



**ST. COLUMBA'S HOSPICE LIMITED
ANNUAL REPORT & ACCOUNTS**

Year ended 31st March 2017

Company number SC048700
Charity number SC003634

ST. COLUMBA'S HOSPICE LIMITED

GOVERNORS' REPORT

For the year ended 31 March 2017

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 2017 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).

In previous years the Hospice has issued a document entitled Annual Report and Accounts which had a mixture of detailed, reflective information and some more general strategic information. This year we have split these into two documents: this one, the Annual Report and Accounts, complies with statutory requirements for such a document and will be of most interest to those readers who would like information on how the Hospice has discharged its responsibilities during the year just passed and the associated activities and finances. A second one, the Annual Review, reflects on our achievements for the past year and looks forward with details on the Hospice's plans for the future and may be of more interest to the general reader.

REFERENCE AND ADMINISTRATIVE DETAILS

President

The Countess of Rosebery

Vice-Presidents

Mr G B Archer, DL

Mrs D Balfour

Mr G M Burnside WS

Mr Ian C Adam, CA

Board of Governors

Chairman

Mr Ian C Adam, CA (retired 1 January 2017)

Dr N Bryson, MA, MSc, DPhil, FFA (appointed 1 January 2017)

Hon. Secretary

Mr D N Dunsire, WS

Governors

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

Mr J A O Hammond-Chambers (retired 7 October 2016)

Mr M Johnston

Prof H MacDougall, FRCS, FRCR, FRCPEd

Mr J G Macrae, CA, CPFA

Miss L Masson (appointed 1 January 2017)

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

Mrs L M Selman BSc (Hons), FFA (appointed 10 January 2017)

Dr S Tothill, MBChB, FRCGP, MFHom, DRCOG

Sub-Committees

(R, D, T)

(R,D)

(R, D,I)

(R)

(A, I)

(E)

(A, I)

(T)

(A)

(A, I)

(No Governor had any contract of service with nor any financial interest in the Company in the year ended 31st March 2017.)

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

E Education & Research

ST. COLUMBA'S HOSPICE LIMITED

GOVERNORS' REPORT

For the year ended 31 March 2017 (cont'd)

REFERENCE AND ADMINISTRATIVE DETAILS (cont'd)

Executive Directors

Mrs J Stone MSc, RGN, RNT	<i>Chief Executive Officer</i>
Dr D J F Brown, MBChB, MRCP, MD	<i>Medical Director</i>
Mrs D Partington, BSc, DipHE, PGcert	<i>Clinical Services Director</i>

Company number SC048700

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 EH2 2AD

Solicitors Shepherd & Wedderburn LLP
1 Exchange Crescent
Conference Square
Edinburgh EH3 8UL

Auditor Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh EH3 8BL

Investment Managers Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

Royal London Asset Management Ltd
55 Gracechurch Street
London EC3V 0RL

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 2017 (cont'd)

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 therapy 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.

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.

STRATEGIC REPORT

The Governors are pleased to present their strategic report for the year ended 31 March 2017.

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. Full details on how we are achieving this are contained within our Annual Review Document.

Patient Care

The inpatient unit has 30 beds, consisting of 18 single rooms and 4 three-bedded rooms, divided into 2 wards (Cedar and Pentland). In 2016/17 there were 453 (2015/16: 471) admissions to the inpatient unit. The average length of stay was 20 days (2015/16: 19 days). Bed occupancy was 82.2% (2015/16: 82.7%), and in line with other Hospices across the UK.

In Day Services this year there were a total of 1,034 attendances (2015/16 = 1,247) out of a possible 1,788 places therefore actual occupancy was 58%. However, 1,571 places were booked (87.8%) leading to consideration as to whether the current model meets the needs of those referred when, over 12 months, 30% of patients failed to / or were not able to attend.

The Community Palliative Care Service, over last year, admitted 484 new patients to the service (2015/16: 497 new patients) and made a total of 1,765 home visits. Telephone support is also provided to patients, their families/carers and health care professionals.

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.

ST. COLUMBA'S HOSPICE LIMITED

GOVERNORS' REPORT

For the year ended 31 March 2017 (cont'd)

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: full details on how we are achieving this are contained within our Annual Review.

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.

Board of Governors

During the year Mr. Adam retired as Chairman of the Board of Governors. Mr. Adam led the Board during the critical phases of the rebuilding of the Hospice and the Hospice owes him a considerable debt of gratitude. Mr. Hammond-Chambers who was heavily involved in our trading activities also retired from the Board. In January we welcomed two new governors, Miss Masson and Mrs. Selman.

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, Education and Research, 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.

The Hospice has committed to paying staff at least the Living Wage as set by the Living Wage Foundation. The Living Wage rate is as recommended by The Scottish Poverty Alliance, an initiative working in partnership with the UK Living Wage Foundation and is funded by the Scottish Government.

