



St Columba's Hospice

ST. COLUMBA'S HOSPICE LIMITED ANNUAL REPORT & ACCOUNTS

Year ended 31st March 2016

Company number SC48700
Charity number SC003634

ST COLUMBA'S HOSPICE LIMITED

CHAIRMAN'S REPORT

During the year the Chief Executive and the senior management team have made excellent progress in implementing the actions set out in the first year of our new strategic plan. The majority of the clinical and managerial goals have been met and the services which we provide expanded and improved. In October 2015 we extended the Community Clinical Nurse Specialist Services over 7 days to promote responsive care during the difficult out of hours period. We have also reviewed our nursing establishment numbers with a view to reducing our dependence of agency nurses. Both of these measures have significantly enhanced our service to patients and the Community.

Although we have only recently completed the correction of a long list of building defects we have made a considerable effort to improve the experience for inpatients and their relatives by utilising the balance of our rebuild budget to decorate and furnish the patient areas. These improvements have been greatly appreciated as they have softened the utilitarian appearance of the public areas and the wards. We are currently completing this work in the Day Hospice.

Historically St Columba's Hospice has built a reputation for providing education and being active in research. We have extended our educational activities by offering our staff access to a Leadership and Management Development Programme. We believe that there is considerable benefit to be gained from providing opportunities for our staff to enhance their managerial skills. We have also developed a Research Strategy for the Hospice and built an infrastructure for research governance.

Financing during a period of austerity is challenging and fundraising is an essential component of our activities. Recent adverse publicity has resulted in the creation of a proposed new Fundraising Regulator for England and Wales but the Scottish Council for Voluntary Organisations has not yet followed this approach. We are committed to applying the highest ethical standards when fundraising and our policies are regularly reviewed by the Governors.

Historically we have received significant amounts of donations and legacies and these have offset the shortfall between our operating costs and government funding. During the year we received donations and legacies of £4.8m (2015: £3.0m) and saw a £32k reduction in the funding of £2.1m (2015 £2.1m) received from NHS Lothian. Our operating costs of £8.6m (2015 £8.8m) were contained but the market value of our investment portfolio was reduced by £2.9m (2015 £3.8m gain). Net income for the year was £315k (2014 deficit £1.8m), reflecting the exceptional level of donations received but, as it is not possible to predict legacy and donation income with any certainty, it will be necessary to closely control our costs for the foreseeable future.

Miss Linda Sydie retired from the board after serving the Hospice for many years. Linda chaired the trading company and made a considerable contribution to the development of the Hospice with her hard work and knowledgeable advice.

Following the recent retirement of a number of our Board members I am pleased to welcome two new Governors, Mr J Grant Macrae and Dr Sally Tothill. Mr Macrae is a former partner of KPMG, the international accountants, and Dr Tothill is a General Practitioner in Edinburgh.

Graham Burnside, our former secretary, who retired from the Board last year accepted an invitation to become one of our Honorary Vice Presidents. He is a welcome addition to the Vice-Presidential team.

St Columba's Hospice has gained a reputation for being at the leading edge of the hospice movement and this has been achieved by the outstanding work done by our staff and the hundreds of volunteers who help us. On behalf of the Board I would like to thank them all for their hard work and very worthwhile contributions that they make to the work that we do.

Ian C Adam
Chairman

**ST. COLUMBA'S HOSPICE LIMITED
GOVERNORS' REPORT
For the year ended 31 March 2016**

The Governors are pleased to present their report together with the consolidated accounts of the charity and its subsidiary companies for the year ended 31 March 2016 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

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

REFERENCE AND ADMINISTRATIVE DETAILS

President

The Countess of Rosebery

Vice-Presidents

Mr G B Archer, DL
Mrs D Balfour
Mr G M Burnside WS

Board of Governors

Chairman

Mr Ian C Adam, CA

Hon. Secretary

Mr D N Dunsire, WS

Governors

Dr N Bryson, MA, MSc, DPhil, FFA

Mr G M Burnside, WS (retired 23 October 2015)

Dr P M Cantley BScHons(medSci), MBChB, FRCP, AFHEA

Mr J A O Hammond-Chambers

Mr M Johnston

Prof H MacDougall, FRCS, FRCR, FRCPEd

Mr I A McLaren, BA, CA (retired 23 October 2015)

Mr J G Macrae, CA, CPFA (appointed 29 September 2015)

Mrs E Moir, AML (QI), MSc, DipN (Lond), RMN, OBE

Dr F Skinner, MB, ChB, MRCP (retired 23 October 2015)

Miss L Sydie, RGN, SCN, DN, HV, HVT, RNT (retired 29 September 2015)

Dr S Tothill, MBChB, FRCGP, MFHom, DRCOG (appointed 11 August 2015)

Sub-Committees

(R, D, T)

(R, D)

(A, R, I)

(D)

(R)

(A, I)

(A, I, D)

(A, I)

(A)

(T)

(A)

(No Governor had any contract of service with nor any financial interest in the Company in the year ended 31st March 2016.)

Note designating membership of sub-committees

A Audit and Risk Committee

I Investment Committee

R Remuneration & Nominations Committee

T St Columba's Trading Ltd

D St Columba's Hospice (2007) Ltd

Executive Directors

Mrs J Husband MSc, RGN, RNT

Chief Executive Officer

Dr D J F Brown, MBChB, MRCP, MD

Medical Director

Mrs D Partington, BSc, DipHE, PGcert

Clinical Services Director

**ST. COLUMBA'S HOSPICE LIMITED
GOVERNORS' REPORT
For the year ended 31 March 2016**

REFERENCE AND ADMINISTRATIVE DETAILS (Contd.)

Company number	SC48700
Charity number	SC003634
Registered Office	Challenger Lodge, Boswall Road, Edinburgh EH5 3RW Telephone 0131 551 1381
Bankers	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh
Solicitors	Shepherd & Wedderburn LLP 1 Exchange Crescent Conference Square Edinburgh EH3 8UL
Auditor	Chiene + Tait LLP Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL
Investment Managers	Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU

OBJECTIVES

St Columba's Hospice is constituted as a company limited by guarantee and, in terms of its Memorandum and Articles, its principal objective is to promote the relief of suffering by:

- establishing and maintaining hospice in-patient, day, community and outpatient services
- promoting evidence-based practice and research into palliative care and the education and training of medical, nursing and allied health professionals in this area
- encouraging the provision of spiritual and pastoral support for all connected to the Hospice's activities, whether as patients, families, volunteers or staff.

The three clinical Hospice services include a 30 bedded in-patient unit, a day service and a community palliative care service, all of which have the ability to see people as out-patients. Integral to the patient centered approach to hospice care is the expertise brought by an established multi-disciplinary specialist team, including physiotherapy, occupational therapy, social work and clinical pharmacy.

**ST. COLUMBA'S HOSPICE LIMITED
GOVERNORS' REPORT
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OBJECTIVES (Contd.)

Our services offer care to patients irrespective of their diagnosis and encompass any advanced life limiting disease, both cancer and non-cancer. The purpose of hospice care is to improve the quality of life of those in our care, whilst extending support to their families and carers. The Hospice is open to all who may be in need of its care and referral can be made by members of both primary care teams and hospital clinical staff. There is no charge made for any of its clinical services. It is an independent Scottish charity with a fully integrated team of professional and administrative staff, who are supported by approximately 680 volunteers who are involved in all departments throughout the Hospice and Hospice shops.

The Hospice has always recognised that it has a responsibility to share its knowledge and experience with professional colleagues. Attachments within the Hospice are arranged and an external education programme is organised for students, doctors, nurses, clergy and allied health professionals.

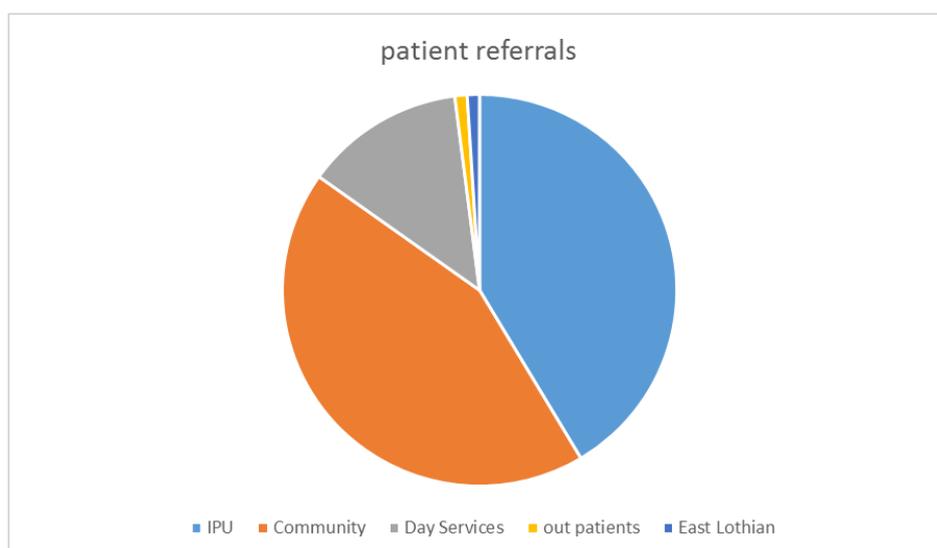
ACHIEVEMENTS AND PERFORMANCE

St Columba's Hospice's vision is to provide more care and support to more people by developing the ways that we work, to meet the diverse needs of our community in an ever changing and evolving healthcare environment. Our philosophy is to put patients and families at the centre of everything we do. Making the time to explore what is important to them and the choices they will have remain fundamental to the care we deliver. This ethos is captured and integrated throughout our 5 year strategy 'Care and Compassion Matters' which underpins and guides all our service provision.

PATIENT CARE

The hospice continues to provide both inpatient and community services.

A total of 1,145 patient referrals were received during 2015/16 for Hospice support. (1,192 referrals were received 2014/15). 473 referrals (41%) were for in patient care, 500 referrals (43%) were for community clinical nurse specialist support, 150 referrals (13%) were for Day Services, 11 referrals (1%) were for the newly established outpatient clinics and 11 referrals (1%) were for medical consultant review in East Lothian.



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GOVERNORS' REPORT
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ACHIEVEMENTS AND PERFORMANCE (Contd.)

PATIENT CARE (Contd.)

Cancer remains the predominant diagnosis of all new referrals whilst 65 referrals (5.7%) required palliative care support relating to non-malignant illness or long term conditions.

The hospice continues to be a popular learning environment: a number of visiting medical staff, from Oncology, General Practice, Acute Medicine and Anaesthetics have spent between one day and a month at the hospice as part of their training. We have had a number of other visitors to the team in the last year, including GP trainees, clinical nurse specialists and registrars from the local hospital. This has been very helpful and has been a good learning opportunity for all involved.

In-Patient Services

The inpatient unit has 30 beds, consisting of 18 single rooms and 4, three-bedded rooms, divided into 2 wards (Cedar and Pentland). In the last year (2015/16), there were 471 (2014/15: 443) admissions to the inpatient unit of which 375 were first admissions and 96 were readmissions. The average length of stay was 19 days (2014/15: 18 days) and we discharged 34% (2014/15: 35%) of our patients either to home or to other healthcare facilities. Bed occupancy was 82.7% (2014/15: 74%), a significant increase and in line with other Hospices across the UK.

