

**THE PRINCE & PRINCESS OF WALES HOSPICE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**



The Prince & Princess
of Wales Hospice

**THE PRINCE AND PRINCESS OF WALES HOSPICE
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THE PRINCE & PRINCESS OF WALES HOSPICE

COMPANY INFORMATION

Directors

Maureen Henderson OBE (Chairman)
Ian Reid (Vice – Chairman)

Ronnie Bowie
Murray Cromar
Surjit Chowdhary MBE
Bill Doak
Anice Gillespie
Douglas Hansell
Steuart Howie

David Hunter
Ann Loughrey
Ian MacLeod
Ally McLaws
Brett Nicholls
Alan Tomkins
Graeme Waddell

Chief Executive

Rhona Baillie

Company Secretary

W Iain M Somerville

Registered Office

71 Carlton Place
Glasgow
G5 9TD

Company Registered Number

SC 084008

Charity Registration Number

SC 012372

Bankers

The Royal Bank of Scotland
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Glasgow
G1 3AA

Solicitors

Lindsays LLP
1 Royal Bank Place
Buchanan Street
Glasgow
G1 3AA

Pinsent Masons LLP
123 St Vincent Street
Glasgow
G2 5EA

External Auditors

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Stockbrokers

Barclays Wealth
Aurora 5th Floor
120 Bothwell Street
Glasgow
G2 7JT

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50 West Nile Street
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THE PRINCE & PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

The Directors submit their Annual Report and Financial Statements for the year ended 31 March 2017.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The legal and administrative information contained on the preceding page forms part of this report.

1. Purpose and Principal Activities

The Prince & Princess of Wales Hospice (the Hospice) is located beside the River Clyde in Glasgow City Centre. The principal activity of the Hospice is the care of patients with life limiting progressive disease and their families. The Hospice offers four distinct areas of care to patients – Inpatient, Day Services, Clinical Nurse Specialist Community team and input to Acute Hospital teams. Patients may access any or all of them, according to individual needs. From a community health perspective, the Hospice covers three Community Health Care & Social Care Partnerships with responsibility for a population of approximately 345,000 people, and receives referrals from over 100 local GP practices, as well as from the Acute Hospitals servicing particularly the South Glasgow area.

The Hospice team acts as a resource to health care professionals who provide palliative care in all of these settings. A team of over 100 (FTE) staff and 650 volunteers combine to provide patient and family care and to generate and manage the funding required. The Hospice currently receives over 1,200 new referrals a year. Care is free and culturally sensitive.

The Hospice has operated in co-operation with NHS Greater Glasgow & Clyde under a service level agreement for the provision of Specialist Palliative Care services in keeping with the policy context of NHS CEL 12 (2012). As part of this service level agreement, the Hospice has contributed to national and local strategy and associated action plans. Under recently implemented arrangements which see the Health and Social Care sectors working more closely together, the Hospice's arrangements are managed through new Social Care Partnerships in Glasgow, South Lanarkshire and East Renfrewshire.

2. Structure, Management and Governance

Governing Document

The Prince & Princess of Wales Hospice is a charitable company limited by guarantee, incorporated on 20 July 1983 and is a Registered Scottish Charity. It is established under its Memorandum of Association which lays out the objects and powers of the company and is governed by its Articles of Association which set out the legal and organisational procedures to which its administration must adhere.

Organisational Structure and Management

The Hospice has a clear reporting structure where senior staff members with defined responsibilities report to the Chief Executive who in turn reports to the Board of Directors. Day to day operational responsibility is delegated to the Chief Executive and the Hospice management team. All seven members of the management team are present at fortnightly management meetings and at all six board meetings during the year, participating in subgroups as appropriate.

In addition to the provision of patient care, the Hospice raises funds towards the funding of the care, and, together with its subsidiary company Hospice Enterprises Limited, operates a number of charity shops in the Glasgow area.

In November 2011, the Hospice formed a new subsidiary company, Hospice Developments Ltd, to organise and oversee the development of a new build hospice facility in South Glasgow, to which it is planned that the Hospice will relocate in 2018.

THE PRINCE & PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

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Directors and Trustees

The Directors of the charitable company (the charity) are its Trustees for the purpose of charity law and throughout this report are referred to as the Directors or collectively as the Board (of Directors).

Recruitment and Appointment of Directors

Under the requirements of the Memorandum and Articles of Association, members of the Board are elected to serve for a period of three years after which they must be re-elected at the next AGM. Unless otherwise resolved by the Hospice Members in General meeting, a maximum of two terms (six years) may be served. To ensure stability and consistency during the New Hospice Development, the members have resolved to extend the terms of five Directors who are presently serving on the Board. The Board has adopted a meeting and information structure under which it meets formally at least six times per year. Between formal meetings, Directors are kept in touch electronically with issues of importance, and a full financial report is issued monthly.

The Board is comprised of individuals with a wide range of skills broadly based in business, financial and clinical areas. To maintain the balance, retired Directors are replaced by those with an appropriate skill set. This ensures that the Board sub-committees of Audit, Clinical Governance and Income Generation Governance have relevant representation. In addition, independent directors with appropriate skill sets are recruited to serve on the Boards of the subsidiary companies. Potential Directors are identified by existing Board members and invited to the Hospice to meet with the Chairman of the Board and Chief Executive, to establish whether the appointment is appropriate. They then require to become members of the Hospice before being appointed, subject to full Board approval, as a Director of the Hospice. Hospice membership is not required of but is open to independent subsidiary directors.

Director Induction and Training

New appointees to the Board and subsidiaries will meet with the Chairman of the Board and the Chief Executive at the Hospice for a tour of the facilities and additional familiarisation with the services being provided. In addition they are invited to participate in the regular inductions available to all new staff and volunteers within the Hospice.

To ensure regular updating of knowledge about the Hospice, relevant legislative and regulatory changes and developments within palliative care, all members of the Hospice management team prepare regular reports and attend Board meetings. A full financial report is issued monthly.

The Board of Directors

The Directors who served during the year ended 31 March 2017 and thereafter were as follows:

Maureen Henderson OBE (Chairman)

Ian Reid (Vice-Chairman)

Robert Booth OBE	<i>Resigned 15 July 2016</i>	Ann Loughrey	<i>Appointed 25 January 2017</i>
Ronnie Bowie		David Hunter	
Murray Cromar		Ian MacLeod	<i>Appointed 26 October 2016</i>
Surjit Chowdhary MBE		Ally McLaws	
Bill Doak	<i>Appointed 25 May 2016</i>	Brett Nicholls	
Anice Gillespie		Alan Tomkins	
Douglas Hansell		Graeme Waddell	
Steuart Howie			

THE PRINCE & PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

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Clinical Governance

Clinical governance is the overall framework through which the Hospice is accountable for continuously improving clinical, corporate, staff and financial performance. The philosophy of the Hospice is to ensure the provision of high quality clinical, emotional, social and spiritual care for patients who have a progressive, life-limiting illness and support for those who care for them. Therefore, healthcare governance is integral to our service and practice. The Board has appointed the Clinical Governance Committee, comprising Directors with relevant skills and senior Hospice clinical staff to oversee policy and practice on these aspects of Hospice services.

External Clinical Governance

The Hospice is authorised by Health Improvement Scotland (HIS) to provide Care Services. It is also recognised as a specialist palliative care provider by NHS Quality Improvement Scotland and by NHS Greater Glasgow & Clyde. Inspection visits each year ensure that the care provided is in line with the published regulations. As noted above, responsibility for commissioning of specialist palliative care services has been passed to the Community Health & Social Care Partnerships (HSCP's), and the Hospice has established new relationships with these bodies to ensure the continuation of a first class service to patients and families. The Hospice's primary relationship is now with Glasgow City HSCP which is now its commissioning body for the provision of clinical services.

Risk Management

The Directors have charged the Risk Management Committee, under the chairmanship of the Chief Executive, with supporting corporate and clinical risk management through the development and implementation of an appropriate risk management framework. This framework comprises a steering group and three sub groups producing robust risk assessments and subsequent control measures across all departments. Risk management is co-ordinated and supported on a day-to-day basis by the Hospice's Risk Manager. Risks in all areas including clinical, financial, personal and organisational are minimised with procedures in place to ensure the health and safety of patients, visitors, volunteers and staff and the security of assets. This structure is overseen by the Board's Audit, Clinical and Income Generation Governance Committees which report to the Board on a regular basis. Through this structure, the Directors have assessed the major risks to which the Hospice is exposed, These fall within the following areas:

<i>Area</i>	<i>Nature of Risk</i>	<i>General description of controls & strategy</i>
Clinical care	Caring for vulnerable persons Administering medications Skin tissue vulnerability Infections	The Hospice has robust and audited operational processes and controls and is highly graded in regulatory inspections. This is supported by strong educational and HR functions for all involved in the care function. Best practice in peer organisations is sought out and implemented. All activity is overseen by the Clinical Governance Committee.
Financial risks	Importance of HSCP funding Charity and other competition Poor charity media coverage Tougher data protection regulation Cost increases A substantial capital appeal project	The Hospice maintains good relations with its commissioners and all supporters and has robust controls in place to ensure best practice is operated. An internal audit programme covers all material areas of risk. Operational groups address all risk areas and plan strategy, which includes widening the supporter base, ensuring maximum financial efficiency, and maintaining a strong communications function. All activity is overseen by the Audit and Income Generation Governance Committees.

The above risks are inherent to the activities carried out by the Hospice. Generally, the likelihood of occurrence is assessed as low, but the risks score highly because the consequence of an occurrence could be significant. The Directors are satisfied that systems are in place to minimise exposure.

THE PRINCE & PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

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Information Governance

The Information Governance Group, led by the Caldicott Guardian and Data Protection Officer, has the remit to ensure that all data, clinical and non-clinical, is safely and efficiently recorded and utilised and in keeping with national recommendations. The group meet regularly to review and improve systems and processes.

Staff Governance

The Directors have appointed a Staff Governance Committee to review matters relating to employment and human resources within the Hospice and to advise the Board on best practice. The Committee is chaired by the Vice-Chairman and includes Directors who have relevant skills and experience. Meetings are attended by appropriate members of the senior management team. The Committee monitors executive actions on employment issues, and is currently reviewing pay scale structures to ensure they are appropriate for the future of the Hospice. Work has also continued to support staff towards the move to a new Hospice location in 2018. A system of staff feedback surveys has recently been introduced with a very positive response. This will assist and inform the Committee on staff strategy for the future.

Income Generation Governance

The Board has appointed the Income Generation Governance Committee to review fundraising strategy and activity, particularly related to the work of raising funds towards the relocation of the Hospice building and the development of services to young adults and to wider cultural groups than presently access Hospice services. The Committee also co-opts independent members with relevant skill and experience, and is attended by appropriate members of the senior management and fundraising and retail teams. Although the function of the Committee was initially concentrated on monitoring and supporting the activity of the capital appeal team, it is now giving increasing attention to the on-going fundraising of the Hospice, including in relation to the expected future demands of an increased service provision. The Committee meets and reports regularly to the Board.

Financial Governance

The Hospice Audit Committee comprises a number of Directors who have business and financial expertise and co-opts independent members to complement that expertise where appropriate. At present the group has one co-opted member with experience of investment management. The Committee meets four times each year to consider all financial matters relating to the Hospice and its subsidiaries. It receives detailed reports from the independent auditors and has been managing a five year cycle of detailed internal audit reviews which were also carried out on an independent basis. A new three year cycle will be initiated in Autumn 2017.

The minutes of all Governance Committees are reviewed by the Board as a standing item on its meeting agenda.

Staff Remuneration Policy

All jobs within the Hospice and its subsidiaries carry a detailed job description which is evaluated using a system which closely follows the "Agenda for Change" structure operated within the NHS. The system allocates points based upon pre-defined criteria, which points are used to determine a banding within which the job falls. This system applies to all non-medical staff, whether clinical or non-clinical. Job evaluations (known as "Matching") are carried out by two senior managers independent of the department under which the job will operate. Medical staff jobs are graded in line with the standards applicable within the NHS in Scotland.

