

Treetops Hospice Trust

Annual report and consolidated accounts

for the year ended 31 March 2007



Charity number: 519540

Company number: 1801708

Treetops Hospice Trust

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Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2007

The trustees are pleased to present their report together with the financial statements of the charity for the year ending 31 March 2007

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 Dr J Dornan Mr M Fox Dr H Godridge Mrs J Heath Mr P Kerry (retired 9 October 2006) Mr P Stewart (retired 9 October 2006) Mr R Webster Mrs S Basker Mr A Wardle (appointed 9 October 2006) Ms M King (appointed 28 November 2006)
Chief Executive	Ms C Janes
Company Secretary:	Mr R Thomas

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Report of the trustees for the year ended 31 March 2007 (continued)

Charity number.	519540
Company number:	1801708
Registered office.	Treetops Hospice Derby Road Risley Derby DE72 3SS
Auditors.	Cedar Audit Limited Lucre House 106-108 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 20th March 1984 under the name Draycott Hospice Association. The name of the company was changed to Treetops Hospice Trust on 21st June 1993. The charity's governing document is its Memorandum and Articles of Association (last amended on 17th 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 2007 (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.

In 2007/08 the Board will agree 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.

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2007 (continued)

In 2007/08 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.

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 have been reviewed in 2007 as the Board revised and updated the strategic plan. Internally, the Health and Safety committee continues 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 April 2007. 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 just under 400 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.

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2007 (continued)

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.

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.

Objectives and Activities

Funding Sources

Financial Review

The Charity's gross income increased slightly from £1,356,289 to £1,357,779. Gross costs decreased from £1,338,912 to £1,323,442 a reduction of just 1%.

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

The Business Plan identified the following broad departmental income targets, which are shown alongside actual performance. The previous year's actual performance figures are also shown in order that actual income generation growth can also be seen.

Income Generation Stream	Business Plan Income Targets 06/07	Actual Income 06/07	Actual Income 05/06
Statutory Funding	£307,500	£293,605	£276,188
Funding Company (profit only)	£85,000	£42,241	£33,561
Retail Company (profit only)	£348,000	£104,159	£96,540
Fundraising (profit only)	£150,000	£197,634	£149,114
Total	£890,500	£637,639	£555,403

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2007 (continued)

The business plan income targets have not been met and fall short by just under 40%. They were optimistic and will be reviewed and re-set in 2007/08. However, the increase over the previous year represents a 15% overall increase in income generation within the categories identified above.

Overall costs, throughout departments, were well controlled and budget targets were not exceeded.

During the year legacy income totalling £39,594 was received. It is the policy of the Board of Trustees that, whenever possible, legacy income should be used to increase the financial reserves of the organisation.

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 gift-aid payments of £146,400, transferring all their taxable profits to the charity, an increase of 8.6% over the previous year.

Funding Company – Treetops Hospice Lottery

The funding company's turnover increased from £210,531 to £237,818 (13%) and profit increased from £34,614 to £42,241 (22%). As was stated last year the key to increasing profit lies in recruiting more active playing members to the Lottery. This has started to happen following the investment in staff resources during the year. However the profit target of £74,734 was not achieved due to the speed at which the increase in playing members occurred over the year. It was a record year for the Lottery and the base is now in place for it to continue to grow in 2007/8.

Retail Company

The Retail Company profit target for 2006/07, of £112,381 was not met, but the profit realised, £104,159, was 4% higher than the previous year's performance, which realised a profit of £100,140. Gross income increased by 11% to £364,087.

During the year it was agreed that we would work towards developing the Catering Manager's role into that of Operations Manager – Retail, with the aim of supporting the Departmental Manager and increase the resources available to implement retail developments, including the opening of a new shop in 2007/08. The departmental long term strategy of opening two new shops per year over a five year period is subject to the vagaries of the property market and has proved unrealistic and therefore the business plan targets for increasing Retail profit will not be met. Trustees will revise the strategic development plans in 2007/08. No suitable shop premises were identified during the year and it was agreed that the year 2006/07 should, primarily, be a consolidation year.

