



Pilgrims Hospices in East Kent
(A company limited by guarantee)

Report and financial statements for year ended 31 March 2011

Charity no: 293968
Company no: 2000560

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Pilgrims Hospices in East Kent

Legal and administrative information as at 31 March 2011

Trustees

Dr R G Morey (Chairman)
M S August Esq
Mrs C Bentley MBE
R J Davis Esq (Treasurer)
L J Goode Esq (appointed 01/04/2011)
Dr A Heller (resigned 23/07/2011)
A J Hogarth Esq
Mrs P M A King
Dr R N McWilliams
Mrs L Selman
Mrs G E Wallace

Chief Executive and Company Secretary

S J Auty Esq

Executive Team

S J Auty Esq
Dr C Butler Medical Director
Miss P Evans Nursing Director
P R F Simpson Esq Financial Director

Registered Office

56 London Road, Canterbury, Kent CT2 8JA

Hospices

56 London Road, Canterbury, Kent CT2 8JA
Ramsgate Road, Margate, Kent CT9 4AD
Hythe Road, Willesborough, Ashford, Kent TN24 0NE

Auditors

Larkings, 31 St George's Place, Canterbury, Kent CT1 1XD

Bankers

Barclays Bank Plc
CAF Bank Limited
LloydsTSB Bank plc
National Westminster Bank Plc

Solicitors

Furley Page, 39 St Margaret's Street, Canterbury, Kent CT1 2TX
Girlings, 16 Rose Lane, Canterbury, Kent CT1 2UR

Investment Advisors

Coutts & Co, 440 Strand, London WC2R 0QS

Website

www.pilgrimshospices.org

Report of the trustees for the year ended 31 March 2011

The trustees, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31st March 2011. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005 in preparing the annual report and financial statements of the charity.

Structure, Governance and Management

Pilgrims Hospices in East Kent is a registered charity and company limited by guarantee and was incorporated on 14th March 1986. The charity is governed by a Board of Trustees who may number up to eighteen. As at 31st March 2011 there were ten trustees, currently there are ten trustees. They govern in accordance with the Memorandum and Articles of Association originally incorporated in the name of the East Kent Hospice Project.

Trustees are recruited by existing trustees to fulfil specific roles on the Board; in April 2011 one new trustee was appointed and in July 2011 one trustee retired. The policies and procedures for trustee induction and training are similar to those set out for all employees of the charity. They are given an overview of the charity's aims, objectives and achievements, introduced to the senior management team and key members of the management teams at each hospice, who are responsible for carrying out the day to day running of the charity on behalf of the trustees, coached in the legal responsibilities of charity trustees and company directors and receive additional training from existing trustees and others, both in-house and externally, in matters specific to their own role on the Board of Trustees.

Following a period of consultation during the year under review changes have been made to the management and organisational structure of the charity. At each of our three sites a Hospice Manager has been appointed with responsibility for overseeing the day to day running of the unit, which increases local accountability and clarifies line management control; all heads of department concerned with patient care report directly to them. For each site a new position of Family Services Manager was also created and so far two of the three have been appointed and are in post.

As a result of these changes the meeting structure, which supports the governance and performance of Pilgrims Hospices in East Kent, has been adjusted to reflect a three-level, integrated approach.

The Board of Trustees as a whole is responsible for governance at a strategic level and now meets quarterly with the Chief Executive and Directors of Medicine and Research, Nursing and Future Development and Finance and ICT to plan longer term strategy. Sub-committees, including those for fundraising and marketing, finance, complaints and management of the shops, meet quarterly or half-yearly to address complaints, review performance and agree future strategy.

Below this is the Operational Management Board which meets monthly and consists of the Chief Executive and heads of all departments, including Medicine, Nursing, Finance and ICT, HR,

Fundraising, Retail, and the Hospice Managers. Again, sub-committees meet monthly or quarterly to discuss and develop such areas as the patient database, information governance, education and training, clinical services, marketing and research.

The third tier involves governance at individual hospice level with a Hospice Board which meets quarterly and consists of the Hospice Manager, Consultant, Family Services Manager and Senior Nurse Manager, with two Trustees as observers. There are also weekly meetings concerning hospice governance, many of which are open to all hospice staff.

Pilgrims Hospices in East Kent has two wholly owned trading subsidiaries. Both are registered in England, are limited by share capital and have as their registered office 56 London Road, Canterbury, Kent CT2 8JA. Both transfer all their profits to Pilgrims Hospices in East Kent under Gift Aid.

Hospice Shops Limited (No. 1623758, Directors Mr R J Davis, Mr S J Auty) manages 25 hospice shops, all of which are staffed by volunteers and sell mainly donated goods, a furniture warehouse and outlet and an online E-bay shop. At 31st March 2011 there were 17 general shops, 4 furniture shops (excluding the warehouse) and 2 dedicated bookshops; after the financial year end another general shop in Westgate and a 'superstore' in Ramsgate, which sells anything and everything donated by the general public, commenced trading. The planned rolling programme of refurbishment of shops continued at a cost of approximately £70k over and above normal repairs. The main risks to the continued successful running of the company, identified by the directors, are a lack of donated goods to sell to the general public and a shortage of volunteers to run the shops, resulting in decreased income through sales and increased costs associated with the need to employ more staff. The directors are of the opinion that these risks are negligible at present and are confident that the shops will continue to generate significant extra income for Pilgrims Hospices in East Kent and allow the charity to continue with its longer term charitable objectives.

Pilgrims Hospice Lottery Limited (No. 3130167, Directors Mr R J Davis, Mr M S August) runs the hospice lottery, which during this financial year had an average weekly membership of approximately 16,000 players, an increase of about 500 per week on the previous year. This increase was in large part due to an advertising campaign which utilised canvassing, media advertising, a mailshot and the use of the Pilgrims Hospice fundraising trailer to promote the lottery at events around East Kent. These initiatives and others are ongoing and designed to keep membership levels as high as possible in order to continue providing a valuable source of income for the parent charity. As well as playing the lottery on a regular weekly basis, which gives the chance to win the top weekly prize of £2,000 or numerous other smaller prizes, and the added chance of being able to win the regular rollover prize, which could reach as high as £20,000, players can purchase gift subscriptions, single tickets for a specific draw, or enter the annual mega-draw, which in this financial year was drawn in August and brought in approximately £72k over and above normal income. The major risks to the business identified by the directors are being unable to sustain sufficient numbers in the weekly draws, loss of the database on which draws are based and being unable to carry out a weekly draw. As stated above there are

Report of the trustees for the year ended 31 March 2011

initiatives in place to keep membership up and the risks of loss of the database or inability to perform a draw are mitigated by our dedicated and professional ICT Department.

