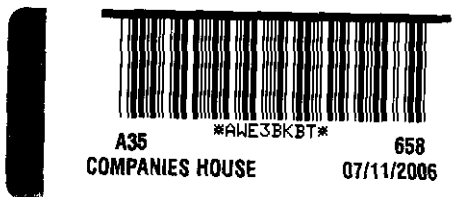


Company
Name
12

Treetops Hospice Trust

Annual report and consolidated accounts

for the year ended 31 March 2006



Charity number: 519540

Company number: 1801708

Treetops Hospice Trust

Contents

	Page
Trustees' report	2 – 13
Independent auditors' report	14 - 15
Consolidated statement of financial activities	16
Consolidated balance sheet	17
Notes to the financial statements	18 – 29

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2006

The trustees are pleased to present their report together with the financial statements of the charity for the year ending 31 March 2006.

Reference and administrative information

Trustees & directors

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and since the year end were as follows:

Chairman:	Mr G Saville
Vice Chairman:	Mr J Griffiths
Treasurer:	Mr M O'Brien
Elected trustees:	Mr W Baxendale-Baines Mr J Carter (retired 19 September 2005) Dr J Dornan Mr J Eagle (retired 29 November 2005) Mr M Fox Dr H Godridge Mrs J Heath Mr P Kerry Mr P Stewart Mr R Webster Mrs S Basker (appointed 19 September 2005)
Chief Executive:	Ms C Janes
Company Secretary:	Mr R Thomas

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2006 (continued)

Charity number:	519540
Company number:	1801708
Registered office:	Treetops Hospice Derby Road Risley Derby DE72 3SS
Auditors:	Cedar Audit Limited Lucre House 108 Ashbourne Road Derby DE22 3AG
Bankers:	Alliance & Leicester plc Bridle Road Bootle Merseyside GIR 0AA
Solicitors:	Ellis Fermor & Negus 2 Devonshire Avenue Beeston Nottingham NG9 1BS

Structure, governance and management

Governing document

Treetops Hospice is a registered charity and company limited by guarantee without a share capital and was set up on 20 March 1984 under the name Draycott Hospice Association. The name of the company was changed to Treetops Hospice Trust on 21 June 1993. The charity's governing document is its Memorandum and Articles of Association (last amended on 17 June 2002), which restrict the charity's operations to all such lawful acts as are incidental or necessary to the attainment of its objectives.

Objectives of the charity

The objectives of the charity are contained in full in the Memorandum and Articles of the charity. They are also clearly stated in the Mission, Principles and Values statement and are summarised as follows:

- To provide palliative care services to adults living in Southern Derbyshire and the Nottingham borders who are suffering from life-limiting conditions, their families and significant carers
- To contribute to the development of palliative care services within Southern Derbyshire and the Nottingham borders
- To engage in such activities as to raise sufficient funds which will enable the charity to achieve its objectives and provide care and treatment of persons suffering from life-limiting illnesses

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2006 (continued)

These objectives are met through the provision of care services as follows:

- Day Care Provision
- Bereavement Support
- Complementary Therapy
- Hospice at Home
- Volunteer Home Sitting
- Carer Support
- Out Patient Clinic
- Education

Management

The responsibility to ensure appropriate management of the charity is vested in the Board of Trustees which is elected annually by the members of the Company. To assist the Board in discharging and achieving its responsibilities, it receives regular reports on some aspects of its principle functions from the Finance and Income Generation and the Clinical committee. These committees consist of members of the Board of Trustees and key members of staff. Each of these committees meets a minimum of six times a year reporting on and reviewing all the financial and clinical activity of the charity. The Board meets six times a year with additional meetings as needed.

The Chief Executive, who leads the management team, is responsible to the Board of Trustees for the day to day management of the charity and the execution of the policies and strategies defined by the Board through its committees.

Appointment, induction and training of trustees

In November 2005, Trustees took time out to consider Governance issues and, following an Away Day, agreed to adopt the seven principles contained in Good Governance – a Code for the Voluntary and Community Sector (2005, ACEVO, ACSA, NCVO on behalf of The National Hub of Expertise in Governance), adapting them to suit the needs of the charity.

The Board has agreed a written structure for the induction of new Trustees, and a code of conduct for Trustees and the Chief Executive. Trustee induction is managed by the Chief Executive and the Company Secretary and includes written information on the following topics

- The legal status of the charity and governance
- The structure and staffing of the organisation
- Finance information
- Policies and strategy
- Professional advisers

In addition, new Trustees are encouraged to spend time in the Hospice to meet individual members of the organisation and patients. All new Trustees will spend time with the Chair of the Board and the Chief Executive at an early stage. The charity subscribes to Governance a journal for Trustees, officers receive individual copies and a copy is held in the general office and Trustees are given information on relevant training courses.

In 2006, the Board will agree written job descriptions for all Trustees and officers. The Board will also undertake a skills audit and put in place structured plans for the recruitment of new Trustees.