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2007 (continued)

The introduction of stringent, new, financial and management systems in the existing nine shops have given firm foundations on which to build. Priority has been given to ensuring that all Health and Safety requirements are met and management systems improved.

Fundraising

A new Head of Fundraising was recruited in August in 2006, and her input is having a positive effect within the department.

Internal fundraising includes income from events, donations, industry and trusts. 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.

Total income from the Fundraising Department increased by 20% to £277,858 and profit by 33% to £197,634.

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 £853 to £10,247.

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 hospice stand at £196,214 as at March 31st 2007, of this figure £135,437 are available funds, £30,700 is money received for the planned Children's Bereavement Project, £1,875 is money remaining from a ring fenced donation for daycare fixtures and fittings. The balance of £28,202 is 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, but sadly moved on from the organisation in August 2006. Recruitment to the post was not successfully implemented until the beginning of the 2007/08 financial year, which has meant that the Appeal has effectively remained dormant. However, a new Appeal Manager has now been recruited and the Trustees will undertake an options appraisal in August 2007 to address the issue of significant increases in the proposed project and bring the project back in line with the original appeal target of £2.5million by considering revisions to the architect's plans.

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2007 (continued)

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

Architect – John Hallatt to whom a special thank you for donated services is due

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)

Review of the period's activities

Provision of Care

During 2006/2007 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 total number of patients receiving care during the year increased by 16% over the previous year. A total of 674 individuals received care, of these, 490 were new patients who registered with the clinical services for the first time. The number of new patients cared for who did not have a cancer diagnosis increased by just under 28% over the previous year, and overall, 22% of the total number of new patients during the year had a non-cancer diagnosis.

Of the 674 people cared for in total over the period, 371 (55%) died within the year. Of the patients who died during the year, just under 70% died at home, 19% died in hospital, 9% in specialist palliative care units. A total of 371 patients died during the course of the year as compared to 300 in the previous year, an increase of 24%.

The service objectives stated above were achieved during the period evidenced by the growth in service delivery.

Audit/evaluation is continuous in all departments and indicates that patients are extremely satisfied with the care they receive. The results of audit/evaluation are submitted to and scrutinised by the Clinical Sub-committee prior to being circulated to the full Board.

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Report of the trustees for the year ended 31 March 2007 (continued)

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 for carers.

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

Performance Targets

Service delivery targets are set within the service level agreements on which statutory funding is based as follows:

Service Level Agreement	Target Contact Hours	Actual Contact Hours
Derbyshire	14,033	13,481
Nottingham	1,595	2,550

The Hospice at Home service contract with Nottingham Primary Care Trusts was exceeded by just under 60% and additional funding of £11,913 was received from Nottingham in recognition of the over performance.

2,770 homecare visits were provided during the year, an increase of 3% over the previous year and the number of actual contact hours provided increased by 2% to 16,031.

The total number of patients registered during the period was 418, an increase of 19% over the previous year. Of these, 362 people received care for the first time ever during the year. There were a total of 395 referrals to the service an increase of just over 27% over the previous year.

Overall, the department met its objectives for the year despite a small under performance against the Derbyshire 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 2007 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.

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2007 (continued)

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 167, an increase of 18% over the previous year. 76 people attended for the first time an increase of 11%. There were 131 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	2,012
Nottingham	150	216

As can be seen from the above, the service level targets for Derbyshire and Nottingham were exceeded by 44%, 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), it is 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.

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 remained the same as the previous year at 537. Whilst a very small service level agreement exists with Nottingham, the funding is primarily charitable and this has limited the development of the service over the year.

Complementary Therapy Activity	Target Treatments	Actual Treatments
Derbyshire	0	496
Nottingham	25	40

Bereavement Support Services

Bereavement is almost invariably a sad and often emotionally painful and draining experience but 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 to the service by the bereaved person.

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2007 (continued)

themselves, as this 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 team of, specially trained, volunteers that includes qualified counsellors, counsellors in training and individuals who have accessed the in-house bereavement training course. The team, in addition to providing individual one to one support sessions for individual clients, assists the Counsellor in contacting all families following their bereavement by letter and telephone calls.

Service Level Agreement	Target Contacts	Actual Contacts
Derbyshire	70	704
Nottingham	0	166
Leicestershire	0	32

The service receives minimal statutory funding and is, therefore, primarily charitably funded.

