

Company Registration No: 3755216

Charity No: 1075653

THE EAST LANCASHIRE HOSPICE

(A registered charity and company limited by guarantee)

Annual Report of the Trustees
and Financial Statements

For The Year Ended
31 March 2016



THE EAST LANCASHIRE HOSPICE

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THE EAST LANCASHIRE HOSPICE

REFERENCE AND ADMINISTRATIVE INFORMATION

Trustees

Mr F G Parr (Chairman)
Mrs M P Quinn (Vice Chairman)
Mrs A R Pallister (Secretary)
Mr R J Sutlieff
Councillor Y Jan Virmani
Mrs G M Leacy
Mr I M Willock
Mr T Kennedy
Mr M Patel

Key Management Personnel:

| | |
|--|-----------------|
| Chief Executive Officer | Mrs L Stevenson |
| Medical Director | Dr E Bailey |
| Clinical Services Manager | Mrs C Evans |
| Finance Services Manager | Mrs C Sharkey |
| Development & Support Services Manager | Mrs D Williams |
| Fundraising & Lottery Manager | Mrs S Plunkett |
| Retail Manager | Miss D Neary |

| | |
|---------------------------|--|
| Company Number | 3755216 |
| Registered charity number | 1075653 |
| Tax exemption number | XR 32869 |
| Registered office | The East Lancashire Hospice Park Lee Road Blackburn BB2 3NY |

Tel: 01254 287000
Fax: 01254 665000

www.eastlancshospice.org.uk

Auditor

Moore and Smalley LLP
Chartered Accountants &
Statutory Auditor
Richard House
Winckley Square
Preston
PR1 3HP

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016

The Trustees, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements 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).

Structure, governance and management

Governing Document

The charity is a charitable company limited by guarantee and not having a share capital is exempt from the requirement to use the word 'limited' as part of its name. It is governed by a memorandum and articles of association and was incorporated on 20 April 1999 to take over, from 1 July 1999, the activities of The East Lancashire Hospice Fund, an unincorporated association which was originally founded in 1981.

The charity was entered in the Central Register of Charities with effect from 24 May 1999 and accepted by HM Revenue & Customs as a charity for tax purposes.

Recruitment and appointment of Trustees

When a trustee leaves every effort is made to replace him/her with a person of similar qualities and experience. Recruitment is undertaken via an open and inclusive process with opportunities advertised in a targeted way in order to reach a specialist audience so as to maximise the securing of appropriate skills and diversity mix.

Potential Trustees are invited to apply by a CV, and then invited to an informal meeting with the chair, Vice Chair and Chief Executive to discuss skills, experience, expectations and commitment of the role. Trustees are appointed for a period of three years and may be re-elected after this period for a further three.

The induction programme consists of an induction pack which incorporates key information on the charity, supported by key information on being a trustee. Trustees are also supported to attend appropriate external training events where these will assist them with their role. They also undertake organisational mandatory training as appropriate to their role.

Organisational

The Board of Trustees administers and governs the charity and they meet on a monthly basis. Any trustee can call an extraordinary meeting by following due process. A Chief Executive is appointed by the Board to manage the day to day operations of the charity.

The charity is supported by a subsidiary promotional company which raises money via retail outlets to support the main objectives of the Hospice. Charitable Trusts, support groups and individuals also raise money for the hospice via charity events, individual donations and legacies.

Related parties and cooperation with other organisations

Good relationships have continued with the Clinical Commissioning Groups and their grants to us have been maintained at the same level as previous years. This means a fall in support in real terms, after allowing for inflation.

We work closely with both health and social providers in delivering the national and local strategic objectives around Palliative Care and End of Life.

The Chief Executive and Chairman meet regularly and attend meetings with other hospices at local, regional and national level.

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

Pay Policy for Staff

All Trustees give their time freely and Trustees received no remuneration in the year and nor have they received any payment for expenses throughout the year.

The Trustees consider the senior management team to comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

The key management personnel of the organisation comprise those of the hospice and its wholly owned subsidiary The East Lancashire Hospice Shops Ltd. These include the Chief Executive Officer, The Medical Director, the Clinical Services Manager, the Finance Services Manager, the Development and Support Services Manager, the Fundraising and Lottery Manager and the Retail Manager.

All employed staff are remunerated according to the responsibilities of their job description.

Benchmarks are used nationally, regionally and locally.

Public Benefit Statement

The Trustees have complied with the Charities Act to have due regard to the public benefit guidance published by the Charity Commission. The Trustees believe that the charity provides a public benefit as its principal activity is to enhance the quality of life for individuals with a life limiting illness. Our aim is to provide specialist, supportive and end of life palliative care to any adult in the communities we serve, without discrimination, in the place of their choice, and to offer support to them, their relatives, carers and friends. This is provided in various settings including, in-patients, community, outpatients and day care. We also provide palliative care education within the organisation and to the wider community.

Our Staff

The hospice is committed to an equal opportunities approach in everything it does. This means that we seek to ensure that anyone connected to us, from patients and families through to donors, supporters, volunteers and staff are treated fairly, appropriately and with dignity and respect. From our day to day operational management to our strategic decision making we consider how the ways we work may affect different groups and actively eliminate or reduce negative impact and discrimination.

We are proactive in gaining feedback from our stakeholders and constantly strive to engage with a wide range of people as possible in all aspects of the hospice enabling us to develop in a way which builds our organisation's learning, understanding and responsiveness.

Objectives and activities

The principle objectives of the charity as set out in the Memorandum and Articles of Association is to provide specialist, supportive and end of life care for adults who are suffering from a life limiting illness to the communities we serve in Blackburn, Darwen, Hyndburn and the Ribble Valley.

We also aim to co-operate with other providers of palliative care and make our specialist resources available to them. All patients are treated free of charge.