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2006 (continued)

Risk management

The Board has agreed a risk management structure for the organisation and has identified the major risks to which the organisation is exposed. Appropriate mitigating action has been taken and significant external risks to funding will be reviewed in 2006 as the Board revise and update the strategic plan. Internally, the Health and Safety committee continue to ensure that all relevant issues are considered and addressed at departmental level and the Health and Safety Responsible Person prepares bi-annual Health and Safety reports for the Board.

Strategy and organisation

The Board of Trustees set the strategic direction of the charity through the preparation of a five year business plan. The current plan was agreed in February 2003 and covers the period 2003 to 2008; it will be reviewed and revised by Trustees in November 2006. The Chief Executive is charged with ensuring that departmental operational plans are prepared annually. Departmental and organisational objectives are encapsulated in the annual budget and progress towards achieving objectives is monitored and reviewed through the respective Board and Sub Committee meetings of the Trustees. All activities of the organisation are monitored and reviewed by the Trustees through the production of monthly management accounts and care service delivery statistics, and bi-monthly Chief Executive Reports.

Governance

Trustees held an away day in November 2005 to address the issues of Governance and Trusteeship within the charity. They agreed to adopt the Good Governance code produced by ACEVO and the NCVO on behalf of the National Hub of Expertise in Governance (2005), and will work towards ensuring that the principles are applied in practice by:

- Adapting the code to the needs of the organisation
- Working with the Chief Executive to develop an action plan to implement working practices
- Monitoring the performance of the Board against the action plan
- Auditing/Evaluating the work of the Board through annual Away Days

Clinical Governance is the remit of the Clinical Sub Committee.

Volunteer services

The Hospice works with over 300 volunteers who support and enrich the work of the organisation in every department including the funding and retail companies. Volunteers receive a general, two and a half hour induction to the Hospice and this is followed by extensive training to prepare them for working in specific departments. For example, Bereavement Support Volunteers undertake the initial induction which is a 2 ½ hour session, then move on to the Initial Training Course, run over 5 weeks for a total of 15 hours, they would then have to undertake 35 hours of Bereavement Support Training. On completion of the training, bereavement support volunteers have then to commit to individual supervision sessions with the counsellor after every 6 client sessions and 2 hours per month of group supervision and training, and are interviewed and assessed by the Bereavement Co-ordinator prior to accessing the training and post training to jointly assess their suitability for working in the department. All training is provided in-house and includes statutory training required by Health and Safety law. Volunteers are encouraged to access outside training that complements and enhances their role and moves the organisation towards achievement of objectives.

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2006 (continued)

Trustees are aware that the value of volunteers to the Hospice goes well beyond monetary considerations, but the time they give voluntarily equates to a saving of salary costs that amounts to over £500,000 (calculations are based on minimum wages). There is absolutely no doubt that the Hospice would not be able to provide the services it does without the support received from volunteer staff and we are indebted to their generosity.

Financial review

The Charity's gross income increased from £1,138,158 to £1,356,289 an increase of 19%. Gross costs increased from £1,113,961 to £1,338,912 an increase of 20%. In 2006 the budget will restrict cost increases to 2% across the board in order to redress the income cost ratio.

In 2003 Trustees set the following broad, five year, business objectives for the organisation:

- To establish plans for the development of a new Care and Education centre
- To develop revenue income to a minimum of £1million per annum by 2008
- To maximise the delivery of care services within agreed, budgeted costs, to meet, as a minimum, service level agreements

Income generation targets for the period and achievement against budget targets is shown below:

Income Generation Stream	Annual Budget Targets 05/06	Actual Income 05/06
Primary Care Trust/Network Funding	£274,734	£276,188
Funding Company (profit only)	£102,692	£34,614
Retail Company (profit only)	£135,275	£100,140
Fundraising	£273,025	£231,070
Total	£785,726	£642,012
Interest	£6,000	£9,394
Other Income	£16,451	£22,471
Legacies and Bequests	0	£228,801
Total Total	£808,177	£902,678

Total income for the year can be seen to be ahead of the total target for the year. However, income has not been generated from the identified streams as originally thought and if legacy income is taken out of the total the income figure for the year is lower than the target figures.

Costs, throughout all departments, were well controlled and budget targets were not exceeded. The implementation of pay awards, in April 2005, which brought the charity's salary structure in line with the NHS and 'Agenda for Change', significantly increased total salary costs over the year.

The high level of legacy income was not budgeted for as, at present, although a legacy strategy exists, it has not yet been implemented.

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2006 (continued)

Treetops Funding Limited and Treetops Retail Limited

In 2003 Treetops Retail Limited was created for the Retail Shops and Catering operation. The company is VAT registered. Treetops Funding Limited now operates the Treetops Hospice Lottery only.

The Charity's wholly owned trading subsidiaries carry out non-charitable trading activities for the Charity. During the year the funding and retail companies made profits of £134,754, which are gift-aided to the charity, an increase of 36.6% over the previous year.