The total number of clients receiving bereavement support during the year was 137, an increase of 37% over the previous year, there were 209 referrals to the service. The total number of support contacts during the year was 902, an increase of just under 16% over the previous year. As can be seen above, the service level agreement with Derbyshire was massively exceeded, however, this service attracted no additional funding during the year.

The department is working towards developing a Family Centred Bereavement service in order to offer support to the growing number of children who have been bereaved and had contact with the service. The three year cost of this development will be in the region of £130,000 and applications to Trusts are being made. The Trustees require the full three years funding to be available before the development is implemented. So far £30,700 has been received towards this project.

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 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 total number of clinic attendances remained the same as last year at 165.

	06/07	05/06
Total number of clinic attendances	165	166

The introduction of intravenous treatments for symptom management (Pamidronate Infusions) last year has been welcomed by patients and staff and continues to provide a valuable service, reducing the need for patients to travel to the major hospitals for simple treatments. The rotation of Day Care Unit staff through the clinic in order to develop and maintain their specialist palliative care knowledge and skills has continued with positive benefits and co-ordination of the clinic has become a defined role for one of the Day Care Unit Staff Nurses.

Treetops Hospice Trust

Report of the trustees for the year ended 31 March 2007 (continued)

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 there were 195 attendances at 24 support sessions. Service developments have been restricted by cost and it remains the intention of the Clinical Services Manager to investigate the following developments:

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

Implementation of these developments will depend on financial resources being made available.

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:

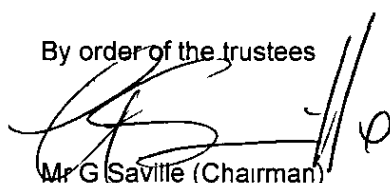
- Select suitable accounting policies and then apply them consistently,
- Make sound judgements and estimates that are reasonable and prudent, and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the charity will not continue in business.

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



Mr G Saville (Chairman)

Date 31 7 07

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 2007 which comprise the Consolidated Statement of Financial Affairs, the consolidated Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's 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's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's 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 in the Statement of Trustees' Responsibilities the trustees (who are also the directors of Treetops Hospice Trust for the purposes of company law) are responsible for the preparation of the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

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 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 group and the company's affairs as at 31 March 2007, and of its incoming resources and application of resources, including its income and expenditure, in the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985



Cedar Audit Limited
Lucre House
106-108 Ashbourne Road
Derby
DE22 3AG

Date 15 August 2007

Treetops Hospice Trust

Consolidated statement of financial activities for the year ended 31 March 2007

	Note	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total 2007 £	Total 2006 £
Incoming resources					
Incoming resources from generated funds					
- Voluntary income	3	100,355	204,453	304,808	380,053
- Activities for generating funds	4	-	722,631	722,631	668,183
- Investment income	5	-	10,247	10,247	9,394
Incoming resources from charitable activities	6	-	320,093	320,093	298,659
Total incoming resources		100,355	1,257,424	1,357,779	1,356,289
Resources expended					
Cost of generating voluntary income	7	46,641	527,793	574,434	609,940
Charitable activities	8,18	5,453	732,457	737,910	713,936
Governance costs	9	-	11,098	11,098	15,036
Total resources expended	10	52,094	1,271,348	1,323,442	1,338,912
Net incoming resources		48,261	(13,924)	34,337	17,377
Fund balance at 31 March 2006		28,827	501,521	530,348	512,971
Fund balance at 31 March 2007	18,19	77,088	487,597	564,685	530,348