The activities supporting these objectives are: -

- A ten-bedded Inpatient Unit where specialist palliative care is delivered by a multi-disciplinary team
- Support and Wellbeing Services consisting of
 - Creative and Supportive Therapy
 - Counselling
 - Bereavement Support
 - Complementary Therapies
 - Physiotherapy
- A community team which consists of a Senior Physician, a team of Clinical Nurse Specialists who work with General Practitioners and other Health Care Professionals, and a Hospice at Home team of nurses that support the provision of palliative care in the community

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

We are fortunate to be supported by a team of highly dedicated, hardworking and skilled volunteers who offer their services freely in all the areas of the hospice, in all clinical departments, in the shops, in the community and in the very many fundraising initiatives. They are excellent ambassadors for the hospice and valued partners in ensuring that we meet our objectives.

The hospice is inspected by the Care Quality Commission and their report is posted on the commissions website. There is a programme of planned reviews which take place on unannounced visits, on our last unannounced visit we were fully compliant on areas that we were assessed on.

The Care Quality Commission has a record of our activities and monitors us through information supplied directly to them in the statutory notifications we make, in writing about events and changes to service.

We have a comprehensive annual audit programme which provides standards to achieve in all that we do including clinical and non-clinical activities. These are implemented and monitored through our Governance structure to provide the Trustees with assurances that we are compliant with any legal and statutory regulations required.

Strategic report

Achievements and performance

We have a five-year Strategic Plan in place which was agreed and implemented on 1 April 2013. The progress on the plan is monitored by the Board of Trustees on a quarterly basis. At the end of year three all of our objectives were achieved and the results have been shared with staff and volunteers.

We have built on the existing strategy to refocus our objectives for 2016-19. The strategy continues to focus on the holistic nature of the services we offer and has brought together the essential areas of activity to deliver our vision, focusing on maximising the multi professional approach to care and expanding and developing our community services.

Patient and public involvement activity has continued throughout the year and involved significant engagement with a range of individuals, partners and stakeholders and a total of 41 events took place. These incorporated numerous aspects of engagement, awareness raising, education and fundraising. The impact of these events has been evaluated through a wide range of feedback captured during and following engagement events. This has enhanced understanding of the value and outcomes of our engagement with others.

The Hospice at Home team has been developed to provide a much more flexible service and is proving to be effective with a significant increase in referral numbers. The number of patients accessing this service with a non-cancer diagnosis has also increased and is just over 40%.

Increased activity has been seen across all Support and Wellbeing Services, reflecting the streamlining of pathways for referral and assessment and the introduction of the Health Care Assistant Physiotherapy Development Programme.

We have seen an increase in referrals and available places used in Creative and Supportive Therapies and also a reduction in the percentage of non-attendance. This does not include attendance at Wellbeing programmes including for example, Breathe Easier, Get Up and Go, and the newly formed Carers Drop In.

We have developed new volunteering roles and recruit to specific roles rather than offer generic volunteering opportunities. This has provided clarity regarding expectations and supports the effective recruitment and development of volunteers.

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

Reserves Policy and Going Concern

The Board of Trustees review the reserves policy of the charity annually. Reserves are reviewed by the Finance Governance Committee quarterly; comprising one Trustee, the Chief Executive Officer and the Finance Manager. The Board of Trustees approve the use of reserves and all decisions are recorded in the Board of Trustees' minutes.

Reserves and investment reviews encompass the nature of the income and expenditure streams, the need to match variable income with fixed commitments and longer-term plans for a sustainable future.

The prudent approach taken by the Board of Trustees takes into consideration the current potential unstable position in that grants received may significantly drop and offer no security in terms of long term financial planning. The general policy remains one of a cautious approach in the event of a drop in CCG grant funding and/or voluntary income, as the total of unrestricted grant funding and voluntary income currently represents approximately 65% of the hospice's annual income.

The hospice is currently in a position to finance all of the development plans, and provide a buffer for uninterrupted services whilst ensuring the hospice remains a going concern. The hospice reserves policy is that it should maintain a minimum of 24 months running costs plus any unavoidable redundancy costs. Total reserves as at 31 March 2016 were £11,792,470, of which £11,238,473 is unrestricted funds and £553,997 is restricted funds. After the deduction from total funds of restricted funds, designated funds and tangible fixed assets the total reserves are £10,225,844. This reserves value currently represents no more than 31 months of budgeted expenditure, which meets the reserves policy. Any unrestricted general funds, surplus to the minimum reserves policy, will be used to safeguard future financial sustainability and to finance the short and long term development plans, some of which will require significant levels of funding.

Developments are planned for the upcoming years and include the following:-

- expansion of community services
- replacements to patient equipment
- facilities that enhance patient privacy, dignity and spirituality
- improvement of overnight stay accommodation for relatives and carers
- ground work and improving the garden and outdoor space
- the provision of additional internal and external education
- upgrading the hospice environment for patients and their relatives, carers and visitors

Reserves and investments are reviewed each quarter in light of the major challenges facing the organisation in terms of rising costs and patient expectations, governance issues in terms of changing legislation. Ensuring compliance with information governance and data protection remains high on the agenda and is incorporated into our 2016-2019 strategic objectives action plan. All of the above and any outstanding actions are monitored by one of the governance committees.

A summary of both reserves and investments policy statements will be set out in The East Lancashire Hospice Charity Commission Annual Return.

Investment Policy

The Memorandum and Articles of Association of the East Lancashire Hospice hold no restrictions relating to investments.

The investments portfolio is managed by the Finance Governance Committee and is reviewed quarterly. Such decisions require subsequent approval by the Board of Trustees.

All investment proposals and movements are recorded and reported quarterly to the Board of Trustees, in order that the Trustees can discharge their responsibilities in accordance with Section 4 of the Trustee Act 2000.

The hospice aims to generate growth and maximise returns within the parameters of the risk profile. A combination of investments considered to be low risk (up to 80%) and medium risk (up to 20%). Any change to the risk profile requires prior approval by the Board of Trustees.

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

This year two Investment Management companies have been appointed and hold discretionary management of 20% of the investment portfolio within a medium risk profile and this arrangement will be regularly monitored. The Finance Governance Committee is kept informed at all stages and receives quarterly valuations of the portfolio.

Financial review

This is our eighth year of being an independent hospice and overall the hospice and shops have generated a commendable net surplus. Hospice income has decreased this year due to receiving restricted funds last year that were not received again this year. We have had another exceptional year for legacies which has been the main contributing factor for the overall surplus.