Once evaluated, the salary rate is determined by where the job is banded within the Hospice salary scales. These are similar in range but not tied to those operated within the NHS in Scotland. Staff will generally rise through the salary scale applicable to their job band, based on experience gained and the level of responsibility undertaken. Scale increments are not contractual. The Hospice regularly consults with colleague and charitable organisations to ensure that pay remains reasonably in line with that for similar healthcare activities with fundraising and administrative requirements.

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The Hospice Board, acting on the advice of its Staff Governance and Audit Committees, reviews staff pay annually at 1 April each year. Consideration is given to incremental and cost of living increases, having regard to the affordability of any award within the funding available to the Hospice.

The pay of senior managers is determined using this system, and is subject to specific review by the Hospice Board. The Hospice regards the Key Management Personnel referred to in note 13 to the Accounts as being the Chief Executive Officer and Lead Medical Consultant.

Monitoring Achievement

Each of the above Governance Groups receives and reviews appropriate statistical and financial reports to assist them assess progress and set action plans in each of their areas of responsibility. Such reports will include but are not limited to data on:

Clinical & Support Services Performance

- Patient referrals, discharges and deaths
- Bed availability, occupancy, and average patient stay
- Community nursing caseload
- Complaints and positive comments
- Accidents, incidents and infection control
- Clinical audits

Staff and Volunteering

- Staff and volunteer numbers and hours
- Absence
- HR issues
- Staff satisfaction surveys and trends

Fundraising

- Fundraiser and event cost efficiency against targets
- Contact and database management
- Lottery recruitment and player numbers against targets
- Retail point of sale data and profitability by outlet
- Overall cost of fundraising relative to income generated

Financial

- Income, costs and capital spend against budget and last year
- Investment risks and returns
- Cashflow requirements

The Board and all operational departments receive monthly financial statements and detailed financial analysis on a quarterly basis or on specific request.

Risk Management

- Risk assessment scoring
- Risk management action plans
- Accidents, incidents and infection control

3. Strategy, Objectives and Activity

Overview

Since its inception in the 1980's the Hospice's clinical services have grown from an original volunteer led telephone support line in 1985, to the development of day services in 1986, outpatient and home care services in 1987, progressing to a fourteen bedded inpatient unit in 2002. Hospice services and the building have grown organically, responding to need and opportunity.

We now support over 1200 patients and families every year, and have developed our services to reflect the need for a flexible, patient and family centred programme of care, with an ethos of supporting people to live as well as possible, for as long as possible, in the place of their choice.

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For several years, the development of services by the Hospice has been structured round a rolling five year strategy, known as Vision & Values. This focuses on our clinical strategy which reflects our aspiration towards modern, innovative, inclusive palliative care services for adults of all ages and from all backgrounds. Services are shaped around the needs of the patients and families, reflecting the expectations of today and tomorrow's patients. A robust business strategy funds our clinical aspirations.

In early 2015, to ensure that the principles and values expressed in our strategy remain valid and easily understood, the Hospice carried out a wide consultation among stakeholders, patients and families, staff and volunteers. All were asked to express their understanding of the values to which the Hospice should hold in providing its charitable services. There was significant congruence of opinion around five principal values which were expressed as:

- Compassionate Care for Patients and Families
- Valuing our Team
- Respect and Dignity
- Fairness and Integrity
- Striving for Excellence

These confirmed the existing direction and emphasis in our strategy, and concisely state how the Hospice will ensure that its service provision will be driven towards the future. These Values are now being consciously reflected in all aspects of Hospice activity, including recruitment.

The standard of our current care is recognised as very high, as evidenced by our consistently excellent assessments from Healthcare Improvement Scotland (HIS). There is, however, recognition that care experience can be hampered by the facilities. Patients and families have spoken to us about the distress they sometimes experience in our current building, with a lack of privacy and dignity and the challenges they can face with the impracticalities of our facilities. With this in mind, in 2011, the team commenced a significant project to design and build a new 21st century hospice for the people of Glasgow.

To fund this design and build project, the team planned and commenced a capital appeal for the overall project cost of £21m. By the date of this report, there has been considerable progress with only £1.3m left to fundraise. A contract for the building construction and related landscaping work was signed in August 2016 with Practical Completion now expected in early 2018. Full migration to the new facility should be complete by mid-2018.

Income generation via our two main streams for revenue funding remains challenging. Around 40% of total costs have been covered by NHS Greater Glasgow & Clyde, but, following the Government decision in Scotland to see the Health and Social Care sectors work more closely, commissioning and budgetary management has been passed to one of a number of new Health and Social Care Partnerships (HSCP's). In our case, the Glasgow City HSCP. Our funding for 2017-18 has been agreed at previous levels plus a small (0.4%) increment for inflation. The remaining 60% of funding is met through charitable donations and event fundraising activity. The Hospice has a wide range of such income streams, and with over 30 years of service delivery, our loyal supporter base ensures we are financially stable.

• **Clinical Development**

During 2016-17 considerable progress has been made in relation to the identified strategic aims and objectives for the clinical teams. There are four key arms of the clinical development plan – Clinical Development itself, Widening access, Participation, and Clinical Effectiveness.

In some of these, there has been a re-evaluation and reordering of priorities, partly due to changes in clinical demand, or because opportunities have arisen to progress areas identified as a later priority more quickly. Thus access to funding has allowed the earlier development of the Carers' Choice programme which continues to flourish offering carers the opportunity to engage in meaningful activity outwith their caring role, while the person they care for has their needs matched to a suitable volunteer who enables the carer to have a break from their caring responsibilities.

Strategy and developments in specific functional areas have been as follows overleaf:

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Inpatient Unit

The Patient and Family Support role, introduced to ensure that all patients, families and visitors are welcomed and supported throughout their stay, from admission to discharge, was very positively evaluated and now forms part of our core services. This role enables patients and families to have a pre-admission walk around the Hospice with the same friendly face greeting the patient to transport them from the hospital setting to our inpatient unit, and welcoming the family to the unit as the patient arrives. The role also facilitates effective communication with the patient, family and other health and social care providers allowing seamless transfer of patients to other care settings on discharge.

Our triage system, which directs the allocation of our inpatient beds, is undergoing improvement work to support us in providing the service which best meets the individual's needs at the right time and make the best possible use of our specialist in patient facility.

The Children's Hospice Association of Scotland (CHAS) has enthusiastically allowed our teams to spend time gaining experience, capability and confidence in looking after young people. This has resulted in staff across our services, but initially staff in the inpatient unit, spending two days on secondment to CHAS. This allows us to start building relationships with the young people who may ultimately transition to our services and with the professionals who have been very involved in their care. We are extremely grateful for the assistance being given by CHAS. The dynamic way in which this has been approached has contributed to our profile being raised within this field and Hospice staff being invited to speak at the Scottish Transition Forum Event, putting us firmly at the forefront of transition in Scotland.

Strategic aims and activity include:

- the efficient and effective utilisation of inpatient beds
- efficient and effective patient-centred discharge planning
- patient centred drug administration using the patient's own drugs
- planning for changes in care when the new facility allows all single rooms
- planning, and as far as possible, offering age-appropriate care to Young Adults

Outpatient Services

These services play a crucial role in promoting independent living and quality of life for patients and carers. The service now includes medical and nursing-led outpatient clinics, twenty day-services places on three days every week, monthly carers support groups, access to art and creative writing, Chi Gung and complementary therapies for patients and carers. The innovative roll out of a volunteer befriending service delivered in the patient's home – the "Carer's Choice" project - allows carers a short break, supporting their ongoing resilience.

Services are accessed by an increasing number of patients with highly complex needs, including those with motor neurone disease and chronic obstructive pulmonary disease. This work contributes to the overall widening access arm of our strategy and the staff group develop new skills and models of care which will benefit other groups and Hospice services in the future.

The service is developing to meet the unique needs of young adults in transition, partnering with external agencies such as Sense Scotland, to develop our services based on the needs of our widening patient group.

The service is about to launch a Fatigue Anxiety and Breathlessness (FAB) clinic to help people manage some of the most common symptoms experienced at end of life by people with malignant and non-

malignant disease alike.. If not well managed these symptoms negatively impact on patient's quality of life.

Our Castlemilk outreach clinic has evaluated well and has informed the development of a new clinic which is being piloted in the East Renfrewshire HSCP building. This allows us to take services nearer to patients, and to work most effectively with our HSCP colleagues, ultimately giving our patients more choice in where they can receive their care.

Strategic aims and activity include:

- delivery of a range of outpatient services tailored to the individual's need and preferences.
- continuing development of outreach clinics in city suburbs and in the Hospice
- raising the profile and promoting the full range of outpatient services

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Community Services

This team supports patients and carers who are unable to access other services. The team's skill mix has been developed and now includes staff nurses and sessions from a rehabilitation assistant, who support the clinical nurse specialists and medical consultant. The team have taken the opportunity to have a secondment to the Queen Elizabeth University Hospital Specialist Palliative Care team. This helped reinforce skills and learning in the individual nurse specialist and the development of effective professional relationships with the new teams who have formed to deliver care in the new Queen Elizabeth University Hospital. The community team also facilitated the secondment of one of our ward nursing team into the community role which is contributing to the Hospice's overall aim to continually develop and invest in its people.

Strategic aims and activity include:

- further integration with Primary Care teams to promote joint working and shared care
- further development of a multi-professional approach within the Hospice team to ensure effective and efficient working
- effective support for complex and high dependency patients and families at home

Rehabilitation Strategy

Our Allied Health Professionals originally participated in a variety of work streams of our strategy, and will continue to participate in work as required. As we move forward however, we need to adapt to meet the needs of an ageing population, living with and dying from chronic illnesses and multiple co-morbidities, where longevity is frequently compromised by frailty, disability and dependence on a backdrop where personal autonomy is paramount. It is seen as essential that we develop a rehabilitative arm within our strategy to help meet the needs of this changing population. This has led to a more focused approach to training our staff to support rehabilitation where possible and enablement across our clinical services.

Art Services

Art Services have been part of our services for many years, and were initially managed externally by Art in Hospital. They became part of our core service in 2015 and as such have a place within the clinical strategy. The Art Services strategy is now developed and our artists are engaging with services across Scotland to extend their practice and participate in research to continually develop the model of care they provide.

Family Support Services

The family support services team offers care, information and support to patients and carers. Spiritual and religious support is offered by chaplaincy services.

- *The Extended Butterfly Project*

The Big Lottery had awarded the Hospice funding of almost £500,000 over 3 years to enable the Hospice to support the development of an extended children's bereavement service, which will now include Young Adults from age 15 upward, and to develop the service for adults who support these young people. The project commenced in October 2016 and is actively co-producing services to meet identified needs. A number of children and young people who have accessed bereavement support are partnering with the Hospice to shape and deliver future services. Several different models of care are being tested to support children, young people and the adults who care for them, and our move to Bellahouston and the outside space this will provide will further facilitate the implementation of creative models of care. Young people from our transition arts project have already had a site visit to Bellahouston and pictures taken on that day will form part of the Transitional Art Work to be exhibited in the new facility.

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Outwith the new Butterfly Project, strategic aims and activity include:

- Development of innovative support models within and outwith the Hospice and in partnership with other providers, including a financial inclusion service and the Carers' Choice project.
- Widening a multidisciplinary approach to providing psychological, emotional and spiritual support to patients and families
- Developing more opportunities for volunteers to work within the service

The team have worked in partnership with Glasgow City and East Renfrewshire Council to engage with local school and health based partnerships for promotion of a whole school approach to loss, grief and bereavement. A new toolkit to support this approach was launched in May 2017 in East Renfrewshire and we have worked alongside the education department in the development of this programme.

Widening Access to Hospice Services

The philosophy of widening access to Hospice services has developed considerably over the past two years. The culturally sensitive services project, which began in 2009, has grown in strength, and the Hospice has begun to consider additional programmes which come under the auspices of "widening access". In the last year, there has been a major focus on Equality Analysis, working in partnership with the NHS to develop training material and process to enable all Hospice policies and services to be equality impact assessed.