The trading performance of the subsidiaries is shown in Note 4 to the accounts.

The charity is completely independent but has a service funding agreement with the local NHS authority, NHS Eastern and Coastal Kent, which this last financial year gave us approximately 29% of our running costs, although £798k (28% of the total grant) was restricted to Hospice at Home and Agenda for Change, which cost us in excess of £857k.

We also have close ties with the Kent Cancer Network through our consultants and doctors. These links help us to fulfil our charitable objectives by offering a specialist palliative care service to the people in East Kent and providing education, training and liaison with local healthcare professionals.

It is the policy of Pilgrims Hospices in East Kent to show neither positive nor negative discrimination towards any employee, including anyone with a disability, but to employ the person best qualified to do the job. Employment policies for career development, training and promotion, where applicable, are uniform for all employees. The HR Department conducts regular open meetings across our 3 sites to give all employees the opportunity to gain answers to any questions they may wish to raise concerning employment issues. Memos are circulated electronically, with payslips, and posted on staff notice boards to keep all employees, and volunteers, informed of matters of interest or concern to them, including regular updates on the progress of major projects, funding bids and fundraising initiatives. The senior managers and the HR Department actively seek to make all employees aware of the costs involved in running the charity, to encourage them to participate in keeping spending down, to thank them for the sterling work they do, and to reassure them in times of uncertainty, whether economic or when radically new ventures are being implemented.

Risk Management

Major risks which have been identified and discussed by the trustees include: loss of reputation, perhaps due to adverse publicity, leading to a fall in public confidence in the charity and a consequent reduction in voluntary income; the inability to recruit appropriately trained medical staff so that some services have to be cut back or discontinued; over-extension by committing to too many projects with not enough resources to sustain them over the longer term; another fall in the value of investments, both stocks and shares and property, due to the continuing volatility of world markets and the uncertainty over the euro; a fall in income due to the current economic climate, whether voluntary (through donations and fundraising) because the public have less spare income to give, or from a reduction in grants (NHS and local authority) because of Government cutbacks in the public sector; the uncertainty generated by the government's announcement of GP Commissioning, and what impact that might have on income in terms of our ability to compete for funds against commercial enterprises such as care homes.

The trustees regularly review the risks to which the charity is exposed and a risk management strategy is in place; risks are identified, the level of risk is assessed and systems for ameliorating those risks are established. Sub-committees of the Board of Trustees, whose members comprise those with the skills and knowledge specific to the risks under review, report regularly to the Board. Clinical risks are assessed and mitigated on a daily basis by the application of best practice and in the weekly hospice governance meetings. The standing of the hospices in the community is maintained by an active public awareness policy monitored by the trustees. They set the publicity and public relations strategy for the hospices and the Fundraising and Marketing Committee ensures that it is implemented.

During the year a member of staff was dismissed for gross misconduct. The matter was referred to the Charity Commission and has been reported to the police. As a result of this incident, an audit was carried out by our auditors, Larkings, and additional controls have been put in place to ensure, insofar as is practicable, the risk of such an occurrence is minimised in the future.

Public Benefit Statement

The trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit. The charitable purpose of Pilgrims Hospices in East Kent is stated below in 'Objectives and Activities' and the trustees ensure that this purpose is carried out for the public benefit by working to the Mission Statement.

Report of the trustees for the year ended 31 March 2011

Objectives and Activities

The objectives of Pilgrims Hospices in East Kent are contained in the Memorandum and Articles of Association and are encapsulated in the Mission Statement of Pilgrims Hospices, which is as follows:

Pilgrims Hospices in East Kent is committed to improving the care of the people in East Kent, regardless of age, sex or creed, suffering from advanced, progressive and incurable illness, by the provision of specialist palliative care services to patients and continuing support to their families and carers. These objectives are achieved through the provision of:

- 1) Inpatient facilities at hospices in Canterbury, Margate and Ashford, which have a total of 48 beds.
- 2) Support at home on an ongoing basis by the Clinical Nursing Specialist Team of community nurses and a rapid response, 24 hour, Hospice at Home service for those at the very end of life who wish to die at home.
- 3) Day care in the day hospices at all three sites, totalling 108 places per week, and a range of clinics and support programmes for patients, their carers and families.
- 4) Social, pastoral and bereavement support to families by counsellors, social workers, chaplains and other professionals at all three hospices.
- 5) Training and education for professionals and the public and liaison with community services by the Education Department based at the Pilgrims Hospice in Canterbury, supported by qualified members of staff from all three hospices.
- 6) Continuing audits, which are conducted under the guidance of the Audit Facilitator, individual research projects carried out by members of staff as part of their professional development under the guidance of the Clinical Governance Committee, and participation in external research conducted by universities and other institutions.

Close links are maintained with the Palliative Care Network within the Kent Cancer Network to ensure that the hospices meet the needs of the East Kent community at all times. The charity belongs to 'Help the Hospices', a membership organisation, and has developed solid ties at local, regional and national levels with other hospices. These connections enable us to share and learn from the experiences of others in all aspects of hospice care.

Pilgrims Hospices in East Kent is supported by over 1,000 volunteers. Volunteers at Canterbury, Thanet and Ashford, numbering well over 400 in total, provide support to the professional staff by assisting on reception and in the day hospices, as drivers, gardeners and in a number of other roles. As previously stated, the 25 hospice shops are staffed mainly by volunteers, with assistance from paid employees where needed.

Some shops have unpaid supervisors, others are managed by committees. In total over 500 volunteers run these shops by giving their time, ranging from a few hours a week to almost full time, in support of the hospices. Independent, entirely voluntary fundraising groups are established in most of the major centres of population in East Kent.

