
ARDGOWAN HOSPICE

Annual Accounts 2016-2017



*together
we care*



ARDGOWAN
A University
Teaching Hospice

ARDGOWAN HOSPICE LIMITED

COMPANY INFORMATION

TRUSTEES

I. M. Banks	(Appointed 24 October 2016, Retired 28 November 2016)
M. J. Brown	(Appointed 24 October 2016)
C. M. Chambers	
Prof. R. Crockett, MBE	(Appointed 24 October 2016)
J. Cumming	(Retired 24 October 2016)
G. Lafferty	
S. McFarlane, OBE	(Appointed 24 October 2016)
K. A. J. McKellar	(Chairman)
Prof. P. Martin, CBE	(Appointed 24 October 2016)
M. Moore	(Appointed, 24 October 2016)
S. Paterson	(Retired 24 October 2016)
J. J. Reidy	
J. B. Stewart	(Retired 24 October 2016)
Dr. R. Ward	(Retired 24 October 2016)
J. M. Watson	(Retired 2 April 2017)

COMPANY SECRETARY

N. Beattie

CHIEF EXECUTIVE (Acting)

I. Marshall

AUDITORS

Welsh Walker Limited
179A Dalrymple Street
Greenock
PA15 1BX

BANKERS

Royal Bank of Scotland
122 Cathcart Street
Greenock
PA15 1BA

Bank of Scotland
64/66 West Blackhall Street
Greenock
PA15 1XG

SOLICITORS

Patten & Prentice
2 Ardgowan Square
Greenock
PA16 8PP

INVESTMENT MANAGERS

Speirs & Jeffrey
George House
Glasgow
G2 1EH

REGISTERED OFFICE

12 Nelson Street
Greenock
PA15 1TS

COMPANY REGISTRATION NUMBER

SC075515

SCOTTISH CHARITY NUMBER

SC011541

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT

The Trustees of Ardgowan Hospice, who are also Directors of Ardgowan Hospice for the purposes of the Companies Act 2006, are pleased to present their annual report and audited financial statements for the year ended 31 March 2017.

The financial statements comply with the Charities And Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) regulations 2006 (as amended), the Companies Act, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

CHAIR'S REPORT

The modern hospice movement was started in the early 1960's by Dame Cicely Saunders, who set up St Christopher's Hospice in London with the statement that I think best describes what the modern hospice movement is all about: *"...you matter because you are you and you matter to the last moment of your life..."* The goal of the Hospice is to improve the quality of a patient's last days by offering comfort and dignity. The wife of one patient put it so well when she said *"...that everyone at Ardgowan was there for her and her husband at the worst time of their life"*, what better or more fitting tribute can be made to the staff and volunteers of our Hospice, that they are there when they are needed most.

Last year our volunteers served over 69,000 hours and our staff delivered clinical care to 925 patients, including making 1,025 home visits.

As you will be aware, however, the Hospice has been struggling financially for some time now. We have reported financial deficits over a number of years, a position that is quite simply not sustainable. In this year past (2016/17), we will end with a financial deficit of £284k and whilst this is a significant improvement on the previously budgeted deficit of £426k, and reflects the ongoing efforts of the management team to reduce expenditure and increase income, this position cannot continue. It is critical that we return to a balanced budget as soon as possible.

Whilst the Board hoped that we would be able to do this within the next 12-months, it has become apparent that we would not be able to achieve this without a severe reduction to existing services and we feel that this would be a disservice to the people of Inverclyde and our hard working and dedicated staff. Consequently, the Board has approved a budget for the financial year 2017/18, based on a two-year recovery plan with projected deficits of £175k in 2017/18 and £28k in 2018/19. This is based on a five-year financial forecast that projects a significant improvement over this period, with a return to a position of surplus by 2019/20 and critically without loss of services.

We are continuing with the 'Inside-Out' Hospice project, which is intended to extend our services out into the community and provide round the clock high quality care. Alongside this, we remain committed to supporting the 'Compassionate Inverclyde' project, a five year programme which aims to improve the health and wellbeing of people facing the challenges associated with potentially life-limiting illness.

I should also like to reassure you that a great deal of work has also been ongoing, much of it behind the scenes, in relation to our plans for a new build inpatient unit to replace our existing unit, which is regrettably now just too old to be a long term sustainable option for us.

These are very challenging times and whilst I may be reminded by many people, that we are not the only hospice or indeed the only charity, to be facing such pressures at this time, I do genuinely feel that we are making progress. It has been my privilege to have served as Chairman over these past

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT

three years and I must pay tribute to the dedication of the Acting CEO over this past year, Mr Ian Marshall and to his committed and hardworking Senior Management Team. May I take this opportunity to thank everyone for their continued support - staff, volunteers, sponsors and donors.



Keith A J McKellar
Chairman

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

OBJECTIVES AND ACTIVITIES

Charitable Purposes

The charitable purposes of the Ardgowan Hospice are:

1. To promote the relief of suffering by caring and supporting:
 - patients and families living with a life-limiting illness;
 - people with any chronic or terminal illness;
 - people with any disability or disease attributable to old age; or
 - people with any other physical or mental infirmity, disability or disease.
2. To conduct, promote or encourage research into the care and treatment of people suffering from any such illness, disability, disease or infirmity, particularly into the care and treatment of people suffering from cancer or terminal illnesses.
3. To promote, encourage or assist in the teaching or training of healthcare professionals and students.
4. To provide, assist or encourage the provision of spiritual help and guidance for people attending the Hospice or working there.

The charitable purposes are summed up in our mission:

“Ardgowan Hospice, supported by the local community, aims to provide the highest quality care for patients and families living with a life limiting illness. The Hospice values quality of life, dignity, privacy and individual choice.”

In keeping with its charitable purposes and its mission, the Hospice offers the following services:

- In-Patient Care
- Community Nurse Specialist Advice
- Specialist Lymphoedema Service
- Out-Patient Clinics
- Physiotherapy
- Occupational Therapy
- Patient & Family Support
- ACCESS at Ardgowan drop in facilities
- Bereavement Support including Childhood Bereavement Support
- Spiritual Care
- Complementary Therapies
- Volunteer Patient Transport Service
- Education Service for Hospice staff and professionals in the community
- Consultant support to Inverclyde Royal Hospital
- Information, education and psychological support for patients and carers

All of the clinical services are developed in conjunction with patients, families, clinical partners and the wider public.

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

Ardgowan Hospice has an enviable reputation for the quality of its specialist palliative care. The organisation is firmly rooted in the community, where it has been working with supporters since 1981, providing innovative care and help for people at a difficult time in their lives.

Members of staff care passionately about maintaining high standards of care and improving support for patients and carers in the future, therefore have developed the following key values.

- Care
- Confidentiality
- Commitment
- Compassion
- Integrity
- Respect
- Sensitivity
- Quality
- Trust
- Innovation

The values set out how we conduct our business now and in the future. Working together we can always achieve more and we commit to bringing these important values to life, each and every day.

Our Significant Activities

The Hospice is involved in the direct care of Inverclyde patients with specialist palliative care needs within the 8 bed In-Patient Unit and the day-care facilities provided at ACCESS at Ardgowan. Care is delivered by a multi-disciplinary professional team.

Out-Patient support, advice and treatment is provided by our team of Community Nurse Specialists, our Bereavement and Counsellors, our Consultants in Palliative Medicine, our Information and Support team and our Lymphoedema Nurse Specialist.

We have an in-house education service which provides teaching to health professionals and care staff within Inverclyde and wider afield.

Our patient transport service provides free transport for patients from Inverclyde attending hospital appointments both locally and further afield in the West of Scotland.

Volunteers

The Board of Trustees continues to be grateful for the indispensable and enthusiastic contribution which volunteers make across the whole spectrum of Hospice activities. During the year 2016/17, 313 volunteers contributed approximately 69,173 hours of their time and talents to help the Hospice achieve its aims.

We understand the importance of our current volunteers and we are reliant on their skills, experience and help in order for us to be able to deliver the services that we offer. Volunteers contribute in many areas of our work: in hospitality; maintenance; retail operations; patient transport; administration; fundraising; complementary therapies; day care services; reception duties; and as Trustees.

We are constantly reviewing and building on our portfolio of volunteers, both to meet the service

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

needs and to create a pathway for volunteers who are seeking work experience by giving them the opportunity to develop a range of skills, enabling them to secure sustainable employment in the future.