Funding company – Treetops Hospice Lottery

The funding company's turnover increased from £183,997 to £210,531 (+14%), profit however, dropped from £37,233 to £34,614 (-6.9%) due to an increase in administrative expenses of £26,870 over the previous year. The key to increasing profit lies in recruiting more active playing members to the Lottery, the profit target of £102,692 was not achieved due to difficulties in recruiting suitable Lottery Canvassers. Further investment in staff resources will be required in 2006/07 in order for the Lottery to succeed in meeting challenging financial targets.

Retail company

The Retail Company profit target of £135,275 was not met, but the profit realised, £100,140, was 63% higher than the previous year's performance which realised a profit of £61,414. Staff changes at the level of Departmental Manager in 2004 gave the opportunity to review the strategic, departmental, development plan which identified the need to increase the number of retail outlets. However, the aim of opening two new shops per year over a five year period is subject to the vagaries of the property market. No suitable shop premises were identified during the year and it was agreed that the year 2005/06 should, primarily, be a consolidation year. During the year the Retail Manager has introduced stringent, new, financial and management systems in the existing nine shops giving firm foundations on which to build future developments. The strategy will be reviewed as part of the business plan and it is acknowledged that the Hospice's dependence on income generated by the Retail Company will require further, substantial, ongoing investment in order to improve on this year's performance.

Fundraising

A new Head of Fundraising was appointed in 2004, sadly she left in the autumn of 2005 to take a promotion, and the department suffered a set back to achieving the agreed annual strategy and budget targets.

Internal fundraising includes income from events, donations, industry and trusts. The priority for 2006 will be the appointment of an additional fundraiser with a management remit, to support and develop the work of the department. Income from events is variable and not always accurately predictable, it is hoped that dependence on this income will be reduced, whilst sustainable income generation will be increased through the implementation of the fundraising strategy. As a priority, the legacy strategy will be implemented and income from regular giving will be developed.

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2006 (continued)

Investment

The Charity's liquid assets are held solely in interest bearing investment accounts and it does not have any investments, other than the £10,000 invested in Treetops Funding Limited and £1,000 in Treetops Retail Limited. The amount of interest received increased by £2,564 to £9,394.

Reserves policy

The stated policy of the Trustees is to work towards developing reserves to a level equivalent to three months operating costs as a minimum and a maximum of twelve months operating costs in order to provide a buffer for uninterrupted service delivery given the need to match variable income with fixed commitments and the nature of the reserves. As can be seen from the financial statements the total net current assets of the group stands at £155,161 as at 31 March 2006, of this figure £146,972 are available funds, the balance of £8,189 being the ring fenced income from the Ripple Appeal.

The Ripple Appeal

In 2003 the Trustees agreed to launch a Capital Appeal under the name of the Ripple Appeal to raise funds for the building of a new annex to the existing Hospice in order to provide dedicated Day Care Unit and Complementary Therapy facilities on the ground floor and Education/Conferencing facilities on the first floor.

A new Appeal Manager was appointed in August 2005 to take the Appeal forward, following the retirement of the previous Appeal manager in March 2005. Cash donations over the year totalled £41,420, and along with pledges from Charitable Trusts and local organisations the Appeal total was just under £500,000. The Trustees are concerned that the length of time required to generate the funds for this £2.5million project will push the costs up with a subsequent need to generate more income. There are no readily accessible large sources of funding for capital projects of this type and the final impact of building inflation and VAT are unknown, making income generation target setting difficult. The Trustees will review the project, in detail, in 2006 when the design team will have completed all aspects of the design and the quantity surveyor will be able to provide an accurate cost plan. Risk assessments and mitigating actions have been drawn up for all aspects of the project and contracts with members of the design team, following the RIBA stages ensure that additional time for fundraising can be added in to the project time line.

The Trustees are indebted to the design team for the work they have done to date. The team includes:

Architect – John Hallatt, of Fellows Hallat Architects (a Nottingham based company)

Mechanical and Electrical Consultant – Chris Starr, of DH Squire Consulting Engineers (a Nottingham based company)

Quantity Surveyors and Planning Supervisor- Alan Gaskell and Chris Matthewman, of Gaskell Associates (a Nottingham based company)

Civil Engineer – Paul Mills, of Alan Brough Associates (a Derby based company)

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2006 (continued)

Review of the periods activities

Provision of Care

During 2005/2006 the organisation continued to work in partnership with other providers of health care in the delivery of effective palliative care to the local community. Collaborative work forms part of national initiatives and Treetops Hospice is an important partner within the local Derby Burton Cancer Network. The network strives to oversee the provision of local services with the aim of ensuring that resources are used to the best advantage of those in need of palliative care. The Hospice also works closely and collaboratively with other health care providers such as District Nursing Services, local General Practitioners, local hospital units, specialist nurses and hospital doctors and consultants and Marie Curie Cancer Care. The aim is to dovetail services ensuring that the patient, their family and friends retain their voice and are truly at the centre of the care provided.