ST. COLUMBA'S HOSPICE LIMITED

GOVERNORS' REPORT

For the year ended 31 March 2017 (cont'd)

STRUCTURE, GOVERNANCE AND MANAGEMENT (cont'd)

Remuneration (cont'd)

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's and Clinical Services Director's 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. 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.

PRINCIPAL RISKS AND UNCERTAINTIES

RISK	MITIGATION
Breach of Hospice or public data	The Information Governance Group is responsible for ensuring that the Hospice has effective policies and management arrangements covering all aspects of Information Governance, i.e. <ul style="list-style-type: none">• Openness• Legal Compliance• Information Security• Information Quality Assurance In addition, the Hospice is proactively mapping systems and processes against the new General Data Protection Regulations (GDPR) to ensure compliance with these regulations.
Loss of reputation	Governance structures ensure the monitoring and review of all Hospice activities.
Reduction in % of 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 to March 2018. 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.

ST. COLUMBA'S HOSPICE LIMITED

GOVERNORS' REPORT

For the year ended 31 March 2017 (cont'd)

FINANCIAL REVIEW

Income

During the financial year ended 31 March 2017 the total incoming resources of St. Columba's Hospice were £7.73m. This represents a decrease of 14% compared with the previous year (2016: £8.96m). Voluntary income has two main components: donations and legacies. Donations have decreased to £1.18m (2016: £2.70m) and legacy income to £2.02m (2016: £2.13). 2016 was an exceptional year for donations with a large donation received from one donor. The funding from NHS Lothian of £2.10m (2016: £2.10m) remains the same as the previous year's level. In real terms NHS funding is not matching increased costs.

Expenditure

The expenditure for the year was £9.31m, an increase of 8% compared to the previous year (2016: £8.65m) and was in line with planned service development. The accounts for the year to 31 March 2016 have been restated (per note 22).

Net Movement in Funds

The revised financial reporting standards require net income to be stated after investment gains and losses. The investment gains for the year are £6.4m compared with the losses of £0.94m in the previous year. In addition, there were actuarial losses of £0.74m 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 surplus of £4.13m (2016: surplus of £11.3k).

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 increased by £4.13m and at the year-end stood at £61.1m 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 designated Building Renewal Fund, which represents the carrying value of the redeveloped hospice, now stands at £17.65m (2016: £18.45m). The Governors have also designated a £19.00m (2016: £18.00m) sustainability fund for the purpose of providing core income for future operational requirements.

The general unrestricted funds comprise three reserves and totaled £24.4m at the year-end (2016: £20.42m) of this balance £17.6m 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.

ST. COLUMBA'S HOSPICE LIMITED

GOVERNORS' REPORT

For the year ended 31 March 2017 (cont'd)

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.

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

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.

The investment portfolio is managed by Sarasin & Partners whose objectives are to provide a return in excess of the Retail Price Index +3.5% over a rolling five-year period and to maintain the 'real' value of the Hospice's investment portfolio after allowing for the contribution to the Hospice's expenditure.

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, which is used to measure performance, comprises an allocation of 75% to global equities (MSCI All Countries World Daily Net Total Return Index) and 25% to fixed income. The fixed income is 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. The cash is divided between a Cash Plus Fund and a Short Term Money Market Fund. The Cash Plus Fund holds cash, deposits, money market instruments and short dated government securities. The Short Term Money Market Fund invests in sterling denominated money market instruments.

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

Investment Value

The value of the Hospice's investments as at 31st March 2017 was: £43.93m, being split £39.44m in the direct investment portfolio and £4.49m in cash.

ST. COLUMBA'S HOSPICE LIMITED

GOVERNORS' REPORT

For the year ended 31 March 2017 (cont'd)

INVESTMENT POLICY (cont'd)

Investment Performance

For the year to 31st March 2017 the performance of the investment portfolio managed by Sarasin & Partners was +22.8% compared to the return on the market benchmark of +25.8%. Over the five-year period to 31st March 2017 the portfolio performance was +11.6% p.a. compared to the market benchmark return of +12% p.a. For both periods the portfolio has significantly outperformed the Hospice's return target of RPI + 3%. This target return has now been increased to RPI +3.5%.

For the twelve months to 31st March 2017 the income earned on the portfolio was £970,813, an increase of nearly 40% on the sum received for the previous year. Part of this gain can be attributed to the fall in the value of Sterling following the Brexit referendum.

The Investment Committee of the Hospice meets with the investment managers twice a year to discuss performance and investment requirements.

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.

ST. COLUMBA'S HOSPICE LIMITED

GOVERNORS' REPORT

For the year ended 31 March 2017 (cont'd)

AUDITOR

During the year and following a competitive tender process, Scott Moncrieff were appointed as auditors.