ACHIEVEMENTS, PERFORMANCE AND FUTURE PLANS

Key statistics for 2016/17

- 925 patients and families with life limiting illness living in Inverclyde, including 102 patients with conditions other than cancer were supported during the year;
- 130 patients were admitted to our In Patient Unit which had an average bed occupancy of 79%; 90% of patients were admitted within 3 days of referral and only 1% (one patient) waited more than one week for admission;
- At our Access at Ardgowan service there were a total of 820 day support attendances, 149 Drop In attendances and 398 1:1 support sessions held; with 41 new patients attending;
- 222 patients were referred to our Community Nurse Specialists who made 1025 home visits;
- 36 new patients attended the Lymphoedema Clinic, which provided 340 complex treatments, 99 maintenance treatments, 85 telephone consultations, 22 exercise classes and 5 support group meetings;
- Supported and improved the quality of life for 49 people with complex breathlessness symptoms;
- 167 patients attended Out Patient Clinics, 62 of these were new patients;
- 27 children and young people accessed the pre and post bereavement counselling and support service resulting in 248 sessions provided to children and young people plus 109 sessions with parent/guardians;
- Our adult bereavement service supported 193 clients, 150 of which were new to the service.
- Our patient and Family support service held 369 1:1 sessions, provided 677 telephone support calls and 10 home visits;
- 436 complementary therapy sessions were provided;
- 150 relaxation classes were delivered;
- 313 peer support attendances between the ladies' group on a Monday and mens' group on a Friday; and
- In IPU patient experience surveys 100% of respondents strongly agreed with the statement "There was enough help with nursing care, such as giving medicine and helping you find a comfortable position in bed."
- In family/carer experience surveys, 100 % of respondents rated the care their relative or friend received from the doctors as "exceptional";
- Our volunteer drivers provided free transport for an average of 72 patients per month to hospitals in the Greater Glasgow and Clyde area and to our Out-Patient clinics, covering in excess of 70,000 miles.
- In feedback, 93% of the users of our Patient Transport Service rated their overall satisfaction with the service as "Excellent", with the remaining 7% rating it as "Very Good".

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

Key Innovation – Out-patient Community Based Supportive Care Clinics

During 2016/17 we successfully piloted new out-patient community based supportive care clinics.

Feedback from patient and family consultation regularly indicates that some people find the prospect of coming in to the Hospice buildings daunting due to the misconceptions around it being a place of death and for the dying. This reluctance to attend means that people who could benefit from our services may not be accessing them. To combat this, alongside our plans to debunk the Hospice myths, we have taken the Hospice services out into the community and piloted out-patient supportive care clinics whereby our consultants, supported by our nursing staff, assess patients in weekly out-patient clinics in Port Glasgow Health Centre.

Patients and families have fed back positively about their experiences of the supportive care clinics in the community and have appreciated being able to access the service in a local, more familiar environment with many commenting on it not being as scary as they thought it would be. Referrals to the clinics have increased steadily since its commencement and monitoring of our effectiveness using the IPOS tool to assess issues patients are experiencing, have shown improvements in many aspects.

The community based approach, including the supportive care clinics, is one which is at the heart of the Inside Out Hospice project, which also kicked off in 2016/17. The Inside Out Hospice project is a four year project, partly funded by the Big Lottery Fund, which aims to transform our Hospice services to make them much more accessible to all parts of the community we serve. The project started in late 2016 and as an initial phase has been carrying out extensive consultation with staff, patients, families, partner organisations, and the Inverclyde community at large about how they perceive the Hospice, how they currently interact with us, how they would like to interact with us and about any barriers to access. The results of this initial consultation will be used to develop detailed plans to transform our services to meet the current and future needs of the community which we will implement over the remainder of the project period.

Progress Against Ardgowan 20:20, Our Strategic Plan

Throughout 2016/17 the Hospice continued to implement the five year strategic plan known as Ardgowan 20:20, which drives us to lead the delivery of the highest possible quality of specialist palliative care for all whenever and wherever it is needed.

The achievements and progress to date against our five main strategic priorities are as follows:

Strategic Priority 1 - To Increase Access To and Improve People's Experience of the Charity and its Services

Achievements/ Progress

In 2016/17 we have:

- Carried out extensive consultation with the patients staff, volunteers, health partners and the Inverclyde community
- Progressed plans to improve our in-patient environment, including developing plans for a new build to provide single en-suite rooms for our patient's dignity and privacy as well as infection prevention and control guidelines; and

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

- Continued to host the Compassionate Inverclyde organisation and led the programme of change in partnership with the Inverclyde Health and Social Care Partnership (HSCP) and third sector stakeholders to establish Inverclyde as Scotland's first accredited Compassionate Community including holding the formal launch event in March 2017 which was attended by Health Minister Aileen Campbell.

Future Plans

In 2017/18, we are going to:

- Widen participation and access to services through improving how we communicate about our work and the services we offer to patients, families, health and social care partners and the Inverclyde community.
- Increase the number of clinics where our Consultants provide specialist palliative care advice to out-patients.
- Improve supporters' experience of engaging with us through events, fundraising activities and in our retail outlets.
- Continue to help develop the 'Compassionate Inverclyde' initiative in partnership with the HSCP and other stakeholders;
- Work with the Inverclyde Health and Social Care Partnership (HSCP) to enhance the care and support available to our patients; and

Strategic Priority 2 - To Provide the Highest Quality Care

Achievements/ Progress

In 2016/17 we have:

- Had a successful outcome to the unannounced HIS inspection in August with ratings of "Very Good" for both Quality of Care and Support" and for "Quality of information" categories;
- Reviewed the objectives of the MOU with University West of Scotland (UWS) from which proposals were made to formalise and extend the MOU into a Strategic Partnership Agreement. This agreement creates a permanency to the relationship between the University and the Hospice and provides a governance framework for a sustainable long-term commitment to support the innovative and effective delivery of care within the integrated health and social care landscape in Inverclyde.
- Won the Greenock Chamber of Commerce Bees Knees 2016 Award for "Excellence in Customer Focus", June 2016
- Achieved Finalist status in the CVS Inverclyde Reach for the Stars Community Awards 2016 (Health and Care category), November 2016
- Completed Mandatory training for 2016/17 in March 2017.

Future Plans

In 2017/18, we are going to:

- Continue to monitor the standards of the care we provide to ensure we can build on and demonstrate continuous improvements in quality and service delivery;
- Expand our Out-Patient clinics to also include Greenock Health Centre;

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

- Work with partner GPs to pilot the IPOS system as a measure of patient improvements for palliative patients in GP care.

Strategic Priority 3 – Develop and Support Our People to Flourish

Achievements/ Progress

In 2016/17 we have:

- Achieved the highest grading of “Excellent” in our unannounced HIS inspection in August 2016 for the “Quality of Staffing”;
- Achieved the Healthy Working Lives Bronze Award in September 2016, demonstrating our commitment to the health, safety and wellbeing of all staff and volunteers.
- Introduced a new Performance Appraisal system throughout the organisation which includes a review of Learning and Development needs, setting of formal objectives and a discussion around future career development;
- Held our Annual Staff and Volunteer Long Service Awards ceremony in December 2016 to recognise the hard work and dedication of our staff and volunteers;
- Held our Annual Volunteer Christmas Tea in December 2016 to provide an opportunity for us to thank our volunteers for all they do for the organisation;
- Put in place a new process to support our staff with the new Revalidation requirement for Registered Nurses. Information/drop in sessions took place in February and March 2016. An information pack was provided to all registered nurses and a reminder process has been setup;
- Participated in the Inverclyde Million Miles walking challenge – article featured in the Greenock Telegraph.

Future Plans

In 2017/18, we are going to:

- Support our people to participate in local and national networks to share best practice;
- Redesign our workforce in order to ensure that it is fit for purpose and meets current and future service needs;
- Reinstate our participation in the Prisoner Outreach placement programme, with a prisoner from HMP Greenock placed within a role in our furniture warehouse;
- Continue to invest in appropriate training for all staff and volunteers across departments and roles;
- Achieve the Silver accreditation in the Healthy Working Lives Award Programme;
- Undertake a review of all job descriptions and an evaluation of all roles throughout the organisation in order to ensure that there is a correct job description for every role and that this is correctly reflected in the pay and grading of staff;
- Implement an Employee Assistance Programme;
- Work towards achievement of a Carer Positive award.

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

Strategic Priority 4 – Build a Sustainable and Affordable Future

Achievements/ Progress

In 2016/17 we have:

- Continued to grow the outsourced Lottery operation;
- Carried out a full review of our retail operations;
- Successfully obtained a four year grant from Big Lottery Fund (BLF) fund or Inside Out Hospice project to transform the Hospice services to a decentralised model;
- Ended the year in a much improved position against the approved budget deficit;
- Introduced additional costs controls such as Recruitment Authorisation forms and Bank Staff use authorisation forms;
- Reviewed all contracts being renewed to ensure maximum return on all Hospice expenditure.

