



Annual Report and Accounts 2009-10



Children's Hospice Association Scotland

Sharing the Caring

Children's Hospice Association Scotland

Annual Report and Accounts

2009-10

For the year ended 31 March 2010

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DIRECTORS' REPORT

The Directors have pleasure in presenting the Annual Report and Accounts of Children's Hospice Association Scotland (CHAS) for the year ended 31 March 2010. These are prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' published in 2005. For the purposes of charity law, the Directors are Trustees of the charity.

Directors

Professor Gordon C A Dickson (Chairperson)
Dr Mary Ray (Vice-Chairperson)
Tabitha K M Bell
Barry G Cameron
Rory R D Farrelly
Dr Peter W Fowlie
Maureen Fraser (retired 29 June 2009)
Susan H Green
Jack G Lyall
George M Reid
Frederic A Strachan (retired 29 June 2009)
Ian M Thomson
Dr, The Hon. E Claire Walker
Kenneth W Wilson

Company Secretary Moira J McCaig

Registered Office

Canal Court, 42 Craiglockhart Avenue, Edinburgh
EH14 1LT

Chief Executive Marian G Keogh

Senior Managers

Andrea Gail, Director of Service Development
(until 11 June 2010)
Dr Patrick J Carragher, Medical Director
Libby Gold, Director of Care, Robin House
Babs Henderson, Director of CHAS at Home
Sue Hogg, Director of Care, Rachel House
Moira J McCaig, Director of Finance and
Administration
Roslyn Neely, Director of Fundraising and
Communications
Ros Scott, Director of Organisational Development

Solicitors

Brechin Tindal Oatts, 48 St Vincent Street,
Glasgow G2 5HS

Harper Macleod LLP, The Ca'd'oro, 45 Gordon Street,
Glasgow G1 3PE

Shepherd and Wedderburn LLP, 1 Exchange Crescent,
Conference Square, Edinburgh EH3 8UL

Investment Managers

Adam & Company Investment Management Limited,
22 Charlotte Square, Edinburgh EH2 4DF

Newton Investment Management Limited, 2 Festival
Square, Edinburgh EH3 9SU

Bankers

Bank of Scotland, The Mound, Edinburgh EH1 1YZ

Auditors

KPMG LLP, Saltire Court, 20 Castle Terrace, Edinburgh
EH1 2EG

STRUCTURE, GOVERNANCE AND MANAGEMENT

CHAS is a company limited by guarantee of £1 per member and has no share capital. It is registered in Scotland with company number SC136410 and is governed by its Memorandum and Articles of Association dated 28 February 1994.

CHAS is registered on the Scottish Charity Register under number SC019724. Since 1992, CHAS has been recognised as a charity for the purposes of section 505 of the Income and Corporation Taxes Act 1988. Consequently, there is no liability to taxation on any of its income used for charitable purposes.

CHAS has one wholly owned subsidiary, CHAS Trading Limited, which operates gift and charity shops, a clothes collection partnership, and an online and mail order business.

Board of Directors

The Board of Directors is responsible for the overall management of CHAS. Directors are elected in accordance with the Articles of Association and are recruited for their skills and experience in areas relevant to the activities of CHAS. Profiles for Directors' roles cover business, legal, nursing, paediatric consultants, marketing / public relations, parents, estates, finance, and general practitioner backgrounds.

When Board positions become vacant, existing Directors and relevant professional organisations are asked to propose candidates who match the agreed profiles and the Corporate Governance Committee selects those who may be suitable. Prospective candidates are then approached by the Chairperson with the agreement of the Board and asked for their curriculum vitae before being invited to visit a hospice and be interviewed by a sub-group of the Corporate Governance Committee plus the Chief Executive.

DIRECTORS' REPORT *(Continued)*

Following appointment, each Director follows an induction process and is supplied with an information pack which sets out the aims and activities of CHAS and provides an explanation of their role as both a Director and a Trustee. Any Director appointed during the year must stand for re-election at the following Annual General Meeting.

Full Board meetings are held six times each year to review and agree matters of strategy and principle as well as review performance. At each meeting, a specific care item is discussed enabling Directors to increase their knowledge of the services CHAS provides in the context of UK children's palliative care developments.

Responsibility for key areas of activity and policy are delegated to four Committees in accordance with CHAS's Articles of Association and a Scheme of Delegation adopted by the Board in January 2010. The Committees normally meet four times each year and minutes of meetings are presented at Board meetings.

Board Committees

The current membership of the four Board Committees is set out below:

Clinical Governance Committee

Dr Mary Ray (Convenor)
Rory R D Farrelly
Dr Peter W Fowlie
Susan H Green
Dr, The Hon. E Claire Walker

In attendance:

Medical Director
Directors of Care
Director of CHAS at Home
Director of Service Development

Finance and Audit Committee

Ian M Thomson (Convenor)
Tabitha K M Bell
George M Reid
Kenneth W Wilson

In attendance:

Chief Executive
Director of Finance and Administration
Director of Fundraising and Communications

Corporate Governance Committee

Professor Gordon C A Dickson (Convenor)
Tabitha K M Bell
Barry G Cameron
George M Reid

In attendance:

Chief Executive
Director of Organisational Development

Planning and Development Committee

Jack G Lyall (Convenor)
Professor Gordon C A Dickson
Ian M Thomson
Kenneth W Wilson

In attendance:

Chief Executive
Director of Finance and Administration

The Clinical Governance Committee is established to:

- provide strategic direction to the development of clinical governance within CHAS;
- ensure the views of children, young people and families are incorporated in all aspects of care development, delivery and review;
- ensure systems are in place to support the delivery of consistent and high standards of care; and
- ensure excellence in care is maintained through continuing professional development which includes education and training, clinical supervision, reflective practice and staff appraisal.