Strategic aims and activity include:

- Further Equality Analysis
- Culturally Competent Palliative Care
- Palliative Care for People with a Learning Disability
- Young Adult Service Development

In line with the Equality Act 2010 and other local and national drivers, our teams across Hospice services have worked together to take forward our equality impact assessments to process. This is a formal approach to the scrutiny of policies, plans and service delivery in relation to risk of discrimination. This has allowed us to identify areas of good practice and for improvement within day services and outpatient clinics, influencing the development of our young adults service and the coproduction of our Extended Butterfly Bereavement Service.

Our Culturally Competent Palliative Care group focuses on bringing palliative care and the services of the Hospice to the ethnic minorities in South Glasgow, and to raise the profile of these services within these communities. This is achieved by continuous contact with community leaders, community groups, centres and places of worship, whilst having regard to the views of those who have had personal experience of the services. We are continuing to educate and develop our services, and staff, supported by our equality and diversity process noted above. Partnership work with organisations such as The Council of Ethnic Minority Voluntary Sector Organisations (CEMVO) and other local community leads is helping us to scrutinize and develop practice across all departments in the organization.

The Learning Disabilities and Palliative Care Project came to a formal end in April 2015 but engagement work and raising awareness has continued. We continue to facilitate a key practitioners network which focuses on continued education and sharing of best practice across our local NHS and beyond.

The Hospice's commitment to developing services for young adults is a key component of its strategic vision. There has been significant engagement work over the past year with organisations already supporting young adults with palliative care needs. Secondment opportunities for our staff with CHAS have been noted above. This engagement with CHAS has been inclusive of all teams across the Hospice, including nursing staff, artists, allied health professionals, family support services as well as our facilities and support staff. These visits and secondments have enabled the teams to realistically plan and identify further learning and development needs as we move forward.

We now have several young adults who access our services and have established a young adults Multidisciplinary Meeting, with the support of Consultant colleagues from the NHS. Our innovative way of developing relationships and partnership working is leading the way in young adult transition in Scotland.

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Participation

The Hospice ensures the participation of people with personal experience in the commission, design, delivery, and evaluation of Hospice clinical services. A range of approaches are undertaken to engage in effective participation in the Hospice with the experience of the patient at the heart of these.

Benefits of participation include that patients and families feel informed and involved; their views and experiences are considered and valued; they are able to influence their journey of care; they can express satisfaction or dissatisfaction with their care; and they know they can influence planning and delivery of Hospice services. Participation allows poor experiences of care to be identified at an early stage, and remedial action taken, reducing or eliminating formal complaints. Hospice services and service developments are continuously developed to be patient and family focused and in response to expressed need. This also provides positive feedback for staff supporting their well-being and job satisfaction.

We have participated in a series of National Awareness raising campaigns with events held at a variety of venues including shopping centres, the QEUH, HSCP buildings, schools, universities and a Gudwara. These events are often complemented by newspaper articles, radio interviews and social media posts, with excellent joint working between our clinical, volunteering, fundraising and communication teams.

We are also currently piloting information hubs in the QEUH and HSCP buildings to identify how these positively impact in providing information, raising awareness, promoting openness about death and dying and supporting co-production of services.

Strategic aims and activity include engagement with patients, families, professionals and public to:

- increasing awareness of Hospice and palliative care services,
- promoting an openness about death, dying and bereavement
- developing clinical services in co-production with these stakeholders
- ensuring ready availability of information on Hospice services in accessible formats

Clinical Education

The clinical education team seeks to equip all staff and volunteers with the knowledge and skills needed to deliver the high level of service that is required and to provide a further education facility to other interested organisations and individuals.

NHS GG&C and the Hospice have coproduced a Palliative Care Band 6 Leadership and Development Programme in collaboration with NHS Education Scotland. This inclusive approach is to support the current Band 6 post-holders in palliative care across a range of care settings from acute care to staff in the six hospices within the NHS GG&C area.. This innovative approach has facilitated excellent networking opportunities for involved individuals, helping to develop their leadership skills, and will support succession planning within the Palliative Care specialty. This work is being recognised nationally as an area of good practice.

Strategic aims and activity include:

- equipping all clinical staff with the knowledge and skills to support current service delivery and new service developments.
- ensuring the Hospice has a resilient and sustainable clinical workforce.
- ensuring that care is evidence based and supported by protocols and pathways.
- maintain the Hospice's reputation as a centre of excellence in clinical training and education

Research

Research within palliative and hospice care has been raised on the national agenda with the Strategic Framework for Action on Palliative and End of Life Care 2015 document. We have a seat on the national steering group for research which supports the implementation of this framework.

Part of delivering high quality palliative care across all settings is maintaining most up to date practice though awareness of and involvement in research. The Hospice has an established research group to encourage involvement with external researchers. The group is tasked with establishing a robust governance process and the framework for research within the Hospice. The research framework has informed the internal and external research currently being conducted. At present we have an MSC Student researching Performance Appraisal and are participating in the national Paracetamol with Strong Opioids Trial (PaSO), a double-blind randomized parallel group trial of paracetamol versus placebo in conjunction with strong opioids for cancer-related pain, as well as facilitating an external evaluation by Strathclyde University of our Extended Butterfly project.

THE PRINCE & PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

(continued)

Information Management

The E-health Group ensures that the e-health systems of the organisation are robust and developed in line with national guidance. As new systems are put in place, the Hospice is increasingly able to link into NHS electronic systems for retrieval of results, electronic referrals and access to other clinical information and ordering clinical and facilities stores.

Clinical Administration staff support all aspects of Clinical Activity, including correspondence, patient record management and assisting with the routing of enquiries from patients and families to relevant care staff.

• **Support Services**

The Support Services team, including information and communication technology, reception, catering, domestics, porters, transport and maintenance staff support all departments in their function in relation to delivering care for patients and carers. Support services are often the first face of the hospice and offering excellent hospitality is essential in their everyday role.

The reception team, which is well supported by volunteers, continues to ensure that every patient and visitor to the Hospice feels valued and welcomed. The Catering team was successful in retaining their Healthy Living Award until March 2019, as well as our Eat Safe Award. These awards acknowledge excellence in promotion and provision of healthy and safe food choices available to patients, visitors, staff and volunteers. The Portering team assist Scottish Ambulance Service with the safe transportation of patients to and from the Hospice. During the year, 160 inpatient transfers were made, including many with complex needs, as well as a regular service provided to users of outpatient and day services.

The Hospice continues to ensure that its IT systems are robust and fit for purpose, giving adequate access to the wide range of information and governance necessary at both strategic and operational levels for the provision of Hospice services. A recent review of IT support contract proposals from five suppliers resulted in a change of appointment to a new supplier for improved service with some probable cost savings.

• **HR and Volunteer Services**

Our dedicated team of staff and volunteers are the Hospice's greatest asset in its mission to provide consistently high standards of care and service to patients and families. The way in which we lead, manage and develop our team of staff and volunteers is essential to the provision of high quality care and service. Long term success requires thorough recruiting and retaining a well-managed, highly skilled and motivated workforce who have the right opportunities to learn and develop.

During 2016, the Hospice was reassessed for Investors in People and was successful in maintaining its gold level accreditation.

Strategic aims and activity include:

- Recruitment and Retention, ensuring that the Hospice is recognised both internally and externally so that people want to be involved through work or volunteering. Policies and procedures are reviewed to ensure they are supportive to individuals in our workforce.
- Workforce Development, identifying the skills, knowledge and behaviours that are needed by our workforce to deliver services both now and in the future and how these will be resourced.
- Workforce Engagement, through the Joint Consultative Group, staff forums and a range of other activities

• **Communications**

Successful press and PR campaigns have considerably boosted the Hospice's profile at home and overseas, resulting in increased awareness of services and fundraising. The communications team led on the launch and continued recognition of Raise the Roof, the latest phase of the Brick by Brick Appeal. Digitally, email marketing campaigns have had a substantial effect on fundraising and online ticket sales, while online application forms have streamlined the process to apply for staff and volunteer posts. The new website continues to be the perfect showcase for the Hospice's services, constantly updated with information that backs our reputation as a centre of clinical excellence.

THE PRINCE & PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

(continued)

• **Development of the New Hospice Facility in Bellahouston Park**

In previous reports, we have explained at some length the limitations of our present facilities in Carlton Place and the identified need to provide a larger and modern facility which is truly fit for purpose. We also explained the process which we undertook to define and design the facility required, so we will not repeat that in entirety in this year's report. However, some aspects are worthy of continued inclusion.

The Prince & Princess of Wales Hospice has always been renowned for its excellent care. Recent years have seen the Hospice being awarded top marks in every aspect of care assessed by Healthcare Improvement Scotland. While our current building has served us well over the last thirty years, we have now run out of space which is hindering us in delivering the kind of care that we would like to provide for our patients and their families. Planning regulations and listed building status mean that the Hospice cannot adapt its current environment any further to improve patient care and choice.

Following a robust research and scoping exercise, it was decided that the best and only solution for the long term care of our patients and their families, is to create a purpose-built Hospice on a new site.

Our new Hospice, which is being built within 7.46 acres of ground in Bellahouston Park will be a 21st century state-of-the-art building for Glasgow that will allow us to lower our age limit to 15 years and above. Amongst its facilities will be:

- A model of care using the Scandinavian "Sengetun" method which is a community approach putting the patient and family first. This is a proven model of care which builds a familiar environment ensuring comfort and privacy and we have brought this concept and developed it for use within a hospice setting. This building will be the first Hospice of its kind in the UK, if not the world, and will revolutionise palliative care as we know it.
- 16 private rooms, all en-suite, and each with its own private outside terrace, thereby enabling patients to be taken outside, even in their beds, if they so wish.
- Accommodation within each room for a family member to stay overnight if desired.
- 2 family suites which will allow whole families to stay overnight but still be close at hand if they are needed.
- Age appropriate lounges for all our patients. For example there will be a young people's lounge for this age group and other lounge areas for the more mature patient.
- Communal dining areas which will enable patients and their families to eat together and spend some family time together. There will also be areas where patients and, if they wish, their families can eat together but which will have complete privacy. This is particularly important for patients who may have difficulty eating and who find it embarrassing to do so in company.
- A total of eight rooms which will be used for complementary therapy, consultation and intervention.
- Seasonal gardens where patients will always see colour, no matter the time of year that they are in the Hospice. Additionally there will be a number of courtyard gardens and other garden areas for patients and families to enjoy.
- Extended amenities for our Day Care patients and home care patients which will enable far more people to benefit from the array of therapies that we provide.

In August 2016, following a rigorous tendering and subsequent value engineering process, the Hospice, through its subsidiary, Hospice Developments Limited, entered a £16.4 million design and build contract for the construction of the new Hospice and its associated groundworks and landscaping with Balfour Beatty, an international contractor with a strong Scottish base of high repute. The design and build contract format, coupled with the advanced stage to which design had already been taken, greatly reduces risks to the Hospice of cost over-run. At the time of this report, the project is within budget and progressing to schedule. As part of the contract agreement, the Hospice has given a guarantee to the contractor for the full contract sum due by Hospice Developments Limited. Work commenced on site in September 2016, with Practical Completion scheduled for March 2018. Thereafter, the Hospice team will take responsibility for the final fit out of the building and migration from Carlton Place which can be anticipated by mid-2018. Fundraising for this final phase of the development will continue throughout the construction and fit-out period.

• **Present Building and Estates**

With the move to a new facility now more imminent, great consideration is given to any further spend on present facilities which cannot be transferred to the new Hospice. Such expenditure was prudently limited in 2016-17, but sensible levels of maintenance are retained.

THE PRINCE & PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

(continued)

• Income Generation

The new Hospice project will require total expenditure of approximately £21 million. At the outset of the project, the Hospice Board were confident that £6 million should be funded from Revenue Reserves, and a Capital Appeal Fundraising Team was formed specifically for the task of raising the additional £15 million for the project. Over the last three years, the team has been working with high net wealth individuals and corporate supporters, potential and present, in Scotland, and with the expatriate communities in London, New York and beyond. Progress has been steady, but, with construction well under way, a further acceleration in commitments has been achieved in 2016-17, such that, of the £21 million target, the balance to be secured is now down to £1.3 million. A major Buy a Brick fundraising campaign ran from August to March 2017 with exposure on television and radio to support an extensive social media and direct mailing effort. This is now being followed with a second phase campaign – Raise the Roof, with two further phases planned before final commissioning in 2018.