Treetops Hospice Trust

Consolidated balance sheet as at 31 March 2007

	Note	Group		Trust	
		2007 £	2006 £	2007 £	2006 £
Fixed assets					
Tangible assets	12,13	368,471	375,187	349,890	364,601
Investments	14	-	-	11,000	11,000
		<u>368,471</u>	<u>375,187</u>	<u>360,890</u>	<u>375,601</u>
Current assets					
Stocks		6,050	5,901	4,350	4,350
Debtors	15	56,589	28,664	43,278	12,154
Cash at bank and in hand		<u>227,790</u>	<u>205,797</u>	<u>198,266</u>	<u>177,833</u>
		<u>290,429</u>	<u>240,362</u>	<u>245,894</u>	<u>194,337</u>
Creditors	16	<u>94,215</u>	<u>85,201</u>	<u>66,650</u>	<u>68,043</u>
Net current assets		<u>196,214</u>	<u>155,161</u>	<u>179,244</u>	<u>126,294</u>
Net assets	20	<u>564,685</u>	<u>530,348</u>	<u>540,134</u>	<u>501,895</u>
Capital funds					
Restricted funds	18	77,088	28,827	77,088	28,827
Unrestricted funds	19	<u>487,597</u>	<u>501,521</u>	<u>463,046</u>	<u>473,068</u>
		<u>564,685</u>	<u>530,348</u>	<u>540,134</u>	<u>501,895</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 31 7 07

Mr M O'Brien (Treasurer)



Date 31 7 07

The notes form part of these financial statements

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2007

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 2007

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% on reducing balance
Fixtures and equipment	- 25% on reducing balance
Motor vehicles	- 25% on 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 2007

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 2007 £	Funding 2007 £	Total 2007 £	Total 2006 £
Hospice Lottery receipts (inc prizes not claimed)	-	237,818	237,818	210,531
Shop sales	307,957	-	307,957	274,326
Catering	56,130	-	56,130	53,471
	364,087	237,818	601,905	538,328
Prizes		(72,200)	(72,200)	(74,400)
Cost of shop sales	(9,209)	-	(9,209)	(13,823)
Catering supplies	(20,763)	-	(20,763)	(20,484)
	334,115	165,618	499,733	429,621
Administration	(229,956)	(123,377)	(353,333)	(294,918)
	104,159	42,241	146,400	134,703
Donations	-	-	-	-
Interest received	-	-	-	51
	104,159	42,241	146,400	134,754

3 Voluntary income - analysis by fund type

	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total 2007 £	Total 2006 £
Donations and sponsorships	3,000	141,627	144,627	87,743
Ripple Appeal for new building	66,655	-	66,655	41,420
Children's Bereavement Project	30,700	-	30,700	-
Legacies and bequests	-	39,594	39,594	228,801
Income from charitable trusts and industry	-	23,232	23,232	22,089
Total voluntary income	100,355	204,453	304,808	380,053

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2007

3 Voluntary income - analysis by fund type (continued)

Analysis of income from charitable trusts and industry

	2007 £
Institute of Our Lady of Mercy	2,000
Ruffield Charitable Trust	2,050
Sally's Sunshine Trust	105
The Boshier-Hinton Foundation	3,000
The Cecil Rosen Foundation	200
The Orr Mackintosh Foundation	1,000
The Sawley Charities	300
The Ashby Trust	900
Corporate (total)	<u>13,677</u>
	<u>23,232</u>

Analysis of Ripple Appeal donations

The Childwick Trust	10,000
The Provincial Grand Charity	20,000
Thomas Farr	5,000
Corporate & groups	1,872
General donations	19,282
Events	<u>10,501</u>
	<u>66,655</u>

Analysis of Childrens' Bereavement Project donations

Garfield Weston Foundation	10,000
Harold Smith Charitable Trust	500
J S F Pollitzer Charitable Trust	1,000
The Barbara Ward Children's Foundation	4,000
The C L Hill Trust	2,500
The Dalby Charitable Trust	1,000
The Dixie Rose Findlay Charitable Trust	2,000
The Helen Jean Cope Trust	3,000
The Mr J W Wilcox Charitable Trust	1,500
The Stella Symons Charitable Trust	200
The Thomas J Horne Memorial Trust	<u>5,000</u>
	<u>30,700</u>

