total	115,815	514,281

25. PENSION COMMITMENTS

The group contributes to a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund.

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 pension cost charge represents contributions payable by the group to the fund and amounted to £114,794 (2016 - £118,115). Contributions totalling £13,718 (2016 - £13,776) were payable to the fund at the balance sheet date and are included in creditors.

26. RELATED PARTY TRANSACTIONS

During the year Butterwick Lotteries Limited provided management services amounting to £29,803 (2016 : £30,332) to North East Hospices Lottery Limited on an arm's length commercial basis.

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27. PRINCIPAL SUBSIDIARIES AND JOINT VENTURES

Butterwick Hospice Retail Limited and Butterwick Lotteries Limited both gift any surplus in the year to the parent charity. Included within the following figures is £57,850 transferred from Butterwick Retail Limited and £214,689 transferred from Butterwick Lotteries Limited.

a. Principal subsidiaries

Seven Wellbeing Centre Limited

Subsidiary name	Seven Wellbeing Centre Limited
Company registration number	06874997
Basis of control	Shareholding
Equity shareholding %	100%
Total assets as at 31 March 2017	£ 15,974
Total liabilities as at 31 March 2017	£ (88,256)
Total equity as at 31 March 2017	£ (72,282)
Turnover for the year ended 31 March 2017	£ 54,961
Expenditure for the year ended 31 March 2017	£ (62,476)
Loss for the year ended 31 March 2017	£ (7,515)

John Butterwick Trust Day Care Centre and Hospice

Subsidiary name	John Butterwick Trust Day Care Centre and Hospice
Charity registration number	515705
Basis of control	Limited by Guarantee
Total assets as at 31 March 2017	£ 2,035,290
Total liabilities as at 31 March 2017	£ (76,996)
Total funds as at 31 March 2017	£ 1,958,294
Gross income for the year ended 31 March 2017	£ 135,083
Expenditure for the year ended 31 March 2017	£ (56,605)
Surplus for the year ended 31 March 2017	£ 78,478

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27. PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (continued)

Butterwick Hospice Retail Limited

Subsidiary name	Butterwick Hospice Retail Limited
Company registration number	02775096
Basis of control	Shareholding
Equity shareholding %	100%
Total assets as at 31 March 2017	£ 138,901
Total liabilities as at 31 March 2017	£ (111,681)
Total equity as at 31 March 2017	£ 27,220
Turnover for the year ended 31 March 2017	£ 686,357
Expenditure for the year ended 31 March 2017	£ (686,357)
Result for the year ended 31 March 2017	£ -

Butterwick Lotteries Limited

Subsidiary name	Butterwick Lotteries Limited
Basis of control	
Total assets as at 31 December 2016	£ 94,616
Total liabilities as at 31 December 2016	£ (94,614)
Total equity as at 31 December 2016	£ 2
Turnover for the year ended 31 December 2016	£ 460,352
Expenditure for the year ended 31 December 2016	£ (460,352)
Result for the year ended 31 December 2016	£ -

b. Principal joint ventures

Company name	Percentage Shareholding	Description
North East Hospices Lottery Limited	25%	Trading

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.

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28. PRIOR YEAR RECLASSIFICATION OF INCOME AND EXPENDITURE

Following a review of income and expenditure classification in the current year a number of reclassifying journals have been made to the prior year figures. These have had no impact on the overall fund movement for the year or the total funds carried forward but have resulted in movements between types of income and expenditure.

Other income has been reduced from £54,653 to £5,643 with income allocated to either trading activities or charitable activities.

£6,560 of expenditure on charitable activities has been reallocated to fundraising and publicity.

The review highlighted that all income within the parent charity has previously been treated as restricted. In fact some of the income (especially re donations, legacies and fundraising) is actually unrestricted. In the current year all unrestricted income has been treated as such and this has resulted in a reduction in restricted income and an increase in unrestricted income.

The information to reallocate the previous year is not readily available and as such the prior year has not been restated for this change in approach.

The year end funds include only those amounts which have been restricted by the donors, the change in approach noted above has led to large transfers between restricted and unrestricted in the current year which correct the opening balances.

The allocation of wages has also been considered in the current year with a change in the approach taken to classifying as either direct, support or fundraising. This has led to a greater value included within support costs and less included as fundraising wages. Overall wages have increased by only £29,147 which is the impact of the national living wage.