The Hospice is continues to review the likely costs of running the new facility and providing the planned extension of services. Work has begun to develop new and strengthen existing income streams to support this. These initiatives include efforts to refresh and expand the financial contribution from our shops and lottery and to nurture and develop the many new supporter contacts gained from the capital appeal. As part of this process, an ongoing review and monitoring of all our income generating functions is in place, reflecting the challenging and competitive economic conditions in which we operate

Corporate and Community Fundraising

The Capital Appeal continues to attract most of the attention in our fundraising efforts, and it will continue to be important until late in 2018. However, our ongoing fundraising remains highly important. The team has been strengthened and refreshed and significant emphasis is being placed on developing contacts made through the Capital Appeal as well as widening the general supporter base across all aspects of our fundraising. Successful events have been organised with expatriate communities in London and New York. More are planned, and it is hoped to expand this area of fundraising to other countries in coming years. The team run around 20 large events during the year, ranging from traditional dinners, a ball and an interesting range of challenges – running events, It's a Knockout and a Bubble Rush event, in conjunction with several other Scottish hospices, are some examples of these.

Supporter Relations

To improve communications with our supporters, and to assist and make more efficient our fundraising efforts and financial recording, the Hospice re-organised its teams to create a Supporter Relations team. This team is tasked with improving and maintaining relationships with the wide range of our present and potential supporters, with managing our contacts database, and providing assistance to our fundraising and campaign teams. We are now seeing positive benefits from this re-organisation and strategy.

The charity sector in general is facing significant economic challenges, and in particular, something of a backlash against instances of irresponsible canvassing activity by some major national charities. The Hospice has never used any of the practices which have been rightly criticised in these instances. However, it has reviewed all its activities in this area and ensures that all “cold” approaches are sympathetic, sensitive and limited in number and repetition. Virtually no complaints were received in 2016-17 arising from fundraising activity. Nonetheless, charity fundraising will only survive if charities are allowed to make new contacts and generate new supporters, so we ensure that all reasonable checks are carried out before any approach is made, and all canvassers are instructed in a sympathetic and “soft” approach to their work. We will continue to review this area in the light of forthcoming legislative and regulatory standards.

The forthcoming changes in Data Protection legislation will provide a challenge for all fundraising organisations. The Hospice teams are well advanced in addressing the new requirements, particularly in seeking positive consents for the range of means by which we communicate with supporters and potential supporters. Although every fundraising “ask” presently includes a request for consent, a formal campaign is planned for early 2018 to seek such consent but without a request for financial support. Although electronic marketing is increasingly important and useful, the support base for the Hospice is often best served by traditional face-to-face communication which will remain at the centre of our fundraising strategy.

THE PRINCE & PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

(continued)

Retail

In 2016-17, two further shops were opened in Battlefield and Clarkston. However, these are taking time to establish their presence, and most other shops are experiencing reduced footfall and sales, through competition and general pressure on retail activity. At the same time, lease costs seem to be rising, so the results for the year reflect this financial squeeze. The management of the retail function was reorganised in 2016 to allow more active supervision at shop level. Efforts continue to establish a suitable location for central sorting of retail donations, and a review of furniture collection and delivery arrangements remains a priority.

Lottery

The Hospice lottery continues to provide an important income stream for our fundraising, and, being significantly based on door-to-door canvassing and collection, provides an important contact for areas of the community which are sometimes harder to reach by other methods. Nonetheless, we are actively involved in persuading payers to convert to electronic membership, chiefly by direct debit payment. Lottery members have been stalwart supporters of our Capital Appeal as well as regularly participants in our twice-yearly prize draws. Development of our website has made electronic membership more accessible and we are presently piloting a "pay per click" internet campaign to seek new members outwith our normal recruitment areas. Efforts to further expand the supporter base will continue..

- **Disposal of our present building**

The financial plans for the New Hospice project do not include any contribution from the present building in Carlton Place, although to ensure the final fit out of the new Hospice runs to time and is in line with planned quality standards, the Board would be willing to utilise the Carlton Place property as security for bridging finance. However, although financial institutions have indicated a willingness to provide finance, it is not at this time anticipated that such borrowing will be necessary.

In April this year, the Carlton Place property was placed on the market, and encouraging interest was shown. Negotiations are currently underway with an interested party, but sale proceeds will not be secured until the new Hospice is commissioned and vacant possession can be given to Carlton Place. The present property will be required for everyday operational use until migration to the new facility which is planned for mid-2018, but is not included in any operational plans thereafter.

The Board are aware of their obligations to ensure that the carrying value of the building within the financial statements of the Hospice does not exceed its value for present and planned use. On the basis of their present understanding of the costs of providing an equivalent facility, the Board are satisfied that the present carrying value of approximately £3.5 million, based on depreciated cost, is significantly exceeded by the value or cost of such a facility in its present use, and at this time no provision for impairment of value is required.

4. Financial Review

Going Concern Basis of the Accounts

In preparing the Financial Statements, the Directors have had regard to the financial position of the Hospice as evidenced in the Consolidated Balance Sheet on page 22, to the detailed budgets prepared for the following financial year 2017-18, to the likely sources of income during that period, and to the funding required and available to service the commitment made in August 2016 to the construction of a replacement Hospice facility during the period 2016 to 2018.

Prior to entering the contractual commitment for the construction of the new Hospice facility, the Directors formally recorded their conclusion, carefully considered, that the Hospice was in a sufficiently sound financial position to enter that commitment. That position is reviewed on a regular basis.

The Directors are satisfied that presentation of the financial statements on the basis of the Hospice as a going concern is appropriate, and the financial statements have therefore been presented on that basis.

THE PRINCE & PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

(continued)

Principal Funding Sources

It costs around £5 million each year to run the Hospice's current facility and services.

The Hospice has been partly funded by a contribution from NHS Glasgow & Clyde, now provided through the Glasgow City HSCP, on the basis of a Service Level Agreement under the terms of NHS CEL 12 (2012). This document includes the commitment that the Scottish Government expects that NHS Boards will fund 50% of the annual running costs of independent hospices in their area. Nonetheless, NHS funding still does not include any recurring element for capital expenditure, or projects such as bereavement, art or music, nor for many other aspects of holistic care chosen to be provided by the Hospice. In 2016-17, NHS Greater Glasgow & Clyde provided funding of £2,149,521 (2015-16 £2,119,116). This funding included an inflationary increase of 1.7% for the year (2015-16 1.8%), and free issue pharmaceuticals and supplies valued at £106,875 (2015-16 £104,248). Contributions by NHS Greater Glasgow & Clyde amounted to approximately 42% of the incurred costs of direct patient care in 2016-17 (2016-17 42%). The settlement for 2017-18 has now been finalised, and includes an inflationary increase of 0.4%. The Board remain of the view that funding is still short of the expectation expressed in CEL 12 (2012), but recognise the wider financial pressures being experienced within NHS organisations.

The Hospice greatly values its close relationships with its local NHS and Social Care organisations which benefit many patients and families in the Glasgow area, and we recognise the significant financial constraints applying within these organisations. The Hospice has met regularly with them to discuss co-operative development of the Hospice function, and appropriate funding for its activities, and expects to further develop such co-operative working with the new Integrated Joint Boards for Health and Social Work (HSCP's).

The remainder of the funds required to provide the Hospice services falls to be raised through a combination of grants, direct donations, fundraising events and investment and legacy income. This total is now around £3 million annually, rising as the Hospice extends the scope of its services to meet demand. In 2016-17, the funding requirement included a sum of around £99,000 (2016-17 £105,000) in respect of necessary capital expenditure during the year – this does not include costs related to the future relocation of the Hospice referred to above. 2016-17 was again a successful year for our fundraising, but securing necessary funding remains an increasingly challenging task.

During the year, the Hospice successfully bid for funding from the Big Lottery for a three year project to enable the extension of present work on support for child bereavement. That work originated from an earlier "Butterfly" project, also funded by the Big Lottery, which the Hospice undertook in partnership with two other Hospices. The work on the new Butterfly Extension Project will be undertaken solely by the Hospice, and is being funded to the sum of £499,525 over a three year period which commenced in Autumn 2016. The Hospice is extremely grateful to the Big Lottery for this important support.

Significant project funding has also been received from Shared Care Scotland and the Burdett Trust for Nursing, as well as regular funding support from the Robertson Trust and a number of other trusts and foundations.

The Hospice benefits greatly from the service of a large number of volunteers in a variety of capacities. It is estimated that, if these services had to be paid for, they would now cost approximately £750,000 per annum.

THE PRINCE & PRINCESS OF WALES HOSPICE DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT

(continued)

Result for the Year

For the second year, the Hospice recorded an operating deficit – £475,517 (2015-16 £185,496). This continues to reflect the strategy of the Board and executive team to ensure the highest standards of patient care and to ensure that funds received are invested in charitable activities without delay but with due regard to the reserves policy outlined below. Costs have been thoroughly reviewed and challenged, and generally remained stable. A small increase in payroll costs and staffing numbers was associated with separately funded projects and a modest, below inflation, review of salary rates in April. Considerable emphasis has been given to conversion of Capital Appeal pledges to cash, and this may have had some adverse impact on general donation income which fell by around 20%, although the new financial year has seen some recovery. Charity retail activity reflects the considerable pressures seen nationally and a number of strategic developments are being considered in this area. The lottery again performed strongly, but event fundraising and retail activity had another difficult year. Investment income was slightly down reflecting even lower rate available. After last year's record for legacy income, 2016-17 was the poorest for many years, but that also has improved in the new financial year. The Consolidated Income and Expenditure Account also includes the annual surplus on the Capital Appeal of £3,054,816 (2015-16 £1,462,303). All these sources brought the surplus for the year to £2,762,047 (2015-16 £3,562,389). Not yet recorded in these figures is the very substantial level of funding commitments received towards the ongoing Capital Appeal, so overall, the Hospice has continued to produce a very positive end result. The new Hospice development project is now within sight of completion, and the Board are confident that the balance of income and expenditure on normal operating activities will start to recover from then on. The Board regards 2016-17 as a challenging but satisfactory financial year in which continues to provide a sound base for the imminent relocation of the Hospice and development of its services.

Reserves policy

The Directors have a policy whereby reserves (excluding those which are restricted to particular uses or which represent funds tied up in present fixed assets, and which are therefore unavailable for expenditure on the charitable purposes of the Hospice) will be retained to generate income to meet future operating costs and proposed capital expenditure. Reserves are also available to allow the development of services in line with strategic goals without the need to wait until formal third party funding support is available, and to provide security in the event of a temporary reduction in income levels. A full analysis of the reserves of the Hospice and their purposes is given on pages 26 to 28 of the Accounts which follow this Report.

Investment policy

Funds which are available for investment are placed having regard to the expected future cash requirements of the Hospice, returns available and the assessed risks attached to each and overall investment.

The Directors have the power to invest in such stocks and shares in the UK as they see fit. Such investment decisions are managed on a discretionary basis by professional stockbrokers. The stockbrokers' remit is to achieve a balance between income and capital growth without exposing the Hospice to unnecessary risk.

In consideration of the funding required for the new Hospice project, the Board, on the basis of advice received on investment strategy, liquidated virtually all stock market holdings in 2014. Residual shareholdings represent shares donated to the Hospice for specific purposes and held as such pending consent to realisation by the donors. Until the new Hospice project is completed, other funds will be held in cash or cash equivalent investments, with high regard to capital security and institutional spread. As the construction project is now well underway, investment decisions are also governed by the need to ensure the availability of funds to meet monthly contract payments as they arise. As noted above, this has resulted in some negative impact on investment income which can also be expected to fall as funds are expended on the project.