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2007

4 Activities for generating funds - analysis by fund type

	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total 2007 £	Total 2006 £
Hospice Lottery income	-	237,818	237,818	209,529
Shop sales	-	307,957	307,957	280,888
Catering	-	56,130	56,130	56,528
Other fundraising activities				
Support group donations from organised events	-	5,104	5,104	4,779
Income from other clubs and organisations	-	21,601	21,601	15,584
Christmas appeal	-	19,781	19,781	23,105
Car boot sales	-	11,880	11,880	12,530
Light Up A Life	-	14,998	14,998	14,017
Friends of Treetops	-	610	610	840
Easter appeal	-	7,905	7,905	8
Recycling	-	1,859	1,859	3,017
Prize draw	-	13,542	13,542	14,609
Hospice events	-	18,717	18,717	26,389
Miscellaneous	-	4,729	4,729	6,360
	-	722,631	722,631	668,183

5 Investment income - analysis by fund type

	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total 2007 £	Total 2006 £
Interest received	-	10,247	10,247	9,394

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2007

6 Incoming resources from charitable activities

	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total 2007 £	Total 2006 £
Service agreements				
Greater Derby PCT	-	152,880	152,880	149,736
Derby Burton Cancer Network	-	114,754	114,754	112,394
Rushcliffe PCT	-	25,971	25,971	14,058
	-	293,605	293,605	276,188
Other income				
Education	-	12,610	12,610	9,936
Meals and refreshments	-	5,995	5,995	4,800
Trustee membership fees	-	370	370	405
NHS pension rebate	-	7,513	7,513	7,330
Miscellaneous	-	-	-	-
	-	26,488	26,488	22,471
Total incoming resources from charitable activities	-	320,093	320,093	298,659

7 Cost of generating voluntary income

	Direct 2007 £	Staff costs 2007 £	Other 2007 £	Total 2007 £	Total 2006 £
Hospice lottery	72,200	70,919	52,458	195,577	175,968
Shops	9,209	94,018	117,432	220,659	194,841
Catering	20,763	14,185	4,321	39,269	46,035
Ripple appeal (restricted fund)	-	20,130	26,511	46,641	111,140
Fund raising events	24,889	39,278	8,121	72,288	81,956
	127,061	238,530	208,843	574,434	609,940

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 2007

8 Charitable activities

	Staff costs 2007 £	Other 2007 £	Depreciation 2007 £	Total 2007 £	Total 2006 £
Day care provision	167,820	45,305	3,814	216,939	215,444
Bereavement support	43,716	8,473	1,017	53,206	55,657
Complementary therapy	10,563	12,504	381	23,448	20,857
Hospice at home	356,062	64,791	7,249	428,102	409,469
Training	2,630	7,878	254	10,762	12,509
	<u>580,791</u>	<u>138,951</u>	<u>12,715</u>	<u>732,457</u>	<u>713,936</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 2007 £	Other 2007 £	Depreciation 2007 £	Total 2007 £	Total 2006 £
Governance costs	8,160	2,938	-	11,098	15,036

Other governance costs represent Trust audit fees only.

10 Total resources expended

	2007 £	2006 £
Total resources expended include		
Depreciation	18,168	14,000
Auditors' remuneration	<u>2,938</u>	<u>6,991</u>

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2007

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

	2007	2006
Direct charitable	22	21
Fund raising and publicity	12	12
Management and administration	2	2
	<u>36</u>	<u>35</u>

12 Tangible fixed assets - group

	Freehold & Leasehold Property £	Fixtures & Equipment £	Office Equipment £	Motor Vehicles £	Total £
Cost					
At 1 April 2006	361,466	83,312	56,581	-	501,359
Additions	-	3,457	-	14,195	17,652
At 31 March 2007	<u>361,466</u>	<u>86,769</u>	<u>56,581</u>	<u>14,195</u>	<u>519,011</u>
Depreciation					
At 1 April 2006	41,794	52,252	32,126	-	126,172
Charge for year	6,071	8,634	6,114	3,549	24,368
At 31 March 2007	<u>47,865</u>	<u>60,886</u>	<u>38,240</u>	<u>3,549</u>	<u>150,540</u>
Net book value					
At 31 March 2007	<u>313,601</u>	<u>25,883</u>	<u>18,341</u>	<u>10,646</u>	<u>368,471</u>
At 31 March 2006	<u>319,672</u>	<u>31,060</u>	<u>24,455</u>	<u>-</u>	<u>375,187</u>