Community Services

We are in process of redesigning our community based services to provide a more multidisciplinary and integrated approach to service delivery. The aim is to have one overall 'community service' which offers a range of 'interventions' according to individual needs. These may include day services, outpatient and home based services with a range of professionals tailoring a person centred approach to providing care.

Outpatient Clinics

A medical outpatient clinic was launched in October 2014 and CNS led outpatient reviews in October 2015. Although the number of referrals have been small (15), we continue to offer these services and plan to formally launch them alongside a range of multidisciplinary outpatient services in the next 12 months.

Community Clinical Nurse Specialist Service

The team consists of 5.4 WTE clinical nurse specialists who provide specialist palliative care to patients and their families in community settings. In October 2015 we extended the service over 7 days to provide responsive care in the difficult out of hours period. This has proven very successful and initial feedback from patients and professionals has been very positive.

Over last year, the team admitted 497 new patients to the service and made a total of 3,038 visits including 247 for bereavement support (2014/15: 476 new patients and 3,345 visits). Telephone support is also provided to patients, their families/carers and health care professionals – this totalled 6,893 calls (2014/15: 8,853 calls).

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ACHIEVEMENTS AND PERFORMANCE (Contd.)

PATIENT CARE (Contd.)

In order to support the provision of a seven day service we are currently appointing a band 5 staff nurse fixed term to the team 15 hours / week and will assess the impact on team activity. This also provides an opportunity to trial the introduction of skill mix and an exciting learning opportunity for an internal member of our nursing team.

The community team continue to attend palliative care meetings at GP's practices. The good working relationships with primary care colleagues are essential to the service for joined up patient care as well as publicising other Hospice services as they develop.

Day Services

The Day Hospice is a nurse led service which provides specialist palliative care support and symptom management for patients who are being cared for at home by their families and members of the wider primary and social care teams. This year there were 137 admissions to day hospice services with a total of 1,247 attendances over 155 days (2014/15: 107 admissions and 1,181 attendances over 154 days).

We have reviewed the model of service provision to ensure we can meet the needs of wider groups of patients and be increasingly reactive to their needs as they arise. We have recruited a new Occupational Therapist (OT) and Physiotherapist to deliver community services and they will work with the day services nursing team over the next twelve months to deliver a more rehabilitation focussed model of support to patients and families.

Pivotal to the delivery of the service are the volunteers who provide transport, hospitality and therapeutic activities, supporting the team to provide the best possible care.

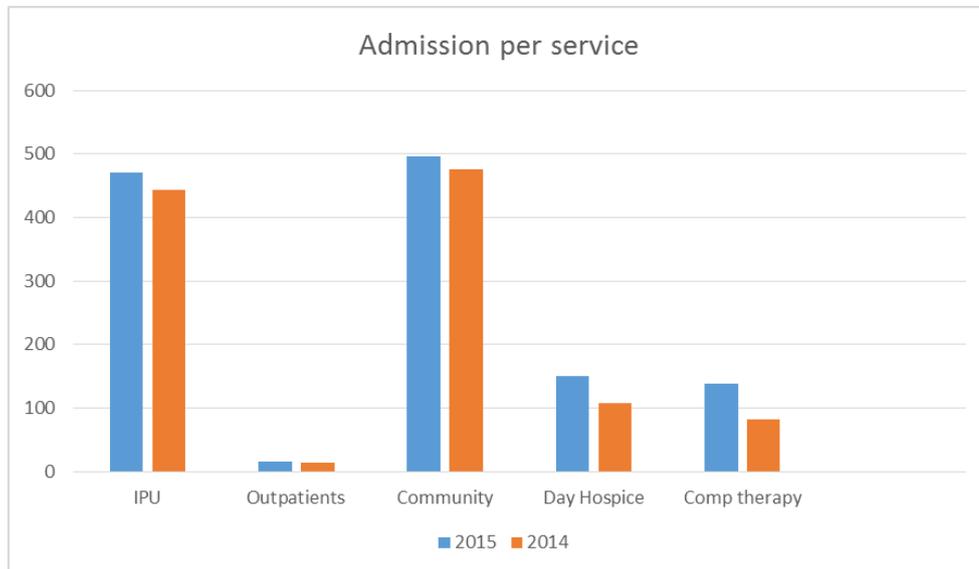
Complementary Therapy

Complementary therapies are carried out by a team of volunteer therapists who are supported by a Complementary Therapy Co-ordinator. They provide treatments for in-patients, out-patients, carers and for those receiving bereavement support. They offer a wide variety of therapies including Reflexology, Indian head massage and Cranio-sacral therapy. We are currently recruiting further volunteer therapists with aim of extending the service to include evening and weekend treatments.

The Complementary Therapists provided a total of 657 therapy sessions for 138 patients and carers. (2014/15: 580 sessions for 82 patients and their carers)

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**ACHIEVEMENTS AND PERFORMANCE (Contd.)
PATIENT CARE (Contd.)**



Supportive Care Services

We are delighted as part of Care and Compassion Matters Strategy to have appointed a Head of Supportive Care for the hospice. Supportive care services comprise our occupational therapy, physiotherapy, spiritual care, counselling, social work, bereavement and patient and family support services.

Spiritual Care

Spiritual care is an integral part of holistic care. The Chaplaincy team is led by a part time Chaplain who is supported by a team of volunteers to provide support and / or to discuss matters of life or faith no matter their beliefs and values with patients and carers. During the last year there were 1,467 contacts with members of the chaplaincy team including face to face and telephone support (2014/15: 535 direct contacts with members of the chaplaincy team).

Over the coming 12 months the team will be mapping the chaplaincy service against National Healthcare Chaplaincy Standards, creating an action plan to ensure we continue to deliver a high quality service to our patients and families.

Occupational Therapy

The Occupational Therapy team provide support to patients in the hospice and at home, focusing on improving and maintaining their function, assessment and planning for discharge home and psychological support for them and their family / carers. Early interventions from the team enable patients in the community to maximise their time at home through the provision of appropriate equipment, support and care. The team has continued to expand to ensure we can provide reactive support to patients wherever they need it.

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ACHIEVEMENTS AND PERFORMANCE (Contd.)

PATIENT CARE (Contd.)

In 2014 the Occupational Therapist post was made full time supported by a part time OT Assistant post. And this year we have recruited a full time band 6 occupational therapist to extend delivery of support formally to day hospice and community services. This post will focus on improving overall discharge experience and increasing the time patients spend at home by preventing unnecessary admissions and focusing on quality of life.

During 2015/2016 there were 1,228 contacts with patients, their families and other professionals from the Occupational Therapy team which include face to face and telephone contacts (2014/15: 1,318 contacts).

Social Work Service

Over the past year the Social Worker has worked collaboratively with members of the multidisciplinary team in addressing the psychological, social and practical needs of patients, families / carers both in the hospice and in their homes. This often involves discharge planning, including ensuring packages of care are in place to support patients returning home or to another place of care. Other roles include acting as advocate on behalf of patients/carers, liaising with housing/local authorities, social work/benefits agencies and providing emotional support for patients/carers when facing difficult decisions.

During 2015/2016 there were 139 contacts with patients, their families and other professionals from the social work team which include face to face and telephone contacts (2014/15: 230 contacts).

Physiotherapy

The aim of the Physiotherapy service is to improve the quality of life for patients in the hospice and in their homes through optimising physical potential, whilst recognising the goals and aspirations of each individual patient; providing therapy at the patient's pace is at the core of our service. This is achieved through individualised treatment plans and goal-setting. Treatments include exercise therapy, functional rehabilitation, management of breathlessness and fatigue, mobility assessment and non-pharmacological pain control.

In the past 12 months the Physiotherapy service made 826 contacts with patients, families and professionals including face to face and telephone calls (2014/15: 913 contacts).

There were reduced hours of physiotherapy available due to maternity leave of our Band 7 and retirement of our Band 5. A fixed term Band 6 physio provided invaluable support during this period. This team is now returning to a revised establishment led by a part time Band 7 physiotherapist with a full time Band 6 physiotherapist and part time Band 4 physio assistant joining the team creating capacity to extend formally to providing care for patients at home.

Key achievements this year include taking a lead role in reviewing falls management processes in the inpatient unit and jointly delivering manual handling training to clinical staff.

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**ACHIEVEMENTS AND PERFORMANCE (Contd.)
PATIENT CARE (Contd.)**

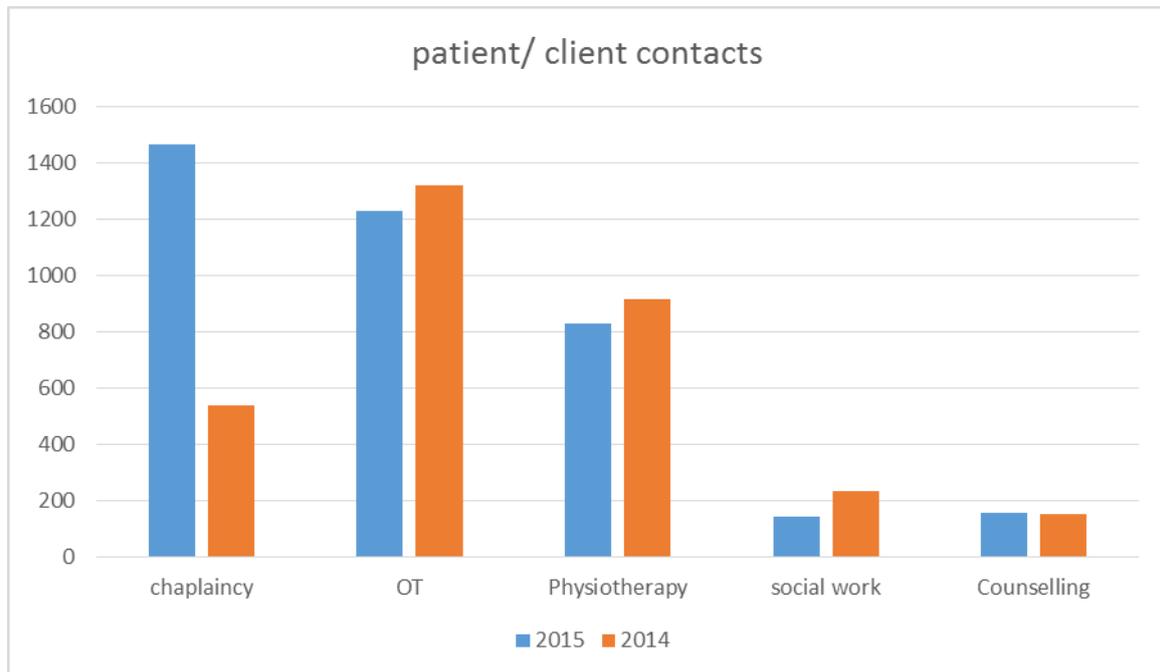
Counselling and Bereavement Service

The Counselling service has seen a small increase in referrals over the past year with 156 patients/ family members supported by the bereavement and counselling team (2014/15: 152 clients seen).