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.

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

Dated: 3rd October 2017

ST COLUMBA'S HOSPICE LIMITED

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

For the year ended 31 March 2017

	Notes	2017 Restricted Funds £	Un- Restricted Funds £	2017 Total £	2016 Restricted Funds £	Un- Restricted Funds Restated £	2016 Total Restated £
Income from:							
Donations and legacies	2	-	3,196,730	3,196,730	19,589	4,814,825	4,834,414
Other trading activities	3	-	997,336	997,336	-	1,268,363	1,268,363
<i>Income from charitable activities</i>							
NHS Lothian		-	2,100,000	2,100,000	-	2,106,347	2,106,347
Education and other services		-	31,333	31,333	-	16,082	16,082
Investment income	4	400	1,255,864	1,256,264	400	737,556	737,956
Other income		-	152,103	152,103	-	-	-
Total income		400	7,733,366	7,733,766	19,989	8,943,173	8,963,162
Expenditure on:							
<i>Costs of raising funds</i>							
Costs of generating voluntary income		-	1,370,907	1,370,907	-	1,431,747	1,431,747
Investment management costs		-	129,686	129,686	-	114,139	114,139
<i>Cost of charitable activities</i>							
In-patient care		8,928	6,814,898	6,823,826	-	6,246,639	6,246,639
Community services		-	393,442	393,442	-	358,402	358,402
Day Hospice		-	183,274	183,274	-	180,425	180,425
Education and research		-	412,469	412,469	-	317,164	317,164
Total expenditure	5	8,928	9,304,676	9,313,604	-	8,648,516	8,648,516
Net income/(expenditure) before gains/(losses) on investments		(8,528)	(1,571,310)	(1,579,838)	19,989	294,657	314,646
Net (losses)/gains on investments		-	6,392,658	6,392,658	-	(937,344)	(937,344)
Net (expenditure)/income		(8,528)	4,821,348	4,812,820	19,989	(642,687)	(622,698)
Other recognised gains/(losses):							
Foreign Exchange gains		-	59,735	59,735	-	-	-
Actuarial gains/(losses)		-	(740,000)	(740,000)	-	634,000	634,000
Net movement in funds		(8,528)	4,141,083	4,132,555	19,989	(8,687)	11,302
Total funds brought forward (restated)		62,740	56,875,727	56,938,467	42,751	56,884,414	56,927,165
Total funds carried forward	14 & 15	54,212	61,016,810	61,071,022	62,740	56,875,727	56,938,467

The deficit for the year for Companies Act purposes comprises the net income less unrealised gains and losses on investments less taxation and amounted to a deficit of £840,493 (2016: deficit of £315,035) restated.

All incoming revenues and resources expended derive from continuing activities.

The notes on pages 14 to 26 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 2017

	Notes	2017 Restricted Funds £	Un- Restricted Funds £	2017 Total £	2016 Restricted Funds £	Un- Restricted Funds Restated £	2016 Total Restated £
Income from:							
Donations and legacies	2	-	3,196,730	3,196,730	19,589	4,814,741	4,834,330
Other trading activities	3	-	834,976	834,976	-	1,090,859	1,090,859
<i>Income from charitable activities</i>							
NHS Lothian		-	2,100,000	2,100,000	-	2,106,347	2,106,347
Education and other services		-	31,333	31,333	-	16,082	16,082
Investment income	4	400	1,255,841	1,256,241	400	737,530	737,930
Other income			152,103	152,103	-	-	-
Total income		400	7,570,983	7,571,383	19,989	8,765,559	8,785,548
Expenditure on:							
<i>Costs of raising funds</i>							
Raising funds		-	1,208,524	1,208,524	-	1,254,133	1,254,133
Investment management costs		-	129,686	129,686	-	114,139	114,139
<i>Cost of charitable activities</i>							
In-patient care		8,928	6,814,898	6,823,826	-	6,246,639	6,246,639
Community services		-	393,442	393,442	-	358,402	358,402
Day Hospice		-	183,274	183,274	-	180,425	180,425
Education and research		-	412,469	412,469	-	317,164	317,164
Total expenditure	5	8,928	9,142,293	9,151,221	-	8,470,902	8,470,902
(Expenditure)/net income before gains /(losses) on investments		(8,528)	(1,571,310)	(1,579,838)	19,989	294,657	314,646
Gains/net (losses) on investments		-	6,392,658	6,392,658	-	(937,344)	(937,344)
Net (expenditure)/income		(8,528)	4,821,348	4,812,820	19,989	(642,687)	(622,698)
Other recognised gains/(losses):							
Foreign Exchange gains		-	59,735	59,735	-	-	-
Actuarial (losses)/gains		-	(740,000)	(740,000)	-	634,000	634,000
Net movement in funds		(8,528)	4,141,083	4,132,555	19,989	(8,687)	11,302
Total funds brought forward (restated)		62,740	56,875,727	56,938,467	42,751	56,884,414	56,927,165
Total funds carried forward 14 & 15		54,212	61,016,810	61,071,022	62,740	56,875,727	56,938,467

The deficit for the year for Companies Act purposes comprises the net income less unrealised gains and losses on investments less taxation and amounted to a deficit of £840,493 (2016: deficit of £315,035 restated).