Achievements and Performance

Activity levels at the hospices during the period under review were as follows (previous year in brackets):

- 1) Total referrals to the hospices – 2,071 (1,994)
- 2) Total number of deaths – 1,762 (1,600)
- 3) Number of inpatient admissions – 1,110 (1,061)
- 4) Average length of inpatient stay – 12.1 days (13)
- 5) Number of home visits carried out by Community Nursing Team – 5,675 (5,711)
- 6) Total number of day hospice attendances – 2,949 (3,215)
- 7) Number of attendances at Living for Today programmes, including Breathlessness Management Groups – 1,415 (1,237)

Referrals to the hospice services may be made by GPs, district nurses, palliative care nurse specialists or hospital consultants. The hospice specialist palliative care consultants visit the three general hospitals in East Kent on a regular basis to assess patients requiring specialist palliative care.

Total referrals were up again this year and, in line with the stated policy of increasing the number of people with advanced, progressive and incurable illnesses other than cancer for whom we provide specialist palliative care, this has now risen to 20% of the patients being looked after by us.

The Hospice at Home pilot scheme, launched in November 2009 to provide a rapid response, 24 hour service to patients at the extreme end of life to enable them to die at home in comfort and with dignity if that is their expressed wish, now operates from all three hospices and has been very well received. It has been running for eighteen months now and the data collected so far is currently being evaluated to see if any changes need to be made to streamline the service and, ultimately, if it should be continued and incorporated into the full community services which we offer. The service is, by its very nature, extremely expensive to run and was only initially made possible by funding from the local NHS Trust and the continued generosity of the people of East Kent.

Report of the trustees for the year ended 31 March 2011

Day hospice care continues to be a valuable and popular core service offering a wide range of activities and support, including Lymphoedema Clinics at Ashford and Thanet hospices (a service provided by the NHS and hosted by us) which it is hoped will be extended to Canterbury. We also offer a drop-in information service, a telephone out of hours service and a range of Living For Today programmes designed to support patients, carers and families and help them cope with the emotional stresses of dealing with a life limiting illness.

Breathlessness Clinics and Caring With Confidence courses are also available and they, along with all the other services, have been designed to give a mixture of information, practical advice and support to patients and carers in order to give them confidence and encouragement. Some of the range of programmes available (for example breathlessness management, massage and relaxation techniques), can be taken by the Community Associate Practitioners to patients in the community who cannot travel to the day hospices.

Our website (www.pilgrimshospices.org) contains more details of clinics and courses available, or contact your local hospice.

We were fortunate to obtain two of the three Department of Health grants we applied for, allowing us to carry out major refurbishments and improvements to both Ashford and Thanet hospices in order to enhance the facilities provided to patients, their carers and families.

At Ashford the reception area was refurbished and redecorated and a coffee shop area created, which has become popular with patients and visitors alike. A new complementary therapy room and a physiotherapy room, complete with exercise machines, have been added and the kitchen and other facilities were overhauled and upgraded to the latest standards. A wildflower garden has also been created.

Thanet benefited from major refurbishment and redecoration to several areas and four bedded bays on the ward were converted to single rooms to improve facilities for inpatients.

Although Canterbury was unsuccessful in its own bid for a grant, nevertheless improvements have been carried out. The reception area was redecorated, some rooms, including the smoking room, re-sited and refurbished and an additional consulting room created.

The ICT upgrades started the previous year were in large part completed in this financial year. The new telephone system, integrated with and run across the computer network, was installed across all three sites, giving measurable savings as internal calls now cost nothing to make. The next phase, to supply our community workers with secure laptops and mobile phones capable of accessing patient information remotely, is ongoing. Our new patient information system is now fully operational and work to develop and expand the range of data available to our healthcare professionals continues so that improvements to patient care can be sustained. Connection to the NHS secure data network (N3) was finally achieved, giving access to NHS Summary Care Records and the potential in the future for much faster exchange of

vital patient information between healthcare professionals, allowing for a more rapid response to changing patient needs.

Financial Review

The Statement of Financial Activities for the year is set out on page 11 of the financial statements. A summary of the financial results and the work of the charity is set out below.

During the year under review the net movement in funds was a surplus of £264k, compared with just over £2 million the previous year (although that in itself was mostly attributable to the recovery in value of our managed investments after the large falls due to the global economic crisis in 2008/09), and again it is due to the gains in investment assets that there is a small surplus rather than a deficit. This means our reserves are at much the same level as last year.

Although there has been little movement our balance sheet continues to reflect a strong financial position. The level of our designated funds, i.e. funds which enable us to provide the care, increased to £10.1 million, and our free reserves to £11.9 million, which gave us about 14 months of running costs in reserve at current levels of expenditure. Whilst this is below our stated target of holding 18 months of running costs in reserve, when considering the economic uncertainties we are currently experiencing both at home and globally it is still a wonderful testament to the continuing generosity of the people of East Kent that we can maintain palliative care services at the existing level and give the trustees the confidence to carry on with already stated longer term plans to enhance and expand those services.

Income Generation

Although, as already stated above, we receive a grant from the local NHS authority under a service funding agreement, which this financial year amounted to approximately 29% of our running costs, this means we must raise the largest proportion of revenue funding from voluntary sources. Our principal funding sources include our hospice shops, staffed largely by volunteers, which this year gave us £974k, our hospice lottery, which contributed £454k, and our army of indefatigable voluntary fundraisers which raised £460k. Our own Fundraising and Marketing Department organised several large events, including the popular Midnight Walks, the Tri-Hospice Cycle Ride and our annual Summer Fairs at each hospice, giving us a net contribution of £233k. Legacies and donations, including 'in memoriam' donations, continued to flow in steadily and contributed another major portion of our funding needs.

The trustees' commitment to maintaining present levels of service to patients, their families and carers and their stated aim to expand others means that costs will continue to rise. In order to cover these increased costs our Fundraising Department was asked to come up with ideas for new and innovative ways of raising more money alongside already tried and tested means; two such ways are Pilgrims Paths and A Rose To Remember, details of which can be found on our website. Retail Managers for our charity shops have also been tasked with finding ways to increase revenue from the sale of goods donated by the general public. Consultation is ongoing with the local NHS authority and others about future

Report of the trustees for the year ended 31 March 2011

funding because, with the advent of GP Commissioning (if the legislation eventually goes ahead in its current form), the way in which we receive any money from the NHS will alter quite radically and we need to understand what mechanisms we must put in place now to be in the best position to apply for funds for the specialist palliative care services we provide in the future.