Due to the continuing increase in referrals the team has recruited another experienced volunteer counsellor who works 4 hours once a week this is to help to continue to meet the demand on the service. Pre and post bereaved relatives are assessed within 10 days of the referral being made and offered counselling as soon as is possible.

A further bereavement service satisfaction questionnaire of clients was completed in October 2015. The results presented a snapshot of the service offered by the Bereavement Counselling Team and shows excellent feedback regarding the benefits of the counselling process.

As part of the five year strategy the service will expand further to include bereavement support groups, enabling provision of choice of individual counselling or group support depending on individual preference.



**ST. COLUMBA'S HOSPICE LIMITED
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ACHIEVEMENTS AND PERFORMANCE (Contd.)

CLINICAL GOVERNANCE

The Clinical Governance Team has had an exceptionally busy year and has been very involved in the imminent roll out of Crosscare (our electronic patient record) within the inpatient unit. The Clinical Governance Group, chaired by the Medical Director, is a key group which ensures clinical services are high quality, through internal data collection and audit and through evidence provided to external organisations like Healthcare Improvement Scotland. The Clinical Governance Group meets every 3 months and, as well as a core group of senior staff, has benefited from the involvement of members of the Board of Governors and a volunteer who has experience of care from the Hospice, which has been incredibly helpful to ensure we remain patient centred and relevant.

Crosscare will be implemented across all our clinical services by June 2016. This system has been used, in part, by our Community Palliative Care Team and Day Services for the past few years. The opportunity to review recording practices across the whole organisation has identified ways to improve team communication, team working and support team decision making.

This 9 month project has involved Clinical, Practice Development, Administrative and Clinical Governance staff, volunteer and external IT support, working together to review, develop and implement an IT system to support recording of person centred care. Some members of the Crosscare Implementation Team are also involved in the Person Centred Research Study and the initial findings of this research have been embedded in the development of Crosscare.

The review of roles and responsibilities have been key in this process ensuring that the right people are doing the right roles. The ultimate aim of this project is to increase the available time for staff to spend with patients and families and to ensure that record keeping is safe, promotes best practice and supports person centred care delivered by a multidisciplinary team.

HEALTHCARE IMPROVEMENT SCOTLAND

The Hospice is regulated by Healthcare Improvement Scotland and is subject to external scrutiny on a regular basis. An unannounced inspection was carried out at the Hospice on 29th and 30th June 2016. They assessed our services against five quality themes related to the Healthcare Improvement Scotland (Requirements as to Independent Healthcare Services) Regulations 2011 and the National Care Standards. Based on the inspection the Hospice was awarded the following grades:

Quality Theme 0 – Quality of Information	5 very good
Quality Theme 1 – Quality of care and Support	5 very good
Quality Theme 2 – Quality of Environment	5 very good
Quality Theme 3 – Quality of staffing	6 excellent
Quality Theme 4 – Quality of management and leadership	5 very good

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GOVERNORS' REPORT
For the year ended 31 March 2016**

**ACHIEVEMENTS AND PERFORMANCE (Contd.)
HEALTHCARE IMPROVEMENT SCOTLAND (Contd.)**

The inspection reported that:

The service had developed an excellent participation strategy in consultation with patients, staff and the public called 'Side by Side'. This was being used to gather user feedback to help develop and improve the service.

The service had an excellent culture of respect towards patients and staff. Patients spoke highly of the compassionate care they'd received and staff were well supported and greatly enjoyed working in the service. Communication for staff on what was happening in the service was very good. Any changes were well managed and staff were positive about trying out new things to improve the quality of care.

The service had a very good governance structure with excellent leadership values being demonstrated by management and being developed in staff.

The inspection was very successful with no requirements issued and 5 recommendations for improvement made.

ESTATES AND FACILITIES

Interior design

The planned works to create a warm and welcoming environment, based on the comments received and the ideas from the interior designer, started in September and were completed in February. The whole program went generally to plan and has now created many improvements from the patient bedrooms, 4 lounge/children areas and relatives' bedrooms to the areas of hospitality on each floor with spaces for making and eating refreshments or just to find a space to sit down. The 2nd phase of the interior design is at an early stage with possible plans to improve Day Hospice, the counselling/treatment areas and the Gate House to the same standard of that of the first phase.

External Design

Development of our external spaces included the courtyard area which was designed to improve colour and personal spaces. This was created by using ivy screens and specific plants chosen for their fragrance, colour and textures. The creation of a safe and accessible external patient smoking area meant relocating the cycle shed into Education department grounds.

**ST. COLUMBA'S HOSPICE LIMITED
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ACHIEVEMENTS AND PERFORMANCE (Contd.)

EDUCATION AND RESEARCH

The team at the Education and Research Centre had a busy and productive year with all 3 strands of work education, practice development and research. We ran the palliative care programme in partnership with Queen Margaret University. This year 3 students undertook the BSc in Professional Practice - Palliative Care Approach with 2 students graduating in July, including one member of staff from the Hospice. 17 students undertook studying as part of the Graduate Certificate in Palliative Care including 3 members of staff from the Hospice and 8 students will graduate in July. 20 students are on the MSC programme including 1 member of staff from the Hospice and with 2 students graduating in July.

We have raised our international profile in relation to education and this year we ran a masters module in palliative care in partnership with the University in Iceland. We are also taking part in a leadership programme for palliative care nurses in Uganda including mentoring nurses with visits to Uganda in January and through skype and WhatsApp, with a follow-up visit to Uganda in August. We attracted many international visits this year from various countries such as Iceland, Japan and America in total we had 70 international visitors with whom we shared St Columba's Hospice vision and practice.

We continue to support our own staff through study days and mentorship. We undertook an extensive review of all mandatory training within the Hospice and developed a new strategy for mandatory training. We ran study days on clinical issues for staff as well as establishing a clinical supervision programme within the Hospice for staff support. We started an innovative Person-Centred Care project that is currently running, focusing on improving person-centred care at the Hospice.

In October 2015 we opened the doors of the Hospice for the public and had our first Open Day. Around 50 people visiting the Hospice many who had never been into a Hospice before.

We have been actively working on implementing our Art Strategy and building a strategic relationship with artists and art communities, including the Edinburgh Printmakers. We have the art room in the Hospice ready to commence workshops with patients in 2016.

We have developed a Research Strategy for the Hospice and built an infrastructure for research governance, including establishing a research strategy group and have also written our Research Governance Policy. We are collaborating with other key researchers in palliative care and we took an active part in establishing a research network in palliative care in NHS Lothian and we are actively involved in a newly established Scottish Government Palliative Care Research Network. We are currently in the process of applying for research grants and awaiting the outcomes. The grants are related to palliative care education in care homes, out of hour's service and rehabilitation for palliative care patients. We also recruited a part-time Research Fellow who has just recently started with us.

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GOVERNORS' REPORT
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ACHIEVEMENTS AND PERFORMANCE (Contd.)

FUNDRAISING

St Columba's Hospice is extremely fortunate to have a great many very loyal supporters who understand that we follow the highest ethical principles in our fundraising efforts. As members of the Fundraising Standards Board, we adhere to their fundraising promise and we have a link to their site on our own website.

Highlights of the past year include our drive to recruit volunteers to help us raise funds in our local communities by placing collecting tins in local shops. We are delighted to report that 82 new volunteers have been recruited and our income from collecting tins is up by just over 212% with over 140 new outlets hosting our tins on their counters or bars.

Other highlights include the opening of a new Hospice charity shop on Dalry Road in Edinburgh. This is a great location, with excellent footfall and we are very proud of our new shop which has been decorated in a new, more contemporary style, to reflect the colours and style of our new 5 year strategy, 'Care and Compassion Matters'.

Our events continue to be a huge part of our fundraising effort, raising both money and profile. Sadly, however, income from certain events is down, and although this is in line with performance across the sector, we are nonetheless looking to address this with new events for next year, which also happens to be our 40th anniversary year.

STAFF AND VOLUNTEERS

Over the last year, we have employed approximately 190 staff in a wide variety of roles. They are complemented by a small 'bank' of staff who come in occasionally to cover gaps. They are joined by 680 volunteers, working across the whole range of Hospice activity. Highly trained medical and nursing staff are joined by a wide variety of other healthcare professionals and specialists, including physiotherapists, chaplains, pharmacist, and complementary therapists. These in turn are supported by fundraising, maintenance, catering, housekeeping, finance, HR and Volunteer Services teams. Volunteers are working alongside staff in almost every area of Hospice activity, including our shops and out in the community.

The development of our Strategy has helped the senior team focus on the human resources (both staff and volunteers) needed to achieve its objectives. Over the past year, the nursing teams in both the In Patient Unit and Day Services have been restructured, in order to meet the needs of patients and families. A Head of Family Support has been appointed, to develop the psycho-social support offered by the Hospice. To strengthen leadership skills from within, the Hospice has offered its staff an exciting new leadership training programme for managers from across the Hospice. The Hospice is also seeking to involve volunteers in more individual roles, in order to make best use of the skills they offer.

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**ACHIEVEMENTS AND PERFORMANCE (Contd.)
STAFF AND VOLUNTEERS (Contd.)**

The past year has seen a number of developments in staff and volunteer support. New long service awards are offered to staff and volunteers alike. The Hospice has undertaken to achieve Healthy Working Lives, and has conducted a staff survey as part of this. All HR policies have been reviewed and updated over the past year, and a new Volunteer Policy introduced. A new range of communication tools are being used to reach staff and volunteers. Demographic statistics about volunteers and staff are collected in order to be able to judge how best to support them, and to benchmark against other Hospices.