All incoming revenues and resources expended derive from continuing activities.

The notes on pages 14 to 26 form part of these Accounts.

ST. COLUMBA'S HOSPICE LIMITED

CONSOLIDATED and COMPANY BALANCE SHEETS

As at 31 March 2017

	Notes	Group 2017 £	Group 2016 Restated £	Company 2017 £	Company 2016 Restated £
Fixed Assets:					
Tangible Assets	8	18,222,183	18,994,747	18,222,183	18,994,747
Investments	9	43,929,445	37,944,217	43,939,545	37,954,317
		<u>62,151,628</u>	<u>56,938,964</u>	<u>62,161,728</u>	<u>56,949,064</u>
Current Assets:					
Stocks		1,577	1,507	-	-
Debtors	10	346,134	332,397	394,459	332,397
Cash at Bank and in Hand	11	826,339	1,057,649	643,721	895,477
		<u>1,174,050</u>	<u>1,391,553</u>	<u>1,038,180</u>	<u>1,227,874</u>
Liabilities:					
Creditors: Amounts falling due within one year	12	(727,656)	(690,050)	(601,886)	(536,471)
Net Current Assets		<u>446,394</u>	<u>701,503</u>	<u>436,294</u>	<u>691,403</u>
Total Assets Less Current Liabilities		<u>62,598,022</u>	<u>57,640,467</u>	<u>62,598,022</u>	<u>57,640,467</u>
Net pension liabilities	18	(1,527,000)	(702,000)	(1,527,000)	(702,000)
Total Net Assets		<u><u>61,071,022</u></u>	<u><u>56,938,467</u></u>	<u><u>61,071,022</u></u>	<u><u>56,938,467</u></u>
The Funds of the Charity:					
Restricted Funds:					
Endowment	14	41,506	43,151	41,506	43,151
Income		12,706	19,589	12,706	19,589
Unrestricted Funds:					
Designated	15	36,648,581	36,451,749	36,648,581	36,451,749
General		17,516,436	17,042,285	17,516,436	17,042,285
Revaluation reserve		8,378,793	4,083,693	8,378,793	4,083,693
Pension reserve		(1,527,000)	(702,000)	(1,527,000)	(702,000)
		<u>61,071,022</u>	<u>56,938,467</u>	<u>61,071,022</u>	<u>56,938,467</u>

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

Governor – Dr N Bryson

Governor – J G Macrae

Date : 3rd October 2017

Company number SC048700

The notes on pages 14 to 26 form part of these Accounts.

ST. COLUMBA'S HOSPICE LIMITED

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

For the year ended 31st March 2017

	Notes	Group 2017 £	Group 2016 Restated £	Company 2017 £	Company 2016 Restated £
Cash flows from operating activities:					
Net cash (used in)/provided by operating activities	21	(1,696,654)	706,581	(1,717,076)	684,851
Cash flows from investing activities:					
Dividends and interest from investments		1,256,904	737,556	1,256,880	737,556
Proceeds from the sale of property, plant and equipment		163,764	15,800	163,764	15,800
Purchase of property, plant and equipment		(421,850)	(397,347)	(421,850)	(397,347)
Proceeds from sale of investments		12,385,191	14,946,021	12,385,191	14,946,021
Purchase of investments		(12,636,205)	(16,873,989)	(12,636,205)	(16,873,989)
Net cash used in investing activities		747,804	(1,571,959)	747,780	(1,571,959)
Change in cash and cash equivalents in the year					
Change in cash and cash equivalents due to exchange rate movements		(948,850)	(865,378)	(969,296)	(887,108)
Cash and cash equivalents at the beginning of the year		59,735	-	59,735	-
		6,204,556	7,069,934	6,042,384	6,929,492
Cash and cash equivalents at the end of the year					
	11	5,315,441	6,204,556	5,132,823	6,042,384

The notes on pages 14 to 26 form part of these Accounts.

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS

For the year ended 31 March 2017

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.

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.

Recognition of Income

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. Where it is impractical to measure the fair value of goods donated, the donated goods are recognised in income when they are sold.

Income from Investments

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

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS

For the year ended 31 March 2017 (cont'd)

1. Accounting Policies (cont'd)

Recognition and allocation of expenditure

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's 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.