Voluntary income remains unpredictable as it fluctuates from year to year, the Trustees are very grateful to those that donate to the hospice and those who wish East Lancashire Hospice to benefit from leaving a legacy in their will. Donations are up by £37,968 and legacy income is up by £44,113 when compared to the £836,392 received in 2014/15.

We were fortunate enough to receive the same grant funding income from both our local Clinical Commissioning Groups as was received in 2014/15, however future grant funding remains uncertain as it is reviewed annually. The Trustees are very grateful for the support given by the 2 CCG's and recognise the good working relationship that exists between the organisations.

Income generated by the hospice shops increased by £12K up to £522K and £218K of this was transferred to the hospice this year. The shops have had a successful year of trading with net profits being up this year despite Blackburn shop sales being affected by reduced footfall due to major roadworks in the first half of the year. The main contributing factor for turnover being up was due to the Brownhill shop generating 32% more sales than in 2014/15. The success of the shops is a tribute to the hard work and dedication of the many volunteers who work within them supported by a small team of staff.

Income generation teams continue their hard work, and overall have achieved an increase in income this year. The Fundraising team have introduced new initiatives this financial year. Lottery income has increased following the recruitment of a third party canvassing company. Collectively our thousands of loyal supporters and regular lottery players contribute a large sustainable income which helps provide all the services the hospice offers.

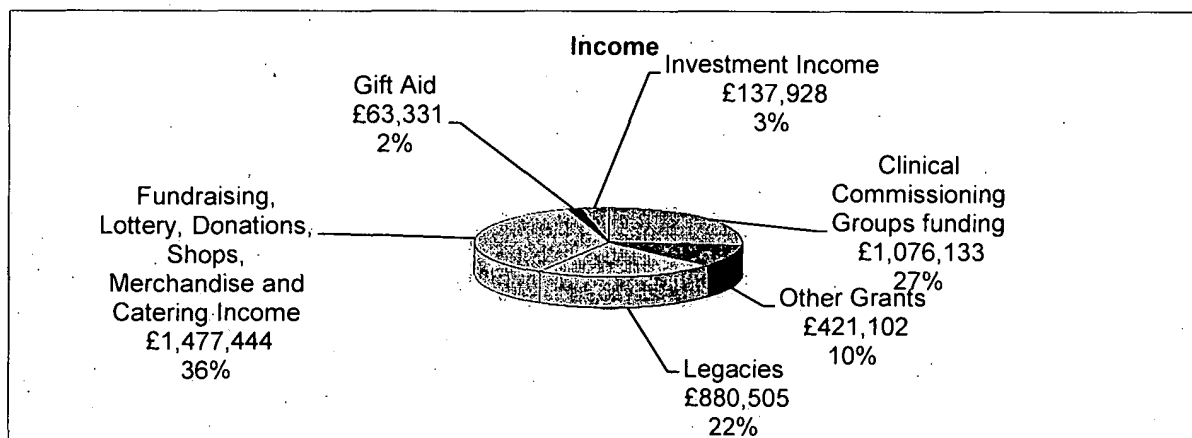
The hospice aims to continue to increase regular income again this year through the development of its weekly lottery, regular giving, shops and fundraising income. Staff and volunteer groups continue to raise public awareness about East Lancashire Hospice and its services. We are grateful to all our supporters who have helped us to raise funds throughout the year and this year we would particularly like to mention the community group Connect UK which have raised in excess of £30,000 this financial year in addition to raising the profile of the hospice within the Asian Community. Their yearlong commitment has ensured their original £10,000 fundraising target has tripled and they have pledged to raise funds into the new financial year. We would also like to mention Mr Peter Street of the Cardboard Box Company who continues to be a valued supporter. This year, in addition to his very generous support which includes sponsorship of the annual ball, Starlight Walk plus many others, he also fulfilled an ambition to produce a book of Blackburn photographs with all proceeds coming direct to patient care. Unfortunately space does not allow us to mention all our supporters but each and everyone, no matter how big or small, are of significant value to the hospice.

Income generated from interest on investments this financial year is £137,928, being £25,696 more than the previous year. The investment portfolio has diversified this year following the appointment of two investment management companies, between them generating almost double the investment than what we would have received had we placed the funds on short term high street bank fixed term deposits.

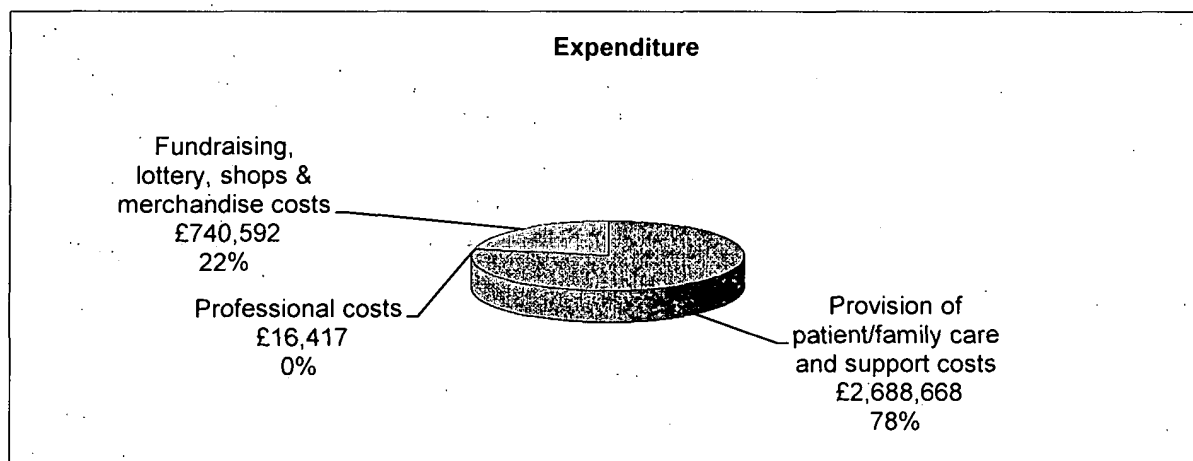
More information is provided on pages 26-27 regarding restricted funds received.