Overall clinical service objectives for the period were as follows:

- To increase service delivery to the maximum allowed by departmental budgets ensuring that service level agreement targets are, as a minimum, met
- To monitor the quality of service delivery by seeking the opinions of service users and ensure that the results of audit/evaluation are fed back appropriately to those delivering the services and the Board of Trustees
- To develop new services as agreed by trustees and within the limits set by the budget

Overall, the number of patients receiving care during the year increased by 31%. A total of 581 individuals received care; of these 353 were new patients who registered with the clinical services for the first time. The number of patients cared for who did not have a cancer diagnosis increased by just under 4% over the previous year to just under 20% of the total number of patients. Of the 581 people cared for over the period, 63% died at home, 18% died in hospital and 15% in specialist palliative care units. A total of 300 patients died during the course of the year as compared to 273 in the previous year, an increase of 10%. The service objectives stated above were achieved during the period.

The catchment area for the Hospice follows the boundaries of the Southern Derbyshire Strategic Health Authority which covers five Derbyshire Primary Care Trusts, and the Nottingham Borders. Most of the work in Nottingham covers the Broxtowe Hucknall Primary Care Trust. In total the catchment area has a population in excess of 650,000.

Hospice at Home

Caring for someone at home, 24 hours a day is both physically and emotionally exhausting. Very often patients have to be admitted to hospital, or hospice, because the family or carers can no longer cope. By providing extra care and support in the home, it is possible to alleviate some of the strain and allow the patient to remain at home, if that is their wish and to die, with dignity, in the place of their choice. The service also provides respite from caring

A team of qualified nurses and experienced health care assistants is available 24 hours a day, 365 days a year. The service is managed by the Clinical Services Manager and provides skilled, specialist palliative care, at home, to those who have life-limiting illnesses.

National research shows that most people with cancer, given a choice, would wish to die at home. Within our Hospice at Home service the percentage of patients dying at home was

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2006 (continued)

68.5%, significantly above the national average, reflecting the effectiveness of the service in helping patients to die in the place of their choice.

Service Level Agreement	Target Contact Hours	Actual Contact Hours
Derbyshire	14,040	14,242
Nottingham	1,596	1,466.5

Homecare visits increased by 36% over the previous year and the number of direct care hours provided increased by 24%.

The total number of patients registered during the period was 351, an increase of 19.4% over the previous year. Of these, 297 people received care for the first time ever during the year. There were a total of 395 referrals to the service an increase of 6% over the previous year.

Overall, the department met its objectives for the year despite a small under performance against the Nottingham service level agreement. Audit and evaluation of the service is now a continuous process and the results are fed back to the Board via the Clinical Sub-Committee. In 2006 the department will again aim to maximise its service delivery within the constraints of the budget, revise and develop the audit/evaluation tools in use, and aim to increase statutory funding to a level that is compatible with the actual level of service provision.

Day Care Unit

Day Care gives people with life-limiting illnesses the opportunity to meet other people, in similar situations, in a secure, caring environment. The aim of Day Care is to improve the patient's quality of life, wherever possible, by providing skilled, high quality care with particular regard given to the management of physical, social, emotional and spiritual difficulties. A change of environment, social stimulation and activities, appropriate to each individual, are integral parts of the service.

The total number of patients accessing Day Care during the year was 141, 76 people attended for the first time. There were 119 referrals to the unit, much the same as in the previous year. Performance, measured against service level agreements, was as follows:

Service Level Agreement	Target Attendances	Actual Attendance
Derbyshire	1,400	2,079
Nottingham	150	151

As can be seen from the above, the service level target for Derbyshire was exceeded by 48.5% although no additional statutory funding was achieved. Funding, in situations of over performance needs to be clarified with the Primary Care Trusts but given the uncertainties surrounding future funding, (payment by results and full cost recovery funding), make it unlikely that clarification will be achieved in the near future.

In order to increase patients' access to therapeutic activities the Hospice is fully supporting the Creative Therapist whilst she undertakes an MA in Art Therapy, additional therapeutic support is provided by a qualified drama therapist. The development of therapeutic services is in line with the NICE guidance for Specialist Palliative Care Services

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2006 (continued)

Complementary Therapy

Complementary Therapies are available to patients, carers and the bereaved. The aim is to provide treatments that enable people to cope more effectively with their situation both in terms of managing physical symptoms and emotional distress. Fully qualified therapists offer aromatherapy, reflexology, Reiki and Indian head and shoulder massage. Overall, the total number of individual treatments provided increased by 26% over the previous year.

A service level agreement exists with Nottingham but not with Derby; therefore the service is funded primarily with charitable income.

Complementary Therapy Activity	Target Treatments	Actual Treatments
Derbyshire	0	483
Nottingham	25	26

Bereavement Support Services

Whilst bereavement is almost invariably a sad and often emotionally painful and draining experience it is a natural process and many people would not want any intervention from anybody other than friends or relatives. For some people, however, it is known that help from outside the family is beneficial. Support is provided to those who have had contact with the Hospice and those with no previous contact. Referral in to the service by the bereaved person themselves is encouraged, as it is the best indicator that a person is ready to engage in the therapeutic process. The service is managed by a BACP accredited counsellor who works with a large, specially trained, volunteer support team, who, in addition to providing individual one to one support sessions for individual clients, assist the Counsellor in contacting all families following their bereavement by letter and telephone calls.