Expenditure is included in the Statement of Financial Activities 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

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 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.

Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to sell.

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

For the year ended 31 March 2017 (cont'd)

1. Accounting Policies (cont'd)

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 Donations and Legacies	Group		Company	
	2017 Total Funds £	2016 Total Funds £	2017 Total Funds £	2016 Total Funds £
Donations	1,179,251	2,700,279	1,179,251	2,700,195
Legacies	2,017,479	2,134,135	2,017,479	2,134,135
	<u>3,196,730</u>	<u>4,834,414</u>	<u>3,196,730</u>	<u>4,834,330</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 further legacies receivable (2016: £Nil).

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS

For the year ended 31 March 2017 (cont'd)

3 Other Trading Activities

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Fundraising events	126,875	421,036	401,907	653,900
Operation of shops	433,069	436,959	433,069	436,959
St. Columba's Trading Limited	437,192	410,368	-	-
St Columba's Hospice 2007 Limited	200	-	-	-
	<u>997,336</u>	<u>1,268,363</u>	<u>834,976</u>	<u>1,090,859</u>

Company fundraising events include profits from subsidiary companies.

4 Investment Income

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
UK Listed Investments	970,813	705,166	970,813	705,166
Bank Interest	20,451	32,790	20,428	32,764
Net Return on pension	265,000	-	265,000	-
	<u>1,256,264</u>	<u>737,956</u>	<u>1,256,241</u>	<u>737,930</u>

5 Total Expenditure

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.

Group	%	Management & Admin	Property Costs	Depreciation	Governance	Total Support Costs	Costs Directly Allocated	2017 Total
		£	£	£	£	£	£	£
Cost of Raising Funds:								
Fundraising Costs	10	128,050	8,060	118,275	10,099	264,484	1,106,423	1,370,907
Investment Management	-	-	-	-	-	-	129,686	129,686
Cost of Charitable Activities:								
In-Patient Care	79	1,011,587	63,678	934,375	79,787	2,089,427	4,734,399	6,823,826
Community Services	5	64,024	4,030	59,138	5,050	132,242	261,200	393,442
Day Hospice	2	25,610	1,612	23,655	2,020	52,897	130,377	183,274
Education & Research	4	51,219	3,225	47,310	4,040	105,794	306,675	412,469
	<u>100</u>	<u>1,280,490</u>	<u>80,605</u>	<u>1,182,753</u>	<u>100,996</u>	<u>2,644,844</u>	<u>6,668,760</u>	<u>9,313,604</u>

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS

For the year ended 31 March 2017 (cont'd)

5 Total Expenditure (cont'd)

Company		Management & Admin	Property Costs	Depreciation	Governance	Total Support Costs	Costs Directly Allocated	2017 Total
	%	£	£	£	£	£	£	£
Cost of Raising Funds:								
Fundraising Costs	10	128,050	8,060	118,275	10,099	264,484	944,040	1,208,524
Investment Management		-	-	-	-	-	129,686	129,686
Cost of Charitable Activities:								
In-Patient Care	79	1,011,587	63,678	934,375	79,787	2,089,427	4,734,399	6,823,826
Community Services	5	64,024	4,030	59,138	5,050	132,242	261,200	393,442
Day Hospice	2	25,610	1,612	23,655	2,020	52,897	130,377	183,274
Education & Research	4	51,219	3,225	47,310	4,040	105,794	306,675	412,469
	<u>100</u>	<u>1,280,490</u>	<u>80,605</u>	<u>1,182,753</u>	<u>100,996</u>	<u>2,644,844</u>	<u>6,506,377</u>	<u>9,151,221</u>

5 (a) Governance costs

Group and Company	2017 £	2016 £
Staff costs	48,216	57,734
Audit fees	12,750	17,991
Legal and professional fees	31,375	38,641
Consultancy costs	8,655	-
	<u>100,966</u>	<u>114,366</u>

6 Net (expenditure) / income

This is stated after charging:

	2017 £	2016 £
Auditor's remuneration:		
Audit fee	11,650	16,350
Fees for non-audit services	-	4,225
Depreciation	<u>1,182,753</u>	<u>1,093,917</u>

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS

For the year ended 31 March 2017 (cont'd)

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

	2017	2016
	£	£
Wages and salaries	4,408,087	4,246,906
Social security costs	426,924	315,677
Pension costs	642,163	624,290
	<u>5,477,174</u>	<u>5,186,873</u>

The average monthly number of employees during the year was:

	2017	2016
Full-time	82	84
Part-time	104	106
	<u>186</u>	<u>190</u>

No remuneration or expenses were paid to the Governors (2016: £Nil).