Our sincere thanks go out to everyone who has contributed and to those that continue to support the hospice.

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016



Income for the financial year ended 31 March 2016 totalled £4,056,443 and the graph shows percentages for each income stream.



Total expenditure for the year ended 31 March 2016 totalled £3,445,677 and the graph above provides details of the major breakdowns.

Total expenditure for this financial year increased by £379,883. This is mainly due to service developments in Hospice at Home and increasing work within the local community. Costs to maintain services remain high, however the hospice continuously strives to increase efficiency in all areas and reduce costs where possible, whilst ensuring we deliver high standards of care and support to our patients and their families.

This year the hospice benefited from the new Hospice VAT Refund Scheme, making VAT savings of £34,268.

Plans for future periods

The overarching aim of the hospice to reach and support people remains unchanged. Whilst we accept that we cannot meet the needs of everyone within our community with a life limiting illness, we must continue to challenge ourselves to develop innovative solutions to ensure that unmet needs can be met.

This will mean that we need to continue to review the services we offer to ensure they are responsive to patients' needs and changes within the patient population. The historic links with the hospice treating patients with cancer continue to change as our services are taken up by patients with other long term conditions, which introduce greater complexity into our current models of care.

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

Therefore, the hospice aim is to focus on development of our Community Service by expanding its role in the local healthcare economy and build on its reputation as a centre of excellence in end of life care.

In the short to medium term our priorities will be:-

- Develop and strengthen our partnerships with other health and social care organisations
- Evaluate the emerging model of our community service to ensure it is fulfilling its initial goals
- Develop and implement a new range of volunteer services which operates to support patients in their own home
- Continue to review the implementation of our Supportive and Wellbeing Service to ensure it is responsive to the needs of people who use it
- Develop plans to improve the facilities, layout and design of the hospice building and its grounds to ensure we have a modern, light and accessible building for patients and their relatives
- Develop and implement an electronic patient record system and ensure we optimise its use and produce comprehensive reporting data to measure and inform services
- Continue to work closely with our local Clinical Commissioning Groups to ensure that relationships remain positive and constructive
- Continue to develop ways in which we generate income to meet the challenging targets required to ensure financial sustainability
- Develop and implement an electronic database system to ensure we optimise its use and produce comprehensive reporting data to measure and inform our fundraising strategy

Principal Risks and Uncertainties

Finance: good co-operation exists with the two Clinical Commissioning Groups who support the grant funding of the hospice. The NHS is constantly changing and any radical change of funding could have an adverse effect on our finances.

Drugs: historically, our patients receive medication from hospital pharmacies free of charge. Any change in this would impose a considerable financial burden on us.

Fundraising: the hospice is aware of the associated risks that will arise following the changes due to be made to fundraising regulations, the changes have the potential to impact on future fundraising income and potentially increase costs to ensure compliance with the new Fundraising Regulator.

Data Protection and confidentiality: these are vital to our organisation and there are strict rules and policies in place to preserve them and ensure we are compliant with current legislation. The hospice is fully aware of the reputational risks posed by 'social media' such as 'Facebook' and 'Twitter'.

The Trustees have examined the major strategic, business and operational risks which the charity faces and confirm systems have been established to enable regular reports to be produced so that the reasonable steps can be taken to lessen risks.

Approach to Fundraising

To ensure our supporters are not misled, we have systems in place to ensure that fundraisers working for or on behalf of the hospice know what we expect of them, work within the best interests of the charity and comply with the legal regulations and standards required within fundraising.

All our supporters are treated as individuals and we have systems in place for ensuring that vulnerable people are recognised and are treated accordingly.

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

Statement of Trustees' responsibilities

The Trustees (who are also directors of The East Lancashire Hospice for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 (FRS102);
- 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 charity 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware, and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution proposing that Moore and Smalley LLP be re-appointed as auditor of the charity will be put to the Annual General Meeting.

This report, which incorporates the Strategic Report, was approved by the board of Trustees on 19/7/16 and signed on its behalf



Mr F G Parr—Chairman

THE EAST LANCASHIRE HOSPICE
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF THE EAST LANCASHIRE HOSPICE

We have audited the financial statements of The East Lancashire Hospice for the year ended 31 March 2016 which comprise the group statement of financial activities, the group and parent company balance sheet, the group cash flow statement and the related notes. 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 the 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 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, the Trustees, who are also the directors of The East Lancashire Hospice 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 report in accordance with this Act. 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 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' Annual 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.

Opinion on other matter prescribed by the Companies Act 2006

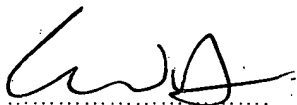
In our opinion the information given in the Trustees' Annual Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

THE EAST LANCASHIRE HOSPICE
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF THE EAST LANCASHIRE HOSPICE (CONTINUED)

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 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.



Christine Wilson (Senior Statutory Auditor)
For and on behalf of
Moore and Smalley LLP
Chartered Accountants & Statutory Auditor

Richard House
Winckley Square
Preston
PR1 3HP

Date: 15/9/16

THE EAST LANCASHIRE HOSPICE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2016