Future Plans

In 2017/18, we are going to:

- Implement the new retail strategy to increase income and push down costs.
- Improve collaboration and integration between fundraising and retail channels to maximise income opportunities.
- Engage with the HSCP to ensure the new service level agreement due to be agreed in 2018 is appropriate and provides fair funding for services provided.
- Continue to explore and widen funding and sponsorship opportunities.
- Continue to develop and implement a new Income and Development Strategy designed to maximise all potential sources of income to ensure a sustainable future;
- Continue networking with wider third sector bodies and explore opportunities for partnership working with them;
- Continue to review all expenditure to achieve maximum return on all Hospice spend.
- Continue to work to reduce the budgeted deficit for 2017/18 and future years.

Strategic Priority 5 – Optimise Digital Effectiveness

Achievements/ Progress

In 2016/17 we have:

- Increased public engagement through digital media channels.
- Carried out a review of our website and scoped areas for improvement.
- Expanded the new digital clinical administration system (Crosscare) to cover all in-patient services and began the rollout across our out-patient services;
- Completed the initial development of systems to allow remote access to digital records for our staff working outwith our Hospice buildings;
- Completed the installation of up to date (virtual) server technology;
- Completed the installation of VOIP telephony at the main Hospice buildings;

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

- Improved the efficiency of telephony and internet services through the provision of a leased line;
- Completed the implementation of EPOS (retail) technology across all sites

Future Plans

In 2017/18, we are going to:

- Further improve digital communications through introduction of mobile enabled website.
- Continue to build digital media audience participation and engagement.
- Further roll out the new Clinical Administration system to include out-patient, holistic therapy and day care services;
- Roll out systems to allow secure remote access to digital patient records for all staff working outwith the main Hospice buildings.
- Continue to increase the support for the development of clinical practice, informatics and research across the hospice.
- Extend the use of integrated VOIP technology to the retail sites; and
- Integrate mobile phone technology with our VOIP systems to maximise organisational efficiency and reduce costs.

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

FINANCIAL REVIEW

Brief Review of the Charity's Financial Position

2016/17 has been another challenging year financially.

Our overall income increased marginally on the previous year. Income from grants and donations increased by 48% compared to 2015/16 and we also saw significant increases in our legacy (8%) and lottery income (28%). This was however offset by reductions in fundraising income (34%) and retail (4%) income. Income from our investments was also reduced 30% by as a result of a change in our investment policy (see below).

Expenditure increased in comparison to 2015/16. Expenditure on charitable activities rose by 6.5% which relates to an increase spend on Hospice services of £188k or 7%, and a 6% rise in spend on Governance costs. The cost of generating funds also rose by 5.5% compared to the previous year but note that this rise is partly due to a more accurate recognition of fundraising costs within our accounts.

The change of portfolio also allowed us to realise a great deal of gain in the value of our investments which has helped to reduce the overall deficit for the year.

All together this has resulted in the Hospice having a deficit of £283,506 in 2016/17 after including £183,826 of realised and unrealised gains on investments (2015/16 deficit £454,911).

The Staff and Board of the Hospice fully understand that the repeated deficit situation seen over the past years is unsustainable in the long term, and have responded with a number of short and longer term measures.

In the short term, we have an ongoing programme of contract review, whereby as each existing supplier contract comes up for renewal we test to ensure that we are getting the most cost-effective deal for the Hospice; we have a staff team which look at new and innovate ways of operating more efficiently; we undertook a retail review and are currently implementing its recommendations to ensure that our retail operations are aligned with sector recommended practices.

In the longer term and aligned with the Inside Out Hospice project to transform services, we will be undertaking a workforce redesign project in 2017/18 to ensure that we have the appropriate staff with the relevant skills mix at every level of the organisation.

The organisation has challenged itself to come back to a surplus position within the next financial year but working through the available options it was clear that this would not be possible without a severe reduction in the services we offer. To achieve a balanced budget in 2017/18 we would need to close a large number of services and lay off many staff which would both be a disservice to the community we serve and could potentially make any sort of future financial recovery very difficult

The Board have instead agreed a realistic five year budget which allows us to restructure elements of our staffing following due process and procedure, without the need to remove any services, yet staying within our financial means. We believe this plan will bring us both to a position of financial sustainability and one of readiness to address the current and future needs of our communities.

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

Principal Financial Management Policies

The Hospice is a non-profit making organisation, it made a deficit in 2016/17 and it is unlikely to produce any significant operating surplus year on year. It plans to retain any surplus to provide for situations where there may be a reduction in income or to enable the Hospice to respond to opportunities for service development.

Reports are produced monthly, highlighting variances of actual income and expenditure against budget with material differences being investigated. Further, cash flow reports and forecasts are produced to ensure that adequate cash resources are available to meet expenditure obligations.

Principal Funding Sources

The Hospice is partly funded by a contribution from Inverclyde Health and Social Care Partnership (HSCP) on the basis of the previous NHS Service Level Agreement under the terms of NHS CEL 12. The Scottish Government expects the HSCPs to fund 50% of the agreed annual running costs of independent hospices in their area. The funding does not cover capital expenditure, bereavement projects or the holistic care that is provided by the Hospice. In 2016/17, NHS Greater Glasgow and Clyde provided funding of £1,284,420 (2015/16 - £1,266,666) a 1.4% increase on the previous year.

The remainder of the funds, approximately £1.9m in 2016/17, required to provide the Hospice services is raised through legacies, donations, gifts and grants, fundraising, Hospice retail shops, the Lottery and the Friends of Ardgowan Hospice.

Relationship between Expenditure and the Charity's Key Objectives

The Charity's key objective is to provide high quality specialist palliative care to patients and carers. All expenditure is either directly related to this objective, relates to an activity required to support this objective or is an investment in fundraising activities to generate additional funds, which will in turn be used to further the objectives of the organisation.

Investment Policy and Returns

During the year, the Board agreed to a change in investment policy, moving all investments from a medium risk level to a low risk profile. Whilst recognising that this would reduce the income from the investments, this was considered to be acceptable in order to achieve greatly reduced volatility in the value of the portfolio.

The primary objective of the Charity's current investment approach is a balance of capital and income growth. As permitted by the Charity's Articles of Association, the Trustees have appointed investment managers (Speirs & Jeffrey) and given them discretion to manage the portfolio within an agreed profile of low risk. Speirs & Jeffrey act as the Hospice custodian and any uninvested cash is held in a segregated bank account.

It is the Charity's policy not to invest directly in tobacco companies.

The Investment Manager attends the Finance, Investment & Performance Review Committee (FIPR) as required to report on investment performance.

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

Investment Performance achieved against Objectives Set

Over the 12 months to 31 March 2017, the percentage total return for 2016/17 was 14.8% which once again underperformed the return on the index of investment performance of 16.7% for the same period. The value of investments held decreased to £1,517,574 from £1,817,470 after receiving income and dividends amounting £49,330 and withdrawing capital of £530,000.

Reserves

Ardgowan Hospice has a reserves policy, which taking into account the unpredictability of legacy income, is designed to maintain a buffer against unforeseen reductions in income and enable the Hospice to respond to unexpected opportunities for service development.

The Hospice's reserves policy is to maintain the level of reserves at a level equal to at least 6 months operating costs. The Trustees regularly review the Hospice's reserves levels.

The method of calculating of reserves was changed during the financial year to exclude fixed assets, designated funds and restricted reserves, to focus on free funds, which is generally accepted to be a more appropriate calculation of the funding available in the organisation in an emergency.

At 31 March 2017, the level of free funds stood at £240,807. The level of free funds at 31 March 2016, calculated on the same basis was £675,829.

Whilst this level of free funds is well below the ambition in the reserves policy, the Board accept that the current position is a result of several years of operating at a deficit. The Board have approved a long term recovery plan which will see the Hospice operate within existing free funds levels whilst reversing the deficit, with a return to a surplus position enabling us to start to rebuild the level of free funds from 2020 onwards.

Going Concern

These accounts have been prepared on a going concern basis. The Hospice made a deficit in 2016/17 and is also budgeting to make a deficit in 2017/18 however there are no concerns regarding going concern due to the level of reserves, the 5 year budgeted return to surplus, and the controls that the Hospice currently has in place.

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Ardgowan Hospice Ltd is a charitable company limited by guarantee, incorporated on 13 July 1981. It is registered as a Scottish charity with the Office of the Scottish Charity Regulator (OSCR).