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

	2017	2016
Between £60,000 and £69,999	2	4
Between £70,000 and £79,999	2	-
Between £100,000 and £109,999	1	-
Between £120,000 and £129,999	-	2
Between £130,000 and £139,999	1	1

Pension costs for the above employees were £36,876 (2016: £80,109)

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 £309,393 (2016: £327,891).

8 Tangible Assets

Group and Company	Freehold Land & Buildings	Motor Vehicles	Furniture & Equipment	Total
	£	£	£	£
Cost:				
At 1 April 2016	21,348,926	37,206	1,491,113	22,877,245
Additions	152,439	-	269,411	421,850
Disposals	(61,476)	-	-	(61,476)
At 31 March 2017	<u>21,439,889</u>	<u>37,206</u>	<u>1,760,524</u>	<u>23,237,619</u>
Depreciation:				
At 1 April 2016	2,897,177	22,058	963,263	3,882,498
Amount provided in year	943,946	9,301	229,506	1,182,753
Disposals	(49,815)	-	-	(49,815)
At 31 March 2017	<u>3,791,308</u>	<u>31,359</u>	<u>1,192,769</u>	<u>5,015,436</u>
Net book value:				
At 31 March 2017	<u>17,648,581</u>	<u>5,847</u>	<u>567,755</u>	<u>18,222,183</u>
At 31 March 2016	<u>18,451,749</u>	<u>15,148</u>	<u>527,850</u>	<u>18,994,747</u>

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS

For the year ended 31 March 2017 (cont'd)

9 Investments

Group	Cash deposits	Listed investments	Total
	£	£	£
Cost or valuation			
At 1 April 2016 (restated)	5,146,907	32,797,310	37,944,217
Additions at cost	-	12,636,205	12,636,205
Disposals	-	(11,645,846)	(11,645,846)
Unrealised gain on revaluation	643	5,652,670	5,653,313
Movement in cash balance	(658,448)	4	(658,444)
At 31 March 2017	4,489,102	39,440,343	43,929,445

Company	Cash deposits	Listed investments	Subsidiaries	Total
	£	£	£	£
Total investments as above:	4,489,102	39,440,343	-	43,929,445
Investments in subsidiaries:	-	-	10,100	10,100
At 31 March 2017	4,489,102	39,440,343	10,100	43,939,545
At 31 March 2016 (restated)	5,146,907	32,797,310	10,100	37,954,317

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, now dormant as new hospice building complete	100%

St. Columba's Trading Limited generates profit through the sale of goods and the running of a weekly prize draw. All profits are passed on to the Hospice by gift aid. In the year to 31 March 2017 the company had turnover of £437,192 (2016: £410,452), expenditure of £162,215 (2016: £177,614) and generated a profit of £275,001 (2016: £232,864). At 31 March 2017 the aggregate amount of assets, liabilities and funds was £10,000 (2016: £10,000).

St. Columba's Hospice (2007) Limited provided services to the Hospice. In the year to 31 March 2017 the company had turnover of £200 (2016: £37,559), expenditure of £168 (2016: £36,546) and generated a profit of £32 (2016: £1,013). At 31 March 2017 the aggregate amount of assets, liabilities and funds was £100 (2016: £100).

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS

For the year ended 31 March 2017 (cont'd)

10 Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Tax recoverable	23,387	49,017	23,387	49,017
Other debtors	322,747	283,380	292,485	283,380
Amount due from group company	-	-	78,587	-
	<u>346,134</u>	<u>332,397</u>	<u>394,459</u>	<u>332,397</u>

11 Cash and Cash Equivalents

	Group		Company	
	2017	2016	2017	2016
	£	Restated £	£	Restated £
Interest bearing deposit and current accounts	825,519	1,056,319	642,901	894,457
Cash	820	1,330	820	1,020
	<u>826,339</u>	<u>1,057,649</u>	<u>643,721</u>	<u>895,477</u>
Cash at bank and in hand	4,489,102	5,146,907	4,489,102	5,146,907
Cash on deposit within investments				
	<u>5,315,441</u>	<u>6,204,556</u>	<u>5,132,823</u>	<u>6,042,384</u>

12 Creditors: Amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	175,311	36,015	175,311	36,015
Other taxes and social security	107,765	83,956	107,765	83,956
Other creditors and accruals	383,496	519,460	257,726	243,085
Deferred income	61,084	50,619	61,084	50,619
Amounts owed to Group Companies	-	-	-	122,796
	<u>727,656</u>	<u>690,050</u>	<u>601,886</u>	<u>536,471</u>

13 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 2016	50,619	50,619
Amount released to income earned from charitable activities	(50,619)	(50,619)
Amount deferred in year	61,084	61,084
	<u>61,084</u>	<u>61,084</u>
Balance as at 31 March 2017	61,084	61,084

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS

For the year ended 31 March 2017 (cont'd)

14 Analysis of Charitable Funds: Restricted Funds

Group and Company	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2017 £
Endowment					
McConnell Memorial Fund	22,013	200	2,045	-	20,168
Croom Fund	21,138	200	-	-	21,338
	<u>43,151</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>41,506</u>
Restricted Income Funds					
Art Fund	19,589	-	6,883	-	12,706
	<u>62,740</u>	<u>400</u>	<u>8,928</u>	<u>-</u>	<u>54,212</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.