| | Note | Unrestricted funds £ | Restricted funds £ | Total funds 2016 £ | Total funds 2015 £ |
|---|----------|-------------------------|-----------------------|--------------------------|--------------------------|
| Income from | | | | | |
| <i>Donations and legacies:</i> | | | | | |
| Donations and gifts | | 329,252 | 1,477 | 330,729 | 292,771 |
| Legacies | | 880,505 | - | 880,505 | 836,392 |
| <i>Charitable activities:</i> | | | | | |
| Clinical Commissioning Groups | | 1,076,133 | - | 1,076,133 | 1,076,133 |
| Other grants | | 381,253 | 39,849 | 421,102 | 691,329 |
| Catering and other income | | 45,810 | - | 45,810 | 50,357 |
| <i>Other trading activities:</i> | | | | | |
| Goods for resale | | 23,096 | - | 23,096 | 26,261 |
| Fundraising events | | 480,218 | - | 480,218 | 418,461 |
| Lottery | | 303,519 | - | 303,519 | 259,023 |
| Shop | | 357,403 | - | 357,403 | 371,790 |
| <i>Investments</i> | | 137,928 | - | 137,928 | 112,232 |
| Total income | 2 | 4,015,117 | 41,326 | 4,056,443 | 4,134,749 |
| Expenditure on | | | | | |
| Raising funds | 3 | 740,592 | - | 740,592 | 671,155 |
| Charitable activities | 5 | 2,550,180 | 154,905 | 2,705,085 | 2,394,639 |
| Total expenditure | | 3,290,772 | 154,905 | 3,445,677 | 3,065,794 |
| Net incoming resources before other gains and losses | | 724,345 | (113,579) | 610,766 | 1,068,955 |
| Gain on investments | | 4,761 | - | 4,761 | - |
| Net income for the year | 7 | 729,106 | (113,579) | 615,527 | 1,068,955 |
| Transfers between funds | | - | - | - | - |
| Net movement in funds | | 729,106 | (113,579) | 615,527 | 1,068,955 |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 10,509,367 | 667,576 | 11,176,943 | 10,107,988 |
| Total funds carried forward | | 11,238,473 | 553,997 | 11,792,470 | 11,176,943 |


All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The surplus for the year for Companies Act purposes comprises the net incoming resources for the year net of unrealised profits and losses on investments and was £610,766 (2015: £1,068,955).

THE EAST LANCASHIRE HOSPICE
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2016

| | | Unrestricted funds | Restricted funds | Total funds 2016 | Total funds 2015 |
|--|------|-----------------------|---------------------|---------------------|---------------------|
| | Note | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible fixed assets | 12 | 1,012,629 | 310,937 | 1,323,566 | 1,532,115 |
| Investments | 13 | 2,009,329 | - | 2,009,329 | - |
| | | <u>3,021,958</u> | <u>310,937</u> | <u>3,332,895</u> | <u>1,532,115</u> |
| Current assets | | | | | |
| Stock | | 3,331 | - | 3,331 | 3,738 |
| Debtors | 14 | 138,493 | 39,849 | 178,342 | 172,477 |
| Cash on bank deposit | | 8,383,663 | - | 8,383,663 | 9,558,375 |
| Cash at bank and in hand | | 465,274 | 203,211 | 668,485 | 602,274 |
| | | <u>8,990,761</u> | <u>243,060</u> | <u>9,233,821</u> | <u>10,336,864</u> |
| Creditors: amounts falling due within one year | 15 | <u>(774,246)</u> | <u>-</u> | <u>(774,246)</u> | <u>(692,036)</u> |
| Net current assets | | <u>8,216,515</u> | <u>243,060</u> | <u>8,459,575</u> | <u>9,644,828</u> |
| Net assets | | <u>11,238,473</u> | <u>553,997</u> | <u>11,792,470</u> | <u>11,176,943</u> |
| Represented by: | | | | | |
| Total funds | 16 | <u>11,238,473</u> | <u>553,997</u> | <u>11,792,470</u> | <u>11,176,943</u> |

These financial statements were approved by the Trustees on 19/7/16 and signed on their behalf by:



 Mr F G Parr - Chairman


 Mrs A R Pallister - Trustee

THE EAST LANCASHIRE HOSPICE
BALANCE SHEET
AS AT 31 MARCH 2016

| | | Unrestricted funds | Restricted funds | Total funds 2016 | Total funds 2015 |
|---|------|-----------------------|---------------------|---------------------|---------------------|
| | Note | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible fixed assets | 12 | 989,797 | 310,937 | 1,300,734 | 1,493,181 |
| Investments | 13 | 2,009,429 | - | 2,009,429 | 100 |
| | | <u>2,999,226</u> | <u>310,937</u> | <u>3,310,163</u> | <u>1,493,281</u> |
| Current assets | | | | | |
| Stock | | 2,500 | - | 2,500 | 2,500 |
| Debtors | 14 | 148,499 | 39,849 | 188,348 | 327,774 |
| Cash on bank deposit | | 8,383,663 | - | 8,383,663 | 9,558,375 |
| Cash at bank and in hand | | 436,921 | 203,211 | 640,132 | 431,834 |
| | | <u>8,971,583</u> | <u>243,060</u> | <u>9,214,643</u> | <u>10,320,483</u> |
| Creditors: amounts falling due within one year | 15 | (759,750) | - | (759,750) | (680,151) |
| Net current assets | | <u>8,211,833</u> | <u>243,060</u> | <u>8,454,893</u> | <u>9,640,332</u> |
| Net assets | | <u>11,211,059</u> | <u>553,997</u> | <u>11,765,056</u> | <u>11,133,613</u> |
| Represented by: | | | | | |
| Total funds | 16 | 11,211,059 | 553,997 | 11,765,056 | 11,133,613 |

These financial statements were approved by the Trustees on 19/7/16 and signed on their behalf by:


 Mr F G Parr - Chairman


 Mrs A R Pallister - Trustee

Company Registration Number: 3755216

THE EAST LANCASHIRE HOSPICE
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016

| | 2016 | 2015 |
|--|--------------------|-------------------|
| | £ | £ |
| Net income for the year | 615,527 | 1,068,955 |
| <i>Adjustments for:</i> | | |
| Investment income | (137,928) | (112,232) |
| Gain on investments | (4,761) | - |
| Depreciation | 242,183 | 244,337 |
| Decrease in stock | 407 | 11 |
| (Increase)/Decrease in debtors | (5,865) | 113,244 |
| Increase/(Decrease) in creditors | 82,210 | (238,848) |
| Net cash provided by / (used in) operating activities | 791,773 | 1,075,467 |
| Cash flows from investing activities: | | |
| Investment income | 137,928 | 112,232 |
| Purchase of tangible fixed assets | (33,634) | (165,354) |
| Purchase of investments | (2,012,047) | - |
| Proceeds from sale of investments | 14,412 | - |
| Movement in cash held as investments | (6,933) | - |
| Cash provided by / (used in) investing activities | (1,900,274) | (53,122) |
| Change in cash and cash equivalents in the year | (1,108,501) | 1,022,345 |
| Cash and cash equivalents at the beginning of the year | 10,160,649 | 9,138,304 |
| Cash and cash equivalents at the end of the year | 9,052,148 | 10,160,649 |
| Analysis of cash and cash equivalents | | |
| Cash in hand | 1,670 | 1,288 |
| Cash at bank | 9,050,478 | 10,159,361 |
| | 9,052,148 | 10,160,649 |

Total group cash and cash equivalents includes a total of £203,211 (2015: £291,753) relating to restricted funds.