Service Level Agreement	Target Contacts	Actual Contacts
Derbyshire	70	614
Nottingham	0	47
Leicestershire	0	24

The total number of clients receiving bereavement support during the year was 100; there were 74 referrals to the service, an increase of 68%. The total number of support contacts during the year was 685, an increase of 65% over the previous year. As can be seen above, the service level agreement with Derbyshire was exceeded by a ridiculous 777%. However, this service attracted no additional funding.

In February 2006, the Bereavement Support Worker completed a two-year project investigating the availability of bereavement services within Southern Derbyshire on behalf of, and funded by, the Derby Burton Cancer Network. It is due, in part, to this project that the service delivery has increased so dramatically as the Hospice becomes known as a referral point. Although we continue to support Nottingham and some Leicestershire residents, this is with charitable funding

Out Patient Clinic

The charity has hosted an outpatient clinic staffed by a medical consultant from the local NHS palliative care unit in Derby for some years. This allows the charity to refer patients to the

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2006 (continued)

clinic if medical intervention is required and reduces the need for many local people to travel to the city centre for medical assessment. No funding is received for this provision and so there are no service level agreements. However, the department aims to increase the number of patients seen on a year-by-year basis whilst remaining conscious of the need not to exceed the agreed budget. The number of clinic attendances increased by 13% over the previous year.

	05/06	04/05
Total number of clinic attendances	166	147

There have been significant developments in this service, including the introduction of intra venous treatments for symptom management (Pamidronate Infusions). The number of clinics held increased during the year from 35 to 39. In addition, Day Care Unit staff are rotated through the clinic in order to develop and maintain their specialist palliative care knowledge and skills.

The learning opportunity for staff that the clinic provides has been increased by the support given to department by the Clinical Nurse Specialist who was appointed in 2005.

Carers Support

Almost one in eight people provide unpaid help and support to a relative or friend who is frail, sick or disabled (Carers Week Survey 2006), and 79% of carers surveyed say that their health is affected by caring, with stress and depression being amongst the commonest complaints. The Hospice provides support in the form of a fortnightly Carers' Support Group. At these meetings carers give each other support and benefit from the opportunity to concentrate on meeting their own needs. The group is run by volunteers under the supervision of the Day Care Unit Manager. It is available to any person caring for someone who receives services from the Hospice. During the year 29 people accessed the Support Group, 79% of the carers were female and overall 89% of the group were the spouse/partner of the cared-for person. Carers' Group attendances increased from 107 in 2004/05 to 178 in 2005/06, a 66% increase. There is much that can be developed within this service and over the next year the service will look to developing the following:

- Developing pre-bereavement support for carers
- Developing support for carers in their own homes

Trustees responsibilities in relation to the financial statements

Company law requires the trustees to prepare financial statements that give a true and fair view of the state of the affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make sound judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the charity will not continue in business.

Treetops Hospice Trust

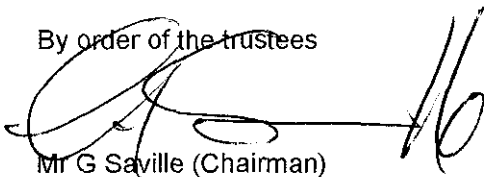
Report of the trustees for the year ended 31 March 2006 (continued)

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution will be proposed at the Annual General Meeting that Cedar Audit Limited be re-appointed as auditors to the charity for the ensuing year.

By order of the trustees

A handwritten signature in black ink, appearing to be 'G Saville', written over a horizontal line.

Mr G Saville (Chairman)

Date: 26.9.06.

Treetops Hospice Trust

Independent Auditor's Report to the trustees of Treetops Hospice Trust

We have audited the financial statements of Treetops Hospice Trust for the year ended 31 March 2006 which comprise the Consolidated Statement of Financial Affairs, the Consolidated Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity trustees, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity trustees those matters we are required to state to them in an auditors' 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 trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

As described on pages 12 and 13 the trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Treetops Hospice Trust

Independent Auditor's Report to the trustees of Treetops Hospice Trust (continued)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company and the group's affairs as at 31 March 2006 and of its incoming resources and resources expended for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Cedar Audit Ltd.

Cedar Audit Limited
Lucre House
108 Ashbourne Road
Derby
DE22 3AG

Date: 11.10.06.