Notes 2 to 16, which support the Statement of Financial Activities on page 11, show how funds have been received and applied during the year.

Reserves Policy

The trustees review their policy each year. In conducting their review they take into consideration best practice and the guidance issued by the Charity Commissioners.

The policy takes into account the need to inform those who so generously give their time and money to enable the trustees to continue with their commitment to provide specialist palliative care services.

It is essential that all involved appreciate:

- the provision of this type of care involves ongoing running costs, currently around £10 million per year, three-quarters of which has to be derived from voluntary sources.
- an investment in facilities to provide these services that has cost around £10 million.
- the need to provide assurance to those who give so generously that the trustees will be able to sustain their commitment to provide patient care to meet the ever more demanding needs of the community.

The trustees have therefore established reserves as follows:

- **Designated Reserves**
'Fixed Assets in Use', which finances the fixed assets used by Pilgrims Hospices in East Kent to provide the facilities for the patients, their families and carers.
- **Restricted Reserves**
These are reserves only available for expenditure in accordance with the donor's directions.
- **Endowment Reserves**
These represent capital sums which are donated under the restriction that they are invested and that only the income arising is available for expenditure in accordance with the donor's directions.
- **Free Reserves**
These are retained by the trustees to give assurance to those who use the services of Pilgrims Hospices in East Kent and those who give of their time and money that the trustees will be able to sustain their commitment to provide specialist palliative care services to patients and support to their families and carers. The reserves are set at a level to withstand any short-term setback,

whether operational, in the investment markets, or in key sources of income, such as legacies. The free reserves at 31st March 2011 stood at £11.9 million, including the investment properties (£1.7 million), quoted investments (£8.3 million) and cash and its equivalent (£1.7 million). This is less than the long term target level of holding the equivalent of 18 months running costs in reserve but the trustees consider that, in light of the current economic situation, this is adequate.

Investment Policy and Returns

It is the trustees' current policy to maintain sufficient cash in the bank to cover 3 months running expenses (approximately £2.5 million). At the Balance Sheet date there was £2.25 million in cash and short term deposits which was in line with this policy. The balance of the reserves is held in a portfolio comprising properties, government and other fixed interest securities and equities. The trustees recognise the need to spread the investment risk in managing the reserves.

The investment properties comprise residential properties that the charity has inherited or acquired which the trustees, having taken appropriate advice, retain because of their ability to provide potential for capital growth and income. It is not the intention of the trustees to dispose of these unless circumstances dictated a need for such an action and/or market conditions indicated it would be beneficial to do so. The trustees are confident that, in light of the continuing lack of movement in the housing market, the carrying value of £1.7 million, which is the same as stated for the previous year, is an accurate reflection of their market value at 31st March 2011.

The investment policy adopted by the trustees relating to fixed interest securities and equities changed during the financial year to 31st March 2010, going from an investment profile of broadly 50:50 to a heavier emphasis on equities as they rallied, and a reduction in fixed interest as their returns became less attractive. In this financial year the overall split between medium (48%) and longer term (52%) investments remained the same as the previous year but the makeup of the portfolio altered once more to reflect the continued strong performance of equities compared to fixed interest investments, giving an overall portfolio (prior year in brackets) of fixed interest 17% (25%), equity 70% (65%), alternative investments 10% (10%) and uninvested cash deposits of 3%. The trustees are of the opinion that our overall investment policy remains at a low to moderate risk level in the context of the assets. This has been borne out by the fact that, considering the volatility of global markets during the year caused by, to name some of the major factors, the earthquake and tsunami in Japan and the subsequent nuclear disaster; increased unrest and uncertainty in North Africa and the Middle East; the escalating fiscal troubles in the euro-zone; early fears about the lack of growth in the Chinese economy; the portfolio still managed to achieve net gains of £467k.

Our policy is to achieve a total return over and above inflation. The value of our investment portfolio at 31st March 2011 is set out below.

Report of the trustees for the year ended 31 March 2011

Sector description	Market Value £ at 31 March 2011	%of total value
Equities		
Europe	247,843	2.90
Global	990,602	11.57
Japan	133,710	1.56
North America	719,440	8.41
Pacific Basin	411,785	4.81
United Kingdom	3,445,941	40.26
Total equities	5,949,321	69.51
Fixed interest		
Global	405,487	4.74
United Kingdom	1,088,082	12.71
Total fixed interest	1,493,569	17.45
Alternative funds		
Europe	58,320	0.68
Global	788,256	9.21
Total alternative funds	846,576	9.89
Cash accounts	269,687	3.15
Total portfolio value	8,559,153	100%

Plans for the Future

As reported last year the Consultant in Palliative Medicine appointed to progress research into the impact on our services of expanding our exposure to patients needing non-cancer palliative care has now been in post long enough to begin producing some meaningful preliminary information about this under-researched area of palliative care and it is hoped to be able to report more fully on this next year.

The 'Think Again' proactive marketing and communications campaign which was started last year to raise awareness of our services with the general public and healthcare professionals and to dispel some of the myths surrounding hospice care will continue, running alongside the expanded range of courses being provided by our Education Department.

In 2012 it will be 30 years since Canterbury first opened and 20 years since the completion of Thanet so the Fundraising Department will be busy with plans to celebrate these anniversaries and working hard to raise the funds needed to continue and ultimately complete the refurbishments already started at the Canterbury hospice.

Basis of Consolidation

The consolidated statement of financial activities on page 11 represents the combined figures for Pilgrims Hospices in East Kent and its trading subsidiaries, Hospice Shops Limited and Pilgrims Hospice Lottery Limited.

The group totals on the balance sheet on page 12 represent the consolidated figures for Pilgrims Hospices in East Kent, Hospice Shops Limited and Pilgrims Hospice Lottery Limited.

In spite of continued volatility after the financial year end the chosen investment policy has continued to be vindicated as market values have held up well month on month, with an overall downward movement between values at 31st March and 30th June of only £65k. The trustees consider that this cautious policy and the generosity of the people of East Kent have left the charity with adequate reserves to enable the work of the Pilgrims Hospices to continue at the current level and to pursue the longer term objectives for expanding services as set out in greater detail below.

Changes in Fixed Assets

Details of movements in fixed assets are set out in note 17 to the accounts. It is the opinion of the trustees that, due to their policy of constant maintenance and repair, the market value of land and buildings is greater than the net book value but, in accordance with current guidelines, they have depreciated the freehold and leasehold buildings at 2% per annum.

