

**THE PRINCE & PRINCESS OF WALES HOSPICE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**



The Prince & Princess
of Wales Hospice

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

COMPANY INFORMATION

Directors

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

Ronnie Bowie
Robert Calderwood
Murray Cromar
Surjit Chowdhary MBE
Bill Doak
Anice Gillespie
Douglas Hansell

Steuart Howie
David Hunter
Ian MacLeod
Ally McLaws
Brett Nicholls
Hazel Tomkins
Graeme Waddell

Chief Executive

Rhona Baillie

Company Secretary

W Iain M Somerville

Registered Office

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Glasgow
G5 9TD

Company Registered Number

SC 084008

Charity Registration Number

SC 012372

Bankers

The Royal Bank of Scotland
10 Gordon Street
Glasgow
G1 3AA

Solicitors

Lindsays LLP
100 Queen Street
Glasgow
G1 3 DN

Pinsent Masons LLP
123 St Vincent Street
Glasgow
G2 5EA

External Auditors

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Stockbrokers

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

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

The Directors submit their Annual Report and Financial Statements for the year ended 31 March 2018.

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

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

1. Purpose and Principal Activities

The Prince & Princess of Wales Hospice (the Hospice) is located beside the River Clyde in Glasgow City Centre. The principal activity of the Hospice is the care of patients with life limiting progressive disease and their families. The Hospice offers four distinct areas of care to patients – Inpatient, Day Services, Clinical Nurse Specialist Community team and input to Acute Hospital teams. Patients may access any or all of them, according to individual needs. From a community health perspective, the Hospice covers two Community Health Care & Social Care Partnerships with responsibility for a population of approximately 285,000 people, and receives referrals from over 100 local GP practices, as well as from the Acute Hospitals servicing particularly the South Glasgow area.

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

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

2. Structure, Management and Governance

Governing Document

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

Organisational Structure and Management

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

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

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

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Directors and Trustees

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

Recruitment and Appointment of Directors

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

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

Director Induction and Training

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

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

The Board of Directors

The Directors who served during the year ended 31 March 2018 and thereafter were as follows:

Maureen Henderson OBE (Chairman)

Ian Reid (Vice-Chairman)

Ronnie Bowie		Ann Loughrey	<i>Resigned 22 September 2017</i>
Robert Calderwood	<i>Appointed 4 October 2017</i>	David Hunter	
Murray Cromar		Ian MacLeod	
Surjit Chowdhary MBE		Ally McLaws	
Bill Doak		Brett Nicholls	
Anice Gillespie		Alan Tomkins	<i>Resigned 29 November 2017</i>
Douglas Hansell		Hazel Tomkins	<i>Appointed 29 November 2017</i>
Steuart Howie		Graeme Waddell	

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Clinical Governance

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

External Clinical Governance

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

Risk Management

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

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

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

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Information Governance

The Information Governance Group, led by the Caldicott Guardian and Data Protection Officer, has the remit to ensure that all data, clinical and non-clinical, is safely and efficiently recorded and utilised and in keeping with national recommendations. The group meet regularly to review and improve systems and processes. Considerable work has been undertaken this year to ensure compliance with the new General Data Protection Regulation (GDPR), and a new structure is currently being implemented in line with guidelines from the Information Commissioner's Office.

Staff Governance

The Directors have appointed a Staff Governance Committee to review matters relating to employment and human resources within the Hospice and to advise the Board on best practice. The Committee is chaired by the Vice-Chairman and includes Directors who have relevant skills and experience. Meetings are attended by appropriate members of the senior management team. The Committee monitors executive actions on employment issues and work has continued to support staff towards the move to the new Hospice location in 2018. A system of staff feedback surveys introduced last year assists and informs the Committee on staff strategy for the future. In view of forthcoming changes to pay within the NHS, the Committee is working with staff to review all present employment Terms and Conditions with a view to putting in place up-dated arrangements which will enable the Hospice and its staff to continue to provide a sustainable and high quality service in the future.

Income Generation Governance

The Board has appointed the Income Generation Governance Committee to review fundraising strategy and activity. Initially, its emphasis was on the work of raising funds towards the relocation of the Hospice building and the development of services to young adults and to wider cultural groups than presently access Hospice services. Now that the Capital Appeal targets have largely been achieved, the group is giving increasing attention to the on-going fundraising of the Hospice, including in relation to the expected future demands of an increased service provision. The Committee also co-opts independent members with relevant skill and experience, and is attended by appropriate members of the senior management and fundraising, supporter relations and retail teams. The Committee meets and reports regularly to the Board.

Financial Governance

The Hospice Audit Committee comprises a number of Directors who have business and professional financial expertise and co-opts independent members to complement that expertise where appropriate. At present the group has one co-opted member with experience of investment management. The Committee meets four times each year to consider all financial matters relating to the Hospice and its subsidiaries. It receives detailed reports from the independent auditors and manages a cycle of detailed internal audit reviews which are also carried out on an independent basis. In view of the significant changes associated with the move to the new Hospice facility, and recognising other significant changes such as GDPR, an annual programme of ad hoc reviews has been agreed.

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

Staff Remuneration Policy

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

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

The Hospice Board, acting on the advice of its Staff Governance and Audit Committees, reviews staff pay annually at 1 April each year. Consideration is given to incremental and cost of living increases, having regard to the affordability of any award within the funding available to the Hospice. In the light of announced changes in the NHS Agenda for Change scheme, the Hospice is undertaking a review of all staff terms and conditions to ensure that its pay structure remains sustainable and competitive for the future.

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

Monitoring Achievement

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

Clinical & Support Services Performance

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

Staff and Volunteering

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

Fundraising

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

Financial

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

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

Risk Management

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

3. Strategy, Objectives and Activity

Overview

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

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

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

To fund this design and build project, the team planned and commenced a capital appeal for the overall project cost of £21m. As further detailed elsewhere in this report, the Capital appeal target has been achieved and it is expected that full migration to the new facility should be complete in November 2018.

Income generation via our two main streams for revenue funding remains challenging. Around 40% of total costs have historically been covered by NHS Greater Glasgow & Clyde, but, following the Government decision in Scotland to see the Health and Social Care sectors work more closely, commissioning and budgetary management has been passed to one of a number of new Health and Social Care Partnerships (HSCP's). In our case, this is the Glasgow City HSCP who represent the two Integrated Boards with responsibilities in the Hospice's catchment area. Our funding for 2017-18 was agreed at previous levels plus a small (0.4%) increment for inflation, but a 5% reduction has been applied for 2018-19, modified by a 1.5% uplift for inflation. The remaining 60% of funding is met through charitable donations and event fundraising activity. The Hospice has a wide range of such income streams, and with over 30 years of service delivery, our loyal supporter base ensures we are financially stable.

• Clinical Development

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

Our Clinical Strategy Vision and Values Vision & Values 2 (2014-2018) came to a successful end in April 2018 and we therefore embarked on a significant strategic scoping exercise to determine our current position and future strategic direction.

The essence of palliative care lies in the care which is delivered. The Hospice is committed to working in partnership with staff and volunteers, patients and their families, external health and social care professionals, and the wider community. The consultation and development of the new clinical strategy – *Vision and Values- the way forward* is a demonstration of this commitment. As a result of this engagement the Hospice Mission statement, Values and Strategic aims were modified and developed to be as follows:

Mission Statement

The Hospice's mission is to provide high quality, person centred care for all those affected by life limiting conditions.

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Hospice Values

We identified the following core values that are the foundations, the building blocks for our vision for future care

- Person centred compassionate care
- Value all as part of the hospice community
- Fairness and integrity
- Dignity and respect
- Striving for excellence

Strategic Aims 2018 – 2020

The five strategic clinical aims identified will be presented in a circular format, giving no greater importance to any of the aims.

1. Lead-Maintain a leading position in the delivery palliative/end of life care through to bereavement care for all those affected by a life-limiting condition.
2. Learn-Develop our local, national and international research and knowledge sharing with a focus on the education and support of the workforce providing care.
3. Collaborate- Develop and deliver our services in collaboration with patients families and our partners.
4. Transform-Develop a comprehensive digital strategy to support effective delivery of our clinical services.
5. Reveal -Work with our communities to develop an understanding of the importance of good palliative/end of life care through to bereavement care.