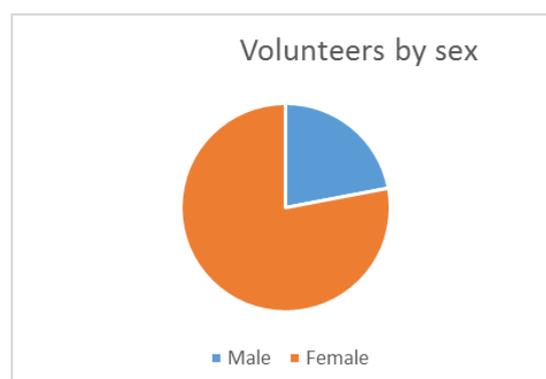
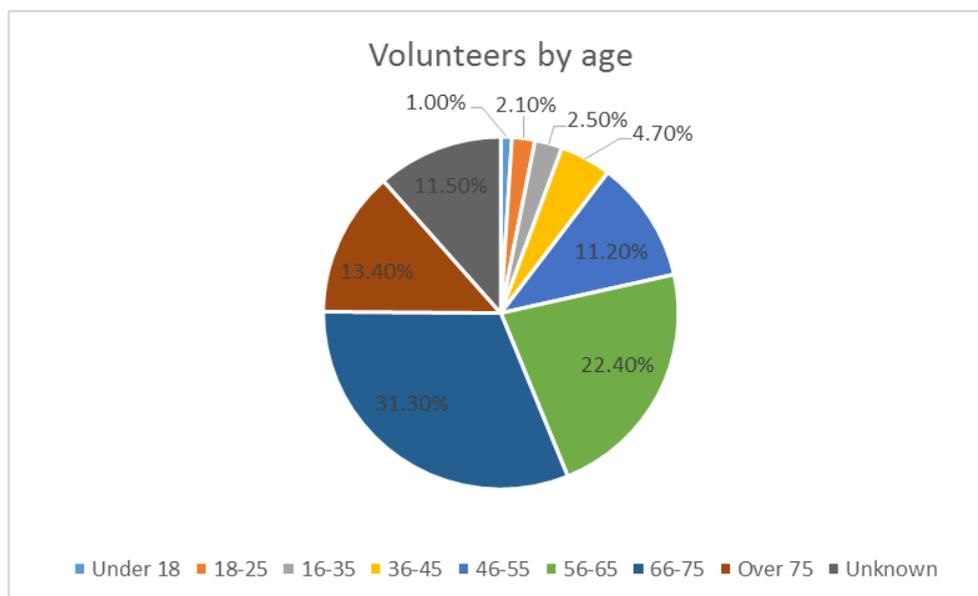
The high quality care offered by the Hospice to patients and families is delivered by staff and volunteers who are passionate about their work. The Hospice works hard to be an 'employer of choice', in order to recruit and retain the highly qualified and caring staff it needs. It acknowledges that many volunteers bring personal experience of Hospice care into the Hospice, and seeks to build upon this. Together, the Hospice team is deeply committed to meeting the physical, emotional, social and spiritual needs of patients and family members.

Volunteering Statistics

Total hours donated: 65,000

Valued at £1million

Average length of service 5 years



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FINANCIAL REVIEW

Income

During the financial year ended 31 March 2016 the total incoming resources of St. Columba's Hospice were £8.96m. This represents an increase of 28% compared with the previous year (2015: £6.98m). Voluntary income has two main components: donations and legacies. Donations have increased to £2.70m (2015: £1.54m) and legacy income to £2.13m (2015: £1.47m). The funding from NHS Lothian of £2.11m (2015: £2.14m) is marginally less than the previous year's level.

Expenditure

The expenditure for the year was £8.65m, a decrease of 2% compared to the previous year (2015: £8.82m). The accounts are stated in a new format to comply with the revised financial reporting standards for charities in the UK. The 2015 figures for income and expenditure have been restated to comply with these changes.

Net Movement in Funds

The revised financial reporting standards require net income to be stated after investment gains and losses. The investment losses for the year are £2.94m compared with the gains of £3.81m in the previous year. In addition, there were actuarial gains of £0.63m in the year. Investment losses and gains are now stated as a combination of realised and unrealised movements. The net movement of funds, after taking account of movements on investment and pension values, was a deficit of £1.99m (2015: surplus of £1.98m).

RESERVES AND RESERVES POLICY

St Columba's Hospice intends to continue to provide a palliative care service for patients in the Edinburgh and Lothian area. The requirement for this service has been reaffirmed by Lothian Health Board. The Governors therefore consider it prudent to have a level of reserves going forward to meet the medium and long term strategic objectives of the organisation.

The following pressures have created an uncertainty over future income:

- Lothian Health Board, while acknowledging the need for a palliative care service, is faced with financial pressures and has limited resources available to support all its services.
- Legacy income is unpredictable and could be volatile in future, and subject to reduction in property and equity values.

Total Hospice funds have decreased by £1.99m and at the year end stood at £54.9m comprising: three restricted funds; two designated unrestricted funds; and three general unrestricted reserves.

Restricted funds include endowments received to support nurse education and staff training and also funds donated to develop the arts strategy at the hospice, the Governors intend to utilise the expendable elements of these funds in the year to 31 March 2017.

ST. COLUMBA'S HOSPICE LIMITED
GOVERNORS' REPORT
For the year ended 31 March 2016

RESERVES AND RESERVES POLICY (Contd.)

The designated Building Renewal Fund, which represents the carrying value of the redeveloped hospice, now stands at £18.45m (2015: £19.36m). The Governors have also designated an £18.00m (2015: £18.00m) sustainability fund for the purpose of providing core income for future operational requirements.

The general unrestricted funds comprise three reserves and totaled £18.42m at the year end (2015: £19.52m) of this balance £15.04m represents the 'free reserves' of the charity. The 'free reserves' will be used to provide support for any deficit in short term funding of the Hospice.

INVESTMENT POLICY

The investments of the Hospice comprise a managed investment portfolio of equities, fixed income, alternative investments and cash on deposit to provide an income to support the work of the Hospice.

The investment portfolio is managed by Sarasin & Partners whose objectives are to provide a return of 3% above the rate of inflation and to maintain the 'real' value (after inflation) of the Hospice's investment funds. The Governors have adopted a total return policy.

The investment portfolio is held in a segregated portfolio and has an agreed equity range of 60% minimum and 85% maximum and an agreed fixed income range of 15% minimum and 35% maximum. The manager can invest up to 10% in alternative investments and up to 25% in cash (where there is a minimum of 15% to be held in bonds and cash and a maximum of 35%). Additionally, there is to be no direct investment in tobacco companies.

The composite benchmark comprises an allocation of 75% to global equities (MSCI All Countries World Daily Net Total Return Index) and 25% to fixed income (split 15% FTSE Gilts All Stocks Total Return Index to cover UK fixed income and 10% to Merrill Lynch Sterling Non Gilt Index to cover global corporate bonds).

The cash portfolio is managed by Royal London Asset Management Ltd who place cash with an agreed list of global banks with a rating by Standard & Poors long term AA-, except Lloyds Bank and Royal Bank of Scotland. Cash is placed for periods depending on interest rates and the cash requirements of the Hospice.

The Hospice also holds a small direct holding in UK government stock.

The Investment Committee of the Hospice meets both managers on a six monthly basis to discuss performance and investment requirements.

Investment Value

The value of the Hospice's investments as at 31st March 2016 was: £35.94m, being split £32.76m in the direct investment portfolio, £3.15m in cash and £0.03m in the UK Government stock.

**ST. COLUMBA'S HOSPICE LIMITED
GOVERNORS' REPORT
For the year ended 31 March 2016**

INVESTMENT POLICY (Contd.)

Investment Asset Allocation

The overall asset allocation (the investment and managed cash portfolios combined) as at 31st March 2016 was as follows:

Equities	68.65%
Fixed income	13.75%
Alternatives	8.85%
Cash	8.75%

This allocation is based on the view that equities will tend to provide a real return over the long term, in line with the requirement to meet the future funding needs of the Hospice.

Investment Performance

The performance of the investment portfolio held with Sarasin & Partners on a rolling annual basis as at 31st March 2016 was as follows:

<u>Period</u>	<u>Portfolio</u>	<u>Benchmark</u>	<u>Relative Return</u>
2016	-1.1%	-0.1%	-1.0%
2015	+15.1%	+17.4%	-2.3%
2014	+5.6%	+4.5%	+1.1%

Over the year the investment portfolio lost -1% in value due to weaker economic conditions that resulted in negative returns in markets. This was weaker than the benchmark for the second year running by 1% so the 3 year return for the investments has dropped to +20.4% or +6.8% per annum.

Assessing the impact of the manager's asset allocation decisions, they have remained underweight Fixed Interest (having 14.7% exposure in comparison to the benchmark 25% weight) which detracted from performance as this outperformed. Additionally the portfolio has been underweight Equities (having 73.9% exposure v benchmark 75% weight) where being underweight Emerging Markets by 5% and overweight North America by 1% was positive but which was offset by being overweight UK by 6% and Europe by 1%. Finally the manager was overweight Alternatives and Cash (holding 11.4%) which did not perform as strongly as Fixed Interest.

Looking at the comparable against Inflation where CPI +3% has returned +4.4% in 2016, +4.0% in 2015 and +5.8% in 2014 for a 3 year annualised rate of +4.7%, the returns from the Investment portfolio over the same 3 year period of +6.8% has exceeded the requirements as stated in the investment objective.

ST. COLUMBA'S HOSPICE LIMITED
GOVERNORS' REPORT
For the year ended 31 March 2016

ACTIVITIES AND PLANS FOR FUTURE PERIODS

In October 2015 we launched our five year strategy Care and Compassion Matters which demonstrates our commitment to ensure we place patients and families at the centre of all we do by:

- Continuing to increase our capacity across all services by developing the ways we work, to meet the diverse needs of our community in an ever-changing and evolving healthcare environment;
- Ensuring equitable access to our services for those who need it, where they need it, when they need it;
- Providing high quality, accessible information in a variety of audio, visual and culturally sensitive formats;
- Developing patient centred care by undertaking research as a foundation for future methods of care planning, delivery and initiatives;
- Enhancing support for patients, families and children through the creation of additional dedicated space for therapeutic interventions including children and family bereavement;
- Enabling patient and family wellbeing through the use of expressive art by the introduction of art workshops and music therapy;
- Maintaining high standards within education and research by working in partnership with universities, health and social care services and other independent organisations;
- Introducing new training modules aimed at helping managers, staff, and volunteers to recognise and address health problems early, for example signs of stress;
- Committing to achieving Health Working Lives status and this year will be undertaking further activities aimed at improving staff and volunteers health and wellbeing, including a Cycle to Work Scheme and subsidised gym membership;
- Using our resources ethically through good stewardship of consumables conservation of energy, sharing of resources between departments and appropriate recycling;
- Increasing income to sustain current running costs and fund future developments by:
 - Increasing revenue through our retail network
 - Strengthening our events portfolio, annual campaigns and relationships with donors
 - Strengthening the number of donations and regular givers
- Inviting our community into our Hospice to find out more about what we do by hosting open days and events;
- Changing the perception of a hospice, by making St Columba's Hospice an open and welcoming environment for all.

We have made significant progress with some of these objectives as illustrated in the previous sections.

ST. COLUMBA'S HOSPICE LIMITED
GOVERNORS' REPORT
For the year ended 31 March 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Governors, who are all non-executive directors of the Hospice Company, are responsible for ensuring that the Hospice continues to provide care of a high quality at a reasonable cost and free at the point of delivery. That it complies with all relevant legislation and that the assets of the Hospice are well managed and wholly applied to the pursuit of all the objectives of the Hospice.

Governor induction and training

The recruitment of Hospice governors (subject to a maximum of 20) is solely the responsibility of the Board of Governors itself. The Hospice's policy is to seek to include on the board senior representatives of the major professional areas involved in the work of the Hospice (including medicine, nursing and social work), together with representatives of the local community and relevant areas of legal and financial expertise.

An induction programme on the work of the Hospice is provided to new Governors, together with general information on the role and responsibilities of charitable trustees (including the Scottish legislative framework). New Governors are invited to meet with each of the senior managers within the Hospice to explore in more depth their areas of work and the strategic objectives they are working towards. The new Governors are also encouraged to attend the Hospice new volunteer induction day. This day provides all new volunteers with an overview of Hospice services, training on communication skills and loss, grief and bereavement.