Report of the trustees for the year ended 31 March 2011

Responsibilities of the Trustees

We, as trustees, are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources, including the net income or expenditure of the group for the year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and Statements of Recommended Practice 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 trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

We, the trustees (directors) of the charitable company who held office at the date of approval of these financial statements as set out above, each confirm, so far as we are aware, that:

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

Auditors

Larkings (S.E.) LLP were re-appointed as auditors to the company in accordance with Section 487(2) of the Companies Act 2006.

Charity website

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

Approval

This report was approved by the Board of Trustees on 28th July 2011 and signed on its behalf by

S J Auty
Company Secretary

Independent auditors' report for the year ended 31 March 2011 to the members of Pilgrims Hospices in East Kent

We have audited the financial statements of Pilgrims Hospices in East Kent and its subsidiaries for the year ended 31 March 2011 which comprise a Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and [United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)].

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Trustee's Responsibilities Statement (set out on page 8), the trustees (who are also directors of Pilgrims Hospices in East Kent for the purposes of company law) are responsible for the preparation of the Trustee's Report and financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors).

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements. In addition, we report to you if, in our opinion the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions with the charity is not disclosed.

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 31st March 2011, and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 1993.

Opinion on other matters prescribed by the Companies Act 2006

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

**Independent auditors' report for the year ended 31 March 2011
to the members of Pilgrims Hospices in East Kent**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 1993 requires us to report to you if, in our opinion:

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

J Sherwood

Mrs Jennifer Sherwood
Senior Statutory Auditor
for and on behalf of Larkings (S.E.) LLP
Chartered Accountants
31 St George's Place
Canterbury
Kent CT1 1XD

Date: 15 August 2011

Pilgrims Hospices in East Kent

Consolidated statement of financial activities (incorporating an income and expenditure account) for the year ended 31 March 2011

	Notes	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2011 £'000	Total 2010 £'000
INCOMING RESOURCES							
Incoming resources from generated funds:							
<i>Voluntary income:</i>							
Donations and gifts	2	934	-	126	-	1,060	1,115
Legacies		1,440	-	678	-	2,118	2,652
<i>Activities for generating funds:</i>							
Fundraising	3	781	-	19	-	800	730
Income from trading subsidiaries	4	2,785	-	-	-	2,785	2,407
Investment income	5	295	-	-	-	295	260
		6,235	-	823	-	7,058	7,164
Incoming resources from charitable activities:							
Grants receivable	6	1,829	-	1,637	-	3,466	2,539
Fees receivable	7	490	-	-	-	490	319
		2,319	-	1,637	-	3,956	2,858
TOTAL INCOMING RESOURCES		8,554	-	2,460	-	11,014	10,022
RESOURCES EXPENDED							
Cost of generating funds:							
Fundraising costs	8	544	-	-	-	544	480
Trading subsidiaries' costs	4	1,320	-	-	-	1,320	1,178
Investment management fees		33	-	-	-	33	26
		1,897	-	-	-	1,897	1,684
Charitable activities:							
In-patient	9	4,732	-	2,214	-	6,946	5,819
Community services	10	1,406	-	405	-	1,811	1,575
Counselling	11	266	-	-	-	266	269
Information and education	12	210	-	-	-	210	203
Governance costs	13	87	-	-	-	87	152
		6,701	-	2,619	-	9,320	8,018
TOTAL RESOURCES EXPENDED		8,598	-	2,619	-	11,217	9,702
Net (outgoing)/incoming/ resources before transfers		(44)	-	(159)	-	(203)	320
Gross transfers between funds	22	(133)	133	-	-	-	-
Net (outgoing)/incoming resources before recognised gains and losses	14	(177)	133	(159)	-	(203)	320
Net gains on investment assets	18	467	-	-	-	467	1,849
Net movement in funds in the year		290	133	(159)	-	264	2,169
Reconciliation of funds:							
Total funds brought forward		11,622	9,953	159	13	21,747	19,578
Total funds carried forward		11,912	10,086	-	13	22,011	21,747

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The surplus for the year for Companies Act purposes comprises the net outgoing resources for the year plus realised gains on investments and was £173k (2010: £613k). The surplus for the year calculated on a historical cost basis would be £10k (2010: £370k). Note 17 gives details of changes in resources applied for fixed assets for charity use.

Pilgrims Hospices in East Kent

Consolidated and Charity balance sheets as at 31 March 2011

	Notes	Group 2011 £'000	Group 2010 £'000	Charity 2011 £'000	Charity 2010 £'000
Fixed assets					
Tangible assets	17	10,086	9,953	9,914	9,882
Investments	18	10,041	9,811	10,041	9,811
		20,127	19,764	19,955	19,693
Current assets					
Stocks		13	9	7	7
Debtors	19	673	611	709	709
Short term deposits		2,143	3,588	2,143	3,588
Cash at bank and in hand		112	344	(78)	160
		2,941	4,552	2,781	4,464
Creditors					
Amounts falling due within one year	20	1,047	2,561	760	2,410
Net current assets					
		1,894	1,991	2,021	2,054
		22,021	21,755	21,976	21,747
Creditors due after one year					
	21	10	8	-	-
Net assets					
		22,011	21,747	21,976	21,747
Funds					
Unrestricted funds - general funds - includes revaluation reserve of £1,666k (2010 -£1,400k)	22	11,912	11,622	11,877	11,622
Designated funds	22	10,086	9,953	10,086	9,953
Restricted funds	22	-	159	-	159
Permanent endowment	22	13	13	13	13
Total funds					
		22,011	21,747	21,976	21,747

Approved by the Board of Trustees for issue on 28 July 2011

R G Morey

Dr R G Morey
Chairman of the Board of Trustees

R J Davis

R J Davis Esq.
Treasurer

Company number 2000560

**Consolidated cash flow statement
for the year ended 31 March 2011**

	Notes	2011 £'000	2010 £'000
Net cash (outflow)/inflow/ from operating activities	1	(1,599)	1,823
Returns on investments			
Interest received (including tax recovered)		184	182
Net cash (outflow)/inflow from returns on investments		(1,415)	2,005
Capital expenditure			
Payments to acquire tangible assets		(499)	(331)
Payments to acquire investments		(2,435)	(1,991)
Receipts from sale of tangible assets		-	6
Receipts from sale of investments		2,672	2,006
Net cash outflow from capital expenditure		(262)	(310)
		(1,677)	3,518
Management of liquid resources			
Decrease/(increase) in short term deposits		1,445	(1,572)
Financing			
Capital element of finance lease rental payments		-	-
(Decrease)/increase in cash	2	(232)	1,946