15 Analysis of Charitable Funds: Unrestricted Funds

Group	Balance at 1 April 2016 Restated £	Income £	Expenditure £	Gains / (losses) on investments / pension scheme/ foreign exchange £	Transfers £	Balance at 31 March 2017 £
Designated Funds						
Building renewal fund	18,451,749	-	(803,168)	-	-	17,648,581
Sustainability fund	18,000,000	-	-	-	1,000,000	19,000,000
	<u>36,451,749</u>	<u>-</u>	<u>(803,168)</u>	<u>-</u>	<u>1,000,000</u>	<u>36,648,581</u>
General fund	17,042,285	7,733,366	(8,416,508)	2,157,293	(1,000,000)	17,516,436
Revaluation reserve	4,083,693	-	-	4,295,100	-	8,378,793
Pension reserve	(702,000)	-	(85,000)	(740,000)	-	(1,527,000)
	<u>20,423,978</u>	<u>7,733,366</u>	<u>(8,501,508)</u>	<u>5,712,393</u>	<u>(1,000,000)</u>	<u>24,368,229</u>
Total	<u>56,875,727</u>	<u>7,733,366</u>	<u>(9,304,676)</u>	<u>5,712,393</u>	<u>-</u>	<u>61,016,810</u>

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS

For the year ended 31 March 2017 (cont'd)

15 Analysis of Charitable Funds: Unrestricted Funds (cont'd)

Company	Balance at 1 April 2016 Restated £	Income £	Expenditure £	Gains / (losses) on investments / pension scheme/ foreign exchange £	Transfers £	Balance at 31 March 2017 £
Designated Funds						
Building renewal fund	18,451,749	-	(803,168)	-	-	17,648,581
Sustainability fund	18,000,000	-	-	-	1,000,000	19,000,000
	<u>36,451,749</u>	<u>-</u>	<u>(803,168)</u>	<u>-</u>	<u>1,000,000</u>	<u>36,648,581</u>
General fund	17,042,285	7,570,983	(8,254,125)	2,157,293	(1,000,000)	17,516,436
Revaluation reserve	4,083,693	-	-	4,295,100	-	8,378,793
Pension reserve	(702,000)	-	(85,000)	(740,000)	-	(1,527,000)
	<u>20,423,978</u>	<u>7,570,983</u>	<u>(8,339,125)</u>	<u>5,712,393</u>	<u>(1,000,000)</u>	<u>24,368,229</u>
Total	<u>56,875,727</u>	<u>7,570,983</u>	<u>(9,142,293)</u>	<u>5,712,393</u>	<u>-</u>	<u>61,016,810</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 £19 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.

16 Analysis of Group Net Assets between Funds

	Restricted Funds £	Designated Funds £	General Funds £	Total £
Tangible fixed assets	-	17,648,581	573,602	18,222,183
Investments	41,506	19,000,000	24,887,939	43,929,445
Cash at bank and in hand	12,706	-	813,633	826,339
Other net liabilities	-	-	(379,945)	(379,945)
Net pension liabilities	-	-	(1,527,000)	(1,527,000)
Total	<u>54,212</u>	<u>36,648,581</u>	<u>24,368,229</u>	<u>61,071,022</u>

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS

For the year ended 31 March 2017 (cont'd)

17 Financial commitments

At 31 March 2017 the group was committed to making payments under non-cancellable operating leases as follows:

	2017	2016
	Total	Total
	£	£
Minimum payments due:		
Within one year	54,120	67,062
Between two and five years	148,667	144,196
After more than five years	12,000	56,000
Total	<u>214,787</u>	<u>267,258</u>

18 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 (2016: £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 £179,928.

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 14.9% and 22.3% respectively) to these two schemes. The amount outstanding in respect of the Lothian Pension Fund was £24,328 (2016: £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 2014). The contributions payable over the period to 31 March 2018 are estimated to be £252,000.