**THE PRINCE & PRINCESS OF WALES HOSPICE
DIRECTORS' ANNUAL REPORT AND STRATEGIC REPORT**
(continued)

5. Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each 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 the 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;
- 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 business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Disclosure to the Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charity 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.

6. Auditors

A resolution to re-appoint Wylie & Bisset LLP as auditors to the company will be proposed at the Annual General Meeting.

This Report was approved by the trustees on 8 September 2017 and signed on their behalf by:

MAUREEN HENDERSON OBE
Chairman

**THE PRINCE & PRINCESS OF WALES HOSPICE
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES
AND MEMBERS OF THE PRINCE & PRINCESS OF WALES HOSPICE
FOR THE YEAR ENDED 31 MARCH 2017**

We have audited the financial statements of The Prince & Princess of Wales Hospice for the year ended 31 March 2017 which comprise the Consolidated and Parent Charitable Company's Statement of Financial Activities, the Group and Parent Charitable Company's Balance Sheet, the Consolidated Statement of Cash Flows 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).

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 17, the trustees (who are also the Directors of the charitable company for the purposes of charity 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 as auditor under section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 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 Directors' Annual Report and Strategic 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 2017 and of the group's and the parent charitable company's incoming resources and application of resources, including their 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Annual Report and Strategic Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**THE PRINCE & PRINCESS OF WALES HOSPICE
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES
AND MEMBERS OF THE PRINCE & PRINCESS OF WALES HOSPICE
FOR THE YEAR ENDED 31 MARCH 2017**

(continued)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of our audit, we have not identified material misstatements in the Directors' Annual Report and Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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.

Jenny Simpson
Senior Statutory Auditor
For and on behalf of Wylie & Bisset LLP

168 Bath Street
Glasgow
G2 4TP

8 September 2017

Wylie & Bisset LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**THE PRINCE & PRINCESS OF WALES HOSPICE
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	£	2017 £	2016 £
Expenditure:				
Staff costs			3,763,621	3,609,831
Depreciation			197,659	278,716
Other charitable expenses			1,179,613	1,006,232
			<hr/>	<hr/>
Total expenditure			5,140,893	4,894,779
				<hr/>
Net Operating incomes:				
Trading Income		528,188		-
Retail contribution		140,547		230,670
Lottery contribution		506,699		472,880
Fundraising events		445,332		635,667
Donations		663,625		1,032,208
Grants		46,261		26,687
Income from non-group investments	8	127,535		137,095
Unrealised gain on investments		5,250		13,545
Other	9	52,418		41,415
		<hr/>		<hr/>
		2,515,855		2,590,167
NHS		2,149,521		2,119,116
		<hr/>		<hr/>
Total operating income			4,665,376	4,709,283
			<hr/>	<hr/>
(Deficit) on operating activities			(475,517)	(185,496)
Other income	5			
Legacies			182,748	2,285,582
Capital Appeal			3,054,816	1,462,303
			<hr/>	<hr/>
Result for year			2,762,047	3,562,389
			<hr/> <hr/>	<hr/> <hr/>

Continuing operations

None of the group's activities was acquired or discontinued during the current and previous year.

Total recognised surpluses and deficits

Neither the company nor the group has recognised surpluses or deficits other than those for the current and previous year.

**THE PRINCE & PRINCESS OF WALES HOSPICE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £
Income and endowments from:							
Donations and legacies	5	845,531	3,293,082	4,138,613	3,299,632	1,648,482	4,948,114
Charitable activities	6	2,149,521	46,261	2,195,782	2,119,116	26,687	2,145,803
Other trading activities	7	2,884,524	-	2,884,524	2,805,966	-	2,805,966
Investments	8	127,535	-	127,535	137,334	-	137,334
Other Incoming Resources	9	52,418	-	52,418	41,415	-	41,415
Total Income		6,059,529	3,339,343	9,398,872	8,403,463	1,675,169	10,078,632
Expenditure on:							
Raising funds:							
Other trading activities	10	2,049,524	237,424	2,286,948	1,997,804	168,021	2,165,825
Charitable activities	11	4,278,825	76,302	4,355,127	4,349,285	14,678	4,363,963
Total Expenditure		6,328,349	313,726	6,642,075	6,347,089	182,699	6,529,788
Net income/(expenditure) and net movement in funds before gains and losses on investments		(268,820)	3,025,617	2,756,797	2,056,374	1,492,470	3,548,844
Realised gains on investments		-	-	-	-	-	-
Unrealised gain on investments	16	5,250	-	5,250	13,545	-	13,545
Net income/(expenditure) per Income & Expenditure Account (Page 20)		(263,570)	3,025,617	2,762,047	2,069,919	1,492,470	3,562,389
Transfers between funds	19	2,639,318	(2,639,318)	-	332,710	(332,710)	-
Net movement in funds		2,375,748	386,299	2,762,047	2,402,629	1,159,760	3,562,389
Funds reconciliation							
Total Funds brought forward		17,578,269	2,166,680	19,744,949	15,175,640	1,006,920	16,182,560
Total Funds carried forward	19	19,954,017	2,552,979	22,506,996	17,578,269	2,166,680	19,744,949

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

**THE PRINCE & PRINCESS OF WALES HOSPICE
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2017**

	Note	2017 £	2016 £
Fixed assets:			
Tangible assets	15	7,314,765	4,774,261
Investments	16	62,159	56,909
Total Fixed Assets		7,376,924	4,831,170
Current assets:			
Debtors	17	1,060,959	1,166,075
Short term deposits	22	16,186,540	15,155,169
Cash at bank and in hand	22	3,266	2,797
		17,250,765	16,324,041
Liabilities:			
Creditors falling due within one year	18	2,120,693	1,410,262
Net Current Assets		15,130,072	14,913,779
Total Assets less Current Liabilities		22,506,996	19,744,949
Reserves:			
Restricted funds			
General	19	9,794	39,743
Capital Appeal Fund		2,543,185	2,126,937
Unrestricted Funds			
Designated income funds	19		
Fixed asset reserve		7,314,765	4,774,261
Service development reserve			
New Hospice development project		10,352,292	10,352,292
Other service developments		50,000	50,000
Other unrestricted funds			
General reserve	19	2,236,960	2,401,716
Total funds		22,506,996	19,744,949

These financial statements were approved by the board on 8 September 2017 and signed on its behalf by:

MAUREEN HENDERSON
Chairman

DAVID HUNTER
Director

Company Registration No. SC084008

The statement of Hospice Reserves and notes on pages 26 to 44 form part of these financial statements.

**THE PRINCE & PRINCESS OF WALES HOSPICE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £
Income and endowments from:							
Donations and legacies	5	845,531	3,293,082	4,138,613	3,299,632	1,648,482	4,948,114
Charitable activities	6	2,149,521	46,261	2,195,782	2,119,116	26,687	2,145,803
Other trading activities	7	2,319,082	-	2,319,082	1,970,852	-	1,970,852
Investments	8	268,082	-	268,082	367,765	-	367,765
Other Incoming Resources	9	52,418	-	52,418	41,415	-	41,415
Total Income		5,634,634	3,339,343	8,973,977	7,798,780	1,675,169	9,473,949
Expenditure on:							
Raising funds							
Other trading activities	10	1,630,479	237,424	1,867,903	1,399,087	168,021	1,567,108
Charitable activities	11	4,272,975	76,302	4,349,277	4,343,319	14,678	4,357,997
Total Expenditure		5,903,454	313,726	6,217,180	5,742,406	182,699	5,925,105
Net income/(expenditure) and net movement in funds before gains and losses on investments		(268,820)	3,025,617	2,756,797	2,056,374	1,492,470	3,548,844
Realised gains on investments		-	-	-	-	-	-
Unrealised gain on investments	16	5,250	-	5,250	13,545	-	13,545
Net income/(expenditure) per Income & Expenditure Account (Page 20)		(263,570)	3,025,617	2,762,047	2,069,919	1,492,470	3,562,389
Transfers between funds	19	2,639,318	(2,639,318)	-	332,710	(332,710)	-
Net movement in funds		2,375,748	386,299	2,762,047	2,402,629	1,159,760	3,562,389
Funds reconciliation							
Total Funds brought forward – restated		17,578,269	2,166,680	19,744,949	15,175,640	1,006,920	16,182,560
Total Funds carried forward	19	19,954,017	2,552,979	22,506,996	17,578,269	2,166,680	19,744,949

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

**THE PRINCE & PRINCESS OF WALES HOSPICE
BALANCE SHEET
AS AT 31 MARCH 2017**

	Note	2017 £	2016 £
Fixed assets:			
Tangible assets	15	3,282,390	3,381,204
Investments	16	63,160	57,910
Total Fixed Assets		3,345,550	3,439,114
Current assets:			
Debtors	17	4,768,690	2,942,957
Short term deposits	22	15,662,000	14,687,686
Cash at bank and in hand	22	2,696	2,286
		20,433,386	17,632,929
Liabilities:			
Creditors falling due within one year	18	1,271,940	1,327,094
Net Current Assets		19,161,446	16,305,835
Total Assets less Current Liabilities		22,506,996	19,744,949
Reserves:			
Restricted funds			
General	19	9,794	39,743
Capital Appeal Fund		2,543,185	2,126,937
Unrestricted Funds			
Designated income funds	19		
Fixed asset reserve		7,314,765	4,774,261
Service development reserve			
New Hospice development project		10,352,292	10,352,292
Other service developments		50,000	50,000
Other unrestricted funds	19		
General reserve		2,236,960	2,401,716
Total funds		22,506,996	19,744,949

These financial statements were approved by the board on 8 September 2017 and signed on its behalf by:

MAUREEN HENDERSON
Chairman

DAVID HUNTER
Director

Company Registration No. SC084008

The Statement of Hospice Reserves and notes on pages 26 to 44 form part of these financial statements.

**THE PRINCE & PRINCESS OF WALES HOSPICE
CONSOLIDATED & CHARITY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
<i>Cash flows from operating activities:</i>					
Net cash provided by operating activities	21	2,891,088	715,364	3,662,708	2,866,387
<i>Cash flows from investing activities:</i>					
Purchase of tangible fixed assets		(1,986,783)	(98,845)	(402,758)	(104,865)
Investment income received		127,535	358,205	137,334	487,382
Net cash (used in) provided by investing activities		(1,859,248)	259,360	(265,424)	382,517
Change in cash and cash equivalents in the year		1,031,840	974,724	3,397,284	3,248,904
Cash and cash equivalents brought forward	22	15,157,966	14,689,972	11,760,682	11,441,068
Cash and cash equivalents carried forward	22	16,189,806	15,664,696	15,157,966	14,689,972

**THE PRINCE & PRINCESS OF WALES HOSPICE
STATEMENT OF HOSPICE RESERVES
FOR THE YEAR ENDED 31 MARCH 2017**

<i>Group and Charity</i>	Restricted Funds					Unrestricted Funds					Total Funds £
	General					Designated Funds					
	Facilities Development £	Carer's Choice Project £	Butterfly Extension Project £	Other Ongoing Activities £	Capital Development Project £	Capital Development Project £	For other Service Extension £	Fixed Asset Reserve £	General Reserve £		
At 1 April 2016	10,460	18,712	-	10,571	2,126,937	10,352,292	50,000	4,774,261	2,401,716	19,744,949	
Operating Income	650	18,624	76,008	36,220	-	-	-	-	9,089,872	9,221,374	
Operating Costs	(4,239)	(26,472)	(35,543)	(10,048)	(237,424)	-	-	(197,659)	(6,130,690)	(6,642,075)	
Operating (deficit) surplus	(3,589)	(7,848)	40,465	26,172	(237,424)	-	-	(197,659)	2,959,182	2,579,299	
Legacies	-	-	-	-	-	-	-	-	(3,109,492)	182,748	
Capital Appeal	-	-	-	-	3,292,240	-	-	-	-	-	
Transfers:	(3,589)	(7,848)	40,465	26,172	3,054,816	-	-	(197,659)	(150,310)	2,762,047	
Held in Trust	-	(10,864)	(40,465)	(33,070)	-	-	-	-	84,399	-	
Capital Expenditure	-	-	-	-	(2,639,318)	-	-	2,738,163	(98,845)	-	
Designations In	-	-	-	-	750	-	-	-	-	750	
Designations out	-	-	-	(750)	-	-	-	-	-	(750)	
Net Movement	(3,589)	(18,712)	-	(7,648)	416,248	-	-	2,540,504	(164,756)	2,762,047	
At 31 March 2017	6,871	-	-	2,923	2,543,185	10,352,292	50,000	7,314,765	2,236,960	22,506,996	

**THE PRINCE & PRINCESS OF WALES HOSPICE
STATEMENT OF HOSPICE RESERVES
FOR THE YEAR ENDED 31 MARCH 2017
(Continued)**

Reserve Policies and Analysis

As explained in the Directors' Report, the Hospice is now engaged in the construction of a new hospice facility on the south side of Glasgow and which will replace the present Hospice building on Carlton Place. The Directors' policies for reserve retention reflect the substantial forthcoming demands of the development project and related service developments as follows:

Fund accounting

Restricted funds are subject to restrictions on their expenditure imposed by the donor or grantor or through the terms of an appeal.