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

The East Lancashire Hospice meets the definition of a public benefit entity under FRS 102.

The Statement of Financial Activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

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 separate SOFA has been presented for the charity alone as permitted by Section 408 of the Companies Act 2006. The parent company's surplus for the year for Companies Act purposes was £631,442 (2015: £1,081,698).

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, 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. No restatements were required.

Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the charity's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Company status

The company is a company limited by guarantee. 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 £10 per member of the company.

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 charity and which have not been designated for other purposes. Designated funds are set aside by the Trustees out of unrestricted general funds for specific purposes or projects. Restricted funds are those to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost 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 accounts.

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies (continued)

Income

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 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 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.

Income received in advance of an event or provision of other specific provision of other specified service it is deferred until the criteria for income recognition are met.

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

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), no amounts are included in the financial statements for services donated by volunteers.

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.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Detailed analyses of the expenditure, including irrecoverable VAT where applicable, are provided in the notes to the accounts.

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected economic lives as follows:

- Short leasehold building improvements - over the period of the lease
- Fixtures, fittings and equipment - over 5 years

Investments

Investments are initially recognised at their transaction value and subsequently measured at their market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Stock

Stock is included at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed, on the basis that it is considered impractical to measure the fair value of goods donated for resale, and the costs of valuation outweigh the benefit to users of the accounts and the charity of this information.

Debtors

Trade and 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.

Creditors

Creditors 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 are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The charity 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.

Operating leases

Rentals applicable to operating leases are charged to the SOFA on a straight line basis over the term of the lease.

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies (continued)

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the SOFA. The company also contributes to a multi-employer defined benefit scheme. As the proportion of the fund attributable to The East Lancashire Hospice cannot be calculated this scheme has been treated as if it was a defined contribution scheme.

Taxation

The company is a registered charity and therefore exempt from taxation.

Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Trustees do not believe that there are any estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

2 Income

All income in the previous year was unrestricted, with the exception of £3,085 restricted income from donations, and £308,100 restricted income from charitable activities.

3 Expenditure

| | Direct costs | Support costs (note 4) | 2016 | 2015 |
|--|------------------|------------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Expenditure on raising funds: | | | | |
| Goods for resale | 8,547 | 1,126 | 9,673 | 10,734 |
| Fundraising events | 196,709 | 27,015 | 223,724 | 215,328 |
| Lottery | 170,428 | 15,759 | 186,187 | 118,362 |
| Shop | 320,263 | - | 320,263 | 326,731 |
| Investment management costs | 745 | - | 745 | - |
| Expenditure on charitable activities: | | | | |
| Hospice (note 5) | 2,282,761 | 405,907 | 2,688,668 | 2,377,581 |
| Governance costs (note 6) | 15,967 | 450 | 16,417 | 17,058 |
| | 2,995,420 | 450,257 | 3,445,677 | 3,065,794 |

All expenditure on raising funds was unrestricted in the current and previous year.

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

4 Support costs

| | 2016 £ | 2015 £ |
|-------------------------|----------------|----------------|
| Salaries | 402,644 | 370,895 |
| Motor and travel | 579 | 642 |
| Printing and stationery | 15,729 | 13,828 |
| Postage | 11,970 | 9,101 |
| Telephone | 1,919 | 1,555 |
| Computer support | 8,627 | 13,694 |
| Other staff costs | 7,942 | 8,842 |
| Sundry expenses | 847 | 421 |
| | 450,257 | 418,978 |

5 Expenditure on charitable activities – Hospice

| | Hospice and specialised palliative care services | 2016 £ | 2015 £ |
|----------------------------|--|------------------|------------------|
| Salaries | 1,750,770 | 1,750,770 | 1,480,869 |
| Training and recruitment | 24,112 | 24,112 | 21,883 |
| Property costs | 117,992 | 117,992 | 127,862 |
| Provision of care services | 61,631 | 61,631 | 61,833 |
| Repairs and maintenance | 69,295 | 69,295 | 50,822 |
| Motor and travel | 15,991 | 15,991 | 15,214 |
| Sundry | 8,923 | 8,923 | 18,939 |
| Depreciation | 226,081 | 226,081 | 222,450 |
| Irrecoverable VAT | 7,966 | 7,966 | - |
| Governance costs (note 6) | 16,417 | 16,417 | 17,058 |
| Support costs allocated | 405,907 | 405,907 | 377,709 |
| | 2,705,085 | 2,705,085 | 2,394,639 |

Expenditure on charitable activities was £2,705,085 (2015: £2,394,639) of which £2,550,180 was unrestricted (2015: £2,237,643) and £154,905 was restricted (2015: £156,996).

6 Governance costs

| | 2016 £ | 2015 £ |
|-------------------------------|---------------|---------------|
| Audit | 6,625 | 6,870 |
| Trustees' liability insurance | 526 | 509 |
| Legal and professional fees | 8,816 | 9,260 |
| Support costs allocated | 450 | 419 |
| | 16,417 | 17,058 |

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

7 Net incoming resources

| | 2016 £ | 2015 £ |
|---|-----------|-----------|
| <i>Stated after charging:</i> | | |
| Depreciation | 242,183 | 244,337 |
| Operating leases | 89,676 | 89,421 |
| Cost of stock recognised as an expense | 17,598 | 16,103 |
| Audit fee – charity and consolidated accounts | 5,225 | 4,600 |
| Audit fee – subsidiary | 1,400 | 1,350 |

8 Analysis of staff costs, Trustee remuneration and expenses, and cost of key management personnel

| | 2016 £ | 2015 £ |
|---------------------------|------------------|------------------|
| Payroll costs were | | |
| Wages and salaries | 2,087,471 | 1,810,280 |
| Social Security costs | 149,004 | 129,620 |
| Pension costs | 168,233 | 143,371 |
| | 2,404,708 | 2,083,271 |

The number of employees whose remuneration for the year exceeded £60,000 was:

| | 2016 £ | 2015 £ |
|--------------------|-----------|-----------|
| £60,000 to £69,999 | 1 | - |
| £70,000 to £79,999 | - | 1 |
| £80,000 to £89,999 | 2 | 2 |

Of the employees whose remuneration exceeded £60,000, there is one employee (2015: one) accruing benefits under defined benefit pension schemes.