To continue to co-produce services, maintain people's enthusiasm and engagement in the strategy, further opportunities for engagement will be required to help develop our specific objectives and ensure our services remain sustainable and fit for the future

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

Inpatient Unit

The Patient and Family Support role, introduced to ensure that all patients, families and visitors were welcomed and supported throughout their stay from admission to discharge, was very positively evaluated, and now forms part of our core services. This role enables patients and families to have a preadmission walk around the hospice with the same friendly face greeting the patient to transport them from the hospital setting onto our inpatient unit and welcoming the family on to the unit as the patient arrives. The role also facilitates effective communication with the patient, family and other health and social care providers, allowing seamless transfer of patients to other care settings on discharge. When evaluated, one patient's words encapsulate the positive experience of this role- "*this is a service which all patients should experience*", demonstrating that the introduction of the role has achieved the key objectives around its inception.

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

Children's Hospices Across Scotland (CHAS) has been delighted to support our team's spending time gaining experience, capability and confidence in looking after young people. This has resulted in staff across our services, but starting with those staff in the inpatient unit, spending two days on secondment to CHAS. This is allowing us to start building relationships with the young people who may ultimately transition to our services and with the professionals who have been very involved in their care. We are extremely grateful for this assistance being given by CHAS.

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The dynamic way in which our work with CHAS has been approached has contributed to our profile being raised within this field and we have been invited to speak at the Scottish Transition Forum Event, putting us firmly at the forefront of Transition in Scotland.

The introduction of patient's own drug (POD) lockers allows us to use the patient's own medication for their treatment on the ward and on discharge whenever possible. This promotes patient safety by aiding the medicines reconciliation process, reducing waste and the cost associated with the provision of medication in the inpatient unit, in line with national directives. The introduction of this measure prior to the move to our new facility has allowed the nursing staff to become accustomed to the policies and procedures related to this prior to the significant changes to which they will be adjusting after the move.

Strategic aims and activity for the Inpatient Unit include:

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

Outpatient Services

These services play a crucial role in promoting independent living and quality of life for patients and carers. The service now includes medical and nursing led outpatient clinics, twenty day-services places on three days every week, monthly carers support groups, access to art and creative writing, Chi Gung and complementary therapies for patients and carers. The innovative roll out of a volunteer befriending service delivered in the patient's home – the "Carer's Choice" project allows carers a short break, supporting their ongoing resilience. Services are accessed by an increasing number of patients with highly complex needs, including those with motor neurone disease and chronic obstructive pulmonary disease. This work contributes to the overall widening access arm of our strategy, and the staff group are developing new skills and models of care which will benefit other groups and Hospice services in the future.

The service is developing to meet the unique needs of young adults in transition, partnering with external agencies such as Sense Scotland, to develop our services based on the needs of our widening patient group. We are supporting a number of young adults with a diverse range of conditions who require palliative care and although these numbers remain small, our experience to date is that it requires a large amount of resources.

Our future strategy will continue the theme of developing suitable models of care for young adults, and to support this, we have been working in partnership with different organisations, for example, CHAS, PAMIS, Sense Scotland, Glasgow Disability Alliance, and Acute and Community Paediatric Teams. To date, all of our young adults have been referred to our Day and Outpatient services; the experience of this has encouraged us to develop a social group more in tune with the needs of young adults.

This social group has been working with students from Strathclyde University to explore the potential for Virtual Reality to support young adults in their transition from paediatric to adult care. The outcomes from this engagement will inform a larger future proposal of work as funding becomes available to work further with the young adult population to test the effectiveness of the intervention developed.

This Young Adults social group has given the opportunity to scope the needs of these and other young adults, and we are currently seeking additional support to fund the development of a Young People's Social and Therapeutic Group which will be the first of its kind within adult hospices in Scotland. This will enable us to establish stronger links with other charities and organizations thus promoting referrals from young people who are so far unaware of the Hospice and its services. The Day Service team has launched a Fatigue, Anxiety and Breathlessness (FAB) clinic to help people manage some of the most common symptoms experienced at end of life by people with malignant and non-malignant disease alike. If not well managed, these symptoms negatively affect patient's quality of life.

Our Castlemilk outreach clinic evaluated well and the learning from this has informed the development of our new clinic being piloted in the East Renfrewshire Health and Social Care Partnership (HSCP) building. This allows us to take services nearer to the patients, work most effectively with our HSCP colleagues, and give our patients more choice as to where they can receive their care.

Strategic aims and activity for Outpatient Services include:

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

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Community Services

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

The Team is now led by a nurse who is studying towards her Advanced Nurse Practitioner (ANP) qualification. The introduction of this role will help develop the team's capacity and capabilities further.

Strategic aims and activity of the Community Team include:

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

Rehabilitation Strategy

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

Art Services

Art Services have been part of our services for many years, and were initially managed externally by Art in Hospital. They became part of our core service in 2015 and as such have a place within the clinical strategy. The Art Services strategy is now developed and our artists are engaging with services across Scotland to extend their practice and participate in research to continually develop the model of care they provide. This inspiring team are working collaboratively with academic leads to research and support the evidence base for Art services in supporting an individual's autonomy.

Family Support Services

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

- *The Extended Butterfly Project*

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

The teams have recruited and are training volunteers to be mentors for pre/post-bereaved young people/young carers. This is designed to increase the young person's confidence, self-esteem, reduce their isolation and empower them to engage more effectively with education or employment.

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Outwith the new Butterfly Project, strategic aims and activity for the Family Support Service include:

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

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

Widening Access to Hospice Services

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

Strategic aims and activity in Widening Access include:

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

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

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

The Hospice is working in partnership with Glasgow City's Health and Social Care Partnership engagement leads to help progress widening access to the hardest to reach groups in our catchment area.

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

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

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

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

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Participation

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

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

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

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

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

- increase awareness of Hospice and palliative care services,
- promote an openness about death, dying and bereavement
- develop clinical services in co-production with these stakeholders
- ensure ready availability of information on Hospice services in accessible formats

Clinical Education

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

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

Strategic aims and activity include:

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

Research

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

Part of delivering high quality palliative care across all settings is maintaining most up to date practice though awareness of and involvement in research. The Hospice has an established research group to encourage involvement with external researchers. The group is tasked with establishing a robust governance process and the framework for research within the Hospice. The research framework has informed the internal and external research currently being conducted. We are supporting arrange of research across the Environmental impact on wellbeing within the transition from our current building to our new purpose-built facility.

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

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Information Management

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

Clinical Administration staff support all aspects of Clinical Activity, including correspondence, patient record management and assisting with the routing of enquiries from patients and families to relevant care staff. The team have been instrumental in improving the archiving of records and the transition to a paper-lite patient records system.

• **Support Services**

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

The reception team, which is well supported by volunteers, continues to ensure that every patient and visitor to the Hospice feels valued and welcomed. The Catering team was successful in retaining their Healthy Living Award until March 2019, as well as our Eat Safe Award. These awards acknowledge excellence in promotion and provision of healthy and safe food choices available to patients, visitors, staff and volunteers. The Porter team assist Scottish Ambulance Service with the safe transportation of patients to and from the Hospice. During the year, 98 inpatient transfers were made, including many with complex needs, as well as a regular service provided to users of outpatient and day services.

The Hospice continues to ensure that its IT systems are robust and fit for purpose, giving adequate access to the wide range of information and governance necessary at both strategic and operational levels for the provision of Hospice services. There has been a well-publicised increase in cyber-attacks which have targeted healthcare providers, and the Hospice is in process of further reviewing its procedures to optimise protection.

• **HR and Volunteer Services**

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

During 2018, the Hospice was reassessed under revised criteria for Investors in People and was one of few organisations to be successful in maintaining its gold level accreditation.

Strategic aims and activity in HR and Volunteer Services include:

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

• **Communications**

Successful press and PR campaigns have continue to boost the Hospice's profile at home and overseas, resulting in increased awareness of services and fundraising. The communications team led on the launch and continued recognition of Kit it Out, the latest phase of the Brick by Brick Appeal. Digitally, email marketing campaigns continue to provide a useful contribution to fundraising and online ticket sales, while online application forms have streamlined the process to apply for staff and volunteer posts. Work is in progress to adjust the branding of the Hospice once the new Bellahouston facility is commissioned. This work will also include a review of the emphasis of the Hospice website which has been significantly involved in the promotion of the Capital Appeal.

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

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

As we now approach the completion and commissioning of our new Hospice facility in Bellahouston, it is worth recalling the underlying reasons for the project and our call for support from the City and people of Glasgow, at home and beyond.