Management

Authority for management of the Hospice is delegated to the Chief Executive Officer, Medical Director and Director of Clinical Services (who are not directors of St Columba's Hospice Limited). They provide reports to the six meetings of the Board of Governors. In addition there are Audit and Risk, Investment and Remuneration and Nomination Committees which meet throughout the year.

Remuneration

All Governors give of their time freely and no Governor received remuneration or expenses in the year.

The Hospice has implemented a job evaluation system for pay called 'Agenda for Change' (AfC), which mirrors the system in place within NHS Lothian. A job evaluation system measures the demands of jobs throughout the Hospice using the same criteria. This ensures that there is 'equal pay' for roles of 'equal value' in the organisation. In general, jobs which are rated as 'equivalent' by a job evaluation scheme are placed in the same pay band. Equal pay has been a statutory entitlement since 1970, when the Equal Pay Act came into force.

Hospice pay grades usually have a 'minimum' and 'maximum' salary range, with several 'incremental points' in between. When a new member of staff starts, all things being equal, they commence employment paid at the minimum of the relevant pay scale and then on the annual anniversary of their start date, subject to satisfactory performance, their salary is increased to the next point on the scale. This annual process continues until the member of staff is paid at the maximum rate for their post.

ST. COLUMBA'S HOSPICE LIMITED
GOVERNORS' REPORT
For the year ended 31 March 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT (Contd.)

All staff are currently paid under arrangements which mirror NHS rates with the exception of the CEO, Fundraising Director, Finance Manager, and HR Manager, who have 'spot' salaries, and whose remuneration is reviewed and determined by the Remuneration and Nominations Committee on an annual basis. The Medical Director and Clinical Services Director remuneration is linked to the equivalent NHS Scotland pay bands for equivalent posts in the health service.

The Remuneration and Nominations Committee consider the pay of senior staff annually and normally in accordance with average earnings. In view of the nature of the Charity, the Governors benchmark against comparable salary information from other similar sized Hospices, private industry and the public sector.

Risk management

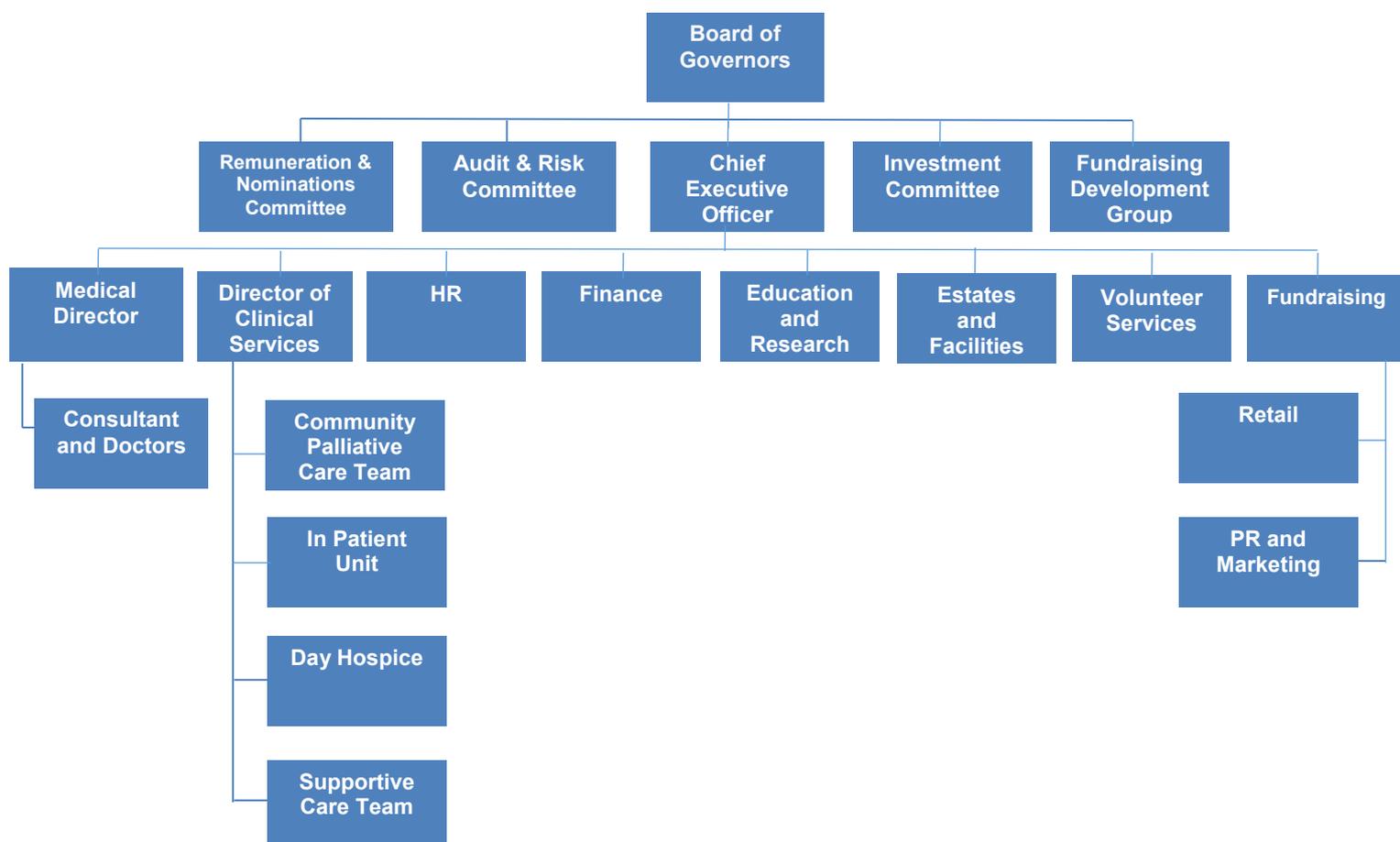
In the exercise of their responsibilities the Governors place a high degree of importance on the Hospice's system of internal control. The Hospice's Risk Management Strategy involves the identification of the major risks to which the Hospice is exposed and the procedures to be followed in controlling and monitoring these risks.

A risk management review process is in place to identify major risks and to review the systems to minimise these risks. The Audit and Risk Committee, consisting of a number of Hospice Governors, monitors the risk management process and reports its findings to the board of Governors. The risk management process is designed to enable the Board of Governors to conclude whether the major risks to which the Hospice is exposed have been identified and reviewed, and systems established to mitigate these risks.

Details of the principle risks and uncertainties, together with action taken to mitigate or minimise the risk, is provided in the Strategic Report on pages 23 and 24.

**ST. COLUMBA'S HOSPICE LIMITED
GOVERNORS' REPORT
For the year ended 31 March 2016**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (Contd.)
ORGANISATION CHART**



Subsidiary Undertakings

St Columba's Trading Limited is a wholly owned subsidiary company. The company's principal activities are the administration of a weekly prize draw and the sale of merchandise.

St Columba's Hospice (2007) Limited is a wholly owned subsidiary company. Its principal activity is to design and build a new hospice for St Columba's Hospice Limited.

ST. COLUMBA'S HOSPICE LIMITED
GOVERNORS' REPORT
For the year ended 31 March 2016

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also directors of St. Columba's Hospice Limited for the purposes of company law) are responsible for preparing the Governors' Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group and of the results of the group for that period. In preparing these accounts, the Governors 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 accounts on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the accounts comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Governors are aware:

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

AUDITOR

An auditor will be appointed by the Board after the Annual General Meeting.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (revised 2005), Charities Accounts (Scotland) Regulations 2006 and in accordance with the Companies Act 2006.

**ST. COLUMBA'S HOSPICE LIMITED
GOVERNORS' REPORT
For the year ended 31 March 2016**

STRATEGIC REPORT

The Governors are pleased to present their strategic report for the year ended 31 March 2016.

FAIR REVIEW OF THE BUSINESS (incorporating key performance indicators)

Patient Care

The Inpatient Unit had 471 admissions (2014/15: 443) of which 375 were first admissions and 96 were readmissions. The average length of stay was 19 days (2014/15: 18 days) and 34% of patients were discharged (2014/15: 35%) to home or other healthcare facilities.

There were 137 admissions to Day Services over the year, with a total of 1,247 attendances (2014/15: 107 admissions and 1,181 attendances over 154 days).

The Community Palliative Care Service admitted 497 new patients to the service and made a total of 3,038 visits including 247 for bereavement support (2014/15: 476 new patients and 3,345 visits).

The Hospice is regulated by Healthcare Improvement Scotland who conducted an unannounced inspection in July 2016. The Hospice was assessed on all 5 quality themes and received the 'very good' award in 4 themes and 'excellent' in 1 theme.

Financial Review

A detailed financial review is set out on page 15 of the Governors' Report. In summary, total income for the year was £8.96m compared to £6.98m in the previous year. Total expenditure for the year was £8.65m compared to £8.82m in the previous year. Net expenditure after movements on investments and pension scheme liabilities was £2.62m (2015: net income of £1.98m).

Plans for Future Periods

The Hospice launched a five year strategic plan 'Care and Compassion Matters' in the autumn of 2015. Progress with these plans is listed within the Governors Report – achievements and performance on pages 4 to 14 and within Activities and Plans for Future Periods on page 18.

PRINCIPAL RISKS AND UNCERTAINTIES

RISK	MITIGATION
Ensure patient safety through safe administration of medications	The Clinical Governance Committee is responsible for ensuring clinical effectiveness and ensures clinical policies and procedures are in place, monitors and reviews all incidents relating to medications. Identifies trends and ensures the implementation of additional control measures if possible.
Loss of reputation	Governance structures ensures the monitoring and review of all Hospice activities.

**ST. COLUMBA'S HOSPICE LIMITED
GOVERNORS' REPORT
For the year ended 31 March 2016**

STRATEGIC REPORT (Contd.)

PRINCIPAL RISKS AND UNCERTAINTIES (Contd.)

RISK	MITIGATION
Reduction in Health Board Funding	Working with Hospice Quality Improvement Forum to evidence Hospice value for money. A three year Service Level Agreement is in place with NHS Lothian to secure ongoing commitment to funding. Ensuring involvement and communication with the newly established Integrated Joint Boards as they take strategic responsibility for palliative care services across Lothian.
Reduction of fundraising income	Development of a Fundraising Strategy within the Hospice 5 year strategic plan which diversifies income streams. Ensuring there is a wide spread of strategies to raise income utilising Hospice shops, Hospice lottery, events, individual giving strategies and working with local communities and businesses.