The Trustees were not paid or received any other benefits from employment with the charity or its subsidiary in the year (2015: £nil) neither were they reimbursed expenses during the year (2015: £nil). No charity Trustee received payment for professional or other services supplied to the charity (2015: £nil). Trustees made donations to the charity totalling £532 (2015: £119).

One child of a Trustee was employed by the charity during the year and received remuneration totalling £9,565 (2015: £5,335). The decision to employ this individual was taken without the involvement of the Trustees and in the best interests of the charity.

The key management personnel of the group comprise the key staff identified in the Trustees' Annual Report. The total employee benefits of the key management personnel of the group were £390,498 (2015: £379,889).

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

9 Staff numbers

The average monthly head count was 106 staff (2015: 94 staff), being 71 (2015: 59) care staff, 19 (2015: 19) fundraising staff, and 16 (2015: 16) administration staff.

10 Related party transactions

There were no related party transactions during the current or prior year, apart from any disclosed above relating to the Trustees.

11 Pension commitments

The charity participates in a multi-employer defined benefit scheme, operated through the National Health Service. The assets of the scheme are held separately by the National Health Service Superannuation Scheme. Contributions to the scheme are charged to the statement of financial activities as these are incurred. This pension scheme does not have a real pension fund but, as a statutory scheme, benefits are fully guaranteed by the Government. Contributions from both members and employers are paid to the Exchequer, which meet the cost of increasing benefits each year by the rate of inflation. This extra cost is not met by contributions from scheme members and employers. As a result of the nature of the pension scheme, there are no separately identifiable assets and liabilities which can be identified as relating to The East Lancashire Hospice. Therefore, as permitted by FRS102, the scheme has been accounted for as a defined contribution scheme.

The charity also operates a stakeholder defined contribution scheme.

The total contributions made during the year represent contributions to the funds of £168,233 (2015: £143,371). At the year end the charity had outstanding contributions of £27,115 (2015: £30,803).

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

12 Tangible fixed assets

| | Short Leasehold Building Improve- ments | Fixtures, Fittings, Equipment & Motor vehicles | Charity Total | Subsidiary Fixtures, Fittings, Equipment & Motor vehicles | Group Total |
|-------------------------|---|--|------------------|--|------------------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 April 2015 | 2,956,529 | 208,128 | 3,164,657 | 120,795 | 3,285,452 |
| Additions | - | 33,634 | 33,634 | - | 33,634 |
| Disposals | - | - | - | - | - |
| At 31 March 2016 | 2,956,529 | 241,762 | 3,198,291 | 120,795 | 3,319,086 |
| Depreciation | | | | | |
| As at 1 April 2015 | 1,516,049 | 155,427 | 1,671,476 | 81,861 | 1,753,337 |
| Charge for the year | 206,573 | 19,508 | 226,081 | 16,102 | 242,183 |
| Eliminated on disposals | - | - | - | - | - |
| At 31 March 2016 | 1,722,622 | 174,935 | 1,897,557 | 97,963 | 1,995,520 |
| Net book value | | | | | |
| At 31 March 2016 | 1233,907 | 66,827 | 1,300,734 | 22,832 | 1,323,566 |
| At 31 March 2015 | 1,440,480 | 52,701 | 1,493,181 | 38,934 | 1,532,115 |

Total group fixed assets include a total of £310,937 (2015: £375,823) relating to restricted funds.

13 Fixed asset investments

| | Group 2016 £ | 2015 £ | Charity 2016 £ | 2015 £ |
|-------------------------------------|--------------------|-----------|----------------------|------------|
| Investments in subsidiary companies | - | - | 100 | 100 |
| Other investments | 2,009,329 | - | 2,009,329 | - |
| | 2,009,329 | - | 2,009,429 | 100 |

All fixed asset investments relate to unrestricted funds in both 2016 and 2015.

Investments in subsidiary companies

The charity owns the whole of the issued share capital of The East Lancashire Hospice Shops Limited (company number 04660703), which is incorporated in England and Wales. The subsidiary is used for non-primary purpose trading, namely the sale of donated goods through several shops. All activities have been consolidated on a line by line basis.

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

13 Fixed asset investments (continued)

In the opinion of the Trustees, the investment in the charity's subsidiary undertaking is worth at least the amount at which it is stated in the balance sheet of £100. Audited financial statements of the subsidiary company for the year ended 31 March 2016, on which an unqualified audit opinion has been given, have been delivered to the Registrar of Companies. A summary of the results for the trading company as show below:

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Turnover | | |
| Shop sales | 357,403 | 371,790 |
| Cost of sales | <u>(17,598)</u> | <u>(16,103)</u> |
| Gross profit | 339,805 | 355,687 |
| Administrative expenses | <u>(302,665)</u> | <u>(310,628)</u> |
| Operating profit | 37,140 | 45,059 |
| Amounts gift aided to charity | <u>(53,358)</u> | <u>(58,380)</u> |
| Retained (loss)/profit on ordinary activities before interest | (16,218) | (13,321) |
| Interest receivable | <u>302</u> | <u>578</u> |
| Retained (loss) on ordinary activities before & after taxation | (15,916) | (12,743) |
| Retained profit brought forward | <u>43,330</u> | <u>56,073</u> |
| Retained profit carried forward | <u>27,414</u> | <u>43,330</u> |