The Lothian Pension Fund is a funded multi-employer scheme. An actuarial valuation for FRS 102 purposes at 31 March 2017 was carried out by a qualified independent actuary. The major assumptions used by the actuary were:

	2017	2016
	Per annum	Per annum
	%	%
Inflation/Pension increase rate	2.4	2.1
Salary increase rate	4.4	4.1
Discount rate	2.5	3.4

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

	2017		2016	
	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

For the year ended 31 March 2017 (cont'd)

18 Pensions (cont'd)

	2017	2016
	£'000	£'000
Fair value of Employer Assets		
Equities	6,427	5,197
Bonds	2,206	1,551
Property	671	698
Cash	288	310
	<u>9,592</u>	<u>7,756</u>
Balance Sheet		
Fair value of employer assets	9,592	7,756
Present value of funded liabilities	(11,119)	(8,458)
	<u>(1,527)</u>	<u>(702)</u>
Net underfunding in funded plans	(1,527)	(702)
Present value of unfunded liabilities	-	-
	<u>(1,527)</u>	<u>(702)</u>
Net liability	(1,527)	(702)
Recognition in the statement of financial activities		
Current service cost	321	413
	290	265
Expected return on employer assets	265	(227)
Past service cost	-	-
	<u>876</u>	<u>451</u>
Reconciliation of Defined Benefit Obligation		
Opening defined benefit obligation	8,458	8,434
Current service costs	321	413
Interest cost	290	265
Plan participants' contributions	75	83
Changes in demographic assumptions	-	-
Changes in financial assumptions	2,236	(438)
Other experience	-	(61)
Estimated benefits paid	(261)	(238)
	<u>11,119</u>	<u>8,458</u>
Closing defined benefit obligation	11,119	8,458
Reconciliation of Fair Value of Employer Assets		
Opening fair value of employer assets	7,756	7,249
Interest income on plan assets	265	227
Plan participants' contributions	75	83
Contributions by employer	261	300
Return on assets excluding amounts included in net interest	1,496	135
Benefits paid	(261)	(238)
	<u>9,592</u>	<u>7,756</u>
Closing fair value of employer assets	9,592	7,756

18 Pensions (cont'd)

ST. COLUMBA'S HOSPICE LIMITED

NOTES to the ACCOUNTS

For the year ended 31 March 2017 (cont'd)

Analysis of projected amount to be charged in the SOFA	Year to 31 March 2017	
	£'000	% of payroll
Projected current service cost	(433)	(38.2)
Interest on obligation	(281)	(24.8)
Expected return on plan assets	241	21.3
Past service cost	-	-
Total	<u>(473)</u>	<u>(41.7)</u>
Employer's contributions	<u>252</u>	

19 Related Party Transactions

During the year Shepherd and Wedderburn LLP invoiced the group £39,065 (2016: £19,698) 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 £3995 (2016: £4000) at the balance sheet date.

20 Company Status

The company is limited by guarantee and has no share capital. At 31st March 2017 the company had 22 (2016: 23) members each guaranteeing £1.00 to the company's assets if it should be wound up.

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

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Net income for the reporting period	4,812,820	(622,698)	4,812,820	(622,698)
Adjustments for:				
Depreciation charges	1,182,753	1,093,917	1,182,753	1,093,917
Gains on sale of fixed assets	(152,103)	(11,592)	(152,103)	(11,592)
(Gains)/losses on investments	(6,392,658)	937,344	(6,392,658)	937,344
Dividends and interest from investments	(1,256,264)	(737,956)	(1,256,241)	(737,930)
Endowment income	-	400	-	400
Pension cost less contributions	85,000	151,000	85,000	151,000
Decrease/(increase) in inventory	(70)	7,463	-	-
Decrease/(increase) in receivables and other financial assets	(13,738)	(140,248)	(62,062)	(144,585)
Increase/(decrease) in payables	37,606	28,951	65,415	18,995
Net cash flow (used in)/provided by operating activities	<u>(1,696,654)</u>	<u>706,581</u>	<u>(1,717,076)</u>	<u>684,851</u>

22 Prior year restatement

The prior year restatement relates to a cash deposit balance that was erroneously omitted from the 31 March 2016 financial statements. The net effect of this adjustment is to increase investments, the net gain on investments, and general funds as at 31 March 2016 by £2,001,899.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST COLUMBA'S HOSPICE LIMITED

We have audited the financial statements of St Columba's Hospice for the year ended 31 March 2017 which comprise the Consolidated Statement of Financial Activities, the Company Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

This report is made exclusively to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the parent charitable company'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 parent charitable company'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 parent charitable company, its members and parent charitable company's governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the governors and the auditor

As explained more fully in the Statement of Governors' Responsibilities set out on pages 8 and 9, the governors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and the parent charitable company's affairs as at 31 March 2017 and of the group and the parent charitable company's incoming resources and application of resources, including the group's and the parent charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST COLUMBA'S HOSPICE LIMITED (cont'd)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Governors' Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Governors' Report (incorporating the Strategic Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report.

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

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

Gillian Donald (Senior Statutory Auditor)

For and on behalf of

Scott-Moncrieff, Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Chartered Accountants

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

Dated: 3rd October 2017