Ardgowan Hospice is governed by its Articles of Association, which define its sphere of activity and form its constitution. The Articles were reviewed in 2010 to ensure full compliance with the Companies Act 2006 and the revised constitution was approved at the Annual General Meeting in October 2010.

Ardgowan Hospice is a membership organisation and the criteria for membership are defined in the Articles of Association. The company does not have share capital but is limited by guarantee. At 31 March 2017 the company had 59 members, each of whom agrees to a liability limited to £1 in the event of the charity winding up.

Trustees (Directors)

The Trustees (Directors) in office during the year ended 31 March 2017 were as noted on page one of this report.

No Trustee received remuneration or expenses during 2016/2017.

Recruitment and Appointment of Trustees

The Board of Trustees, comprising members from a range of backgrounds and established under the Articles of Association, meet at least four times a year.

No outside party can appoint Trustees.

New Trustees are appointed as required to complement the skills and experience of serving Trustees.

A role description and statement of main responsibilities is used in the appointment of Trustees. A Code of Practice on Governance, prepared in accordance with the National Council for Voluntary Organisations (NCVO) - 'Good Governance: A Code for the Voluntary and Community Sector (October 2010) is available for guidance. All Trustees are provided with copies of these documents.

All new Trustees are required to sign a conflict of interest statement, a fitness to practice statement and to provide an up-to-date curriculum vitae on appointment.

All new Trustees undergo a period of induction, which includes time spent with the Chief Executive and key staff within the Hospice. A copy of the Ardgowan Trustee Induction Pack and also Hospice UK's Trustee Induction Pack is given to each new Trustee. Information given includes:

- Organisation Structure;
- Articles of Association;
- Vision, Mission and Key Values;
- Annual Review;
- Annual Accounts;

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

- Ardgowan 20:20 Strategic Plan;
- Trustee role description;
- Trustees' individual skills and responsibilities; and
- List of current Trustees with dates of election

Attendance at relevant study days, seminars or conferences is discussed with Trustees as and when appropriate.

Governance

The Board of Trustees is responsible for setting the strategic direction for the Hospice against a governance framework which is designed to ensure probity and transparency for the decision making process. The Hospice's governance framework also recognises the delegation of functions to Committees of the Board although it does not take away the Board's responsibility to take executive action across the range of its responsibilities. Standing Orders are in place for proceedings and business of the Board of Trustees and Committees.

As at 31 March 2017, the Board of Trustees had established three Board Sub-Committees:

1. The Finance, Investment and Performance Review Committee meets four times a year to:
 - a. review the Hospice's financial, income generation and non-clinical performance; and to
 - b. provide assurance to the Board that an appropriate system of internal control is in place to ensure that:
 - Business is conducted in accordance with law and proper standards;
 - Money is safeguarded and properly accounted for;
 - Financial Statements are prepared timeously, and give a true and fair view of the financial position of the Board for the period in question; and
 - Reasonable steps are taken to prevent and detect fraud and other irregularities.
2. The Healthcare Governance Committee meets four times a year to:
 - a. provide assurance to the Board that the Hospice's clinical governance arrangements are working effectively to safeguard and improve the quality of clinical care; and
 - b. to ensure that a system is in place for the fair and effective management of all staff.
3. The Risk Management Committee meets four times a year to:
 - a. provide assurance to the Board that a system is in place to ensure that the Hospice is doing its best to meet its objectives whilst protecting patients, staff, the public and other stakeholders against risks of all kind;
 - b. ensure risk management is addressed in a systematic and documented manner;
 - c. monitor the effectiveness of arrangements to manage risk and to review regularly the Corporate Strategic and Operational Risk Registers; and to
 - d. provide assurance to the Board that the Hospice is in compliance with all relevant Health and Safety legislation and that all reasonable and practical steps are being taken to ensure a safe environment for patients, employees and volunteers.

This committee structure is currently under review.

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

Management

Responsibility for day-to-day running of the Charity rests with the Chief Executive, who reports to the Board of Trustees, and is supported by the Senior Management Team (SMT). The SMT consists of senior managers whose remits cover the areas of Integrated Care, Development, People and Transformation, and Finance and Operations.

A budget is set annually in advance and is submitted to the Board of Trustees for approval.

Key personnel who served on the senior management team during the period covered by these accounts were:

Chief Executive	Anne Mills	(until October 2016)
	Ian Marshall	(Acting, from October 2016)
Head of Integrated Care	Ian Marshall	(from May 2016, until October 16)
Head of Finance and Operations	Fiona McEwan	(until April 2016)
	Nicola Beattie	(from April 2016)
Head of People And Transformation	Veronica Harper	
Head of Development	Michelle Burns	(from Sept 2016)
Lead Consultant in Palliative Medicine	Dr Sandra McConnell	

Pay and Remuneration

Ardgowan Hospice uses the NHS Scotland Agenda for Change Pay and Grading System as the basis for setting the pay rate for all appointments. All roles are assessed to the appropriate banding of the salary scale, but the specific spinal point awarded within that band will depend on the appointee's skills and experience.

For Senior Management and other hard to fill roles there is scope for negotiation, and it is recognised that for the purposes of recruitment and/or retention the Board of Trustees might on occasion, consider increasing the salary of a member of the SMT, or all of the SMT.

The Head of People and Transformation is tasked with continuously monitoring adverts for senior posts within hospice charities, and where possible obtaining intelligence on appointments made. This work will be supplemented from time to time by discussions with recruitment agencies on the current market situation, and by confidential surveys that might be undertaken across hospice charities. This work provides the Board of Trustees with hard and soft data on which to base decisions about salary levels within the SMT.

Risk Management

The Trustees have overall responsibility for ensuring that the Hospice has assessed the major risks to which it is exposed and has a risk management strategy in place which comprises:

- Quarterly employee led risk management meetings, which feed into the Board Risk Management Committee
- Quarterly meetings of the Board Risk Management Committee as detailed above;
- The establishment of policies, systems and procedures to mitigate risks identified in the quarterly meetings; and
- The establishment of procedures designed to minimise or manage any potential impact on the Hospice should risks materialise.

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

The Trustees have identified the following as the principal risks and uncertainties facing the Hospice:

Risk	Mitigation / Management
Patients suffer ineffective care or harm	Robust clinical governance processes and oversight; Quality staff education and training; Audit and compliance processes are in place which include external inspections; Attention and response to patients, family and carer feedback, incidents and trends
Expenditure levels higher than income levels lead to a lack of reserves	Annual Budget process includes longer term scenario planning. Income strategies are developed and implemented. Controls are in place around expenditure. Income, expenditure and reserves levels are monitored on a monthly basis.
Loss of key staff, over-reliance on key staff	Agile workers share key tasks to share knowledge. Written procedures are in place. Staff retention is considered as part of HR strategy and plans.
Physical disaster e.g. fire, flood, loss of power, flu pandemic.	Business continuity plan is developed. Evacuation plan in place, including staff training. Regular ICT back up. Premises and contents are adequately insured.
Loss of reputation.	Three board subcommittees operational – Finance and Performance Review; Healthcare Governance; and Risk Management groups. Regular financial reporting and scenario planning in place. Regular Balanced Scorecard reporting in place, Risk Management Processes in place, Clinical Effectiveness Group in place. Feedback and complaints processes in place.
Dependence on one major funding source (NHS/HSCP)	SLA with NHS/HSCP in place until March 2018, compliance with SLA monitored. Active engagement with National Hospice representative groups and with local HSCP to lobby for continued support and for early warnings of potential change in funding requirements in future.
Downturn in economy leading to reduced voluntary income (donations etc.)	Monthly financial reporting and financial scenario planning in place. Fundraising strategy in place and being implemented. Regular monitoring of income against targets. Regular reforecasting of year end out turn. Scenario planning regularly reviewed.

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

Revenue generation may be negatively impacted by the launch of a capital campaign to fund the new build project.	Reduction in revenue income has been considered in our financial scenario planning and strategies. Revenue and capital income plans and performance will be closely monitored once a capital campaign is launched. Regular forecasting will continue.
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Related Parties

On 21 July 2014 the Ardgowan Hospice Lottery Limited was incorporated. This company operates the Ardgowan Hospice Lottery and exists solely to raise funds for Ardgowan Hospice Limited.

The Ardgowan Hospice (Goodwill) Ltd, previously operated the Ardgowan Hospice Lottery, and exists solely to raise funds for Ardgowan Hospice Ltd. Due to changes in how the Lottery is operated, all transactions related to the Lottery have now transferred over to Ardgowan Hospice Lottery Limited, such that Ardgowan Hospice (Goodwill) Ltd is now dormant.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees, who are also Directors of Ardgowan Hospice Limited for the purpose of Company Law, are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare Financial Statements for each 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 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; and
- Prepare 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 that disclose with reasonable accuracy at any time the financial position of the charity 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 corporation 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.