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

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

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

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

In August 2016, following a rigorous tendering and subsequent value engineering process, the Hospice, through its subsidiary, Hospice Developments Limited, entered a £16.4 million design and build contract for the construction of the new Hospice and its associated groundworks and landscaping with Balfour Beatty, an international contractor with a strong Scottish base of high repute. The design and build contract format, coupled with the advanced stage to which design had already been taken, greatly reduced risks to the Hospice of cost over-run. As part of the contract agreement, the Hospice gave a guarantee to the contractor for the full contract sum due by Hospice Developments Limited. At the time of this report, the project remains within budget despite some delays against the original contract schedule. By the publication of this report, we expect that Practical Completion will have been achieved with the contractor, and to be well into the final kit-out by the Hospice team. We expect to commission the new facility and be supporting all patients from and within it by November 2018.

Present Building and Estates

With the move to a new facility now more imminent, great consideration is given to any further spend on present facilities which cannot be transferred to the new Hospice. Such expenditure was prudently limited in 2017-18, but sensible levels of maintenance have been retained.

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

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• **Income Generation**

The new Hospice project has an overall budget cost of approximately £21 million. At the outset of the project, the Hospice Board were confident that £6 million should be funded from Revenue Reserves, and a Capital Appeal Fundraising Team was formed specifically for the task of raising the additional £15 million for the project. Over the last four years, the team has been working with high net wealth individuals and corporate supporters, potential and present, in Scotland, and with the expatriate communities in London, New York and beyond. Additionally, during the course of the Appeal, the Hospice Board decided that all Revenue surpluses, beyond those required to maintain core reserves of 6 months' expenditure, should be designated towards the Capital Appeal, and in June, the Board was delighted to announce that the target commitments of £21m had been achieved. Thanks are due to all who provided this vital financial support, from those who texted a single £5 donation to the several individuals and organisations whose donations extended to six-figure sums. The new Hospice will include a modern feature to recognise these contributions.

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

Corporate and Community Fundraising

Although the Capital Appeal probably attracted most of the attention in our fundraising efforts in 2017-18, our ongoing fundraising remains highly important. The team has been strengthened and refreshed and significant emphasis is placed on developing contacts made through the Capital Appeal as well as widening the general supporter base across all aspects of our fundraising. Successful events have been organised with the expatriate community in London and work continues to develop interesting contacts in New York. The team run around 20 large events during the year, ranging from traditional dinners, a ball and an interesting range of challenges – running events, It's a Knockout and a Bubble Rush event, in conjunction with several other Scottish hospices, are some examples of these.

New Business Development

Over the past year, the Hospice has been working with the Langside College campus of Glasgow Clyde University on a project to provide students of the College with meaningful work experience opportunities. After a significant process of business planning, a new charity "Beauty with a Conscience" has been formed as a Scottish Charitable Incorporated Organisation (SCIO) which will operate as subsidiary of the Hospice, but working on a joint basis with the College to provide work experience in a real commercial environment for students taking courses in Beauty Treatments. It is expected that this venture will commence trading in the Autumn of 2018, with all profits being Gift Aided to the Hospice.

Supporter Relations

This team is tasked with improving and maintaining relationships with the wide range of our present and potential supporters, with managing our contacts database, and providing assistance to our fundraising and campaign teams. Over the last year, we have seen positive benefits from this work.

The charity sector in general is facing significant economic challenges, and in particular, something of a backlash against instances of canvassing activity by some major national charities. The Hospice has never used any of the practices which have been rightly criticised in these instances. In May 2018, the GDPR came into effect, and all Hospice teams have been involved in reviewing their activities to ensure compliance with the new Regulations. Charity fundraising will only survive if charities are allowed to make new contacts and generate new supporters. Our main emphasis remains on establishing supporter relationships on a personal level, and we therefore make limited use of electronic contact, ensuring that there is clear legitimate interest for both parties in any approach made. Our systems ensure that all approaches are sympathetic, sensitive and limited in number and repetition. No complaints were received in 2017-18 arising from fundraising activity, and indeed, we have been complimented for the sensitivity of with which we carry out this important area of our work.

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

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Retail

2017-18 was a difficult year for Hospice Retail. In summer 2017, our lease in Castlemilk, one of one of our most profitable shops, was terminated by a developer, and the only replacement which we could secure has struggled financially. In September, we suffered an overnight arson attack in our Cardonald shop resulting in its closure until the end of July 2018. Necessary building repairs to the Duke Street shop also required its closure for two months in the year. These travails adversely impacted results for the year and meant a reduced contribution to Hospice funding. Since then, we have begun to establish a central retail hub to better manage donations and distribution of stock. This is already showing positive results, and we have now taken our furniture transport service in-house with our own staff and vehicles. This will allow us to have greater flexibility and will hopefully allow us to profitably extend or services in the Glasgow area. The management of the retail function now involves more active supervision at shop level with KPI's and more training opportunities for shop staff.

Lottery

The Hospice lottery continues to provide an important income stream for our fundraising, and, being significantly based on door-to-door canvassing and collection, provides an important contact for areas of the community which are sometimes harder to reach by other methods. Nonetheless, we are actively involved in persuading payers to convert to electronic membership, chiefly by direct debit payment. Lottery members were stalwart supporters of our Capital Appeal as well as regularly participants in our twice-yearly prize draws. Development of our website has made electronic membership more accessible, but we have recently added to our collection and canvassing teams in an effort to grow our supporter base more widely.

- **Disposal of our present building**

The financial plans for the New Hospice project do not include any contribution from the present building in Carlton Place, and it has not been necessary for the Board to utilise the Carlton Place property as security for bridging finance.

In 2017, missives for the sale of the Carlton Place property were completed with an interested party, but sale proceeds will not be secured until the new Hospice is commissioned and vacant possession can be given to Carlton Place. The present property will be required for everyday operational use until migration to the new facility, now expected to be complete in November 2018, but is not included in any operational plans thereafter.

The Board are aware of their obligations to ensure that the carrying value of the building within the financial statements of the Hospice does not exceed its value for present and planned use. On the basis of their present understanding of the costs of providing an equivalent facility, the Board are satisfied that the present carrying value of approximately £3 million, based on depreciated cost, is significantly exceeded by the value or cost of such a facility in its present use, and at this time no provision for impairment of value is required.

4. Financial Review

Going Concern Basis of the Accounts

In preparing the Financial Statements, the Directors have had regard to the financial position of the Hospice as evidenced in the Consolidated Balance Sheet on page 23, to the detailed budgets prepared for the following financial year 2018-19, to the likely sources of income during that period, and to the funding required to complete the construction and commissioning of a replacement Hospice facility in 2018.

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

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

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

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Principal Funding Sources

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

The Hospice was previously partly funded by a contribution from NHS Glasgow & Clyde on the basis of a Service Level Agreement (SLA) under the terms of NHS CEL 12 (2012). This document included the commitment that the Scottish Government expects that NHS Boards will fund 50% of the annual running costs of independent hospices in their area. Nonetheless, NHS funding did not include any recurring element for capital expenditure, or projects such as bereavement, art or music, nor for many other aspects of holistic care chosen to be provided by the Hospice. In 2016-17, funding responsibility was transferred to Glasgow City HSCP with whom the Hospice is presently engaged in negotiating a revised SLA. The Hospice is also actively involved in national negotiations of a Memorandum of Understanding between the Chief Operating Officers of the Integrated Boards (to which the HSCP's report) and a group involving almost all of the independent and national hospice in Scotland. These discussions are positive and constructive, but take place in the context of financial pressures on the sector. In 2017-18, HSCP funding of £2,148,812 (2016-17 £ 2,149,521) was received. This funding included an inflationary increase of 0.4% for the year (2016-17 1.7%), and free issue pharmaceuticals and supplies valued at £98,039 (2016-17 £106,875). Contributions by Glasgow City HSCP amounted to approximately 46% of the incurred costs of direct patient care, compared to 42% in 2016-17, but that rise in contribution percentage was solely due to a reduction in costs achieved by the Hospice following a detailed review of all expenditure for the 2017-18 budget. The settlement for 2018-19 has now been finalised, and reflects an agreed 5% reduction in real funding, although that is offset to some extent by a 1.5% inflationary uplift. This will reduce funding by approximately £75,000 in 2018-19. Clearly, that confirms the Board's longstanding view that funding is short of the expectation expressed in CEL 12 (2012), but recognises the wider financial pressures being experienced within Health and Social care organisations.

The Hospice greatly values its close relationships with its local NHS and Social Care organisations which benefit many patients and families in the Glasgow area, and we recognise the significant financial constraints applying within these organisations. The Hospice meets regularly with them to discuss co-operative development of the Hospice function, and appropriate funding for its activities, and expects to further develop such co-operative working in the coming year.