Treetops Hospice Trust

Consolidated statement of financial activities for the year ended 31 March 2006

	Note	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total 2006 £	Total 2005 £
Incoming resources					
Incoming resources from generated funds					
- Voluntary income	3	41,420	338,633	380,053	291,609
- Activities for generating funds	4	-	668,183	668,183	551,027
- Investment income	5	-	9,394	9,394	6,830
Incoming resources from charitable activities	6	-	298,659	298,659	288,692
Total incoming resources		41,420	1,314,869	1,356,289	1,138,158
Resources expended					
Cost of generating voluntary income	7	111,140	498,800	609,940	460,294
Charitable activities	8	3,642	710,294	713,936	638,658
Governance costs	9	-	15,036	15,036	15,009
Total resources expended	10	114,782	1,224,130	1,338,912	1,113,961
Net incoming resources		(73,362)	90,739	17,377	24,197
Fund balance at 31 March 2005		102,189	410,782	512,971	488,774
Fund balance at 31 March 2006	18,19	28,827	501,521	530,348	512,971

Treetops Hospice Trust

Consolidated balance sheet as at 31 March 2006

	Note	Group		Trust	
		2006 £	2005 £	2006 £	2005 £
Fixed assets					
Tangible assets	12,13	375,187	377,923	364,601	368,604
Investments	14	-	-	11,000	11,000
		<u>375,187</u>	<u>377,923</u>	<u>375,601</u>	<u>379,604</u>
Current assets					
Stocks		5,901	3,045	4,350	1,494
Debtors	15	28,664	20,719	12,154	15,499
Cash at bank and in hand		<u>205,797</u>	<u>194,207</u>	<u>177,833</u>	<u>130,612</u>
		<u>240,362</u>	<u>217,971</u>	<u>194,337</u>	<u>147,605</u>
Creditors	16	<u>85,201</u>	<u>82,923</u>	<u>68,043</u>	<u>70,857</u>
Net current assets		<u>155,161</u>	<u>135,048</u>	<u>126,294</u>	<u>76,748</u>
Net assets	20	<u>530,348</u>	<u>512,971</u>	<u>501,895</u>	<u>456,352</u>
Capital funds					
Restricted funds	18	28,827	102,189	28,827	102,189
Unrestricted funds	19	<u>501,521</u>	<u>410,782</u>	<u>473,068</u>	<u>354,163</u>
		<u>530,348</u>	<u>512,971</u>	<u>501,895</u>	<u>456,352</u>

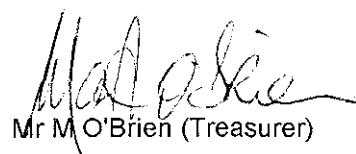
These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board and signed on it's behalf:



Mr G Saville (Chairman)

Date: 26.9.06.



Mr M O'Brien (Treasurer)

Date: 26.9.06.

The notes form part of these financial statements

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2006

1. Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards and the Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005).

The statement of financial activities (SOFA) and the balance sheet consolidate the financial statements of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The charity has taken advantage of section 230 of the Companies Act 1985 and has not included a separate SOFA of its own.

b) Company status

The Hospice is limited by guarantee and every member undertakes to contribute such an amount, not exceeding £1, as may be required in the event of the charity being wound up while he is a member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the company.

c) Fund accounting

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

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

d) Incoming resources

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

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity when this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2006

e) Resources expended

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

Fund raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out. Management and administration costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

f) Tangible fixed assets

Depreciation is provided on tangible fixed assets at the following annual rates in order to write off each asset over its estimated useful life:

Freehold buildings	- equal annual instalments over estimated life
Leasehold property	- 2% reducing balance
Fixtures and fittings	- 15% and 25% reducing balance
Office equipment	- 15% and 25% reducing balance

g) Stocks

Stock consists of purchased goods for resale and donated goods to be sold. Stocks are valued at the lower of cost and net realisable value.

h) Pension costs

Contributions in respect of the Hospice's defined contribution schemes are charged to the SOFA for the year in which they are payable.

i) Operating leases

Rent applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the SOFA.

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2006

2 Net income from trading activities of the subsidiaries

The charity has two wholly owned subsidiaries which are incorporated in the UK, Treetops Funding Limited and Treetops Retail Limited. The companies gift their taxable profits to Treetops Hospice Trust under the Gift Aid provisions. A summary of the trading results is shown below. Audited accounts have been filed with the Registrar of Companies.

Profit and loss account	Retail 2006 £	Funding 2006 £	Total 2006 £	Total 2005 £
Hospice Lottery receipts (inc. prizes not claimed)	-	210,531	210,531	181,276
Shop sales	274,326	-	274,326	213,162
Catering	53,471	-	53,471	49,270
	327,797	210,531	538,328	443,708
Prizes	-	(74,400)	(74,400)	(72,200)
Cost of shop sales	(13,823)	-	(13,823)	(12,737)
Catering supplies	(20,484)	-	(20,484)	(22,971)
	293,490	136,131	429,621	335,800
Administration	(193,350)	(101,568)	(294,918)	(240,007)
	100,140	34,563	134,703	95,793
Donations	-	-	-	2,721
Interest received	-	51	51	134
	100,140	34,614	134,754	98,648

3 Voluntary income - analysis by fund type

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total 2006 £	Total 2005 £
Donations and sponsorships	-	87,743	87,743	86,054
Ripple Appeal for new building	41,420	-	41,420	103,007
Daycare Refurbishment appeal	-	-	-	10,644
Legacies and bequests	-	228,801	228,801	65,000
Income from charitable trusts and industry	-	22,089	22,089	26,904
Total voluntary income	41,420	338,633	380,053	291,609

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2006

3 Voluntary income - analysis by fund type (continued)

Analysis of income from charitable trusts and industry:

	2006 £
Awards For All	3,200
Anonymous	1,500
Griffith UK Foundation	1,000
Ruffield Charitable Trust	600
Sawley Charities	300
Help the Hospice (re anonymous donation)	7,100
The Provincial Grand Charity	1,000
The Cecil Rosen Foundation	100
Income from industry (total)	<u>7,289</u>
	<u>22,089</u>

Analysis of Ripple Appeal donations:

The Institute of Our Lady of Mercy	1,000
The Albert Hunt Trust	5,000
The Medlock Charitable Trust	5,000
The Anton Jurgens Trust	4,000
The Clothworkers Foundation	15,000
The Fitton Trust	250
Other	<u>11,170</u>
	<u>41,420</u>

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2006

4 Activities for generating funds - analysis by fund type

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total 2006 £	Total 2005 £
Hospice Lottery income	-	209,529	209,529	181,276
Shop sales	-	280,888	280,888	213,162
Catering	-	56,528	56,528	49,270
Other fundraising activities:				
Support group donations from organised events	-	4,779	4,779	4,635
Income from other clubs and organisations	-	15,584	15,584	6,858
Christmas appeal	-	23,105	23,105	24,872
Car boot sales	-	12,530	12,530	10,774
Light Up A Life	-	14,017	14,017	10,503
Trustee events	-	-	-	2,796
Friends of Treetops	-	840	840	930
Easter appeal	-	8	8	13,731
Recycling	-	3,017	3,017	2,181
Prize draw	-	14,609	14,609	18,944
Hospice events	-	26,389	26,389	7,764
Miscellaneous	-	6,360	6,360	3,331
	-	668,183	668,183	551,027

5 Investment income - analysis by fund type

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total 2006 £	Total 2005 £
Interest received	-	9,394	9,394	6,830

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2006

6 Incoming resources from charitable activities

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total 2006 £	Total 2005 £
Service agreements:				
Greater Derby PCT	-	149,736	149,736	145,375
Derby Burton Cancer Network	-	112,394	112,394	112,394
Rushcliffe PCT	-	14,058	14,058	14,058
	-	276,188	276,188	271,827
Other income:				
Education	-	9,936	9,936	4,748
Meals and refreshments	-	4,800	4,800	4,500
Trustee membership fees	-	405	405	480
NHS pension rebate	-	7,330	7,330	7,101
Miscellaneous	-	-	-	36
	-	22,471	22,471	16,865
Total incoming resources from charitable activities	-	298,659	298,659	288,692

7 Cost of generating voluntary income

	Direct 2006 £	Staff costs 2006 £	Other 2006 £	Total 2006 £	Total 2005 £
Hospice lottery	74,400	61,913	39,655	175,968	146,898
Shops	20,385	74,896	95,960	194,841	154,221
Catering	23,541	17,121	5,373	46,035	46,796
Ripple appeal (restricted fund)	53,005	31,980	26,155	111,140	-
Fund raising events	27,222	41,553	13,181	81,956	112,379
	198,553	227,463	180,324	609,940	460,294

Direct costs are those associated with providing the activity, for example, lottery prizes and shop cost of sales.

Other costs include depreciation, support costs and other indirect costs.

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2006

8 Charitable activities

	Staff costs 2006 £	Other 2006 £	Depreciation 2006 £	Total 2006 £	Total 2005 £
Day care provision	169,109	42,135	4,200	215,444	223,537
Bereavement support	40,902	13,635	1,120	55,657	54,328
Complementary therapy	4,030	16,407	420	20,857	4,463
Hospice at home	345,097	56,392	7,980	409,469	345,407
Training	2,687	9,542	280	12,509	10,923
	<u>561,825</u>	<u>138,111</u>	<u>14,000</u>	<u>713,936</u>	<u>638,658</u>

Support costs and volunteer costs have been allocated to charitable activities in proportion to the direct costs attributed to each activity. The relevant proportions are: Day care provision 30%, Bereavement support 8%, Complementary therapy 3%, Hospice at home 57% and Training 2%.

9 Governance costs

	Staff costs 2006 £	Other 2006 £	Depreciation 2006 £	Total 2006 £	Total 2005 £
Governance costs	8,045	6,991	-	15,036	15,009

Other governance costs consist only of audit fees.

10 Total resources expended

	2006 £	2005 £
Total resources expended include:		
Depreciation	14,000	16,740
Auditors' remuneration	<u>6,991</u>	<u>7,009</u>

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2006

11 Staff costs and trustee remuneration

No employee earned more than £60,000 during the year.

No trustees were paid any remuneration during the year. One trustee received travelling expenses of £99.