Note 1 Reconciliation of net incoming resources to net cash inflow from operating activities	2011 £'000	2010 £'000
Net (outgoing)/incoming resources	(203)	320
Depreciation and loss/(profit) on disposals	366	297
(Increase) in stocks on hand	(4)	(2)
(Increase)/decrease in debtors	(62)	1,483
(Decrease) in creditors	(1,512)	(93)
Investment income (excluding rents receivable)	(184)	(182)
	(1,599)	1,823

Note 2 Analysis of balances of net funds as shown in the balance sheet	2011 £'000	2010 £'000	Change in year £'000
Cash at bank and in hand	112	344	(232)

Notes forming part of the financial statements for the year ended 31 March 2011

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention with the exception of investments, which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005 and applicable United Kingdom Accounting Standards.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis. The charity has availed itself of paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone as permitted by Section 230 of the Companies Act 2006 and paragraph 304 of the SORP.

b) Company status

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

c) Incoming resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Such income is only deferred when:

- * the donor specifies that the grant or donation must only be used in future accounting periods; or
- * the donor has imposed conditions which must be met before the charity has unconditional entitlement.

Where possible, legacies are credited to the accounts in the year of death where the trustees are satisfied they are entitled to the money, there is certainty they will receive it and they are able to quantify their entitlement. However, it is their policy to only include legacies which have been received within one month of the year end.

These accounts do disclose, by way of note (Note 26), the legacies received or notified after the one month period has ended where those legacies relate to deaths prior to the year end; it is reasonable to assume that the legacy will be received; and the Will is not subject to a dispute.

Gifts donated for resale are included as income when they are sold.

No amounts are included in the financial statements for services donated by volunteers.

Grants are recognised in the period to which they relate.

d) Resources expended

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

Fundraising costs are those incurred in seeking voluntary contributions and includes the cost of advertising for donations and the staging of fundraising events and does not include the costs of disseminating information in support of the charitable activities.

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

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, i.e. staff costs are calculated as a proportion of total expenses and the other support costs are calculated as a proportion of staff costs on each activity over total support staff costs.

Notes forming part of the financial statements for the year ended 31 March 2011

e) Tangible fixed assets and depreciation

Tangible fixed assets over £1,000 with a useful economic life greater than four years are capitalised and included at cost including any incidental expenses of acquisition.

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

Freehold land nil	Soft furnishing over 5 years
Freehold buildings over 50 years	Office furniture over 5 years
Long leasehold buildings over 50 years	Other equipment over 5 years
Hard furnishings over 10 years	Computer equipment over 4 years
Fixtures and equipment over 10 years	Motor vehicles over 4 years

f) Investments

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

Investment properties are revalued annually by the trustees and the aggregate surplus or deficit is transferred to a revaluation reserve within the charity's unrestricted funds. No depreciation is provided in respect of freehold investment properties. The Companies Act 2006 requires tangible fixed assets to be depreciated systematically over their estimated useful economic lives. However, investment properties are held for investment rather than consumption; the trustees therefore consider that depreciation on a systematic basis would not be appropriate in this case and that the accounting policy adopted is necessary for the accounts to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

g) Stock

Stocks consist of purchased goods for resale and are valued at the lower of cost and net realisable value. Most goods sold in the shops are donated and only brought into the accounts when converted into cash.

h) Pension costs

The group operates a defined contribution pension scheme open to all employees. However, certain employees are already members of professional pension schemes to which Pilgrims Hospices in East Kent continues to make contributions as their employer. The pension costs charged in the financial statements represent the contributions payable by the group during the year.

i) Value Added Tax

Value Added Tax is not recoverable by the charity, but it is fully recoverable by one subsidiary, Hospice Shops Limited, and this is reflected in the relevant costs in the Statement of Financial Activities.

j) Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

k) Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes.

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

Investment income and gains are allocated to the appropriate fund.

Pilgrims Hospices in East Kent

Notes forming part of the financial statements for the year ended 31 March 2011

2 Donations and gifts	2011	2010
	£'000	£'000
Donations	1,042	1,093
Contributions from patients	18	22
	1,060	1,115

3 Fundraising income	2011	2010
	£'000	£'000
General fundraising	460	465
Sale of goods	37	31
Gross proceeds of events	303	234
	800	730

4 Income and expenditure of trading subsidiaries

The charity owns the whole of the issued ordinary share capital of Hospice Shops Ltd and Pilgrims Hospice Lottery Ltd, both companies registered in England. Hospice Shops Ltd operates a number of shops selling mainly donated goods and Pilgrims Hospice Lottery Ltd runs a lottery. All activities have been consolidated on a line by line basis in the SOFA. Both companies pay all but a small proportion of their profits to the charity by Gift Aid. A summary of the results of the subsidiaries is shown below.

	Hospice Shops Ltd		Pilgrims Hospice Lottery Ltd		Total	
	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	1,898	1,615	887	792	2,785	2,407
Cost of sales	48	43	308	271	356	314
	1,850	1,572	579	521	2,429	2,093
Interest receivable	-	-	-	-	-	-
Administration costs	839	731	125	133	964	864
Net profit	1,011	841	454	388	1,465	1,229
Amount gift aided to the charity	(974)	(851)	(454)	(388)	(1,428)	(1,239)
Retained profit/(loss) brought forward	3	13	(4)	(4)	(1)	9
Retained profit/(loss) carried forward	40	3	(4)	(4)	36	(1)

	2011	2010
	£'000	£'000
The aggregate of assets, liabilities and funds was:		
Assets	522	410
Liabilities	(489)	(411)
Net assets/(liabilities)	33	(1)

Represented by:

Ordinary shares of £1 each	-	-
Profit and loss account	33	(1)
Total funds	33	(1)