ARDGOWAN HOSPICE LIMITED

TRUSTEES' REPORT (Cont'd)

Auditors

The Trustees have agreed, in line with recommended practice, to put the audit out to tender for the year ended 31 March 2018.

Statement of Disclosure to Auditor

In so far as the Trustees are aware at the time of approving out Trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- The Trustees, having made enquiries of fellow directors and the group's auditors that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By Order of the Board and signed on their behalf on 27 September 2017.

A handwritten signature in blue ink, appearing to read 'Keith A J McKellar', is written over a faint circular stamp.

Keith A J McKellar
Chairman

ARDGOWAN HOSPICE LIMITED

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 2017

	NOTE	2017 Total Funds £	2016 Total Funds £
Fundraising Income - General		317,522	468,130
- Retail		538,342	560,490
Donations - General		217,865	172,918
- Trusts		273,841	151,934
- Benefits in Kind		23,600	47,255
Lottery income		<u>328,438</u>	<u>279,796</u>
		1,699,608	1,680,523
Less Fundraising Expenses - General		(362,442)	(318,768)
- Retail		<u>(419,897)</u>	<u>(386,694)</u>
		917,269	975,061
Income from Statutory Sources		<u>1,284,420</u>	<u>1,266,666</u>
Net Operating Income		2,201,689	2,241,727
Less: Expenditure		<u>(3,039,035)</u>	<u>(2,881,918)</u>
Operating Deficit	7	(837,346)	(640,191)
Other Income	8	112,192	140,223
Legacies		<u>256,845</u>	<u>238,397</u>
Deficit for year before exceptional items		(468,309)	(261,571)
Gain from sale of investments		<u>154,812</u>	<u>2,173</u>
(Deficit)/Surplus for year		<u>(313,497)</u>	<u>(259,398)</u>
Where of:			
Ardgowan Hospice Limited		(312,519)	(259,443)
Ardgowan Hospice (Goodwill) Limited		(1,008)	-
Ardgowan Hospice Lottery Limited		<u>30</u>	<u>45</u>
		<u>(313,497)</u>	<u>(259,398)</u>

ARDGOWAN HOSPICE LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES
for the year ended 31 March 2017**

	2017	2016
	£	£
(Deficit)/Surplus for year	(313,497)	(259,398)
Unrealised gains/(losses) on investments	<u>29,013</u>	<u>(195,468)</u>
	<u>(284,484)</u>	<u>(454,866)</u>

ARDGOWAN HOSPICE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2017

		Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2017 £	Total Funds 2016 £
Incoming resources					
Incoming resources from generated funds	NOTE				
Voluntary Income	2(a)	23,600	-	23,600	47,255
Activities for generating funds	2(b)	1,739,292	202,480	1,941,772	1,883,099
Investment Income		49,727	-	49,727	71,205
Incoming resources from charitable activities	3	<u>1,337,966</u>	<u>-</u>	<u>1,337,966</u>	<u>1,324,250</u>
Total incoming resources		<u>3,150,585</u>	<u>202,480</u>	<u>3,353,065</u>	<u>3,325,809</u>
Resources expended					
Costs of generating funds	5	996,530	1,247	997,777	930,480
Charitable activities	4	<u>2,594,767</u>	<u>228,831</u>	<u>2,823,598</u>	<u>2,656,900</u>
Total resources expended		<u>3,591,297</u>	<u>230,078</u>	<u>3,821,375</u>	<u>3,587,380</u>
Net outgoing resources before other recognised gains and losses		(440,712)	(27,598)	(468,310)	(261,571)
Net Gain/(Loss) on investments		<u>183,826</u>	<u>-</u>	<u>183,826</u>	<u>(193,295)</u>
Net movement in funds before transfers		(256,886)	(27,598)	(284,484)	(454,866)
Total funds brought forward		<u>1,851,334</u>	<u>370,014</u>	<u>2,221,348</u>	<u>2,676,214</u>
Total funds carried forward		<u>1,594,448</u>	<u>342,416</u>	<u>1,936,864</u>	<u>2,221,348</u>

The Statement of Financial Activities includes all gains and losses in the year.
All incoming resources and resources expended derive from continuing activities.

ARDGOWAN HOSPICE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2016

	Note	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Incoming resources					
Incoming resources from generated funds					
Voluntary Income	2(a)	23,600	-	23,600	47,255
Activities for generating funds	2(b)	1,546,366	202,480	1,748,846	1,709,703
Investment Income		49,727	-	49,727	71,205
Incoming resources from charitable activities	3	<u>1,337,966</u>	<u>-</u>	<u>1,337,966</u>	<u>1,324,250</u>
Total incoming resources		<u>2,957,659</u>	<u>202,480</u>	<u>3,160,139</u>	<u>3,152,413</u>
Resources expended					
Expenditure on raising funds	5	802,625	1,247	803,872	761,895
Charitable activities	4	<u>2,594,767</u>	<u>228,831</u>	<u>2,823,598</u>	<u>2,652,134</u>
Total resources expended		<u>3,397,392</u>	<u>230,078</u>	<u>3,627,470</u>	<u>3,414,029</u>
Net outgoing resources before other recognised gains and losses		(439,733)	(27,598)	(467,331)	(261,616)
Net Gain/(Loss) on investments		<u>183,826</u>	<u>-</u>	<u>183,826</u>	<u>(193,295)</u>
Net movement in funds before transfers		(255,907)	(27,598)	(283,505)	(454,911)
Total funds brought forward		<u>1,850,260</u>	<u>370,014</u>	<u>2,220,274</u>	<u>2,675,185</u>
Total funds carried forward		<u>1,594,353</u>	<u>342,416</u>	<u>1,936,769</u>	<u>2,220,274</u>

The Statement of Financial Activities includes all gains and losses in the year.
All incoming resources and resources expended derive from continuing activities.

ARDGOWAN HOSPICE LIMITED

**CONSOLIDATED BALANCE SHEET
as at 31 March 2017**

	NOTE	£	2017 £	£	2016 £
Fixed Assets					
Tangible Assets	10		1,353,545		1,174,431
Investments	11		<u>1,517,574</u>		<u>1,817,470</u>
Current Assets			2,871,119		2,991,901
Stock		3,068		4,269	
Debtors	12	136,959		252,601	
Cash at Bank		<u>187,579</u>		<u>195,902</u>	
Total Current Assets		327,606		452,772	
CREDITORS – amounts falling due within one year	13	(1,261,862)		(1,223,325)	
Net Current Liabilities			<u>(934,256)</u>		<u>(770,557)</u>
Total assets less current liabilities			<u>1,936,863</u>		<u>2,221,348</u>
Funds of the Group					
Unrestricted Funds					
- Distributable funds	14		1,409,681		1,695,582
- Non-distributable funds	14 & 20		<u>184,766</u>		<u>155,752</u>
Total Unrestricted Funds			1,594,448		1,851,334
Restricted Funds	14 & 19		<u>342,416</u>		<u>370,014</u>
TOTAL GROUP FUNDS			<u>1,936,863</u>		<u>2,221,348</u>

The financial statements were authorised for issue and approved by the Board on 27 September 2017 and signed on their behalf by

Keith A.J. McKellar
Chairman

Company number: SC075515

ARDGOWAN HOSPICE LIMITED

**CHARITY BALANCE SHEET
as at 31 March 2017**

	NOTE	£	2017 £	£	2016 £
Fixed Assets					
Tangible Assets	10		1,353,545		1,174,431
Investments	11		<u>1,517,574</u>		<u>1,817,470</u>
			2,871,119		2,991,901
Current Assets					
Stock		3,068		4,269	
Debtors	12	157,459		312,001	
Cash at Bank		<u>113,172</u>		<u>82,372</u>	
Total Current Assets		273,699		398,642	
CREDITORS – amounts falling due within one year	13	(1,208,050)		(1,170,269)	
Net Current Liabilities			<u>(934,351)</u>		<u>(771,627)</u>
Total Assets less Current Liabilities			<u>1,936,768</u>		<u>2,220,274</u>
Funds of the Charity					
Unrestricted Funds					
- Distributable	14		1,409,586		1,694,508
- Non-distributable	14 & 20		<u>184,766</u>		<u>155,752</u>
Total Unrestricted Funds			1,594,352		1,850,260
Restricted Funds	14 & 19		<u>342,416</u>		<u>370,014</u>
Total Charity Funds			<u>1,936,768</u>		<u>2,220,274</u>