The average number of persons employed including part-time staff calculated on a full-time equivalent basis analysed by function was:

	2006	2005
Direct charitable	21	22
Fund raising and publicity	12	7
Management and administration	2	3
	<u>35</u>	<u>32</u>

12 Tangible fixed assets - group

	Freehold & Leasehold Property £	Fixtures & Fittings £	Office Equipment £	Total £
Cost				
At 1 April 2005	361,466	70,292	54,807	486,565
Additions	-	13,020	1,774	14,794
At 31 March 2006	<u>361,466</u>	<u>83,312</u>	<u>56,581</u>	<u>501,359</u>
Depreciation				
At 1 April 2005	35,723	43,464	29,455	108,642
Charge for year	6,071	8,788	2,671	17,530
At 31 March 2006	<u>41,794</u>	<u>52,252</u>	<u>32,126</u>	<u>126,172</u>
Net book value				
At 31 March 2006	<u>319,672</u>	<u>31,060</u>	<u>24,455</u>	<u>375,187</u>
At 31 March 2005	<u>325,743</u>	<u>26,828</u>	<u>25,352</u>	<u>377,923</u>

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2006

The net book value of the group's tangible fixed assets represents:

	Freehold & Leasehold Property £	Fixtures & Fittings £	Office Equipment £	Total £
Direct charitable purposes:				
Day care	169,375	21,882	1,835	193,092
Other purposes:				
Fund raising and publicity	-	-	7,921	7,921
Management and administration	150,297	9,178	14,699	174,174
	<u>319,672</u>	<u>31,060</u>	<u>24,455</u>	<u>375,187</u>

13 Tangible fixed assets - trust

	Freehold & Leasehold Property £	Fixtures & Fittings £	Office Equipment £	Total £
Cost				
At 1 April 2005	361,466	70,292	37,432	469,190
Additions	-	8,223	1,774	9,997
At 31 March 2006	<u>361,466</u>	<u>78,515</u>	<u>39,206</u>	<u>479,187</u>
Depreciation				
At 1 April 2005	35,723	43,464	21,399	100,586
Charge for year	6,071	5,258	2,671	14,000
At 31 March 2006	<u>41,794</u>	<u>48,722</u>	<u>24,070</u>	<u>114,586</u>
Net book value				
At 31 March 2006	<u>319,672</u>	<u>29,793</u>	<u>15,136</u>	<u>364,601</u>
At 31 March 2005	<u>325,743</u>	<u>26,828</u>	<u>16,033</u>	<u>368,604</u>

The trustees are of the opinion that the open market value of the freehold property is in excess of its carrying value. It is not considered practical to quantify this excess.

The freehold and leasehold property comprises the building and grounds known as Treetops Hospice:

	2006 £	2005 £
Initial costs	260,964	260,964
Subsequent improvements to freehold property	96,660	96,660
Leasehold property	<u>3,842</u>	<u>3,842</u>
	<u>361,466</u>	<u>361,466</u>

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2006

14 Investments

	2006 £	2005 £
Wholly owned subsidiaries	11,000	11,000

15 Debtors

	Group		Trust	
	2006 £	2005 £	2006 £	2005 £
Service debtors	2,106	442	168	413
Amounts due from group companies	-	-	1,446	-
Prepayments	25,913	20,277	10,487	15,086
Other debtors	645	-	53	-
	<u>28,664</u>	<u>20,719</u>	<u>12,154</u>	<u>15,499</u>

16 Creditors

	Group		Trust	
	2006 £	2005 £	2006 £	2005 £
Trade creditors	22,276	26,084	14,452	18,241
Other taxes and social security	16,808	13,576	16,808	13,576
Other creditors	2,883	2,123	2,883	2,123
Accruals	13,987	12,213	9,831	7,998
Amounts due to group companies	-	-	24,069	28,919
Lottery receipts in advance	29,247	28,927	-	-
	<u>85,201</u>	<u>82,923</u>	<u>68,043</u>	<u>70,857</u>

17 Financial commitments

As at 31 March 2006 annual commitments under operating leases, all in relation to land and buildings were:

	2006 £	2005 £
Under one year	4,600	4,600
Two to five years	35,140	22,140
Over five years	7,100	-
	<u>46,840</u>	<u>26,740</u>

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2006

18 Restricted funds

	Ripple appeal for new building £	Daycare refurb. £	Replacement windows £	Equipment £	Total £
At 1 April 2005	77,909	9,047	14,248	985	102,189
Donations	41,420	-	-	-	41,420
	119,329	9,047	14,248	985	143,609
Costs	(111,140)	-	-	-	(111,140)
Depreciation	-	(1,357)	(2,137)	(148)	(3,642)
At 31 March 2006	8,189	7,690	12,111	837	28,827

Represented by:

	Cash at bank £	Fixed assets £	Total £
Ripple appeal for new building	8,189	-	8,189
Daycare refurbishment	-	7,690	7,690
Replacement windows	-	12,111	12,111
Equipment	-	837	837
	8,189	20,638	28,827

19 Unrestricted funds

	Total £
At 1 April 2005	410,782
Movement in year	90,739
At 31 March 2006	501,521

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2006

20 Analysis of group net assets between funds

	General fund £	Restricted funds £	Total £
Tangible fixed assets	354,549	20,638	375,187
Cash at bank and in hand	197,608	8,189	205,797
Other net current assets	(50,636)	-	(50,636)
	<u>501,521</u>	<u>28,827</u>	<u>530,348</u>