Unrestricted funds are available for use at the discretion of the Directors in furtherance of the general objectives of the Hospice.

Designated funds are unrestricted funds earmarked by the Directors for particular purposes.

Restricted Funds

General Funds

As explained below, the Hospice receives funding from a variety of sources which is provided under specific requirements related to its expenditure, whether capital or revenue. When such funding has been received in advance of the related expenditure, the resulting reserves are categorised as Restricted Reserves.

- During the year, £650 was received towards the cost of equipment improvements to add to £10,460 brought forward from 2015-16. Of this, £4,239 was spent, leaving a balance of £6,871 to be carried forward to the coming financial year.
- A balance of £18,712 was brought forward from 2015-16 in relation to the Carers' Choice programme which enables the Hospice to support patient carers by providing short breaks during which the Hospice takes direct responsibility for the patient in their own home. Of this sum, £11,151 was spent and the remaining £7,561 was repaid to Shared Care Scotland. To fund a further year of the project, a second grant of £18,624 was received in 2016-17 from Shared Care Scotland. Of this sum, £7,760 had been spent by 31 March 2017, and the balance of £10,864 has been included under Creditors as being held in trust for the project.
- In 2016-17, the Hospice was awarded funding for three years to enable the Butterfly Extension Project which will build on service development generated through a previous Butterfly Project. The "Butterfly" projects have been designed to develop services for child and youth bereavement support, and have been and are being funded by awards from the Big Lottery. Funding for the present Extension project is received quarterly in advance. During the financial year, £76,008 was received, of which £35,543 was spent by 31 March 2017, leaving a balance of £40,465 which has been included under Creditors as being held in trust for the project.
- During the year, £33,070 was received from the Burdett Trust for Nursing related to a leadership initiative to be run by the Hospice for nurses working in hospices within the NHS Greater Glasgow & Clyde area. Costs related to this initiative commenced after the end of the financial year, and the full grant of £33,070 has been included under Creditors as being held in trust for the project.

A further £3,150 was received towards certain staff and minor project work related chiefly to widening public access to Hospice services, developing services for young adults and support for family services. A total of £10,571 was brought forward for these purposes from 2015-16, and expenditure totalled £10,048. A previous grant of £750 towards the Hospice garden was transferred to the Capital Appeal project where it will be used imminently. This leaves a residual balance of £2,923 available to fund suitable projects as they arise in the coming year.

THE PRINCE & PRINCESS OF WALES HOSPICE
STATEMENT OF HOSPICE RESERVES
FOR THE YEAR ENDED 31 MARCH 2017
(Continued)

Capital Development Appeal

Present accounting treatment under the Statement of Recommended Practice for Charity Accounts 2015, to which the Hospice's accounts must presently comply in the absence of conflict with other statutory regulation, requires that income (less costs) related to the Development Appeal is recognised in the Income and Expenditure and related accounts of the Hospice in the period in which it arises, and income recognition cannot be deferred until the incurrance of the related expenditures. This means that, in the case of a substantial and extended appeal, the accounts will reflect significant reserves related to that appeal for some time before the planned capital expenditure is incurred. Indeed, the achievement of such reserves has been a precondition of a decision to incur the principal cost of construction of the new facility. The reserves arising from such a development appeal are treated as Restricted Reserves for the purpose of funding the future capital development.

During the year, a surplus of £3,054,816 was raised from Capital Appeal activity. This represents cash received less expenditures necessary for the running of the Appeal, and does not include a very substantial sum in other commitments which will be received during the remaining course of the Appeal. During the year, the main construction contract commenced, and together with payments for related professional advice, expenditure totalled £2,639,318. This sum was fully allocated against the funds raised from the Appeal, leaving a balance on the Restricted Capital Appeal fund of £2,543,185 to be carried forward against future expenditure on the project.

Unrestricted Funds - Designated Funds

Designation of funds is based on the overall group position. Details of the designated funds are as follows:

Designated Service Development Reserve – New Hospice Development Project

A necessary part of a successful capital fundraising appeal is the underlying commitment of the organisation to the project, financially represented by its willingness to commit a significant portion of its reserves to the project. Following the completion of the contract for the building construction and associated groundworks and landscaping, the likely total capital cost of the Hospice's Development Project, and the costs of fundraising over a three year period, is still expected to be of the order of £21 million. In 2011-12, the Hospice Board committed a sum of £3 million of Reserves to that purpose, and a further £7.8 million was designated towards the project between 2012-13 and 2015-16. The Restricted Fund for this development absorbed all costs incurred in 2016-17, and, as no further designation of funds is proposed for 2016-17, the balance on the Designated Capital Development Project Reserve remains unchanged at £10,352,292. This will be very largely spent in 2017-18.

Designated Service Development Reserve – Other Service Extension

The Hospice is also involved in a wider range of activities directed towards the widening of access to and to the extension of the scope and size of its service provision. Specific additional funding is usually sought and obtained for such projects, but a balance of £50,000 has been retained to allow for any imminent unfunded requirements.

Designated Fixed Asset Reserve

The funds included in this Reserve reflect the present book value of the fixed asset facilities which are required by the Hospice to enable it to carry out or fund its charitable activities. In accounting terminology, this is stated to be the future cost of depreciation of these assets, but the main significance of the Reserve is that it represents reserves which are illiquid and are not available for expenditure on the charitable activities of the Hospice.

Other Unrestricted Funds

General Reserve

To provide security in the event of a temporary reduction in income levels, it is necessary to retain a level of General Reserves such that the Directors, service users and staff have confidence that the Hospice will be able to continue its charitable work despite any future financial challenges which may arise. In the context of the other requirements of the Hospice, explained above, the Directors have decided that a present level of General Reserve equivalent to around 6 months of ordinary expenditure is prudent to ensure the Hospice's future viability and enable it to continue to provide an appropriate and free service to its patients. The results for the year resulted in a small depletion of this reserve, but the Directors are confident that it remains sufficient for present purposes.

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting Policies

(a) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The accounts consolidate the results of the wholly owned subsidiary companies Hospice Enterprises Limited and Hospice Developments Limited.

The charity constitutes a public benefit entity as defined by FRS 102.

Going concern

The Directors consider that there are no material uncertainties about the charity's ability to continue as a going concern.

In preparing the Financial Statements, the Directors have had regard to the financial position of the Hospice as evidenced in the Consolidated Balance Sheet on page 21, to the detailed budgets prepared for the following financial year 2017-18, to the likely sources of income during that period, and to the funding required and available to service the commitment made in August 2016 to the construction of a replacement Hospice facility during the period 2016 to 2018.

Prior to entering the contractual commitment for the construction of the new Hospice facility, the Directors formally recorded their conclusion, carefully considered, that the Hospice was in a sufficiently sound financial position to enter that commitment. That position is reviewed regularly.

The Directors are satisfied that presentation of the financial statements on the basis of the Hospice as a going concern is appropriate, and the financial statements have therefore been presented on that basis.

(b) Income recognition

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

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

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.

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting Policies

(b) Income recognition

(continued)

Income from government and other grants, whether 'capital' 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.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Income from fundraising events operated by the group is credited to Income and Expenditure account in the period in which the event took place.

Gift Aid and similar tax recoveries are credited to the income heading which gave rise to the tax recovery.

Material donations of assets, services or facilities are included at the value to the Hospice where this can be reasonably quantified. The value of services provided by volunteers is not included in the accounts.

Capital grants and capital appeal contributions are credited through the Consolidated Income and Expenditure Account to a Restricted fund until the expenditure is incurred.

(c) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

- Expenditure on charitable activities includes Specialist Palliative Care and other activities undertaken to further the purposes of the charity and their associated support costs;
- Raising funds – other trading activities includes fundraising costs and shop costs;

Irrecoverable VAT is charged as a cost against the activity for which the expenditure is incurred.

(d) 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), the general volunteer time is not recognised.

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.

(e) Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an appropriate apportionment of overhead and support costs.

Governance costs and support costs relating to charitable activities have been apportioned based on time spent. The allocation of support and governance costs is analysed in note 12.

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

(f) Tangible fixed assets and depreciation

Heritable Property is stated at depreciated cost. Following the implementation of FRS102 'The Financial Reporting Standard applicable in UK and Republic of Ireland' the parent company is adopting a policy of not revaluing tangible fixed assets.

A review for impairment of heritable property is carried out if events or changes in circumstances indicate that the carrying value amount of the property may not be recoverable.

Depreciation is provided on a straight line basis on fixed assets for the purpose of writing off each asset over its estimated useful life at the following rates:

Heritable property	2% p.a.
Property refurbishment	20% p.a.
Equipment	25% p.a.
Patient transport	12.5% p.a.
Other motor vehicles	25% p.a.
Fixtures and fittings in leased premises	over the period of the lease (from 2 to 15 years)

(g) Fixed asset investments

Investments are stated at market value.

(h) 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.

(i) Cash at bank and in hand

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

(j) Creditors and provisions

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

(k) Realised gains and losses

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.

(l) Pension schemes

The company operates a defined contribution pension scheme which requires contributions to be made to a separately administered fund. Employer's contributions are charged to the Consolidated Income and Expenditure Account in the period in which they become due. In addition, staff who are eligible are members of the National Health Service Superannuation Scheme for Scotland. This is a multi-employer defined benefit scheme. The Hospice is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and hence this is accounted for as though a defined contribution scheme as per above.

(m) Taxation

The company has charitable status for tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received, to the extent that such income or gains are applied to exclusively charitable purposes. The trading subsidiary is subject to Corporation Tax, but this is relieved by the transfer of all trading surpluses to the Hospice.

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. Legal status

The company is limited by guarantee and does not have a share capital. On 14 July 1980, the Secretary of State at the Department of Trade authorised the company to dispense with the word "Limited".

According to the Memorandum of Association of the company, every member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member, or within one year after he ceased to be a member, for payment of the debts and liabilities the company contracted before he ceased to be a member, and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributors amongst themselves, such amount as to be required, not exceeding £5. On 31 March 2017 the charity had 53 members. The number of members is limited to 500.

3. Financial activities of the subsidiary

A summary of the financial activities undertaken by Hospice Enterprises Limited is set out below:

	2017	2016
	£	£
Turnover	565,442	835,114
Payroll	(208,778)	(290,338)
Administration costs	(216,117)	(314,109)
Trading company donation	(140,547)	(230,667)
	<hr/>	<hr/>
Net profit/(loss)	-	-
Taxation	-	-
	<hr/>	<hr/>
Retained in subsidiary	-	-
	<hr/>	<hr/>
The assets and liabilities of the subsidiary were:		
Fixed assets	-	-
Current assets	357,378	578,499
Current liabilities	(356,378)	(577,499)
	<hr/>	<hr/>
Total net assets	1,000	1,000
	<hr/>	<hr/>
Aggregate share capital and reserves	<u>1,000</u>	<u>1,000</u>

The wholly owned trading subsidiary Hospice Enterprises Limited, which is incorporated in Scotland, carries out fundraising activities with surpluses donated to The Prince & Princess of Wales Hospice by way of gift aid. Until 31 October 2016, these activities principally related to the running of 18 charity shops selling, chiefly, goods donated to the charity. At that date, this activity was hived-up into the charity, and all the then assets and liabilities of the company were similarly transferred. The company continues to operate for the purpose of carrying out trading activities for the charity located within the Hospice and its current assets and liabilities at the year end were related to that activity. This year the subsidiary reported a profit after tax of £140,547 (2016: £230,667). The charity owns the entire share capital of 1,000 ordinary shares of £1. A summary of the trading results is shown above.