The remainder of the funds required to provide the Hospice services falls to be raised through a combination of grants, direct donations, fundraising events and investment and legacy income. This total is now around £3 million annually, rising as the Hospice extends the scope of its services to meet demand. In 2017-18, the funding requirement included a sum of around £26,000 (2016-17 £99,000) in respect of necessary capital expenditure during the year – this does not include costs related to the future relocation of the Hospice referred to above. 2017-18 was again a successful year for our fundraising, culminating particularly in the successful completion of our Capital Appeal, but securing necessary ongoing funding remains an increasingly challenging task.

In 2016-17 the Hospice successfully bid for funding from the Big Lottery for a three-year project to enable the extension of present work on support for child bereavement. That work originated from an earlier "Butterfly" project, also funded by the Big Lottery, which the Hospice undertook in partnership with two other Hospices. The work on the new Butterfly Extension Project is being undertaken solely by the Hospice, and is being funded to the sum of £499,525 over a three year period which commenced in Autumn 2016. The Hospice is extremely grateful to the Big Lottery for this important support.

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

The Hospice benefits greatly from the service of a large number of volunteers in a variety of capacities. It is estimated that, if these services had to be paid for, they would now cost approximately £800,000 per annum.

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

(continued)

Result for the Year

In 2016-17, the Hospice recorded an operating deficit. That is defined as the overall surplus for the year, less legacy income and the net income on the Capital Appeal. The operating deficit for the year was £158,837 (2016-17 £475,517). This continues to reflect the strategy of the Board and executive team to ensure the highest standards of patient care and to ensure that funds received are invested in charitable activities without delay but with due regard to the reserves policy outlined below. In early 2017, costs were thoroughly reviewed and challenged, and significant savings achieved in overheads and by not replacing non-essential vacancies as they arose. A small increase in payroll costs and staffing numbers was associated with separately funded projects and a modest, below inflation, review of salary rates in April. It is clear that some support towards the Capital Appeal has been at the expense of the ongoing fundraising activity, and current efforts are directed towards retaining that support to meet ongoing running costs. Charity retail activity reflects the considerable pressures seen nationally along with some unfortunate situations, explained above, which reduce the contribution in this area. The lottery again performed strongly, and there was an encouraging rise in event and community fundraising income, particularly as a major ticketed event normally held in March was moved into the new financial year. Legacy income was well above average in the year, after a poor level of income in 2016-17. The Consolidated Result for the Year also includes the annual surplus on the Capital Appeal of £1,323,326 (2016-17 £3,014,856). All these sources brought the surplus for the year to £2,285,107 (2016-17 £2,762,047). Not yet recorded in these figures is the very substantial level of funding commitments secured in 2017-18 towards the ongoing Capital Appeal. At the date of this report, commitments have been received for the entire £21million target, and only around £400,000 of that remains unpaid. Virtually all of that sum relates to conditions associated with the commissioning of the new facility on conditions which the Hospice is confident of meeting. The new Hospice development project will be completed very shortly, and the Board are confident that the balance of income and expenditure on normal operating activities will start to recover from then on. The Board regards 2017-18 as another challenging but satisfactory financial year in which continues to provide a sound base for the future of the Hospice and development of its services.

Reserves policy

The Directors have a policy whereby reserves (excluding those which are restricted to particular uses or which represent funds tied up in present fixed assets, and which are therefore unavailable for expenditure on the charitable purposes of the Hospice) will be retained to generate income to meet future operating costs and proposed capital expenditure. Reserves are also available to allow the development of services and positively evaluated fundraising projects in line with strategic goals without the need to wait until formal third party funding support is available, and to provide security in the event of a temporary reduction in income levels. The Directors have decided that a present level of General Reserve equivalent to around 6 months of ordinary expenditure (or £2.27 million) is prudent to ensure the Hospice's future viability and enable it to continue to provide an appropriate and free service to its patients. A full analysis of the reserves of the Hospice and their purposes is given on pages 27 to 29 of the Accounts which follow this Report.

Investment policy

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

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

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

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

5. Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement of Disclosure to the Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charity auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

6. Auditors

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

This Report was approved by the trustees on 11 September 2018 and signed on their behalf by:

MAUREEN HENDERSON OBE
Chairman

**THE PRINCE & PRINCESS OF WALES HOSPICE
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES
AND MEMBERS OF THE PRINCE & PRINCESS OF WALES HOSPICE
FOR THE YEAR ENDED 31 MARCH 2018**

Opinion

We have audited the financial statements of The Prince & Princess of Wales Hospice (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Group and Parent Charitable Company's Statement of Financial Activities, the Group and Parent Charitable Company's Balance Sheets, the Group and Parent Charitable Company's Cash Flow Statements and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2018 and of the group's and the parent charitable company's incoming resources and application of resources, 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 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**THE PRINCE & PRINCESS OF WALES HOSPICE
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES
AND MEMBERS OF THE PRINCE & PRINCESS OF WALES HOSPICE
FOR THE YEAR ENDED 31 MARCH 2018**

(continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' annual report & strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' annual report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' annual report and strategic report.

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

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

Respective responsibilities of trustees and auditor

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 which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**THE PRINCE & PRINCESS OF WALES HOSPICE
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES
AND MEMBERS OF THE PRINCE & PRINCESS OF WALES HOSPICE
FOR THE YEAR ENDED 31 MARCH 2018**

(continued)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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

168 Bath Street
Glasgow
G2 4TP

11 September 2018

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

**THE PRINCE & PRINCESS OF WALES HOSPICE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £
Income and endowments from:							
Donations and legacies	5	2,052,793	1,438,344	3,491,137	845,531	3,293,082	4,138,613
Charitable activities	6	2,161,408	181,538	2,342,946	2,149,521	46,261	2,195,782
Other trading activities	7	2,703,741	-	2,703,741	2,884,524	-	2,884,524
Investments	8	51,584	-	51,584	127,535	-	127,535
Other Incoming Resources	9	39,848	-	39,848	52,418	-	52,418
Total Income		7,009,374	1,619,882	8,629,256	6,059,529	3,339,343	9,398,872
Expenditure on:							
Raising funds:							
Other trading activities	10	2,032,396	109,951	2,142,347	2,049,524	237,424	2,286,948
Charitable activities	11	4,001,513	201,710	4,203,223	4,278,825	76,302	4,355,127
Total Expenditure		6,033,909	311,661	6,345,570	6,328,349	313,726	6,642,075
Net income/(expenditure) and net movement in funds before gains and losses on investments		975,465	1,308,221	2,283,686	(268,820)	3,025,617	2,756,797
Net gains on investments	16	1,421	-	1,421	5,250	-	5,250
Net income/(expenditure)		976,886	1,308,221	2,285,107	(263,570)	3,025,617	2,762,047
Transfers between funds	19	3,849,384	(3,849,384)	-	2,639,318	(2,639,318)	-
Net movement in funds		4,826,270	(2,541,163)	2,285,107	2,375,748	386,299	2,762,047
Funds reconciliation							
Total Funds brought forward		19,954,017	2,552,979	22,506,996	17,578,269	2,166,680	19,744,949
Total Funds carried forward	19	24,780,287	11,816	24,792,103	19,954,017	2,552,979	22,506,996

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

All income and expenditure derive from continuing activities.

**THE PRINCE & PRINCESS OF WALES HOSPICE
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2018**

	Note	2018 £	2018 £
Fixed assets:			
Tangible assets	15	19,252,964	7,314,765
Investments	16	722	62,159
Total Fixed Assets		<u>19,253,686</u>	<u>7,376,924</u>
Current assets:			
Debtors	17	1,005,911	1,060,959
Short term deposits	22	6,885,532	16,186,540
Cash at bank and in hand	22	1,374	3,266
		<u>7,892,817</u>	<u>17,250,765</u>
Liabilities:			
Creditors falling due within one year	18	2,354,400	2,120,693
Net Current Assets		<u>5,538,417</u>	<u>15,130,072</u>
Total Assets less Current Liabilities		<u>24,792,103</u>	<u>22,506,996</u>
Reserves:			
Restricted funds			
General	19	11,816	9,794
Capital Appeal Fund		-	2,543,185
Unrestricted Funds			
Designated income funds	19		
Fixed asset reserve		19,252,964	7,314,765
Service development reserve			
New Hospice development project		3,211,046	10,352,292
Other service developments		50,000	50,000
Other unrestricted funds	19		
General reserve		2,266,277	2,236,960
Total funds		<u>24,792,103</u>	<u>22,506,996</u>

These financial statements were approved by the board on 11 September 2018 and signed on its behalf by:

MAUREEN HENDERSON
Chairman

DAVID HUNTER
Director

Company Registration No. SC084008

The statement of Hospice Reserves and notes on pages 27 to 45 form part of these financial statements.