THE GOVERNORS' REPORT AND THE STRATEGIC REPORT HAVE BEEN APPROVED BY ORDER OF THE BOARD

Mr D N Dunsire WS
(Company Secretary)
Shepherd & Wedderburn LLP
1 Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

5 September 2016

ST. COLUMBA'S HOSPICE LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)**

For the year ended 31 March 2016

	Notes	2016 Restricted Funds £	Un- restricted Funds £	2016 Total £	2015 Restricted Funds <i>Restated</i> £	Un- restricted Funds <i>Restated</i> £	2015 Total <i>Restated</i> £
Income from:							
Donations and legacies	2	19,589	4,814,825	4,834,414	56,363	2,955,325	3,011,688
Other trading activities	3	-	1,268,363	1,268,363	-	1,153,174	1,283,274
<i>Income from charitable activities</i>							
NHS Lothian		-	2,106,347	2,106,347	-	2,138,628	2,138,628
Education and other services		-	16,082	16,082	-	15,027	15,027
Investment income	4	400	737,556	737,956	400	662,988	663,388
Total income		19,989	8,943,173	8,963,162	56,763	6,925,142	6,981,905
Expenditure on:							
<i>Costs of raising funds</i>							
Costs of generating voluntary income		-	1,431,747	1,431,747	734	1,502,928	1,503,662
Investment management costs		-	114,139	114,139	-	134,862	134,862
<i>Cost of charitable activities</i>							
In-patient care		-	6,246,639	6,246,639	-	6,323,835	6,323,835
Community services		-	358,402	358,402	-	367,982	367,982
Day Hospice		-	180,425	180,425	-	174,708	174,708
Education and research		-	317,164	317,164	-	312,250	312,250
Total expenditure	5	-	8,648,516	8,648,516	734	8,816,565	8,817,299
Net income/(expenditure) before gains /(losses) on investments		19,989	294,657	314,646	56,029	(1,891,423)	(1,835,394)
Net (losses)/gains on investments		-	(2,939,243)	(2,939,243)	-	3,807,843	3,807,843
Net income/(expenditure)	6	19,989	(2,644,586)	(2,624,597)	56,029	1,916,420	1,972,449
Transfers between funds	15&16	-	-	-	(58,963)	58,963	-
Other recognised gains/(losses):							
Actuarial gains/(losses) on defined benefit pension schemes		-	634,000	634,000	-	4,000	4,000
Net movement in funds		19,989	(2,010,586)	(1,990,597)	(2,934)	1,979,383	1,976,449
Total funds brought forward		42,751	56,884,414	56,927,165	45,685	54,905,031	54,950,716
Total funds carried forward		62,740	54,873,828	54,936,568	42,751	56,884,414	56,927,165

The deficit for the year for Companies Act purposes is detailed in note 24 and comprises the net income less unrealised gains and losses on investments less taxation and amounted to a deficit of £3,562,330 (2015: deficit of £1,776,613).

All incoming revenues and resources expended derive from continuing activities.

The notes on pages 29 to 42 form part of these Accounts.

ST. COLUMBA'S HOSPICE LIMITED

**CHARITY STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)**

For the year ended 31 March 2016

	2016 Restricted Funds £	Un- restricted Funds £	2016 Total £	2015 Restricted Funds £	Un- restricted Funds £	2015 Total £
Income from:						
Donations and legacies	19,589	4,814,741	4,834,330	56,363	2,946,027	3,002,390
Other trading activities	-	1,090,859	1,090,859	-	917,446	917,446
<i>Income from charitable activities</i>						
NHS Lothian	-	2,106,347	2,106,347	-	2,138,628	2,138,628
Education and other services	-	16,082	16,082	-	15,027	15,027
Investment income	400	737,530	737,930	400	662,968	663,368
Total income	19,989	8,765,559	8,785,548	56,763	6,680,096	6,736,859
Expenditure on:						
<i>Costs of raising funds</i>						
Costs of generating voluntary Income	-	1,254,133	1,254,133	734	1,232,248	1,232,982
Investment management costs	-	114,139	114,139	-	134,862	134,862
<i>Cost of charitable activities</i>						
In-patient care	-	6,246,639	6,246,639	-	6,346,332	6,346,332
Community services	-	358,402	358,402	-	369,408	369,408
Day Hospice	-	180,425	180,425	-	175,278	175,278
Education and research	-	317,164	317,164	-	313,391	313,391
Total expenditure	-	8,470,902	8,470,902	734	8,571,519	8,572,253
Net income/(expenditure) before gains /(losses) on investments	19,989	294,657	314,646	56,029	(1,891,423)	(1,835,394)
Net (losses)/gains on investments	-	(2,939,243)	(2,939,243)	-	3,807,843	3,807,843
Net income/(deficit)	19,989	(2,644,586)	(2,624,597)	56,029	1,916,420	1,972,449
Transfers between funds	-	-	-	(58,963)	58,963	-
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	-	634,000	634,000	-	4,000	4,000
Net movement in funds	19,989	(2,010,586)	(1,990,597)	(2,934)	1,979,383	1,976,449
Total funds brought forward	42,751	56,884,414	56,927,165	45,685	54,905,031	54,950,716
Total funds carried forward	62,740	54,873,828	54,936,568	42,751	56,884,414	56,927,165

The deficit for the year for Companies Act purposes is detailed in note 24 and comprises the net income less unrealised gains and losses on investments less taxation and amounted to a deficit of £3,562,330 (2015: deficit of £1,776,613).

All incoming revenues and resources expended derive from continuing activities.

The notes on pages 29 to 42 form part of these Accounts.

ST. COLUMBA'S HOSPICE LIMITED

CONSOLIDATED and COMPANY BALANCE SHEETS

As at 31 March 2016

	Notes	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Fixed Assets:					
Tangible Assets	8	18,994,747	19,695,525	18,994,747	19,695,525
Investments	9	35,942,318	38,131,561	35,952,418	38,141,661
		54,937,065	57,827,086	54,947,165	57,837,186
Current Assets:					
Stocks	10	1,507	8,970	-	-
Debtors	11	332,397	192,149	332,397	187,838
Cash at Bank and in Hand	12	1,057,649	745,059	895,477	604,617
		1,391,553	946,178	1,227,874	792,455
Liabilities:					
Creditors: Amounts falling due within one year	13	(690,050)	(661,099)	(536,471)	(517,476)
Net Current Assets		701,503	285,079	691,403	274,979
Total Assets less Current Liabilities		55,638,568	58,112,165	55,638,568	58,112,165
Net pension liabilities	19	(702,000)	(1,185,000)	(702,000)	(1,185,000)
Total Net Assets		54,936,568	56,927,165	54,936,568	56,927,165
The Funds of the Charity:					
Restricted Funds:					
Endowment	15	43,151	42,751	43,151	42,751
Income		19,589	-	19,589	-
Unrestricted Funds:					
Designated	16	36,451,749	37,364,246	36,451,749	37,364,246
General		15,040,386	14,001,713	15,040,386	14,001,713
Revaluation reserve		4,083,693	6,703,455	4,083,693	6,703,455
Pension reserve		(702,000)	(1,185,000)	(702,000)	(1,185,000)
		54,936,568	56,927,165	54,936,568	56,927,165

Approved by the Board of Governors and signed on its behalf by:

Governor – I C Adam

Governor – J G Macrae

5 September 2016

Company number SC048700

The notes on pages 29 to 42 form part of these Accounts.

ST. COLUMBA'S HOSPICE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March 2016

	Notes	Group 2016 £	Group 2015 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	22	2,474,181	(1,199,498)
Cash flows from investing activities:			
Dividends and interest from investments		737,556	608,119
Proceeds from the sale of property, plant and equipment		15,800	-
Purchase of property plant and equipment		(397,347)	(1,043,913)
Proceeds from sale of investments		14,355,989	9,392,832
Purchase of investments		(16,873,989)	(8,609,112)
Net cash used in investing activities		(2,161,991)	347,926
Cash flows from financing activities:			
Endowment fund income		400	400
Change in cash and cash equivalents in the year		312,590	(851,172)
Cash and cash equivalents at the beginning of the year		745,059	1,596,231
Cash and cash equivalents at the end of the year	22	1,057,649	745,059

The notes on pages 29 to 42 form part of these Accounts.

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS

For the year ended 31 March 2016

1. Accounting Policies

Basis of Accounting

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The accounts 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) (effective 1 January 2015) 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).

St. Columba's Hospice Limited meets the definition of a public benefit entity under FRS 102.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Governors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. No restatements were required.

In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of investment gains/(losses) as a component of reported income.

Reconciliation of reported net income

	£
Net income/(expenditure) as previously stated:	(1,708,394)
Adjustment for gains/(losses) on investments now treated as a component of net income	3,807,843
Adjustment for changes to net pension costs reported in net income	(127,000)
2015 net income as restated:	<u>1,972,449</u>

Going Concern

The accounts have been prepared on a going concern basis. The Governors have assessed the charity's ability to continue as a going concern and have reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The most significant area of uncertainty that affects the carrying value of assets held by the Hospice is the performance of investment markets (see the investments note for more information). The Governors are satisfied that investments are appropriately managed and that risks associated with investment markets have been mitigated to a reasonable extent, thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Basis of Consolidation

The consolidated accounts incorporate the accounts of the charity and its subsidiary undertakings. The results of subsidiary undertakings are consolidated from the date of acquisition.

Incoming Resources

Income is recognised in the period in which the charity is entitled to receipt, any performance conditions attached to the item(s) have been met, it is probable that the income will be received and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

In accordance with this policy, legacies are included on the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Hospice that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make distribution.

Voluntary contributions and Health Board income are accounted for in accordance with this policy.

Donated goods are measured at fair value except where it is impractical to measure reliably the fair value of donated items(s). Where it is impractical to measure the fair value of goods donated, the donated goods are recognised in income when they are sold.

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2016

1. Accounting Policies (Contd.)

Income from Investments

Dividends and interest are credited to the Income and Expenditure Account in the year in which they are receivable.

Resources Expended

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

- Costs of raising funds comprise: the costs of commercial trading, including the activities of St. Columba' Hospice Trading Limited, and their associated support costs; costs of the fund raising department and associated support costs; and the direct cost of holding events to raise funds.
- Expenditure on charitable activities includes the costs of in-patient care, community services, day hospice services and other educational activities undertaken to further the purposes of the charity and their associated support costs.

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

Resources expended are included in the Income and Expenditure account on an accruals basis. Certain expenditure is directly attributable to restricted and designated funds and has been included in those cost categories. Some costs are apportioned between funds as considered appropriate by the Governors. Otherwise costs are attributed to the general fund. Expenditure on the governance of the Hospice, including external audit, legal advice and an allocation of administrative salaries, is included in the governance costs category.

Fixed Assets and depreciation

Individual items over £1,000 are capitalised as fixed assets.

Depreciation is provided on buildings at 4 per cent per annum of the cost, on furniture and equipment at 20 per cent per annum of the cost, on computer equipment at 33.3 per cent per annum of the cost, on motor vehicles at 25 per cent per annum of the cost, and on leasehold fixtures and fittings at 25 per cent per annum. An impairment review is carried out when there is an indication that impairment has occurred. A full year of depreciation is charged in the year of purchase and none in the year of disposal.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Hospice does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

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 opening carrying value (purchase date if later). Unrealised gains and losses are calculated as the difference between the fair values at the year end and their carrying value.

Stock

Stocks are stated at the lower of cost and net realisable value. Donated items of stock are recognised in income when they are sold.

Debtors

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discount.

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2016

1. Accounting Policies (Contd.)

Creditors and provisions

Creditors and provisions are recognised where the Hospice 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.

Financial instruments

The Hospice only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Volunteers

The financial value of the participation of volunteers in the day to day running of the Hospice and in fundraising is not recognised.

Pensions

Contributions are charged to the Statement of Financial Activities to spread the cost of pensions over the employees' working lives with the Hospice.