5 Investment income	2011	2010
	£'000	£'000
Income from listed investments:		
Fixed interest	57	69
Unit trusts	1	1
Managed funds	97	77
Interest receivable on cash deposits: charity	29	35
Net rents receivable	111	78
	295	260

Pilgrims Hospices in East Kent

Notes forming part of the financial statements for the year ended 31 March 2011

6 Grants receivable	2011	2010
	£'000	£'000
Local Health Authority	2,857	2,522
Department of Health	605	-
Local Authority	4	17
	3,466	2,539

7 Fees receivable	2011	2010
	£'000	£'000
Medical fees	398	246
Ministers' fees	4	6
Occupational therapy	3	3
Meal contributions	16	18
Course fees	69	46
	490	319

8 Fundraising costs	2011	2010
	£'000	£'000
Wages and salaries	333	325
Goods for resale	34	26
Publicity	88	64
Sundry expenses	19	16
Event costs	70	49
	544	480

9 In-patient costs	2011	2010
	£'000	£'000
Doctors salaries	858	823
Nurses salaries	2,375	2,256
Chaplains & therapists salaries	232	265
Administrative support salaries	457	237
Catering, domestic & maintenance salaries	590	602
Food	138	129
Medical supplies	56	45
Laundry and cleaning	124	128
Heat, light and water	123	124
Repairs and maintenance	270	216
Dept of Health grant expenditure	648	-
Depreciation	288	270
(Profit)/loss on disposal of fixed assets	-	(1)
Postage	20	20
Advertising	14	14
Telephone	14	20
Out of hours answering service	-	43
Insurance	25	34
Travel and sundry	93	32
Support costs	621	562
	6,946	5,819

10 Community services costs	2011	2010
	£'000	£'000
Wages and salaries	1,502	1,356
Travel and sundry	137	78
Telephone	13	7
Support costs	159	134
	1,811	1,575

Notes forming part of the financial statements
for the year ended 31 March 2011

11 Counselling	2011	2010
	£'000	£'000
Wages and salaries	240	232
Travel and sundry	5	7
Support costs	21	30
	266	269

12 Information and education	2011	2010
	£'000	£'000
Wages and salaries	140	106
Course fees and expenses	31	59
Professional books and journals	10	11
Travel and sundry	12	6
Support costs	17	21
	210	203

13 Support costs

The charity allocates its support costs as shown in the table below. Support costs are allocated on a basis consistent with the use of resources.

	Community		Information			Total 2011 £'000
	In-patient £'000	services £'000	Counselling £'000	& Education £'000	Governance £'000	
Wages and salaries	426	111	17	13	61	628
Occupational health	11	3	-	-	1	15
Life assurance	6	1	-	-	1	8
Printing and stationery	28	7	1	1	4	41
Telephone	4	1	-	-	-	5
Travel	6	1	-	-	1	8
Computer costs	90	24	3	3	13	133
Repairs and renewals	9	2	-	-	1	12
Bank charges	8	2	-	-	1	11
Auditors' remuneration	11	2	-	-	1	14
Professional fees	12	3	-	-	2	17
Sundry expenses	10	2	-	-	1	13
	621	159	21	17	87	905

14 Net incoming resources of the group	2011	2010
	£'000	£'000
The surplus of income over expenditure is stated after charging:		
Depreciation	366	300
(Profit)/loss on disposals (net)	-	(3)
Auditors remuneration : Audit fees	24	23
Other services	-	-
Lease rental of plant and machinery	6	5
Lease rental of motor vehicles	16	12
Lease rental of land and buildings	35	31

15 Trustees' remuneration

The trustees neither received nor waived any emoluments during the year (2010: £Nil). £124 out of pocket expenses were reimbursed to one trustee (2010: £35). The trustees took out indemnity insurance at a cost of £2,494 (2010: £1,600) in the year under review.

**Notes forming part of the financial statements
for the year ended 31 March 2011**

16 Staff costs	2011	2010
	£'000	£'000
Wages and salaries	5,879	5,427
Social security costs	464	430
Pension costs	406	390
Subcontract staff	606	543
	7,355	6,790

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	Number	Number
£60,001 - £70,000	-	1
£70,001 - £80,000	2	-
£80,001 - £90,000	1	1
£90,001 - £100,000	3	3

Six employees earning more than £60,000 participated in a pension scheme.

The average number of employees, calculated on a full-time equivalent basis, analysed by function was:

Fundraising	12	11
Trading	20	15
In patient	133	130
Community services	48	43
Counselling	8	7
Information and education	4	6
Administration and support	13	11
Governance	1	1
	239	224

Pilgrims Hospices in East Kent

Notes forming part of the financial statements for the year ended 31 March 2011

17 Tangible fixed assets	Freehold land and buildings	Long leasehold land & buildings	Furniture & Furnishings	Equipment	Motor Vehicles	Total
a) The charity	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1st April 2010	9,098	2,145	327	569	63	12,202
Additions	161	77	-	70	12	320
Disposals	-	-	(45)	(253)	-	(298)
At 31st March 2011	9,259	2,222	282	386	75	12,224
Depreciation						
At 1st April 2010	1,193	429	187	451	60	2,320
Charge for year	155	44	26	57	6	288
On disposals	-	-	(44)	(254)	-	(298)
At 31st March 2011	1,348	473	169	254	66	2,310
Net book value						
At 31st March 2011	7,911	1,749	113	132	9	9,914
At 31st March 2010	7,905	1,716	140	118	3	9,882
b) The group						
	Freehold land and buildings	Long leasehold land & buildings	Furniture & Furnishings	Equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1st April 2010	9,098	2,217	327	625	133	12,400
Additions	161	168	27	70	73	499
Disposals	-	(25)	(48)	(254)	(9)	(336)
At 31 March 2011	9,259	2,360	306	441	197	12,563
Depreciation						
At 1 April 2010	1,193	482	187	473	112	2,447
Charge for year	155	86	32	61	32	366
On disposals	-	(25)	(47)	(255)	(9)	(336)
At 31 March 2011	1,348	543	172	279	135	2,477
Net book value						
At 31 March 2011	7,911	1,817	134	162	62	10,086
At 31 March 2010	7,905	1,735	140	152	21	9,953

Freehold land and buildings includes freehold land of £1.5 million that is not depreciated.