**THE PRINCE & PRINCESS OF WALES HOSPICE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £
Income and endowments from:							
Donations and legacies	5	2,052,793	1,438,344	3,491,137	845,531	3,293,082	4,138,613
Charitable activities	6	2,161,408	181,538	2,342,946	2,149,521	46,261	2,195,782
Other trading activities	7	2,665,444	-	2,665,444	2,319,082	-	2,319,082
Investments	8	66,310	-	66,310	268,082	-	268,082
Other Incoming Resources	9	39,848	-	39,848	52,418	-	52,418
Total Income		6,985,803	1,619,882	8,605,685	5,634,634	3,339,343	8,973,977
Expenditure on:							
Raising funds							
Other trading activities	10	2,010,825	109,951	2,120,776	1,630,479	237,424	1,867,903
Charitable activities	11	3,999,513	201,710	4,201,223	4,272,975	76,302	4,349,277
Total Expenditure		6,010,338	311,661	6,321,999	5,903,454	313,726	6,217,180
Net income/(expenditure) and net movement in funds before gains and losses on investments		975,465	1,308,221	2,283,686	(268,820)	3,025,617	2,756,797
Net gains on investments	16	1,421	-	1,421	5,250	-	5,250
Net income/(expenditure)		976,886	1,308,221	2,285,107	(263,570)	3,025,617	2,762,047
Transfers between funds	19	3,849,384	(3,849,384)	-	2,639,318	(2,639,318)	-
Net movement in funds		4,826,270	(2,541,163)	2,285,107	2,375,748	386,299	2,762,047
Funds reconciliation							
Total Funds brought forward – restated		19,954,017	2,552,979	22,506,996	17,578,269	2,166,680	19,744,949
Total Funds carried forward	19	24,780,287	11,816	24,792,103	19,954,017	2,552,979	22,506,996

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

All income and expenditure derive from continuing activities.

**THE PRINCE & PRINCESS OF WALES HOSPICE
BALANCE SHEET
AS AT 31 MARCH 2018**

	Note	2018 £	2017 £
Fixed assets:			
Tangible assets	15	3,112,923	3,282,390
Investments	16	1,723	63,160
Total Fixed Assets		3,114,646	3,345,550
Current assets:			
Debtors	17	16,066,674	4,768,690
Short term deposits	22	6,297,009	15,662,000
Cash at bank and in hand	22	1,374	2,696
		22,365,057	20,433,386
Liabilities:			
Creditors falling due within one year	18	687,600	1,271,940
Net Current Assets		21,677,457	19,161,446
Total Assets less Current Liabilities		24,792,103	22,506,996
Reserves:			
Restricted funds			
General	19	11,816	9,794
Capital Appeal Fund		-	2,543,185
Unrestricted Funds			
Designated income funds	19		
Fixed asset reserve		19,252,964	7,314,765
Service development reserve			
New Hospice development project		3,211,046	10,352,292
Other service developments		50,000	50,000
Other unrestricted funds	19		
General reserve		2,266,277	2,236,960
Total funds		24,792,103	22,506,996

These financial statements were approved by the board on 11 September 2018 and signed on its behalf by:

MAUREEN HENDERSON
Chairman

DAVID HUNTER
Director

Company Registration No. SC084008

The Statement of Hospice Reserves and notes on pages 27 to 45 form part of these financial statements.

**THE PRINCE & PRINCESS OF WALES HOSPICE
CONSOLIDATED & CHARITY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
<i>Cash flows from operating activities:</i>					
Net cash provided by (used in) operating activities	21	1,825,986	(9,595,074)	2,891,088	715,364
<i>Cash flows from investing activities:</i>					
Purchase of tangible fixed assets		(11,243,328)	(26,228)	(1,986,783)	(98,845)
Investments added		(722)	(722)	-	-
Proceeds of sale of investments		63,580	63,580	-	-
Gift Aid donation		-	140,547	-	230,670
Investment income received		51,584	51,584	127,535	127,535
Net cash (used in) provided by investing activities		(11,128,886)	228,761	(1,859,248)	259,360
Change in cash and cash equivalents in the year		(9,302,900)	(9,366,313)	1,031,840	974,724
Cash and cash equivalents brought forward	22	16,189,806	15,664,696	15,157,966	14,689,972
Cash and cash equivalents carried forward	22	6,886,906	6,298,383	16,189,806	15,664,696

**THE PRINCE & PRINCESS OF WALES HOSPICE
STATEMENT OF HOSPICE RESERVES
FOR THE YEAR ENDED 31 MARCH 2018**

<i>Group and Charity</i>	Restricted Funds					Unrestricted Funds					Total Funds £
	General					Designated Funds					
	Facilities Development	Carer's Choice Project	Butterfly Extension Project	Other Ongoing Activities	Capital Development Project	Capital Development Project	For other Service Extension	Fixed Asset Reserve	General Reserve		
£	£	£	£	£	£	£	£	£	£		
At 1 April 2017	6,871	-	-	2,923	2,543,185	10,352,292	50,000	7,314,765	2,236,960	22,506,996	
Operating Income	5,157	19,313	162,225	-	-	-	-	-	5,890,087	6,076,782	
Operating Costs	(212)	(17,071)	(160,184)	(24,242)	-	-	-	(195,695)	(5,838,214)	(6,235,618)	
Operating (deficit) surplus	4,945	2,242	2,041	(24,242)	-	-	-	(195,695)	51,873	(158,836)	
Legacies	-	-	-	-	-	-	-	-	1,120,708	1,120,708	
Capital Appeal	-	-	-	-	1,323,235	-	-	-	-	1,323,235	
Transfers:	4,945	2,242	2,041	(24,242)	1,323,235	-	-	(195,695)	1,172,581	2,285,107	
Held in Trust	-	(2,242)	(2,041)	21,319	-	-	-	-	(17,036)	-	
Capital Expenditure	-	-	-	-	(3,866,420)	(8,241,246)	-	12,133,894	(26,228)	-	
Designations In	-	-	-	-	-	1,100,000	-	-	-	1,100,000	
Designations out	-	-	-	-	-	-	-	-	(1,100,000)	(1,100,000)	
Net Movement	4,945	-	-	(2,923)	(2,543,185)	(7,141,246)	-	11,938,199	29,317	2,285,107	
At 31 March 2018	11,816	-	-	-	-	3,211,046	50,000	19,252,964	2,266,277	24,792,103	

THE PRINCE & PRINCESS OF WALES HOSPICE
STATEMENT OF HOSPICE RESERVES
FOR THE YEAR ENDED 31 MARCH 2018
(Continued)

Reserve Policies and Analysis

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

Fund accounting

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

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

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

Restricted Funds

General Funds

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

- During the year, £5,157 was received towards the cost of equipment improvements to add to £6,871 brought forward from 2016-17. Of this, £212 was spent, leaving a balance of £11,816 to be carried forward to the coming financial year.
- The Carers' Choice programme enables the Hospice to support patient carers by providing short breaks during which the Hospice takes direct responsibility for the patient in their own home. £19,313 was received from Shared Care Scotland during the year. Of this sum, £17,071 was spent and the remaining £2,242 was added to sums held in trust for the remainder of the current project. At 31 March 2018, a balance of £13,106 has been included under Creditors as being held in trust for the project.
- In 2016-17, the Hospice was awarded funding for three years to enable the Butterfly Extension Project which will build on service development generated through a previous Butterfly Project. The "Butterfly" projects have been designed to develop services for child and youth bereavement support, and have been and are being funded by awards from the Big Lottery. Funding for the present Extension project is received quarterly in advance. During the financial year, £162,225 was received, of which £160,184 was spent by 31 March 2018, leaving a balance of £42,506 which has been included under Creditors as being held in trust for the project.
- In 2016-17, £33,070 was received from the Burdett Trust for Nursing related to a leadership initiative to be run by the Hospice for nurses working in hospices within the NHS Greater Glasgow & Clyde area. Costs of £21,319 were incurred on this initiative during 2017-18, and the full balance of £11,751 has been included under Creditors as being held in trust for the project.
- A balance of £2,923 was brought forward from 2016-17 to be spent upon certain staff and minor project work related chiefly to widening public access to Hospice services, developing services for young adults and support for family services. This sum was spent in full during the year.