In accordance with the requirements of FRS 102 and in accordance with SORP 2015, there is an accounting policy to recognise net pension assets and liabilities in respect of the charity's defined benefit pension scheme. Details of the pension scheme have been included within note 18.

Fund Accounting

Funds held by the charity are:

- Unrestricted general funds - these funds can be used in accordance with the charitable objects at the discretion of the Governors.
- Designated funds - these funds are set aside by the Governors out of unrestricted general funds for a specific future purpose or purposes.
- Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

The nature and purpose of each fund and a description of transfers between funds is explained in notes 14 and 15.

2 Voluntary Income

	2016			2015		
	Restricted Funds	Unrestricted Funds	Total Funds	Restricted Funds	Unrestricted Funds	Total Funds
	£	£	£	£	£	£
Donations	19,589	2,680,690	2,700,279	56,363	1,485,072	1,541,435
Legacies	-	2,134,135	2,134,135	-	1,470,253	1,470,253
	<u>19,589</u>	<u>4,814,825</u>	<u>4,834,414</u>	<u>56,363</u>	<u>2,955,325</u>	<u>3,011,688</u>

In accordance with the provisions of SORP 2015, legacy income is only included in incoming resources where the legacy has been received or both the receipt and the amount is probable. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make distribution. At the balance sheet date, the Hospice had received no notification of legacies (2015: £Nil).

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2016

3 Activities for Generating Funds

	2016	2015
	£	£
Fundraising events	421,036	266,906
Operation of shops	436,959	449,562
St. Columba's Trading Limited	410,368	436,706
	<u>1,268,363</u>	<u>1,153,174</u>

4 Investment Income

	2016			2015		
	Restricted Funds	Unrestricted Funds	Total Funds	Restricted Funds	Unrestricted Funds	Total Funds
	£	£	£	£	£	£
UK Listed investments	400	704,766	705,166	400	551,964	552,364
Bank interest	-	32,790	32,790	-	29,024	29,024
Net return on pension	-	-	-	-	82,000	82,000
	<u>400</u>	<u>737,556</u>	<u>737,956</u>	<u>400</u>	<u>662,988</u>	<u>663,388</u>

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2016

5 Total Resources Expended

Total support costs for the year, and their allocation to the activity cost categories disclosed in the Statement of Financial Activities, are set out below. Support costs have been allocated in direct proportion to the staff costs incurred for each category.

	%	Management & Admin £	Property Costs £	Deprec- iation £	Govern- ance £	Total Support Costs £	Costs Directly Allocated £	2016 Total £
Cost of Generating Funds:								
Fundraising Costs	10	91,908	33,985	109,392	11,437	246,722	1,185,025	1,431,747
Investment Management	-	-	-	-	-	-	114,139	114,139
Cost of Charitable Activities:								
In-Patient Care	79	726,070	268,478	864,194	90,349	1,949,091	4,297,548	6,246,639
Community Services	5	45,954	16,992	54,696	5,718	123,360	235,042	358,402
Day Hospice	2	18,382	6,797	21,878	2,287	49,344	131,081	180,425
Education & Research	4	36,763	13,594	43,757	4,575	98,689	218,475	317,164
	100	919,077	339,846	1,093,917	114,366	2,467,206	6,181,310	8,648,516

Comparative information (2015)	%	Management & Admin £	Property Costs £	Deprec- iation £	Govern- ance £	Total Support Costs £	Costs Directly Allocated £	2015 Total £
Cost of Generating Funds:								
Fundraising Costs	10	111,403	38,995	119,593	12,551	282,542	1,221,120	1,503,662
Investment Management	-	-	-	-	-	-	134,862	134,862
Cost of Charitable Activities:								
In-Patient Care	79	880,082	308,058	944,789	99,156	2,232,085	4,091,750	6,323,835
Community Services	5	55,701	19,497	59,797	6,276	141,271	226,711	367,982
Day Hospice	2	22,281	7,799	23,918	2,510	56,508	118,200	174,708
Education & Research	4	44,561	15,598	47,837	5,021	113,017	199,233	312,250
	100	1,114,028	389,947	1,195,934	125,514	2,825,423	5,991,876	8,817,299

6 Net Incoming Resources

This is stated after charging:

	2016 £	2015 £
Auditor's remuneration:		
Audit fee	16,350	16,300
Fees for non-audit services	4,225	2,840
Depreciation	1,093,917	1,195,934

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2016

7 Analysis of staff costs, Governor remuneration and expenses, and the cost of key management personnel

	2016	2015
	£	£
Wages and salaries	4,246,906	4,197,008
Social security costs	315,677	311,908
Pension costs	624,290	560,294
	<u>5,186,873</u>	<u>5,069,210</u>

The average monthly number of employees during the year was:

	2016	2015
Full-time	84	69
Part-time	106	111
	<u>190</u>	<u>180</u>

No remuneration or expenses were paid to the Governors (2015: £Nil).

The numbers of employees whose emoluments were above £60,000 for the year were:

	2016	2015
Between £60,000 and £69,999	4	1
Between £100,000 and £109,999	-	2
Between £110,000 and £119,999	-	-
Between £120,000 and £129,999	2	-
Between £130,000 and £139,999	1	-

Pension costs for the above employees were £80,109 (2015: £37,109)

The key management personnel of the Hospice comprise the Governors, the Chief Executive Officer, Medical Director and Clinical Services Director. The total employee benefits of the key management personnel of the Hospice were £327,891 (2015: £237,707). The current year includes relocation expenses of £30,000.

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2016

8 Tangible Fixed Assets

Group	Freehold Land & Buildings £	Motor Vehicles £	Furniture & Equipment £	Total £
Cost:				
At 1 April 2015	21,414,170	76,091	1,048,718	22,538,979
Additions	(65,244)	20,196	442,395	397,347
Disposals	-	(59,081)	-	(59,081)
At 31 March 2016	<u>21,348,926</u>	<u>37,206</u>	<u>1,491,113</u>	<u>22,877,245</u>
Depreciation:				
At 1 April 2015	2,049,924	71,882	721,648	2,843,454
Amount provided in year	847,253	5,049	241,615	1,093,917
Disposals	-	(54,873)	-	(54,873)
At 31 March 2016	<u>2,897,177</u>	<u>22,058</u>	<u>963,263</u>	<u>3,882,498</u>
Net book value:				
At 31 March 2016	<u>18,451,749</u>	<u>15,148</u>	<u>527,850</u>	<u>18,994,747</u>
At 31 March 2015	<u>19,364,246</u>	<u>4,209</u>	<u>327,070</u>	<u>19,695,525</u>

Company	Freehold Land & Buildings £	Motor Vehicles £	Furniture & Equipment £	Total £
Cost:				
At 1 April 2015	21,414,170	76,090	1,047,021	22,537,281
Additions	(65,244)	20,196	442,395	397,347
Disposals	-	(59,081)	-	(59,081)
At 31 March 2016	<u>21,348,926</u>	<u>37,205</u>	<u>1,489,416</u>	<u>22,875,547</u>
Depreciation:				
At 1 April 2015	2,049,924	71,881	719,951	2,841,756
Amount provided in year	847,253	5,049	241,615	1,093,917
Disposals	-	(54,873)	-	(54,873)
At 31 March 2016	<u>2,897,177</u>	<u>22,057</u>	<u>961,566</u>	<u>3,880,800</u>
Net book value:				
At 31 March 2016	<u>18,451,749</u>	<u>15,148</u>	<u>527,850</u>	<u>18,994,747</u>
At 31 March 2015	<u>19,364,246</u>	<u>4,208</u>	<u>327,071</u>	<u>19,695,525</u>

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2016

9 Investments

Group	Cash deposits £	Listed investments £	Total £
Cost or valuation			
At 1 April 2015	6,324,875	31,806,686	38,131,561
Additions at cost	-	16,873,989	16,873,989
Disposals	(3,179,867)	(16,821,098)	(20,000,965)
Unrealised gain on revaluation	-	937,733	937,733
At 31 March 2016	<u>3,145,008</u>	<u>32,797,310</u>	<u>35,942,318</u>

Historic cost as at 31 March 2016 (2015: £25,103,231) 28,713,617

Geographical analysis of listed investments

UK listed investments included in above	8,416,671	26%
Non-UK listed investments included in above	24,380,639	74%
	<u>32,797,310</u>	

The top 10 investment holdings by value at 31 March 2016 were:

Sarasins Sterling Bond Class B I Inc	5,058,402
JP Morgan Chase	735,295
Costco Wholesale Corp	728,815
3M Co	714,017
Ecolab Inc	708,114
Kimberly-Clark Corp	682,388
Givaudan Reg	644,036
Colgate-Palmolive Co	643,526
Vodafone Group PLC	634,515
Cintas	618,328
	<u>11,167,436</u>

The investment in Sarasins Sterling Bond Class B I Inc represented a holding greater than 5% of the total investments held.

All investments are carried at their fair value. Investments in equities and fixed securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost.

The main risk to the Hospice from financial instruments lies in the uncertain investment markets caused by the extraordinary monetary policy of negative interest rates in many parts of the world, as central banks attempt to reinvigorate their economies.

The Hospice's investments are mainly traded in markets with good liquidity and high trading volumes. The Hospice has no material investment holdings in markets subject to exchange controls or trading restrictions.

The Hospice manages these investment risks by retaining professional advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges.

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2016

9 Investments (Contd.)

Company	Cash deposits £	Listed investments £	Subsidiaries £	Total £
Total investments as above:	3,145,008	32,797,310	-	35,942,318
Investments in subsidiaries:	-	-	10,100	10,100
At 31 March 2016	<u>3,145,008</u>	<u>32,797,310</u>	<u>10,100</u>	<u>35,952,418</u>
At 31 March 2015	<u>6,324,875</u>	<u>31,806,686</u>	<u>10,100</u>	<u>38,141,661</u>

Details of the subsidiary undertakings, which are registered in Scotland and also have a 31 March accounting year end, are as follows:-

Name	Principal activity	Proportion of ordinary shares held
St. Columba's Trading Limited	Fundraising activities	100%
St. Columba's Hospice (2007) Limited	Property design-and-build services	100%

St. Columba's Trading Limited generates profit through the sale of goods, the running of a weekly prize draw and the profits from a second hand bookshop. All profits are passed on to the Hospice by gift aid. In the year to 31 March 2016 the company had turnover of £410,452 (2015: £446,024), expenditure of £177,614 (2015: £232,330) and generated a profit of £232,864 (2015: £172,462). At 31 March 2016 the aggregate amount of assets, liabilities and funds was £10,000 (2015: £10,000).

St. Columba's Hospice (2007) Limited provided services to the Hospice. In the year to 31 March 2016 the company had turnover of £37,559 (2015: £849,582), expenditure of £36,546 (2015: £821,066) and generated a profit of £1,013 (2015: £28,516). At 31 March 2016 the aggregate amount of assets, liabilities and funds was £100 (2015: £100).