The financial statements were authorised for issue and approved by the Board on 27 September 2017 and signed on their behalf by

Keith A.J. McKellar
Chairman

Company number: SC075515

ARDGOWAN HOSPICE LIMITED**CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2017**

	2017	2016
	£	£
(Deficit)/Surplus on Operating Activities	(313,498)	(259,398)
Depreciation	116,374	101,240
Gain on sale of investments	(154,812)	(2,173)
Loss on sale of fixed assets	0	1,831
Interest received	(396)	(542)
Decrease in Stocks	1,201	2,266
Decrease/(Increase) in Debtors	115,643	(155,034)
Increase in Creditors	<u>38,538</u>	<u>140,456</u>
Net cash inflow from operating activities	<u>(196,950)</u>	<u>(171,354)</u>
CASH FLOW STATEMENT		
Net cash (outflow)/inflow from operating activities	(196,950)	(171,354)
Returns on investments and servicing of finance	15 396	542
Capital Expenditure and Financial Investment	15 <u>188,231</u>	<u>144,250</u>
(Decrease)/Increase in Cash	<u>(8,323)</u>	<u>(26,562)</u>
Reconciliation of net cash flow to movement in net funds		
(Decrease)/Increase in Cash	(8,323)	(26,562)
Net funds at 1 April 2016	<u>195,902</u>	<u>222,464</u>
Net funds at 31 March 2017	<u>187,579</u>	<u>195,902</u>

ARDGOWAN HOSPICE LIMITED

NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 March 2017

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimated uncertainty in the preparation of the financial statements are as follows;

Basis of preparation

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

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

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. It was deemed that no restatement of balances was considered necessary.

Preparation of the accounts on a going concern basis

The Trustees have reviewed the position and consider the charity to be a going concern. The accounts will be prepared on the going concern basis.

Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary's Ardgowan Hospice Lottery Limited and Ardgowan Hospice (Goodwill) Limited on a line by line basis.

Income

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

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

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

ARDGOWAN HOSPICE LIMITED

NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 March 2017

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.

Interest receivable

Interest on funds held on deposit is included when the 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.

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work.

Expenditure and irrecoverable VAT

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

- The costs of generating voluntary income are not significant and have not been separately disclosed.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Other expenditure represents those items not falling into any other heading.

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity. These costs have been allocated between cost of raising funds and expenditure on charitable activities.

ARDGOWAN HOSPICE LIMITED

NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 March 2017

Operating leases

The charity classifies the lease of the shops as operating leases, the lease is reviewed at the end of each term. Rental charges are charged on a straight line basis over the term of the lease.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:-

- Property and Improvements 2% - 25% straight line
- Equipment and Furnishings 20% reducing balance
- Motor Vehicles - 25% reducing balance
- Shops - Property & Improvements 20% straight line
- IT Software & Equipment 20% straight line

Investments

Investments are included at market value at the year end.

Gains and losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activities.

Stock

Stock is included at the lower of cost or net realisable value.

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.

Cash at bank and in hand

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

Creditors and provisions

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

ARDGOWAN HOSPICE LIMITED

NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 March 2017

Financial instruments

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

Pensions

A number of the Hospice employees have opted to remain in the National Health Service Superannuation Scheme. This is a defined benefit scheme administered independently from the Hospice. The contributions payable to the scheme are charged to the Statement of Financial Activities in respect of the relevant accounting period.

The Hospice also operates a defined contribution pension scheme. Contributions payable for the year are charged in the Statement of Financial Activities, as they become payable in accordance with the rules of the Scheme.

Legal Status of the charity

Ardgowan Hospice Limited is a company limited by guarantee of its members and does not have a share capital.

The Company is a Charity registered with the Office of the Scottish Charity Regulator (OSCR).

2a. VOLUNTARY INCOME

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Benefits in Kind	<u>23,600</u>	<u>-</u>	<u>23,600</u>	<u>47,255</u>

ARDGOWAN HOSPICE LIMITED

NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 March 2017

2b. ACTIVITIES FOR GENERATING FUNDS

Group	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Grants and Donations	303,145	197,480	500,625	336,286
Legacies	251,845	5,000	256,845	238,397
Lottery	328,438	-	328,438	279,796
Fund Raising Events	291,422	-	291,422	441,123
Friends of Ardgowan Hospice	26,100	-	26,100	27,007
Retail Sales	<u>538,342</u>	<u>-</u>	<u>538,342</u>	<u>560,490</u>
	<u>1,739,292</u>	<u>202,480</u>	<u>1,941,772</u>	<u>1,883,099</u>

Income from generating funds was £1,941,771 (2016 - £1,883,099) of which £1,739,291 was unrestricted (2016 - £1,850,703) and £202,480 was restricted (2016 - £32,396).

Charity

Charity	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Grants and Donations	303,145	197,480	500,625	336,286
Legacies	251,845	5,000	256,845	238,397
Lottery	135,512	-	135,512	106,400
Fund Raising Events	291,422	-	291,422	441,123
Friends of Ardgowan Hospice	26,100	-	26,100	27,007
Retail Sales	<u>538,342</u>	<u>-</u>	<u>538,342</u>	<u>560,490</u>
	<u>1,546,366</u>	<u>202,480</u>	<u>1,748,846</u>	<u>1,709,703</u>

Income from generating funds was £1,748,846 (2016 - £1,709,703) of which £1,546,365 was unrestricted (2016 - £1,677,307) and £202,480 was restricted (2016 - £32,396).

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

Group & Charity

Group & Charity	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
NHS	1,284,420	-	1,284,420	1,266,666
Other Income	<u>53,546</u>	<u>-</u>	<u>53,546</u>	<u>57,584</u>
	<u>1,337,966</u>	<u>-</u>	<u>1,337,966</u>	<u>1,324,250</u>

Income from charitable activities was £1,337,966 (2016- £1,324,250) of which £1,337,966 was unrestricted (2016 - £1,324,250) and £nil was restricted (2016 - £nil).

ARDGOWAN HOSPICE LIMITED

**NOTES TO THE ACCOUNTS (Cont'd)
for the year ended 31 March 2017**

4. CHARITABLE EXPENDITURE

Group

	Direct Costs 2017 £	Support Costs 2017 £	Total Funds 2017 £	Total Funds 2016 £
Hospice Services	2,228,876	526,299	2,755,175	2,779,077
Governance Costs	<u>55,240</u>	<u>13,183</u>	<u>68,423</u>	<u>16,331</u>
	<u><u>2,284,116</u></u>	<u><u>539,482</u></u>	<u><u>2,823,598</u></u>	<u><u>2,795,408</u></u>

Charity

	Direct Costs 2017 £	Support Costs 2017 £	Total Funds 2017 £	Total Funds 2016 £
Hospice Services	2,228,876	526,299	2,755,175	2,587,663
Governance Costs	<u>55,240</u>	<u>13,183</u>	<u>68,423</u>	<u>64,471</u>
	<u><u>2,284,116</u></u>	<u><u>539,482</u></u>	<u><u>2,823,598</u></u>	<u><u>2,652,134</u></u>

5. COST OF GENERATING FUNDS

Group

	Direct Costs 2017 £	Support Costs 2017 £	Total Funds 2017 £	Total Funds 2016 £
Fundraising	198,085	47,274	245,359	225,707
Retail Expenses	443,769	105,908	549,676	525,614
Lottery Costs	198,579	1,115	199,694	175,491
Investment Management Fees	<u>3,047</u>	<u>-</u>	<u>3,047</u>	<u>3,668</u>
	<u><u>843,480</u></u>	<u><u>154,297</u></u>	<u><u>997,777</u></u>	<u><u>930,480</u></u>

Charity

	Direct Costs 2017 £	Support Costs 2017 £	Total Funds 2017 £	Total Funds 2016 £
Fundraising	198,085	47,274	245,359	225,707
Retail Expenses	443,769	105,908	549,676	525,614
Lottery Costs	4,674	1,115	5,789	6,906
Investment Management Fees	<u>3,047</u>	<u>-</u>	<u>3,047</u>	<u>3,668</u>
	<u><u>649,575</u></u>	<u><u>154,297</u></u>	<u><u>803,872</u></u>	<u><u>761,895</u></u>