THE PRINCE & PRINCESS OF WALES HOSPICE
STATEMENT OF HOSPICE RESERVES
FOR THE YEAR ENDED 31 MARCH 2018
(Continued)

Capital Development Appeal

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

During the year, a surplus of £1,323,235 was raised from Capital Appeal activity. This represents cash received less expenditures necessary for the running of the Appeal, and does not include a very substantial sum in other commitments which will be received during 2018-19 as the project reaches completion. Construction commenced in August 2016 and continued during the financial year ended on 31 March 2018. It is expected that the new facility will be complete and opened in November 2018. During 2017-18, contract payments and costs for related professional advice totalled £12,107,666. This sum fully absorbed the balance of all funds held in the Restricted Fund, and the balance was funded from the Fund designated by the Directors for that purpose.

Unrestricted Funds - Designated Funds

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

Designated Service Development Reserve – New Hospice Development Project

A necessary part of a successful capital fundraising appeal is the underlying commitment of the organisation to the project, financially represented by its willingness to commit a significant portion of its reserves to the project. Following the completion of the contract for the building construction and associated groundworks and landscaping, the likely total capital cost of the Hospice's Development Project, and the costs of fundraising over a three year period, is still expected to be of the order of £21 million. In 2011-12, the Hospice Board committed a sum of £3 million of Reserves to that purpose, and a further £7.8 million was designated towards the project between 2012-13 and 2015-16. As noted above, expenditure on the project fully absorbed all funds held in the Restricted Fund for this development, and the balance of expenditure amounting to £8,241,246 was charged against the Designated Fund. A further £1.1 million was designated to the Fund by the Hospice Board from the surplus for the year. These transactions leave a balance of £3,211,046 in the Designated Fund, which it is anticipated should be adequate for the completion of the project.

Designated Service Development Reserve – Other Service Extension and Business Development

The Hospice is also involved in a wider range of activities directed towards the widening of access to and to the extension of the scope and size of its service provision. Specific additional funding is usually sought and obtained for such projects, but a balance of £50,000 has been retained to allow for any imminent unfunded requirements. The Board have also determined that these funds should be made available to pump-prime suitable projects aimed at developing the fundraising capacity of the Hospice.

Designated Fixed Asset Reserve

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

Other Unrestricted Funds

General Reserve

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

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. Accounting Policies

(a) Basis of preparation and assessment of going concern

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

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

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

Going concern

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

In preparing the Financial Statements, the Directors have had regard to the financial position of the Hospice as evidenced in the Consolidated Balance Sheet on page 23, to the detailed budgets prepared for the following financial year 2018-19, to the likely sources of income during that period, and to the funding required and available to service the commitment made in August 2016 to the construction of a replacement Hospice facility during the period 2016 to 2018.

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

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

(b) Income recognition

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

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

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

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. Accounting Policies

(b) Income recognition
(continued)

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

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

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

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

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

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

(c) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

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

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

(d) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

(e) Allocation of support and governance costs

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

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

**THE PRINCE & PRINCESS OF WALES HOSPICE
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FOR THE YEAR ENDED 31 MARCH 2018**

(f) Tangible fixed assets and depreciation

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

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

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

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

(g) Fixed asset investments

Investments are stated at market value.

(h) Debtors

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

(i) Cash at bank and in hand

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

(j) Creditors and provisions

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

(k) Realised gains and losses

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

(l) Pension schemes

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

(m) Taxation

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

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Legal status

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

According to the Memorandum of Association of the company, every member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member, or within one year after he ceased to be a member, for payment of the debts and liabilities the company contracted before he ceased to be a member, and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributors amongst themselves, such amount as to be required, not exceeding £5. On 31 March 2018 the charity had 52 members. The number of members is limited to 500.

3. Financial activities of the subsidiary

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

	2018	2017
	£	£
Turnover	38,296	565,442
Payroll	(3,373)	(208,778)
Administration costs	(20,197)	(216,117)
Trading company donation	(14,726)	(140,547)
	<hr/>	<hr/>
Net profit/(loss)	-	-
Taxation	-	-
	<hr/>	<hr/>
Retained in subsidiary	-	-
	<hr/>	<hr/>
The assets and liabilities of the subsidiary were:		
Fixed assets	-	-
Current assets	432,675	357,378
Current liabilities	(431,675)	(356,378)
	<hr/>	<hr/>
Total net assets	1,000	1,000
	<hr/>	<hr/>
Aggregate share capital and reserves	<u>1,000</u>	<u>1,000</u>

The wholly owned trading subsidiary Hospice Enterprises Limited, which is incorporated in Scotland, carries out fundraising activities with surpluses donated to The Prince & Princess of Wales Hospice by way of gift aid. Until 31 October 2016, these activities principally related to the running of 18 charity shops selling, chiefly, goods donated to the charity. At that date, this activity was hived-up into the charity, and all the then assets and liabilities of the company were similarly transferred. The company continues to operate for the purpose of carrying out trading activities for the charity located within the Hospice and its current assets and liabilities at the year-end were related to that activity. This year the subsidiary reported a profit after tax of £14,726 (2017: £140,547). The charity owns the entire share capital of 1,000 ordinary shares of £1. A summary of the trading results is shown above.

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

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

	2018	2017
	£	£
Turnover	-	-
Cost of sales	-	-
Administration costs	-	-
Investment income	-	-
Trading company donation	-	-
	<hr/>	<hr/>
Net (loss)/profit	-	-
Taxation	-	-
	<hr/>	<hr/>
Retained in subsidiary	-	-
	<hr/> <hr/>	<hr/> <hr/>
The assets and liabilities of the subsidiary were:		
Fixed assets	16,140,041	4,032,375
Current assets	646,370	311,580
Current liabilities	(16,786,410)	(4,343,954)
	<hr/>	<hr/>
Total net assets	1	1
	<hr/> <hr/>	<hr/> <hr/>
Aggregate share capital and reserves	<hr/> <hr/> 1	<hr/> <hr/> 1

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

4. Related party transactions and directors' expenses and remuneration

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

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

The Directors all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2016-17: £nil). It is the charity's policy to not pay expenses to trustees. Ann Loughrey resigned as a Director on 22 September 2017 and was appointed on 26 September 2017 to the role of Business Development Manager for which she is paid a salary fixed in accordance with the process described in the Directors' Annual Report (page 4). She received no remuneration for her role as a Director.

Total donations by Directors, senior management and their families amounted to £65,249 (2016-17 £75,532).

During the year no Director, senior manager or their families had any personal interest in any contract or transaction entered into by the charity (2016-17: none).

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

THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

5. Income from donations and legacies

	Group 2018	Charity 2018	Group 2017	Charity 2017
	£	£	£	£
Donations				
Capital Appeal	1,433,187	1,433,187	3,292,240	3,292,240
Others	937,242	937,242	663,625	663,625
	<hr/>	<hr/>	<hr/>	<hr/>
Legacies	2,370,429	2,370,429	3,955,865	3,955,865
	1,120,708	1,120,708	182,748	182,748
	<hr/>	<hr/>	<hr/>	<hr/>
	3,491,137	3,491,137	4,138,613	4,138,613
	<hr/>	<hr/>	<hr/>	<hr/>

6. Income from charitable activities

	Group 2018	Charity 2018	Group 2017	Charity 2017
	£	£	£	£
Specialist Palliative Care				
NHS/HSCP	2,148,812	2,148,812	2,149,521	2,149,521
Grants received	194,134	194,134	46,261	46,261
	<hr/>	<hr/>	<hr/>	<hr/>
	2,342,946	2,342,946	2,195,782	2,195,782
	<hr/>	<hr/>	<hr/>	<hr/>

7. Income from other trading activities

	Group 2018	Charity 2018	Group 2017	Charity 2017
	£	£	£	£
Events & fundraising Income	882,718	882,718	884,597	884,597
Lottery income	880,721	880,721	906,297	906,297
Trading Income	902,005	902,005	528,188	528,188
Retail income	38,297	-	565,442	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,703,741	2,665,444	2,884,524	2,319,082
	<hr/>	<hr/>	<hr/>	<hr/>

8. Investment income

	Group 2018	Charity 2018	Group 2017	Charity 2017
	£	£	£	£
Hospice Enterprises Limited	-	14,726	-	140,547
Dividend income	420	420	662	662
Interest from short term deposits	51,164	51,164	126,873	126,873
	<hr/>	<hr/>	<hr/>	<hr/>
	51,584	66,310	127,535	268,082
	<hr/>	<hr/>	<hr/>	<hr/>