The aggregate of the assets, liabilities and funds of The East Lancashire Hospice Shops Limited was:

| | | |
|---------------------|-----------------|------------------|
| Fixed assets | 22,832 | 38,934 |
| Current assets | 70,399 | 209,411 |
| Current liabilities | <u>(65,717)</u> | <u>(204,915)</u> |
| Funds | <u>27,514</u> | <u>43,430</u> |

Other investments

| | 2016 £ | 2015 £ |
|---|------------------|-----------|
| Group and charity | | |
| <i>Market value</i> | | |
| As at 1 April 2015 | - | - |
| Additions | 2,012,047 | - |
| Disposals | (14,412) | - |
| Movement in cash deposits held as investments | 6,933 | - |
| Change in market value | <u>4,761</u> | <u>-</u> |
| As at 31 March 2016 | <u>2,009,329</u> | <u>-</u> |

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

13 Fixed asset investments (continued)

Listed investments are represented by:

| | Group and Charity 2016 £ | 2015 £ |
|---------------------------------|--------------------------------|-----------|
| Fixed interest | 250,130 | - |
| Equities | 574,145 | - |
| Alternatives | 113,754 | - |
| Property | 51,558 | - |
| Investment trust and unit trust | 1,012,809 | - |
| Cash | 6,933 | - |
| | 2,009,329 | - |

14 Debtors

| | Group 2016 £ | 2015 £ | Charity 2016 £ | 2015 £ |
|------------------------------------|--------------------|----------------|----------------------|----------------|
| Trade debtors | 36,169 | 5,171 | 36,076 | 4,948 |
| Prepayments and accrued income | 104,713 | 164,327 | 66,783 | 129,796 |
| Amounts owed by group undertakings | - | - | 51,221 | 193,030 |
| VAT recoverable | 37,460 | 2,979 | 34,268 | - |
| | 178,342 | 172,477 | 188,348 | 327,774 |

Total group debtors include a total of £39,849 (2015: £nil) relating to restricted funds.

15 Creditors: amounts falling due within one year

| | Group 2016 £ | 2015 £ | Charity 2016 £ | 2015 £ |
|---------------------------------|--------------------|----------------|----------------------|----------------|
| Lottery payments in advance | 50,284 | 47,478 | 50,284 | 47,478 |
| Accruals and deferred income | 570,541 | 530,438 | 565,370 | 525,426 |
| Trade creditors | 108,164 | 71,963 | 98,839 | 65,090 |
| Other taxes and social security | 45,257 | 42,157 | 45,257 | 42,157 |
| | 774,246 | 692,036 | 759,750 | 680,151 |

All creditors relate to unrestricted funds in both 2016 and 2015.

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

16 Funds

Restricted funds

| | Brought forward | Income | Expenditure | Gains, losses and transfers | Carried forward |
|--------------------------|-----------------|---------------|------------------|-----------------------------|-----------------|
| | £ | £ | £ | £ | £ |
| Day Care Unit Building | 375,823 | - | (64,886) | - | 310,937 |
| Six Steps Project | 105,927 | - | (39,349) | - | 66,578 |
| Room Refurbishment | 6,853 | - | (471) | - | 6,382 |
| Overnight Stay Room | 268 | - | - | - | 268 |
| Spiritual Room | 1,000 | - | - | - | 1,000 |
| Oliver Jordan Foundation | 531 | 977 | (300) | - | 1,208 |
| Hospice at Home/ | | | | | |
| Community Development | 175,234 | - | (48,730) | - | 126,504 |
| Support & Wellbeing | 1,940 | 400 | (1,169) | - | 1,171 |
| Staff & Volunteer Event | - | 100 | - | - | 100 |
| Communication Skills | | | | | |
| Training | - | 39,849 | - | - | 39,849 |
| | 667,576 | 41,326 | (154,905) | - | 553,997 |

Unrestricted funds

| | Brought forward | Income | Expenditure | Gains, losses and transfers | Carried forward |
|-----------------------------------|-------------------|------------------|--------------------|-----------------------------|-------------------|
| | £ | £ | £ | £ | £ |
| Designated fund – Hospice at Home | 37,775 | - | (37,775) | - | - |
| Unrestricted fund | 10,428,262 | 3,710,770 | (2,932,734) | 4,761 | 11,211,059 |
| Non-charitable trading | 43,330 | 304,347 | (320,263) | - | 27,414 |
| | 10,509,367 | 4,015,117 | (3,290,772) | 4,761 | 11,238,473 |

Purpose of the restricted funds:

The Day Care Unit building fund was for the building of the Day Care Unit and largely relates to grants from the Community Fund (National Lottery Charities Board) towards the capital costs. The fund will be reduced by the related depreciation charge.

The Six Steps Project is funding received to provide education and deliver training to care homes in relation to end of life.

The room refurbishment fund relates to a donation made in memory of a patient of the hospice for the refurbishment of the room in which they were cared for.

The overnight stay room fund represents a donation received to be spent on this room.

The spiritual room fund represents a grant received from the Hospital Saturday Fund. This had not been spent at the year-end.

The Oliver Jordan Foundation is money received to provide bereavement education.

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

16 Funds (Continued)

The Hospice at Home/ Community Development fund was received from East Lancashire Clinical Commissioning Group (ELCCG) to support the provision of enhancing Hospice at Home services within Hyndburn and the Ribble Valley.

The Support & Wellbeing fund is a patient donation for patient activities.

The staff and volunteer event fund relates to public donations received for Hospice staff. This had not been spent at the year-end.

The Communication Skills Training fund is funding received for the Implementation of Communication Skills Training (Clearer Communication Programme). No amounts had been spent at the year-end.

Purpose of the designated funds:

The Hospice at Home fund has been designated to expand community services for caring for patients in their own home. The amount previously designated has been fully spent during the year.

17 Operating lease commitments

At 31 March 2016 the group had future minimum lease payments under non-cancellable operating leases as set out below:

| | Land and buildings | |
|--|---------------------------|-------------|
| | 2016 | 2015 |
| | £ | £ |
| Amounts due within one year | 66,677 | 85,029 |
| Amounts due between one and five years | 134,996 | 140,687 |
| Amounts due after five years | 10,544 | 3,476 |
| | 212,217 | 229,192 |