ARDGOWAN HOSPICE LIMITED

NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 March 2017

5a. ALLOCATION OF SUPPORT COSTS

	Facilities Costs	Property Costs	Executive & Strategy	Finance & Operations	HR & training	Total 2017	Total 2016
Charitable Activities							
Hospice Services	5,853	7,641	147,874	273,383	91,548	526,300	557,205
Governance Costs	<u>147</u>	<u>191</u>	<u>3,704</u>	<u>6,848</u>	<u>2,293</u>	<u>13,183</u>	<u>13,883</u>
Total Charitable Activities	6,000	7,833	151,578	280,231	93,841	539,483	571,088
Cost of Generating Funds							
Fundraising	526	686	13,283	24,556	8,223	47,274	48,602
Retail Expenses	1,178	1,538	29,757	55,013	18,422	105,908	113,182
Lottery Costs	12	16	313	579	194	1,115	1,487
Investment Management Fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Costs of Generating Funds	1,716	2,240	43,353	80,149	26,839	154,297	163,271
Total Support Costs Allocated	<u>7,716</u>	<u>10,073</u>	<u>194,931</u>	<u>360,380</u>	<u>120,680</u>	<u>693,780</u>	<u>734,359</u>

5b. LOTTERY EXPENDITURE

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Prizes	40,898	-	40,898	39,460
Commission	2,934	-	2,934	3,051
Starvale costs and recharges	139,285	-	139,285	118,600
Telephone	1,013	-	1,013	913
Advertising	1,370	-	1,370	1,964
Audit Fees	2,137	-	2,137	-
Bank Charges	5,801	-	5,801	4,597
General Expenses	<u>(2,768)</u>	<u>-</u>	<u>(2,768)</u>	<u>-</u>
	<u>190,670</u>	<u>-</u>	<u>190,670</u>	<u>168,585</u>

ARDGOWAN HOSPICE LIMITED

NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 March 2017

6. GOVERNANCE COSTS

Group

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Audit Fees	12,903	-	12,903	8,300
Legal & Professional Fees	<u>25,264</u>	<u>-</u>	<u>25,264</u>	<u>8,031</u>
	<u>38,166</u>	<u>-</u>	<u>38,166</u>	<u>16,331</u>

Charity

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Audit Fees	10,743	-	10,743	6,500
Legal & Professional Fees	<u>25,264</u>	<u>-</u>	<u>25,264</u>	<u>5,065</u>
	<u>36,006</u>	<u>-</u>	<u>36,006</u>	<u>11,565</u>

7. OPERATING DEFICIT

	2017 £	2016 £
The deficit is stated after charging –		
Auditor's Remuneration – Ardgowan Hospice	6,250	6,500
- Ardgowan Hospice (Goodwill) Ltd	-	-
- Ardgowan Hospice Lottery Limited	1,500	1,800
Auditor's Remuneration (other services provided)		
- Ardgowan Hospice		
- Ardgowan Hospice (Goodwill) Limited		
- Ardgowan Hospice Lottery Limited	-	2,966
Depreciation of Tangible Assets	116,373	101,239
	=====	=====

8. OTHER INCOME – GROUP AND CHARITY

	2017 £	2016 £
Income from Investments	49,330	70,663
Interest Received	396	542
Miscellaneous Income	<u>62,465</u>	<u>69,018</u>
	<u>112,192</u>	<u>140,223</u>

ARDGOWAN HOSPICE LIMITED

NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 March 2017

9. STAFF NUMBERS AND COSTS

The average monthly number of whole time equivalent employees during the year was -

	2017 No	2016 No
Nursing Staff	28	26
Administration and Ancillary Staff	<u>44</u>	<u>46</u>
	<u><u>72</u></u>	<u><u>72</u></u>

The costs incurred in respect of these employees were -

	£	£
Wages (including social security costs)	2,659,419	2,514,998
Pension costs	<u>66,926</u>	<u>64,316</u>
	<u><u>2,726,345</u></u>	<u><u>2,579,314</u></u>

Five employees received emoluments in excess of £60,000 (2016 – four employees received emoluments in excess of £60,000). All five of these employees were accruing retirement benefits during the year under the NHS pension scheme.

10. FIXED ASSETS GROUP & CHARITY

	Property & Improvements £	Equipment £	Furnishing s £	I.T. Equipment £	Motor Vehicles £	Total £
Cost or Valuation						
At 1 April 2016	1,987,548	397,255	125,690	249,622	51,357	2,811,472
Additions	188,794	9,105	3,314	94,274	-	295,487
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2017	<u><u>2,176,342</u></u>	<u><u>406,360</u></u>	<u><u>129,004</u></u>	<u><u>343,896</u></u>	<u><u>51,357</u></u>	<u><u>3,106,959</u></u>
Depreciation						
At 1 April 2016	1,076,024	296,315	107,599	118,598	38,505	1,637,041
Provided for in the year	34,259	22,370	4,263	52,268	3,213	116,373
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2017	<u><u>1,110,283</u></u>	<u><u>318,685</u></u>	<u><u>111,862</u></u>	<u><u>170,866</u></u>	<u><u>41,718</u></u>	<u><u>1,753,414</u></u>
Net Book Value						
At 31 March 2017	<u><u>1,066,059</u></u>	<u><u>87,675</u></u>	<u><u>17,142</u></u>	<u><u>173,030</u></u>	<u><u>9,639</u></u>	<u><u>1,353,545</u></u>
At 31 March 2016	<u><u>911,524</u></u>	<u><u>100,940</u></u>	<u><u>18,091</u></u>	<u><u>131,024</u></u>	<u><u>12,852</u></u>	<u><u>1,174,431</u></u>

ARDGOWAN HOSPICE LIMITED

NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 March 2017

11. GROUP AND CHARITY INVESTMENTS

	2017	2016
	£	£
Listed Investments		
Cost		
At 1 April	1,653,125	1,747,525
Additions	483,745	98,903
Disposals	<u>(1,122,371)</u>	<u>(193,303)</u>
At 31 March	<u>1,014,499</u>	<u>1,653,125</u>
Cash deposits at 31 March	<u>318,313</u>	<u>8,593</u>
Market Value		
At 31 March	<u>1,517,574</u>	<u>1,817,470</u>

The investments are held primarily to provide an investment return for the charity.

No investments are held by the subsidiary companies, all investments are held by the parent charity.

12. DEBTORS

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Prepayments	35,277	33,482	35,277	33,482
Other debtors	<u>101,682</u>	<u>219,119</u>	<u>122,182</u>	<u>278,519</u>
	<u>136,959</u>	<u>252,601</u>	<u>157,459</u>	<u>312,001</u>

13. CREDITORS – amounts falling due within one year

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Accruals	104,232	63,321	91,697	10,265
Other Creditors	829,020	772,307	787,743	772,307
Deferred Income	<u>328,610</u>	<u>387,697</u>	<u>328,610</u>	<u>387,697</u>
	<u>1,261,862</u>	<u>1,223,325</u>	<u>1,208,050</u>	<u>1,170,269</u>

ARDGOWAN HOSPICE LIMITED

**NOTES TO THE ACCOUNTS (Cont'd)
for the year ended 31 March 2017**

14a. STATEMENT OF MOVEMENT ON RESERVES – GROUP

	Unrestricted Funds - General	Unrestricted Funds - Revaluation Reserve	Restricted Funds	Total
	£	£	£	£
Balance at 1 April 2016	1,695,582	155,752	370,014	2,221,348
Transfer (to)/from Income and Expenditure Account in year	(440,713)	-	(27,598)	(468,311)
Gain on revaluation/disposal of investments	183,826	-	-	183,826
Transfer from Revaluation Reserve	<u>(29,014)</u>	<u>29,014</u>	<u>-</u>	<u>-</u>
Balance at 31 March 2017	<u>1,409,681</u>	<u>184,766</u>	<u>342,416</u>	<u>1,936,863</u>

14b. STATEMENT OF MOVEMENT ON RESERVES – CHARITY

	Unrestricted Funds - General	Unrestricted Funds - Revaluation Reserve	Restricted Funds	Total
	£	£	£	£
Balance at 1 April 2016	1,694,508	155,752	370,014	2,220,274
Transfer (to)/from Income and Expenditure Account in year	(439,734)	-	(27,598)	(467,332)
Gain on revaluation/disposal of investments	183,826	-	-	183,826
Transfer from Revaluation Reserve	<u>(29,014)</u>	<u>29,014</u>	<u>-</u>	<u>-</u>
Balance at 31 March 2017	<u>1,409,586</u>	<u>184,766</u>	<u>342,416</u>	<u>1,936,768</u>

15. GROSS CASH FLOWS

	2017 £	2016 £
Returns on Investments and Servicing of finance		
Interest Received	<u>396</u>	<u>542</u>
Capital Expenditure and Financial Investment		
Movement in investment cash balance	(309,720)	114,392
Payments to acquire investments	(483,745)	(98,903)
Payments to acquire tangible fixed assets	(295,487)	(66,714)
Receipts from sale of investments	1,277,183	195,475
Proceeds from sale of fixed assets	<u>-</u>	<u>-</u>
	<u>188,231</u>	<u>144,250</u>

ARDGOWAN HOSPICE LIMITED

NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 March 2017

16. ANALYSIS OF CHANGES IN NET DEBT	At 1 April 2016 £	Cashflows £	At 31 March 2017 £
Cash at Bank	<u>195,902</u>	<u>(8,323)</u>	<u>187,579</u>

17. PENSION

The Hospice participates in a defined benefit pension scheme, the National Health Service Superannuation Scheme, to provide retirement benefits to employees. The assets of the scheme are held separately from those of the Hospice in independently administered funds.