9. Other income - Group & Charity

	2018	2017
	£	£
Student education	6,548	10,314
Kitchen and café income	33,300	42,104
	<hr/>	<hr/>
	39,848	52,418
	<hr/>	<hr/>

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

10. Raising funds – expenditure on other trading activities

	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Direct costs of fundraising events	323,692	323,692	439,265	439,265
Lottery prizes and expenses	388,981	388,981	399,598	399,598
Costs of trading activity	771,220	771,220	427,172	427,172
Costs of retail activity	21,571	-	419,045	-
Expenditure on capital appeal	109,951	109,951	237,424	237,424
Other fundraising costs	526,932	526,932	364,444	364,444
	<u>2,142,347</u>	<u>2,120,776</u>	<u>2,286,948</u>	<u>1,867,903</u>

11. Analysis of expenditure on charitable activities

Specialist Palliative Care	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Staff Costs	3,152,420	3,152,420	3,061,503	3,061,503
Depreciation	195,695	195,695	197,659	197,659
Governance costs (note 12)	31,323	29,323	30,850	25,000
Support costs (note 12)	174,279	174,279	172,886	172,886
Other	649,506	649,506	892,229	892,229
	<u>4,203,223</u>	<u>4,201,223</u>	<u>4,355,127</u>	<u>4,349,277</u>

12. Allocation of governance and support costs – Group

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

Cost type	Total allocated £	Governance related £	Other support costs £	Basis of apportionment
Staff costs	193,643	19,364	174,279	Staff time
Total	<u>193,643</u>	<u>19,364</u>	<u>174,279</u>	

Governance costs:	2018 £	2017 £
Auditor's remuneration	11,959	11,641
Support costs (see above)	19,364	19,209
	<u>31,323</u>	<u>30,850</u>

Breakdown of governance and support costs by activity;

	Support costs	Governance	2018 £	2017 £
Specialist palliative care	174,279	31,323	205,602	203,736

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

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

	Group 2018	Group 2017
	£	£
Salaries	3,659,152	3,582,136
Social Security costs	301,854	294,760
Employer's Pension costs	254,532	251,067
	<u>4,215,538</u>	<u>4,127,963</u>
Key management personnel remuneration	<u>253,188</u>	<u>251,971</u>

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

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

	2018	2017
	£	£
£100,000 - £110,000	2	1
£110,000 - £120,000	-	1
	No.	No
The average weekly number of persons, by headcount, employed by the charity during the year was:	<u>163</u>	<u>162</u>

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

	2018	2017
	£	£
This is stated after charging:		
Depreciation	195,695	197,659
External auditors' remuneration	9,959	9,040
Other services		
Subsidiary audit fee	2,000	2,600
Non-audit services	1,212	4,424
	<u>198,866</u>	<u>203,723</u>

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

15a. Tangible Fixed Assets – Group

	Heritable Property £	Equipment & Vehicles £	New Hospice £	Total £
Cost or valuation				
At 1 April 2017	6,336,872	1,438,503	4,032,375	11,807,750
Additions	-	26,228	12,107,666	12,133,984
Disposals	-	-	-	-
At 31 March 2018	6,336,872	1,464,731	16,140,041	23,941,644
Depreciation				
At 1 April 2017	3,204,503	1,288,482	-	4,492,985
Charge for the year	113,608	82,087	-	195,695
Eliminated on disposals	-	-	-	-
At 31 March 2018	3,318,111	1,370,569	-	4,688,680
Net book value				
At 31 March 2018	3,018,761	94,162	16,140,041	19,252,964
At 31 March 2017	3,132,369	150,021	4,032,375	7,314,765

15b. Tangible Fixed Assets - Company

	Heritable Property £	Equipment & Vehicles £	Total £
Cost or valuation			
At 1 April 2017	6,336,872	1,438,503	7,775,375
Additions	-	26,228	26,228
Disposals	-	-	-
At 31 March 2018	6,336,872	1,464,731	7,801,603
Depreciation			
At 1 April 2017	3,204,503	1,288,482	4,492,985
Charge for the year	113,608	82,087	195,695
Eliminated on disposals	-	-	-
At 31 March 2018	3,318,111	1,370,569	4,688,680
Net book value			
At 31 March 2018	3,018,761	94,162	3,112,923
At 31 March 2017	3,132,369	150,021	3,282,390

The Hospice has a contingent liability, linked to RPI, until 2022 to pay a sum to Glasgow City Council in the event of the former leasehold property at 71/73 Carlton Place ceasing to be used as Hospice premises and the Hospice not relocating within the City boundary. At 31 March 2018, this sum was £156,173 (2017: £151,100). Glasgow City Council has given an undertaking to lift this obligation on the commissioning of the new Hospice in Bellahouston Park.

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

16. Fixed Asset Investments

<i>Group & Company</i>	2018	2017
	£	£
Listed investments at cost:		
At 1 April 2017 (2016)	58,940	58,940
Additions	722	-
Disposals	(58,940)	-
	<hr/>	<hr/>
At 31 March 2018 (2017)	722	58,940
	<hr/>	<hr/>
Change in market value of listed investments:		
At 1 April 2017 (2016)	3,219	(2,031)
Movement in year	(3,219)	5,250
	<hr/>	<hr/>
At 31 March 2018 (2017)	-	3,219
	<hr/>	<hr/>
Net book value at 31 March 2018	722	62,159
	<hr/>	<hr/>
MV £722 (2017 £62,159)		
 <i>Company</i>		
Unlisted investments at cost:		
At 1 April 2017 (2016)	1,001	1,001
Additions	-	-
	<hr/>	<hr/>
At 31 March 2018 (2017)	1,001	1,001
	<hr/>	<hr/>
Total investments	1,723	63,160
	<hr/> <hr/>	<hr/> <hr/>

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

Hospice Enterprises Limited made a trading profit of £14,726 in 2017-18 (2016-17 £140,547), all of which was gifted to the parent charity. The company therefore made neither a profit or loss during the year (2016-17 £nil). At 31 March 2018, it had net assets of £1,000 (2017 £1,000).

Hospice Developments Limited made neither a profit nor a loss in 2017-18 (2016-17 £nil) All its expenditure on the new Hospice project has been treated as capital work-in-progress. At 31 March 2018, it had net assets of £1 (2017 £1).

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

17. Debtors	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Event income receivable	119,922	119,922	201,821	201,821
Income tax recoverable	128,529	128,529	386,699	386,699
Other debtors and prepayments	757,460	266,939	472,440	328,591
Hospice Enterprises Limited – investment income	-	14,726	-	140,547
Hospice Enterprises Limited – other	-	411,887	-	212,136
Hospice Developments Limited	-	15,124,671	-	3,498,896
	<u>1,005,911</u>	<u>16,066,674</u>	<u>1,060,959</u>	<u>4,768,690</u>

18. Creditors: amounts falling due within one year

	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
New Hospice project	1,661,738	-	771,172	-
Sundry creditors & accrued charges	342,393	337,331	951,716	874,135
Deferred Income	207,740	207,740	236,707	236,707
Project funds held in trust (Note 23)	67,363	67,363	84,399	84,399
Taxation and social security	75,166	75,166	76,699	76,699
	<u>2,354,400</u>	<u>687,600</u>	<u>2,120,693</u>	<u>1,271,940</u>

Deferred Income comprises:

	Lottery Subscriptions £	Event Incomes £	Total £
At 1 April 2017	84,747	151,960	236,707
Released to Income	(84,747)	(151,960)	(236,707)
Received and deferred	77,880	129,860	207,740
At 31 March 2018	<u>77,880</u>	<u>129,860</u>	<u>207,740</u>

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. Analysis of charitable funds - Group

Analysis of Fund Movements	As at 1 April 2017 £	Income £	Expenditure £	Transfer £	Gains/(Losses) £	As at 31 March 2018 £
Unrestricted Funds:						
Fixed Assets	7,314,765	-	(195,695)	12,133,894	-	19,252,964
New Hospice development project	10,352,292	-	-	(7,141,246)	-	3,211,046
Other service developments	50,000	-	-	-	-	50,000
Total designated funds	17,717,057	-	(195,695)	4,992,648	-	22,514,010
General funds	2,236,960	7,009,374	(5,838,214)	(1,143,264)	1,421	2,266,277
Total Unrestricted funds	19,954,017	7,009,374	(6,033,909)	3,849,384	1,421	24,780,287
Restricted funds						
General	9,794	186,695	(201,709)	17,036	-	11,816
Capital Appeal Fund	2,543,185	1,433,187	(109,952)	(3,866,420)	-	-
Total restricted funds	2,552,979	1,619,882	(311,611)	(3,849,384)	-	11,816
TOTAL FUNDS	22,506,996	8,629,256	(6,345,570)	-	1,421	24,792,103