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

A summary of the financial activities undertaken by Hospice Developments Limited is set out below:

	2017	2016
	£	£
Turnover	-	-
Cost of sales	-	-
Administration costs	-	-
Investment income	-	-
Trading company donation	-	-
	<hr/>	<hr/>
Net (loss)/profit	-	-
Taxation	-	-
	<hr/>	<hr/>
Retained in subsidiary	-	-
	<hr/> <hr/>	<hr/> <hr/>
The assets and liabilities of the subsidiary were:		
Fixed assets	4,032,375	1,393,057
Current assets	311,580	78,619
Current liabilities	(4,343,954)	(1,471,675)
	<hr/>	<hr/>
Total net assets	1	1
	<hr/> <hr/>	<hr/> <hr/>
Aggregate share capital and reserves	<hr/> <hr/>	<hr/> <hr/>

The wholly owned trading subsidiary Hospice Developments Limited, which is incorporated in Scotland, organises and oversees the development of the planned new Hospice facilities. All its expenditure on the new Hospice project has been treated as capital work-in-progress.

4. Related party transactions and directors' expenses and remuneration

Directors, senior management and, their families may benefit from the charitable services of the Hospice in the ordinary course of its work. Provision of such services is independently subject to the same clinical referral criteria and process as is applied to all members of the public.

Directors, senior management and, their families may purchase event tickets and bid for auction prizes at such events on the same commercial basis as such items are available to other supporters of the Hospice.

The Directors all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2015-16: £nil). It is the charity's policy to not pay expenses to trustees.

Total donations by Directors, senior management and their families amounted to £75,532 (2015-16 £13,153).

During the year no Director, senior manager or their families had any personal interest in any contract or transaction entered into by the charity (2015-16: none).

The only related parties, with which the Hospice has transacted during the year, are the company's subsidiary companies, Hospice Enterprises Limited and Hospice Developments Limited. All trading surpluses of Hospice Enterprises Limited have been paid to the company in the form of donations. Hospice Developments Limited has made neither a profit nor a loss since incorporation.

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

5. Income from donations and legacies

	Group 2017	Charity 2017	Group 2016	Charity 2016
	£	£	£	£
Donations				
Capital Appeal	3,292,240	3,292,240	1,630,324	1,630,324
Others	663,625	663,625	1,032,208	1,032,208
	<hr/>	<hr/>	<hr/>	<hr/>
	3,955,865	3,955,865	2,662,532	2,662,532
Legacies	182,748	182,748	2,285,582	2,285,582
	<hr/>	<hr/>	<hr/>	<hr/>
	4,138,613	4,138,613	4,948,114	4,948,114
	<hr/>	<hr/>	<hr/>	<hr/>

6. Income from charitable activities

	Group 2017	Charity 2017	Group 2016	Charity 2016
	£	£	£	£
Specialist Palliative Care				
NHS	2,149,521	2,149,521	2,119,116	2,119,116
Grants received	46,261	46,261	26,687	26,687
	<hr/>	<hr/>	<hr/>	<hr/>
	2,195,782	2,195,782	2,145,803	2,145,803
	<hr/>	<hr/>	<hr/>	<hr/>

7. Income from other trading activities

	Group 2017	Charity 2017	Group 2016	Charity 2016
	£	£	£	£
Events & fundraising Income	884,597	884,597	1,107,347	1,107,347
Lottery income	906,297	906,297	863,505	863,505
Trading Income	528,188	528,188	-	-
Retail income	565,442	-	835,114	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,884,524	2,319,082	2,805,966	1,970,852
	<hr/>	<hr/>	<hr/>	<hr/>

8. Investment income

	Group 2017	Charity 2017	Group 2016	Charity 2016
	£	£	£	£
Hospice Enterprises Limited	-	140,547	-	230,670
Dividend income	662	662	525	525
Interest from short term deposits	126,873	126,873	136,809	136,570
	<hr/>	<hr/>	<hr/>	<hr/>
	127,535	268,082	137,334	367,765
	<hr/>	<hr/>	<hr/>	<hr/>

9. Other income - Group & Charity

	2017	2016
	£	£
Student education	10,314	5,198
Medical certificates	-	1,130
Kitchen and café income	42,104	35,087
	<hr/>	<hr/>
	52,418	41,415
	<hr/>	<hr/>

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

10. Raising funds – expenditure on other trading activities

	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
Direct costs of fundraising events	439,265	439,265	471,680	471,680
Lottery prizes and expenses	399,598	399,598	390,625	390,625
Costs of trading activity	427,172	427,172	-	-
Costs of retail activity	419,045	-	598,477	-
Expenditure on capital appeal	237,424	237,424	168,021	168,021
Other fundraising costs	364,444	364,444	536,782	536,782
	<u>2,286,948</u>	<u>1,867,903</u>	<u>2,165,825</u>	<u>1,567,108</u>

11. Analysis of expenditure on charitable activities

Specialist Palliative Care	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
Staff Costs	3,061,503	3,061,503	3,026,299	3,026,299
Depreciation	197,659	197,659	278,716	278,716
Governance costs (note 12)	30,850	25,000	30,427	24,461
Support costs (note 12)	172,886	172,886	167,933	167,933
Other	892,229	892,229	860,588	860,588
	<u>4,355,127</u>	<u>4,349,277</u>	<u>4,363,963</u>	<u>4,357,997</u>

12. Allocation of governance and support costs – Group

The breakdown of support costs and how these have been allocated between governance and other support costs is shown in the table below:

Cost type	Total allocated £	Governance related £	Other support costs £	Basis of apportionment
Staff costs	192,095	19,209	172,886	Staff time
Total	<u>192,095</u>	<u>19,209</u>	<u>172,886</u>	

Governance costs:

	2017 £	2016 £
Auditor's remuneration	11,641	11,768
Support costs (see above)	19,209	18,659
	<u>30,850</u>	<u>30,427</u>

Breakdown of governance and support costs by activity;

	Support costs	Governance	2017 £	2016 £
Specialist palliative care	172,886	30,850	203,736	198,360

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

13. Analysis of staff costs and remuneration of key management personnel

	Group 2017	Group 2016
	£	£
Salaries	3,514,672	3,388,425
Social Security costs	294,760	260,966
Employer's Pension costs	251,067	250,778
	<hr/>	<hr/>
	4,060,499	3,900,169
	<hr/> <hr/>	<hr/> <hr/>
Key management personnel remuneration	251,971	239,922
	<hr/> <hr/>	<hr/> <hr/>

None of the directors received any remuneration or expenses during the year.
The disclosures with regard to key management personnel include senior medical staff.

The number of employees whose employee benefits fell within the following bands are as follows:

	2017	2016
	£	£
£100,000 - £110,000	1	1
£110,000 - £120,000	1	1
	<hr/>	<hr/>
	No.	No
The average weekly number of persons, by headcount, employed by the charity during the year was:	162	159
	<hr/>	<hr/>

14. Net income/(expenditure) for the year - Group

	2017	2016
	£	£
This is stated after charging:		
Depreciation	197,659	278,716
External auditors' remuneration	9,040	5,802
Other services		
Subsidiary audit fee	2,600	5,966
Non-audit services	4,424	2,769
	<hr/> <hr/>	<hr/> <hr/>

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

15a. Tangible Fixed Assets – Group

	Heritable Property £	Equipment & Vehicles £	New Hospice £	Total £
Cost or valuation				
At 1 April 2016	6,336,872	1,339,658	1,393,057	9,069,587
Additions	-	98,845	2,639,318	2,738,163
Disposals	-	-	-	-
At 31 March 2017	6,336,872	1,438,503	4,032,375	11,807,750
Depreciation				
At 1 April 2016	3,091,275	1,204,051	-	4,295,326
Charge for the year	113,228	84,431	-	197,659
Eliminated on disposals	-	-	-	-
At 31 March 2017	3,204,503	1,288,482	-	4,492,985
Net book value				
At 31 March 2017	3,132,369	150,021	4,032,375	7,314,765
At 31 March 2016	3,245,597	135,607	1,393,057	4,774,261

15b. Tangible Fixed Assets - Company

	Heritable Property £	Equipment & Vehicles £	Total £
Cost or valuation			
At 1 April 2016	6,336,872	1,339,658	7,676,530
Additions	-	98,845	98,845
Disposals	-	-	-
At 31 March 2017	6,336,872	1,438,503	7,775,375
Depreciation			
At 1 April 2016	3,091,275	1,204,051	4,295,326
Charge for the year	113,228	84,431	197,659
Eliminated on disposals	-	-	-
At 31 March 2017	3,204,503	1,288,482	4,492,985
Net book value			
At 31 March 2017	3,132,369	150,021	3,282,390
At 31 March 2016	3,245,597	135,607	3,381,204

The Hospice has a contingent liability, linked to RPI, until 2022 to pay a sum to Glasgow City Council in the event of the former leasehold property at 71/73 Carlton Place ceasing to be used as Hospice premises and the Hospice not relocating within the City boundary. At 31 March 2017, this sum was £151,100 (2016: £146,500). Glasgow City Council has given an undertaking to lift this obligation on the commissioning of the new Hospice in Bellahouston Park.

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

16. Fixed Asset Investments

<i>Group & Company</i>	2017	2016
	£	£
Listed investments at cost:		
At 1 April 2016 (2015)	58,940	58,940
Additions	-	-
Disposals	-	-
	<hr/>	<hr/>
At 31 March 2017 (2016)	58,940	58,940
	<hr/>	<hr/>
Change in market value of listed investments:		
At 1 April 2016 (2015)	(2,031)	(15,576)
Movement in year	5,250	13,545
	<hr/>	<hr/>
At 31 March 2017 (2016)	3,219	(2,031)
	<hr/>	<hr/>
Net book value at 31 March 2017	62,159	56,909
	<hr/>	<hr/>
MV £62,159 (2016 £56,909)		
 <i>Company</i>		
Unlisted investments at cost:		
At 1 April 2016 (2015)	1,001	1,001
Additions	-	-
	<hr/>	<hr/>
At 31 March 2017 (2016)	1,001	1,001
	<hr/>	<hr/>
Total investments	<u>63,160</u>	<u>57,910</u>

The company holds all the shares of Hospice Enterprises Limited which is registered in Scotland. This company was formed to carry out fundraising activities for the Prince & Princess of Wales Hospice from April 1996. In November 2011, the Hospice formed another wholly owned subsidiary company, Hospice Developments Limited, to organise and oversee the development of a new and replacement Hospice facility.

Hospice Enterprises Limited made a trading profit of £140,547 in 2016-17 (2015-16 £230,670), all of which was gifted to the parent charity. The company therefore made neither a profit or loss during the year (2015-16 £nil). At 31 March 2017, it had net assets of £1,000 (2016 £1,000).

Hospice Developments Limited made neither a profit nor a loss in 2016-17 (2015-16 £nil) All its expenditure on the new Hospice project has been treated as capital work-in-progress. At 31 March 2017, it had net assets of £1 (2016 £1).