The Scheme provides benefits based on final pensionable pay and is subject to independent actuarial valuations every five years.

The Hospice is notified by the responsible body of the employer's contribution rates.

The National Health Service Pension Scheme is available to staff of more than one employer and it is not possible to identify each institution's share of the underlying assets and liabilities of the scheme. In the circumstances, Financial Reporting Standard Accounting for Retirement Benefits provides for contributions to such schemes to be accounted for as if it were a defined contribution scheme. As such, the cost recognised within the Hospice Statement of Financial Activities will be equal to the contribution payable to the scheme for the year.

It is not possible to identify the company's share of the underlying assets and liabilities of the pension scheme and accordingly, the company have treated the scheme as if it were a defined contribution scheme as permitted by FRS17 Accounting for Retirement Benefits.

The Hospice also operates a defined contribution pension scheme for those employees who do not participate in the National Health Service Scheme. Contributions payable for the year are charged in the Statement of Financial Activities.

During the year the Group paid £66,926 (2016 - £64,316) towards the pension scheme.

18a. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group	General Funds £	Restricted Funds £	Total Funds £
Tangible Assets	1,047,276	306,269	1,353,545
Investments	1,517,574		1,517,574
Current Assets	237,647	36,147	273,794
Current Liabilities	<u>(1,208,050)</u>	<u>-</u>	<u>(1,208,050)</u>
Net Assets at 31 March 2017	<u>1,594,447</u>	<u>342,416</u>	<u>1,936,863</u>

ARDGOWAN HOSPICE LIMITED

NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 March 2017

Charity

	General Funds	Restricted Funds	Total Funds
	£	£	£
Tangible Assets	1,047,276	306,269	1,353,545
Investments	1,517,574	-	1,517,574
Current Assets	237,552	36,147	273,699
Current Liabilities	<u>(1,208,050)</u>	<u>-</u>	<u>(1,208,050)</u>
Net Assets at 31 March 2017	<u>1,594,352</u>	<u>342,416</u>	<u>1,936,768</u>

19. MOVEMENT IN RESTRICTED FUNDS – GROUP AND CHARITY

	At 1 April 2016	Incoming Resources	Outgoing Resources	At 31 March 2017
	£	£	£	£
Restricted Funds				
Restricted Grants (by donor)				
Capital Appeal - Original	8,351	-	(2,850)	5,501
National Lotteries (Charities Board)	315,890	-	(15,122)	300,768
Ardgowan Hospice Deed of Trust (2012)	1,611	-	(1,611)	-
NHS GG&C ICT Grant (2013)	24,622	-	(24,622)	-
Inverclyde Council Training Grant	1,000	-	(1,000)	-
Miss MJM Smith Trust	18,540	-	(18,540)	-
Strathclyde Passenger Transport	-	10,000	(10,000)	-
NHS GG&C ICT Grant (2015)	-	62,000	(62,000)	-
Ardgowan Hospice Deed of Trust (2017)	-	27,344	(27,344)	-
The Hugh Fraser Foundation	-	5,000	(5,000)	-
Barcapel Foundation	-	10,000	-	10,000
Inverclyde Council Property Assistance 2016/17	-	1,247	(1,247)	-
Strathclyde Police Benevolent Fund	-	1,000	(1,000)	-
Big Lottery Fund - Inside Out Hospice	-	61,250	(40,103)	21,147
Restricted Donations (by service)				
Capital appeal - New Build	-	5,000	-	5,000
Childhood Support Service	-	7,000	(7,000)	-
Patient Transport Service	-	11,546	(11,546)	-
Other Services (less than £1k per activity)	-	1,093	(1,093)	-
	<u>370,014</u>	<u>202,480</u>	<u>(230,078)</u>	<u>342,416</u>

Purpose of Restricted Reserves

Capital Appeal - Original	Funding raised as part of the original Hospice capital appeal made by the Charity. Funding is released as the building depreciates as per grant and accounting requirements.
National Lotteries (Charities Board)	Funding from the National Lotteries Community Fund in 1999 for the construction of the ACCESS building. Funding is released as the building depreciates as per grant and accounting requirements.

ARDGOWAN HOSPICE LIMITED

NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 March 2017

Ardgowan Hospice Deed of Trust (2012)	Monies received funded the purchase of a new server and IT software in the year to March 2012. This equipment is now fully depreciated.
GG & C ICT Grant (2013)	Monies awarded to fund the purchase of IT equipment and Software, now fully utilised.
Inverclyde Council Training Grant	Grant funding towards staff training, now fully utilised.
Miss MJM Smith's Trust	Grant funding towards the purchase of furniture and equipment for patient use, fully utilised.
Strathclyde Passenger Transport Grant	Grant funding towards the Patient Transport Service costs
NHS GG&C Infrastructure Grant (2015)	Grant funding towards replacing servers and other key ICT equipment, now fully utilised
Ardgowan Hospice Deed of Trust (2017)	Grant funding towards Compassionate Inverclyde, uniform provision and new build development costs.
The Hugh Fraser Foundation	Grant funding towards Compassionate Inverclyde costs
Barcapel Foundation	Grant funding for the development of psychological services
Inverclyde Council Property Assistance Grants 2016/17	Grant funding for retail premises signage and roller shutters
Strathclyde Police Benevolent Fund	Grant funding towards Compassionate Inverclyde costs
Big Lottery Fund - Inside Out Hospice	Grant funding for the Inside Out Hospice project

20. REVALUATION RESERVE

	2017 £	2016 £
Revaluation surplus arising on:		
Investments	<u>184,766</u>	<u>155,752</u>

21. TRUSTEES REMUNERATION AND EXPENSES

No Trustee received any remuneration or expenses during the year (2016 – £nil)

22. CAPITAL COMMITMENTS

At 31 March 2017 the charity had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in the Financial Statements	<u>32,446</u>	<u>231,087</u>

23. FINANCIAL COMMITMENTS

At 31 March 2017 the charity was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2018:

ARDGOWAN HOSPICE LIMITED

NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 March 2017

	2017 £	2016 £
Operating leases which expire:		
Within one year	11,330	7,119
Between two and five years	53,991	58,241
In over five years	<u>28,200</u>	<u>28,200</u>
	<u>93,521</u>	<u>93,560</u>

24. TAXATION

As a charity, Ardgowan Hospice Limited is exempt from tax on income and gains falling within section 1177 of the Corporation Taxes Act 2010 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

The subsidiaries have not incurred a tax charge as they Gift Aid all profits to the charity.

The Charity is registered for VAT but only part of the VAT incurred is recoverable. The amount of VAT paid but not recovered in the year was £23,297 (2016 £23,241).

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PA15 1BX.
Tel. No. 01475 722233
Fax. No. 01475 888086**

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF ARDGOWAN HOSPICE LIMITED

We have audited the financial statements of Ardgowan Hospice Limited for the year ended 31 March 2016 which comprise the Consolidated and Parent Statement of Financial Activities, the Consolidated and Parent Company Balance Sheets, the Consolidated Cashflow Statement and the related notes. The financial 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the group and parent Charitable Company's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so we might state to the group and parent Charitable Company's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and parent Charitable Company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Applicable Law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent charitable company's 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 regulations 6 and 8 of the Charities Accounts (Scotland) Regulations (as amended).

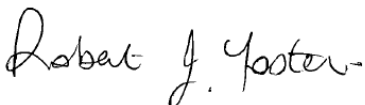
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities 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.



Robert Foster
Senior Statutory Auditor
for and on behalf of
Welsh Walker Limited, Statutory Auditor

179A Dalrymple Street
Greenock
PA15 1BX

Welsh Walker Limited is eligible to act as an auditor on terms of section 1212 of the Companies Act 2006

Date: 27 September 2017

Ardgowan Hospice

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To contact our fundraising team directly: fundraising@ardhosp.co.uk

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Ardgowan Hospice is a charity registered in Scotland.

Registered Office: 12 Nelson Street, GREENOCK PA15 1TS

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