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. Analysis of charitable funds – Group
continued

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

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

20. Net assets over funds - group

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2018
	£	£	£	£
Tangible Fixed assets	-	19,252,964	-	19,252,964
Fixed Asset Investments	722	-	-	722
Debtors	1,005,911	-	-	1,005,911
Bank & Cash	3,614,044	3,261,046	11,816	6,886,906
Creditors	(2,354,400)	-	-	(2,354,400)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,266,277	22,514,010	11,816	24,792,103
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2017
	£	£	£	£
Tangible Fixed assets	-	7,314,765	-	7,314,765
Fixed Asset Investments	62,159	-	-	62,159
Debtors	1,060,959	-	-	1,060,959
Bank & Cash	3,234,535	10,402,292	2,552,979	16,189,806
Creditors	(2,120,693)	-	-	(2,120,693)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,236,960	17,717,057	2,552,979	22,506,996
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	Group 2018	Charity 2018	Group 2017	Charity 2017
	£	£	£	£
Net income for the year	2,285,107	2,285,107	2,762,047	2,762,047
Adjustments for:				
(Gains) on investments	(1,421)	(1,421)	(5,250)	(5,250)
Investment Income received	(51,584)	(66,310)	(127,535)	(268,082)
Depreciation charges	195,695	195,695	197,659	197,659
Decrease (increase) in debtors	55,048	(11,423,805)	105,116	(1,915,856)
Increase (decrease) in creditors	(656,859)	(584,340)	(40,949)	(55,154)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash provided (used) by operating activities	1,825,986	(9,595,074)	2,891,088	715,364
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

22. Analysis of cash and cash equivalents

	Group 2018	Charity 2018	Group 2017	Charity 2017
	£	£	£	£
Short term deposits	6,885,532	6,297,009	16,186,540	15,662,000
Cash at bank and in hand	1,374	1,374	3,266	2,696
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and cash equivalents	6,886,906	6,298,383	16,189,806	15,664,696

23. Project Funds held in trust – Group & Charity

	Carers' Choice Project	Butterfly Extension Project	Nursing Leadership Project	Total
	£	£	£	£
Held in trust, brought forward	10,864	40,465	33,070	84,399
Restricted Funding received in 2017-18	19,313	162,225	-	181,538
(Expenditure) in 2017-18	(17,071)	(160,184)	(21,319)	(198,574)
	<hr/>	<hr/>	<hr/>	<hr/>
Held in trust, carried forward	13,106	42,506	11,751	67,363

24. Capital Commitments

	2018	2017
	£	£
Committed at 31 March	3,859,307	14,196,000
	<hr/>	<hr/>

Commitments were in respect of professional fee and construction contracts related to the New Hospice development. In August 2016, The Hospice and its subsidiary Hospice Developments Limited entered a contract for £16.4 million for the construction of a new Hospice facility, along with associated groundworks and landscaping. Additional work related to the fitting out of the new facility remained uncontracted at 31 March 2018.

25. Operating lease commitments

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

	2018	2017
	£	£
Within one year	33,198	41,814
Between two and five years	350,804	382,688
In over five years	246,513	395,226
	<hr/>	<hr/>
	630,515	819,728
	<hr/>	<hr/>

**THE PRINCE & PRINCESS OF WALES HOSPICE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

26. Pensions

Staff who are eligible are members of the defined benefit National Health Service Superannuation Scheme for Scotland. This is a multi-employer defined benefit scheme. The Hospice is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and hence this is accounted for as though a defined contribution scheme. The Hospice contributed 14.9% of an employee's basic salary and enhancements which will result in an annual commitment of approximately £145,000 at year-end rates and membership (2017 £140,000). The pension costs charged to the income and expenditure account of £143,326 (2016-17 £142,275) are calculated by the actuaries so as to spread the cost of pensions over the employees' working lives with the company.

The group operates a defined contribution group personal pension plan under arrangements with an independent insurance company. The company contributed between 1.5% and 13.5% of an employee's basic salary, resulting in an annual commitment of approximately £112,000 at year-end rates and membership (2017 £104,000). Pension costs arising and charged to the Income and Expenditure Account in respect of this scheme totalled £111,206 (2016-17 £108,792).

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

The following pages 47 and 48 are unaudited, but have been extracted from the foregoing accounts

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

	2018	2017	2016	2015	2014
	£	£	£	£	£
Expenditure:					
Payroll	3,553,851	3,492,545	3,464,193	3,293,450	3,197,004
Depreciation	195,695	197,659	278,716	284,997	290,295
Other charitable expenses	789,636	905,057	879,470	767,664	832,498
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure	4,539,182	4,595,261	4,622,379	4,346,111	4,319,797
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Operating incomes:					
Retail contribution	230,279	287,265	347,099	350,287	401,091
Lottery contribution	496,625	506,699	472,880	504,353	486,317
Fundraising events	559,026	445,332	635,667	669,397	951,986
Donations	638,142	499,463	643,379	677,790	520,752
Grants received	214,608	46,261	26,687	25,000	51,000
Non-group investment income	51,584	127,535	137,095	115,670	170,658
(Loss)/gain on investments	1,421	5,250	13,545	(6,335)	22,398
Other	39,848	52,418	41,415	47,154	45,760
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,231,533	1,970,223	2,317,767	2,383,316	2,649,962
NHS/HSCP	2,148,812	2,149,521	2,119,116	2,147,036	2,041,846
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total operating income	4,380,345	4,119,744	4,436,883	4,530,352	4,691,808
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(Deficit)/Surplus on operations	(158,837)	(475,517)	(185,496)	184,241	372,011
Exceptional Investment Gain	-	-	-	782,582	-
Legacies	1,120,708	182,748	2,285,582	728,600	262,395
Capital Appeal	1,323,236	3,054,816	1,462,303	837,476	375,431
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Surplus for year	2,285,107	2,762,047	3,562,389	2,532,899	1,009,837
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Number of staff					
FTE	136	134	131	123	122
Headcount	163	162	159	151	148

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

	2018	2017	2016	2015	2014
	£	£	£	£	£
Tangible assets:					
Fixed assets	19,252,964	7,314,765	4,774,261	4,630,327	4,751,000
Investments	722	62,159	56,909	43,364	5,575,977
	<u>19,253,686</u>	<u>7,376,924</u>	<u>4,831,170</u>	<u>4,673,691</u>	<u>10,326,977</u>
Current assets:					
Debtors	1,005,911	1,060,959	1,166,075	611,167	519,777
Short term deposits	6,885,532	16,186,540	15,155,169	11,758,498	3,796,952
Cash on hand	1,374	3,266	2,797	2,184	4,056
	<u>7,892,817</u>	<u>17,250,765</u>	<u>16,324,041</u>	<u>12,371,849</u>	<u>4,320,785</u>
Current liabilities:					
Sundry creditors	2,279,234	2,043,994	1,395,517	848,235	926,327
Taxes & Social Security	75,166	76,699	14,745	71,774	66,547
	<u>2,354,400</u>	<u>2,120,693</u>	<u>1,410,262</u>	<u>862,980</u>	<u>998,101</u>
Net current assets	<u>5,538,417</u>	<u>15,130,172</u>	<u>14,913,779</u>	<u>11,508,869</u>	<u>3,322,684</u>
	<u>24,792,103</u>	<u>22,506,996</u>	<u>19,744,949</u>	<u>16,182,560</u>	<u>13,649,661</u>
Accumulated funds					
Restricted income funds	11,816	9,794	39,743	24,501	47,135
Capital Appeal Fund	-	2,543,185	2,126,937	982,419	202,164
Unrestricted Funds					
Designated income funds					
Fixed asset reserve	19,252,964	7,314,765	4,774,261	4,630,237	4,751,000
Service Development					
New Hospice	3,211,046	10,352,292	10,352,292	8,102,292	6,202,292
Other Service	50,000	50,000	50,000	50,000	50,000
Other unrestricted funds:					
General Reserve	2,266,677	2,236,960	2,401,716	2,393,021	2,397,070
	<u>24,792,103</u>	<u>22,506,996</u>	<u>19,744,949</u>	<u>16,182,560</u>	<u>13,649,661</u>