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

17. Debtors	Group 2017	Charity 2017	Group 2016	Charity 2016
	£	£	£	£
Event income receivable	201,821	201,821	149,157	154,509
Income tax recoverable	386,699	386,699	254,643	254,643
Other debtors and prepayments	472,439	328,591	762,275	567,800
Hospice Enterprises Limited – investment income	-	140,547	-	230,670
Hospice Enterprises Limited – other	-	212,136	-	283,550
Hospice Developments Limited	-	3,498,896	-	1,451,785
	<u>1,060,959</u>	<u>4,768,690</u>	<u>1,166,075</u>	<u>2,942,957</u>

18. Creditors: amounts falling due within one year

	Group 2017	Charity 2017	Group 2016	Charity 2016
	£	£	£	£
New Hospice project	771,172	-	19,892	-
Sundry creditors & accrued charges	951,716	874,135	1,021,845	958,659
Deferred Income	236,707	236,707	352,101	352,101
Project funds held in trust (Note 23)	84,399	84,399	-	-
Taxation and social security	76,699	76,699	16,424	16,424
	<u>2,120,693</u>	<u>1,271,940</u>	<u>1,410,262</u>	<u>1,327,094</u>

Deferred Income comprises:

	Lottery Subscriptions	Event Incomes	Total
	£	£	£
At 1 April 2016	89,418	262,683	352,101
Released to Income	(89,418)	(262,683)	(352,101)
Received and deferred	84,747	151,960	236,707
At 31 March 2017	<u>84,747</u>	<u>151,960</u>	<u>236,707</u>

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

19. Analysis of charitable funds - Group

Analysis of Fund Movements	As at 1 April 2016 £	Income £	Expenditure £	Transfer £	Gains/(Losses) £	As at 31 March 2017 £
Unrestricted Funds:						
Fixed Assets	4,774,261	-	(197,659)	2,738,163	-	7,314,765
New Hospice development project	10,352,292	-	-	-	-	10,352,292
Other service developments	50,000	-	-	-	-	50,000
Total designated funds	15,176,553	-	(197,659)	2,738,163	-	17,717,057
General funds	2,401,716	6,059,529	(6,130,690)	(98,845)	5,250	2,236,960
Total Unrestricted funds	17,578,269	6,059,529	(6,328,349)	2,639,318	5,250	19,954,017
Restricted funds						
General	39,743	47,103	(76,302)	(750)	-	9,794
Capital Appeal Fund	2,126,937	3,292,240	(237,424)	(2,638,568)	-	2,543,185
Total restricted funds	2,166,680	3,339,343	(313,726)	(2,639,318)	-	2,552,979
TOTAL FUNDS	19,744,949	9,398,872	(6,642,075)	-	5,250	22,506,996

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

19. Analysis of charitable funds – Group
continued

Analysis of Fund Movements	As at 1 April 2015	Income	Expenditure	Transfer	Gains/(Losses)	As at 31 March 2016
	£	£	£	£	£	£
Unrestricted Funds:						
Fixed Assets	4,630,327	-	278,716	422,650	-	4,774,261
New Hospice development project	8,102,292	-	-	2,250,000	-	10,352,292
Other service developments	50,000	-	-	-	-	50,000
Total designated funds	12,782,619	-	278,716	2,672,650	-	15,176,553
General funds	2,393,021	8,403,463	6,068,373	(2,339,940)	13,545	2,401,716
Total Unrestricted funds	15,175,640	8,403,463	6,347,089	332,710	13,545	17,578,269
Restricted funds						
General	24,501	44,845	14,678	(14,925)	-	39,743
Capital Appeal Fund	982,419	1,630,324	168,021	(317,785)	-	2,126,937
Total restricted funds	1,006,920	1,675,169	182,699	(332,710)	-	2,166,680
TOTAL FUNDS	16,182,560	10,078,632	6,529,788	-	13,545	19,744,949

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

20. Net assets over funds

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2017
	£	£	£	£
Tangible Fixed assets	-	7,314,765	-	7,314,765
Fixed Asset Investments	62,159	-	-	62,159
Debtors	1,060,959	-	-	1,060,959
Bank & Cash	3,234,535	10,402,292	2,552,979	15,189,806
Creditors	(2,120,693)	-	-	(2,120,693)
	<hr/> 2,236,960	<hr/> 17,717,057	<hr/> 2,552,979	<hr/> 22,506,996

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2016
	£	£	£	£
Tangible Fixed assets	-	4,774,261	-	4,774,261
Fixed Asset Investments	56,909	-	-	56,909
Debtors	1,166,075	-	-	1,166,075
Bank & Cash	2,588,994	10,402,292	2,166,680	15,157,966
Creditors	(1,410,262)	-	-	(1,410,262)
	<hr/> 2,401,716	<hr/> 15,176,553	<hr/> 2,166,680	<hr/> 19,744,949

21. Reconciliation of net income to net cash flow from operating activities

	Group 2017	Charity 2017	Group 2016	Charity 2016
	£	£	£	£
Net income for the year	2,762,047	2,762,047	3,562,389	3,562,389
Adjustments for:				
(Gains) on investments	(5,250)	(5,250)	(13,545)	(13,545)
Investment Income received	(127,535)	(268,082)	(137,334)	(367,765)
Depreciation charges	197,659	197,659	278,716	278,716
Decrease (increase) in debtors	105,116	(1,915,856)	(38,201)	(622,668)
(Decrease) Increase in creditors	(40,949)	(55,154)	10,683	29,260
Net cash provided by operating activities	<hr/> 2,891,088	<hr/> 715,364	<hr/> 3,662,708	<hr/> 2,866,387

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

22. Analysis of cash and cash equivalents

	Group 2017	Charity 2017	Group 2016	Charity 2016
	£	£	£	£
Short term deposits	16,186,540	15,662,000	15,155,169	14,687,686
Cash at bank and in hand	3,266	2,696	2,797	2,286
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and cash equivalents	16,189,806	15,664,696	15,157,966	14,689,972
	<hr/>	<hr/>	<hr/>	<hr/>

23. Project Funds held in trust – Group & Charity

	Carers' Choice Project	Butterfly Extension Project	Nursing Leadership Project	Total
	£	£	£	£
Restricted Funding received in 2016-17	18,624	76,008	33,070	127,702
Expenditure in 2016-17	7,760	35,543	-	43,303
	<hr/>	<hr/>	<hr/>	<hr/>
Balance held in trust	10,864	40,465	33,070	84,399
	<hr/>	<hr/>	<hr/>	<hr/>

24. Capital Commitments

	2017	2016
	£	£
Committed at 31 March	14,196,000	344,000
	<hr/>	<hr/>

Commitments were in respect of professional fee and construction contracts related to the New Hospice development. In August 2016, The Hospice and its subsidiary Hospice Developments Limited entered a contract for £16.4 million for the construction of a new Hospice facility, along with associated groundworks and landscaping. Additional work related to the fitting out of the new facility remained uncontracted at 31 March 2017.

25. Operating lease commitments

At the reporting end date, the group and company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	41,814	175,199
Between two and five years	382,688	428,639
In over five years	395,226	147,012
	<hr/>	<hr/>
	819,728	750,850
	<hr/>	<hr/>

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

26. Pensions

Staff who are eligible are members of the defined benefit National Health Service Superannuation Scheme for Scotland. This is a multi-employer defined benefit scheme. The Hospice is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and hence this is accounted for as though a defined contribution scheme. The Hospice contributed 14.9% of an employee's basic salary and enhancements which will result in an annual commitment of approximately £140,000 at year-end rates and membership (2016 £140,000). The pension costs charged to the income and expenditure account of £142,275 (2015-16 £142,711) are calculated by the actuaries so as to spread the cost of pensions over the employees' working lives with the company.

The group operates a defined contribution group personal pension plan under arrangements with an independent insurance company. The company contributes between 1.5% and 13.5% of an employee's basic salary, resulting in an annual commitment of approximately £104,000 at year-end rates and membership (2016 £104,000). Pension costs arising and charged to the Income and Expenditure Account in respect of this scheme totalled £93,937 (2015-16 £108,067).

**THE PRINCE & PRINCESS OF WALES HOSPICE
FIVE YEAR SUMMARY OF ACCOUNTS**

The following pages 46 and 47 are unaudited, but have been extracted from the foregoing accounts

**THE PRINCE & PRINCESS OF WALES HOSPICE
FIVE YEAR SUMMARY OF ACCOUNTS
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNTS**

	2017	2016	2015	2014	2013
	£	<i>Restated</i> £	£	£	£
Expenditure:					
Staff costs	3,763,621	3,609,831	3,293,450	3,197,004	3,134,315
Depreciation	197,659	278,716	284,997	290,295	403,411
Other charitable expenses	1,179,613	1,006,232	767,664	832,498	721,160
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure	5,140,893	4,894,779	4,346,111	4,319,797	4,258,886
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Operating incomes:					
Trading Income	528,188	-	-	-	-
Retail contribution	140,547	230,670	350,287	401,091	387,002
Lottery contribution	506,699	472,880	504,353	486,317	449,563
Fundraising events	445,332	635,667	669,397	951,986	865,472
Donations	663,625	1,032,208	677,790	520,752	533,471
Grants received	46,261	26,687	25,000	51,000	-
Non-group investment income	127,535	137,095	115,670	170,658	228,913
(Loss)/gain on investments	5,250	13,545	(6,335)	22,398	18,651
Other	52,418	41,415	47,154	45,760	46,654
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,515,855	2,590,167	2,383,316	2,649,962	2,529,726
NHS	2,149,521	2,119,116	2,147,036	2,041,846	1,829,831
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total operating income	4,665,376	4,709,283	4,530,352	4,691,808	4,359,557
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(Deficit)/Surplus on operations	(475,517)	(185,496)	184,241	372,011	100,671
Exceptional Investment Gain	-	-	782,582	-	-
Legacies	182,748	2,285,582	728,600	262,395	507,433
Capital Appeal	3,054,816	1,462,303	837,476	375,431	397,076
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Surplus for year	2,762,047	3,562,389	2,532,899	1,009,837	1,005,19
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Number of staff					
FTE	134	131	123	122	115
Headcount	162	159	151	148	142

**THE PRINCE & PRINCESS OF WALES HOSPICE
FIVE YEAR SUMMARY OF ACCOUNTS
CONSOLIDATED BALANCE SHEETS**

	2017	2016	2015	2014	2013
	£	£	£	£	£
Tangible assets:					
Fixed assets	7,314,765	4,774,261	4,630,327	4,751,000	4,842,111
Investments	62,159	56,909	43,364	5,575,977	3,609,239
	<u>7,376,924</u>	<u>4,831,170</u>	<u>4,673,691</u>	<u>10,326,977</u>	<u>8,451,350</u>
Current assets:					
Debtors	1,060,959	1,166,075	611,167	519,777	267,843
Short term deposits	16,186,540	15,155,169	11,758,498	3,796,952	4,441,416
Cash on hand	3,266	2,797	2,184	4,056	1,923
	<u>17,250,765</u>	<u>16,324,041</u>	<u>12,371,849</u>	<u>4,320,785</u>	<u>4,711,182</u>
Current liabilities:					
Sundry creditors	2,043,994	1,395,517	848,235	926,327	456,161
Taxes & Social Security	76,699	14,745	71,774	66,547	
	<u>2,120,693</u>	<u>1,410,262</u>	<u>862,980</u>	<u>998,101</u>	<u>522,708</u>
Net current assets	<u>15,130,172</u>	<u>14,913,779</u>	<u>11,508,869</u>	<u>3,322,684</u>	<u>4,188,474</u>
	<u>22,506,996</u>	<u>19,744,949</u>	<u>16,182,560</u>	<u>13,649,661</u>	<u>12,639,824</u>
Accumulated funds					
Restricted income funds	9,794	39,743	24,501	47,135	24,408
Capital Appeal Fund	2,543,185	2,126,937	982,419	202,164	-
Unrestricted Funds					
Designated income funds					
Fixed asset reserve	7,314,765	4,774,261	4,630,237	4,751,000	4,842,111
Service Development					
New Hospice	10,352,292	10,352,292	8,102,292	6,202,292	5,352,292
Other Service	50,000	50,000	50,000	50,000	50,000
Other unrestricted funds:					
General Reserve	2,236,960	2,401,716	2,393,021	2,397,070	2,371,013
	<u>22,506,996</u>	<u>19,744,949</u>	<u>16,182,560</u>	<u>13,649,661</u>	<u>12,639,824</u>