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2007

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

	Freehold & Leasehold Property £	Fixtures & Equipment £	Office Equipment £	Motor Vehicles £	Total £
Direct charitable purposes					
Day care	166,158	19,006	1,376	-	186,540
Other purposes					
Fund raising and publicity	-	-	5,941	10,646	16,587
Management and administration	147,443	6,877	11,024	-	165,344
	<u>313,601</u>	<u>25,883</u>	<u>18,341</u>	<u>10,646</u>	<u>368,471</u>

13 Tangible fixed assets - Trust

	Freehold & Leasehold Property £	Fixtures & Fittings £	Office Equipment £	Total £
Cost				
At 1 April 2006	361,466	78,515	39,206	479,187
Additions	-	3,457	-	3,457
At 31 March 2007	<u>361,466</u>	<u>81,972</u>	<u>39,206</u>	<u>482,644</u>
Depreciation				
At 1 April 2006	41,794	48,722	24,070	114,586
Charge for year	6,071	8,313	3,784	18,168
At 31 March 2007	<u>47,865</u>	<u>57,035</u>	<u>27,854</u>	<u>132,754</u>
Net book value				
At 31 March 2007	<u>313,601</u>	<u>24,937</u>	<u>11,352</u>	<u>349,890</u>
At 31 March 2006	<u>319,672</u>	<u>29,793</u>	<u>15,136</u>	<u>364,601</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.

	2007 £	2006 £
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 2007

14 Investments

	2007 £	2006 £
Wholly owned subsidiaries	11,000	11,000

15 Debtors

	Group		Trust	
	2007 £	2006 £	2007 £	2006 £
Service debtors	21,954	2,106	18,251	168
Amounts due from group companies	-	-	4,161	1,446
Prepayments and accrued income	27,708	25,913	20,790	10,487
Other debtors	9,076	645	76	53
	58,738	28,664	43,278	12,154

16 Creditors

	Group		Trust	
	2007 £	2006 £	2007 £	2006 £
Trade creditors	23,687	22,276	15,428	14,452
Other taxes and social security	16,224	16,808	16,224	16,808
Other creditors	2,149	2,883	2,010	2,883
Accruals and deferred income	11,727	13,987	7,988	9,831
Amounts due to group companies	-	-	25,000	24,069
Lottery receipts in advance	40,428	29,247	-	-
	94,215	85,201	66,650	68,043

17 Financial commitments

As at 31 March 2007 annual commitments under operating leases, all in relation to land and buildings, were

	2007 £	2006 £
Under one year	4,600	4,600
Two to five years	37,556	35,140
Over five years	7,100	7,100
	49,256	46,840

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2007

18 Restricted funds

	Ripple appeal for new building £	Daycare refurb £	Replacement windows £	Equipment £	cont'd
At 1 April 2006	8,189	7,690	12,111	837	
Donations	66,655	3,000	-	-	
	74,844	10,690	12,111	837	
Costs	(46,641)	-	-	-	
Depreciation	-	(2,216)	(3,028)	(209)	
At 31 March 2007	28,203	8,474	9,083	628	

	Childrens' Bereavement Project £	Total £
At 1 April 2006	-	28,827
Donations	30,700	100,355
	30,700	129,182
Costs	-	(46,641)
Depreciation	-	(5,453)
At 31 March 2007	30,700	77,088

Represented by

	Cash at bank £	Fixed assets £	Total £
Ripple appeal for new building	28,203	-	28,203
Childrens' Bereavement Project	30,700	-	30,700
Daycare refurbishment	1,825	6,649	8,474
Replacement windows	-	9,083	9,083
Equipment	-	628	628
	60,728	16,360	77,088

Treetops Hospice Trust

Notes to the financial statements for the year ended 31 March 2007

19 Unrestricted funds

	Total £
At 1 April 2006	501,521
Movement in year	<u>(13,924)</u>
At 31 March 2007	<u>487,597</u>

20 Analysis of group net assets between funds

	General fund £	Restricted funds £	Total £
Tangible fixed assets	352,111	16,360	368,471
Cash at bank and in hand	167,062	60,728	227,790
Other net current assets	<u>(31,576)</u>	-	<u>(31,576)</u>
	<u>487,597</u>	<u>77,088</u>	<u>564,685</u>