Included in equipment are the following amounts held under a finance lease:

	2011	2010
	£'000	£'000
Net book value	12	16
Depreciation	4	-

Notes forming part of the financial statements
for the year ended 31 March 2011

18 Fixed asset investments	Market	Additions	Disposal	Net	Market	Historical
	value		proceeds	investment	value	cost
	2010		£'000	£'000	gains	2011
	£'000	£'000	£'000	£'000	£'000	£'000
Charity and Group						
Freehold properties	1,752	-	-	-	1,752	1,464
Quoted investments:						
Fixed interest	2,000	1,315	(1,863)	41	1,493	1,446
Managed funds (equity based)	5,226	1,120	(753)	356	5,949	4,739
Alternative investment funds	833	-	(56)	70	847	726
Total	9,811	2,435	(2,672)	467	10,041	8,375

Included above are the following investments which represent more than 5% of the total.

	Market	Historical
	value	Cost
	£'000	£'000
Coutts Fund Managers UK Sovereign Bond	398	368
Coutts Fund Managers UK Equity	1,945	1,475
Coutts Fund Managers UK Specialist Equity	676	504
Coutts Fund Managers UK Specialist Equity Income	543	563
Coutts Fund Managers US Equity	663	480
Coutts Orbita Capital Return	404	356
Coutts Orbita Global Opportunities	385	315

The charity also owns 3 ordinary shares of £1 each in Hospice Shops Ltd and 2 ordinary shares of £1 each in Pilgrims Hospice Lottery Ltd, both of which are wholly owned subsidiaries.

Quoted investments

A short term gain in value of £467k is reflected in these accounts.

Investment properties

These are carried forward at the trustees' best estimate of their value at 31 March 2011 of £1,752k. The trustees draw attention to the fact that this valuation still compares favourably to the historical cost of £1,478k.

19 Debtors	Group	Group	Charity	Charity
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
General debtors	144	329	103	296
Amounts owed by group undertaking	-	-	100	149
Legacies	450	236	450	236
Prepayments	68	33	45	15
Income Tax recoverable	11	13	11	13
	673	611	709	709

20 Creditors: amounts falling due within one year	Group	Group	Charity	Charity
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade creditors	369	289	236	227
Amounts due under finance leases	9	10	-	-
Amounts owed to group undertaking	-	-	115	102
Taxation and social security costs	203	186	203	186
Accruals	230	134	206	97
Deferred income	236	1,942	-	1,798
	1,047	2,561	760	2,410

Notes forming part of the financial statements
for the year ended 31 March 2011

21 Creditors: amounts falling due after one year	Group	Group	Charity	Charity
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Amounts due under finance leases	10	8	-	-

22 Statement of funds	2010	Incoming	Resources	Investment		2011
		Resources	Expended	gains	Transfers	
	£'000	£'000	£'000	£'000	£'000	£'000
General funds	11,622	8,554	(8,598)	467	(133)	11,912
Designated funds:						
Fixed assets in use	9,953	-	-	-	133	10,086
Restricted funds:						
Ashford Hospice	-	196	(196)	-	-	-
Canterbury Hospice	-	465	(465)	-	-	-
Thanet Hospice	7	157	(164)	-	-	-
Hospice at Home	-	5	(5)	-	-	-
NHS restricted income	135	1,029	(1,164)	-	-	-
Local Authority restricted income	17	3	(20)	-	-	-
Department of Health	-	605	(605)	-	-	-
Total restricted funds	159	2,460	(2,619)	-	-	-
Permanent endowment fund	13	-	-	-	-	13
Total funds	21,747	11,014	(11,217)	467	-	22,011

The charity received a grant from the Department of Health for an amount of £605k for improvements to two of the Charity's hospices. £395k was spent on improving facilities for patients and carers at the hospice in Margate and £210k was spent on improving care and services for patients, family members and carers at the hospice in Ashford

Designated funds: The fixed asset in use fund has been set up to identify those funds that are not free funds and it represents the net book value of tangible fixed assets.

Restricted funds: These represent donations, legacies and grants received for specific purposes. Income for capital and revenue expenditure is shown within transfers to unrestricted funds where spent in the year, or carried forward where unspent.

Permanent endowment fund: This represents part of the total assets of the Canterbury Dispensary Fund, received in the year to 31 March 2000. The capital is invested in a unit trust.

23 Analysis of group net assets between funds	General	Designated	Restricted	Endowment	Total	Total
	Funds	Funds	Funds	Funds	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March 2011 are represented by:						
Tangible fixed assets	-	10,086	-	-	10,086	9,953
Investments	10,028	-	-	13	10,041	9,811
Current assets	2,941	-	-	-	2,941	4,552
Current liabilities	(1,047)	-	-	-	(1,047)	(2,561)
Long term liabilities	(10)	-	-	-	(10)	(8)
Total net assets	11,912	10,086	-	13	22,011	21,747

24 Taxation

As a registered charity, the company has no liability to Corporation Tax.

**Notes forming part of the financial statements
for the year ended 31 March 2011**

25 Financial commitments

At 31 March 2011 the group had annual commitments under non-cancellable leases as follows:

	2011		2010	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
Within one year	7	14	-	-
Two to five years	48	7	15	19
More than five years	15	-	15	-

26 Legacies

In accordance with accounting policy note 1(c), the trustees estimate that they will in due course receive a further £660k in respect of deaths that occurred prior to 31 March 2011. In addition a freehold property with a probate value of £150,000 has been bequeathed. These estimates are based on information available to the trustees shortly before they approved these accounts.

27 Control relationships

There is no one controlling party over the reporting entity as all trustees have equal standing.

28 Related parties

The charity wholly owns Hospice Shops Limited and Pilgrims Hospice Lottery Limited.

Hospice Shops Limited contributed £nil (2010 - £nil) to the charity towards the rent of the premises occupied by the company and reimbursed £359,211 (2010 - £251,385) directly towards the cost of wages and salaries. At the balance sheet date the company owed £99,669 (2010 - £148,910) to the charity. This amount is unsecured, interest free and repayable within one year.

Pilgrims Hospice Lottery Limited contributed £nil (2010 - £nil) to the charity towards the rent of the premises occupied by the company and reimbursed £104,025 (2010 - £110,829) directly towards the cost of wages and salaries. At the balance sheet date £115,160 (2010 - £102,560) was owed the charity to the company. This amount is unsecured, interest free and repayable within one year.