10 Stock

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Branded goods	<u>1,507</u>	<u>8,970</u>	<u>-</u>	<u>-</u>

11 Debtors

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Tax recoverable	49,017	16,400	49,017	16,400
Other debtors	283,380	175,749	283,380	171,438
	<u>332,397</u>	<u>192,149</u>	<u>332,397</u>	<u>187,838</u>

12 Cash at Bank and in Hand

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Interest bearing deposit and current accounts	1,056,319	743,609	894,457	603,477
Cash	1,330	1,450	1,020	1,140
	<u>1,057,649</u>	<u>745,059</u>	<u>895,477</u>	<u>604,617</u>

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2016

13 Creditors: Amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	36,015	2,339	36,015	7,194
Other taxes and social security	83,956	18,751	83,956	18,751
Other creditors and accruals	519,460	603,718	243,085	171,852
Deferred income	50,619	36,291	50,619	36,291
Amounts owed to Group Companies	-	-	122,796	283,388
	<u>690,050</u>	<u>661,099</u>	<u>536,471</u>	<u>517,476</u>

14 Deferred income

Deferred income comprises funds received in respect of fundraising events which took place after the year end including: The Pentlands Push; Celtic Challenge; Walk-to-Remember; and various raffles.

	Group	Company
	£	£
Balance as at 1 April 2015	36,291	36,291
Amount released to income earned from charitable activities	(36,291)	(36,291)
Amount deferred in year	<u>50,619</u>	<u>50,619</u>
Balance as at 31 March 2016	<u>50,619</u>	<u>50,619</u>

15 Analysis of Charitable Funds: Restricted Funds

Group and Company	Balance at 1 April 2015	Income	Expenditure	Transfers	Balance at 31 March 2016
	£	£	£	£	£
Endowment					
McConnell Memorial Fund	21,813	200	-	-	22,013
Croom Fund	20,938	200	-	-	21,138
	<u>42,751</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>43,151</u>
Restricted Income Funds					
Art Fund	-	19,589	-	-	19,589
	<u>42,751</u>	<u>19,989</u>	<u>-</u>	<u>-</u>	<u>62,740</u>

The McConnell Memorial Fund was gifted to provide funds for nurse education.

The Croom Fund was established to provide funds for staff training.

The Art Fund was established to develop the arts strategy at the Hospice.

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2016

16 Analysis of Charitable Funds: Unrestricted Funds

Group and Company	Balance at 1 April 2015 £	Income £	Expenditure £	Revaluation gains realised £	Gains / (losses) on investments / pension scheme £	Transfers £	Balance at 31 March 2016 £
Designated Funds							
Building renewal fund	19,364,246	-	(847,253)	-	-	(65,244)	18,451,749
Sustainability fund	18,000,000	387,013	(387,013)	-	-	-	18,000,000
	<u>37,364,246</u>	<u>387,013</u>	<u>(1,234,266)</u>	<u>-</u>	<u>-</u>	<u>(65,244)</u>	<u>36,451,749</u>
General Funds							
General fund	14,001,713	8,556,160	(7,263,250)	(319,481)	-	65,244	15,040,386
Revaluation reserve	6,703,455	-	-	319,481	(2,939,243)	-	4,083,693
Pension reserve	(1,185,000)	-	-	-	483,000	-	(702,000)
	<u>19,520,168</u>	<u>8,556,160</u>	<u>(7,263,250)</u>	<u>-</u>	<u>(2,456,243)</u>	<u>65,244</u>	<u>18,422,079</u>
Total	<u>56,884,414</u>	<u>8,943,173</u>	<u>(8,497,516)</u>	<u>-</u>	<u>(2,456,243)</u>	<u>-</u>	<u>54,873,828</u>

The building renewal fund has been designated by the Governors for the re-build of Hospice accommodation and represents the carrying value of the redeveloped Hospice.

The sustainability fund has been designated by the Governors for the purpose of providing sustainable core income for the future operational requirements of the Hospice in view of current uncertain economic conditions and the potential downward impact on investment income and income from legacies. The Governors have decided to designate a fund of £18 million which represents annual operating costs over a two year period.

The general fund represents the 'free reserves' of the charity after allowing for all designated funds.

The revaluation reserve represents the cumulative unrealised gains on listed investments and equates to the difference between fair value and historic cost of listed investments.

The pension reserve represents the cumulative net asset / (liability) on defined benefit pension schemes.

17 Analysis of Group Net Assets between Funds

	Restricted Funds £	Designated Funds £	General Funds £	Total £
Tangible fixed assets	-	18,451,749	542,998	18,994,747
Investments	43,151	18,000,000	17,899,167	35,942,318
Cash at bank and in hand	19,589	-	1,038,060	1,057,649
Other net liabilities	-	-	(356,146)	(356,146)
Net pension liabilities	-	-	(702,000)	(702,000)
Total	<u>62,740</u>	<u>36,451,749</u>	<u>18,422,079</u>	<u>54,936,568</u>

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2016

18 Financial commitments

At 31 March 2016 the group was committed to making payments under non-cancellable operating leases as follows:

	2016	2015
	Total	Total
	£	£
Minimum payments due:		
within one year	67,062	77,412
between two and five years	144,196	125,358
After more than five years	56,000	12,000
Total	<u>267,258</u>	<u>214,770</u>

19 Pensions

The Hospice operated a defined contribution scheme for a small number of employees which is now closed and there are no contributing employees. The assets of the scheme are held separately from those of the Hospice in an independently administered fund and the charge for the year amounted to £Nil (2015: £Nil).

The Hospice has closed the Lothian Pension Fund to new entrants as at 31 March 2015. Staff have been automatically enrolled into a new defined contribution scheme from 1 April 2014. This scheme is administered by Royal London and will be the scheme available to new employees. The assets of the scheme are held separately from those of the Hospice in an independently administered fund and the charge for the year amounted to £110,759.

Being an "admitted body", the Hospice participates in defined benefit schemes operated by the National Health Service and the Lothian Pension Fund. The National Health Service scheme is not funded but benefits from statutory protection. The balance of the pension cost charge as shown in note 7 comprises the Hospice's contributions (being 13.5% and 19.0% respectively) to these two schemes. The amount outstanding in respect of the Lothian Pension Fund was £Nil (2015: £Nil). Contribution rates for the current year for employees for both schemes range from 5% to 10% and relate to earnings.

The contributions paid by the Hospice to the Lothian Pension Fund are set by the Fund Actuary at each triennial actuarial valuation (the most recent being as at 31 March 2011). The contributions payable over the period to 31 March 2017 are estimated to be £301,000.

The Lothian Pension Fund is a funded multi-employer scheme. An actuarial valuation for FRS 102 purposes at 31 March 2016 was carried out by a qualified independent actuary. The major assumptions used by the actuary were:

	2016	2015
	Per annum	Per annum
	%	%
Inflation/Pension increase rate	2.1	2.1
Salary increase rate	4.1	4.0
Discount rate	3.4	3.1

Life expectancy is based on the Fund's VitaCurves. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2016		2015	
	Males	Females	Males	Females
	years	years	years	years
Current pensioners	22.1	23.7	22.1	23.7
Future pensioners	24.2	26.3	24.2	26.3

Computation:

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2016

19 Pensions (Contd.)

	2016	2015
	£'000	£'000
Fair value of Employer Assets		
Equities	5,197	5,002
Bonds	1,551	1,232
Property	698	580
Cash	310	435
	<u>7,756</u>	<u>7,249</u>
Balance Sheet		
Fair value of employer assets	7,756	7,249
Present value of funded liabilities	(8,458)	(8,434)
Net underfunding in funded plans	(702)	(1,185)
Present value of unfunded liabilities	-	-
Net liability	<u>(702)</u>	<u>(1,185)</u>
	2016	2015
	£'000	£'000
Recognition in the statement of financial activities		
Current service cost	413	428
Interest cost	265	306
Expected return on employer assets	(227)	(388)
Past service cost	-	-
	<u>451</u>	<u>346</u>
Reconciliation of Defined Benefit Obligation		
Opening defined benefit obligation	8,434	7,339
Current service costs	413	428
Interest cost	265	306
Plan participants' contributions	83	93
Changes in demographic assumptions	-	316
Changes in financial assumptions	(438)	560
Other experience	(61)	(363)
Estimated benefits paid	(238)	(245)
Closing defined benefit obligation	<u>8,458</u>	<u>8,434</u>
Reconciliation of Fair Value of Employer Assets		
Opening fair value of employer assets	7,249	6,276
Interest income on plan assets	227	261
Plan participants' contributions	83	93
Contributions by employer	300	347
Return on assets excluding amounts included in net interest	135	517
Benefits paid	(238)	(245)
Closing fair value of employer assets	<u>7,756</u>	<u>7,249</u>

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2016

19 Pensions (Contd.)

Analysis of projected amount to be charged in the SOFA	Year to 31 March 2016	
	£'000	% of payroll
Projected current service cost	(383)	(28.4)
Interest on obligation	(291)	(21.6)
Expected return on plan assets	266	19.7
Past service cost	-	-
Total	(408)	(30.3)
 Employer's contributions	 301	

20 Related Party Transactions

During the year Shepherd and Wedderburn LLP invoiced the group £19,698 (2015: £7,806) for legal services. Mr D N Dunsire, Governor, is a consultant with Shepherd and Wedderburn LLP. There were amounts payable to Shepherd and Wedderburn LLP of £4,000 (2015: £Nil) at the balance sheet date.

21 Company Status

The company is limited by guarantee and has no share capital. At 31st March 2016 the company had 23 (2015: 33) members each guaranteeing £1.00 to the company's assets if it should be wound up.

22 Reconciliation of net income to net cash flow from operating activities

	2016	2015
	£	£
Net income for the reporting period	(2,624,597)	2,099,449
Adjustments for:		
Depreciation charges	1,093,917	1,195,934
Losses/(gains) on investments	2,939,243	(3,807,843)
Dividends and interest from investments	737,956	(663,788)
Pension cost less contributions	151,000	81,000
Decrease/(increase) in stocks	7,463	(4,970)
Decrease/(increase) in debtors	140,248	110,205
Increase/(decrease) in creditors	28,951	(209,485)
	2,474,181	(1,199,498)

23 Analysis of cash and cash equivalents

	2016	2015
	£	£
Cash in hand	1,057,649	745,059
	1,057,649	745,059

24 Deficit under the Companies Act

	2016	2015
	£	£
Net income/(expenditure)	(2,624,597)	1,972,449
Less unrealised gains and losses on investments	(937,733)	(3,749,062)
Deficit for the year for Companies Act Purposes	(3,562,330)	(1,776,613)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF
ST. COLUMBA'S HOSPICE LIMITED**



We have audited the accounts of St. Columba's Hospice Limited for the year ended 31 March 2016 which comprise the Group and Parent Charitable Company Statements of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's governors, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's governors 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 charity, its members as a body and its governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Governors' Responsibilities Statement set out on page 22, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the accounts

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF
ST. COLUMBA'S HOSPICE LIMITED (Contd.)**



Matters on which we are required to report by exception

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

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

Jeremy Chittleburgh BSc CA (Senior Statutory Auditor)

For and on behalf of

CHIENE + TAIT LLP

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh

EH3 6NL

12 September 2016

Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006