The Finance and Audit Committee is responsible for ensuring that:

- robust financial governance and accountability exists throughout CHAS;
- CHAS is complying with all financial aspects of the law, relevant regulations, and best practice; and
- CHAS has appropriate controls over managing its assets and maximising its income.

The remit of the Corporate Governance Committee is to ensure that:

- a strategic overview is maintained of the direction and performance of the Board, its Committees and CHAS;
- key structures, policies and practices are in place to ensure effective management of risk, staff and volunteers; and
- CHAS is complying with all employment and corporate aspects of the law, relevant regulations, and best practice.

DIRECTORS' REPORT *(Continued)*

The role of the Planning and Development Committee is to ensure that:

- major capital projects are managed to ensure the operational effectiveness of buildings and equipment; and
- CHAS operates its premises in accordance with statutory obligations and best practice in relation to property matters.

Executive Management

The day to day running of CHAS and the exercise of executive responsibilities are carried out by the Chief Executive and Senior Managers, all of whom attend meetings of the Board and of at least one Board Committee. The senior management roles are set out on page 1.

Risk Management

The Board is ultimately responsible for the management of risk with detailed review delegated to the Corporate Governance Committee. Detailed risk registers are submitted to this Committee on a regular basis. These registers are compiled by Senior Managers for their respective areas of responsibility and a Risk Management Group, comprising three Senior Managers, ensures the registers detail the nature of the risks, rate risks according to likelihood and impact, and record the controls in place and additional action required to mitigate those risks.

A Major Risk Register is maintained and presented to the Board annually. The Directors are satisfied that systems are in place to address and mitigate exposure to major risks.

Similar to other charities in the care sector, the risk of a major clinical incident is always present. Consequently, stringent measures are in place across CHAS's care services to reduce the likelihood of such an incident, including policies and procedures alongside effective recruitment, training and professional development. Details of these measures are reported to and reviewed by the Clinical Governance Committee.

AIMS AND OBJECTIVES

CHAS provides the only hospice services in Scotland for children and young people with life-limiting conditions. A children's hospice offers professional care, practical help and emotional support to the whole family usually from the day of acceptance, to the death of their child, and beyond. No two families are the same, and CHAS has the flexibility to respond to the particular needs of mothers, fathers, brothers and sisters, as well as the extended family.

Rachel House in Kinross, Scotland's first children's hospice, opened in March 1996. Robin House in Balloch opened in August 2005. Both hospices are purpose-built and each can provide ongoing support for up to 200 families across Scotland each year. CHAS also provides a home care service, called CHAS at Home, staffed from both hospices and with a dedicated team in Inverness. The service offers care to families in their own homes when they need it most.

At any one time, Rachel House and Robin House can each accommodate eight children or young people and their families. CHAS services are free to children, young people and families who need them and all services are funded mainly through the huge generosity of many supporters who help CHAS in so many ways.

The values of CHAS are at the heart of everything CHAS does and form the foundation for the work with children, young people and families:

- Sharing Life
- Learning and Growing
- Being There
- Trust and Understanding

STRATEGY AND FUTURE DEVELOPMENT

The CHAS key strategy document sets out the mission, vision and stakeholders of CHAS, and identifies five key strategic areas. This document is reviewed on a regular basis by the Board and Senior Managers.

Mission

The purpose of CHAS, as a recognised charity in Scotland, is to offer children's hospice services, free of charge to every child and family who needs and wants them.

Vision

1. CHAS will continue to be a respected leading charity supporting children, young people and families, which, in response to accurately identified need, will provide the CHAS model of children's palliative care within two hospices and through outreach home care services. In continuing to provide these services CHAS will have a service level agreement and will be appropriately supported by a mechanism for sustainable financial contributions from the statutory sectors of Scottish NHS Boards and Scottish Local Authorities.
2. The CHAS model will remain recognised and understood within its stakeholder groups, and will influence children's palliative care UK wide through strategic and operational partnerships with statutory and voluntary services.

DIRECTORS' REPORT *(Continued)*

3. CHAS will remain child and family focussed, with a clear and commonly agreed understanding of the criteria for referral, including age group. Through operational partnerships CHAS will contribute to the provision or transition of palliative respite care and support for those who are no longer children.
 4. Services provided or contributed to by CHAS will be sustained by the correct profile of quality staff and volunteers ensuring highly skilled teams across all functions.
 5. CHAS will continue developing high performing teams that are connected to the values, vision and mission of the organisation and to each other.
- The number of children and young people being referred to CHAS with complex and end of life care needs continued to increase. In order to support the work of the Medical Director and ensure a smooth transition of care between hospital or home and CHAS services, a small team of part-time hospice Doctors was recruited.
 - CHAS commissioned the University of Stirling Cancer Care Research Centre to undertake a study 'to record the symptom profile and experience of children with rare life-limiting conditions: perspectives of their families and key health professionals'. The 18 month study will be completed by April 2011, and involves partnerships with a number of UK children's hospices.
 - A review of CHAS's bereavement service was undertaken involving external professionals and bereaved parents. This review resulted in the development of a CHAS Bereavement Care Pathway to assist staff in the provision of an integrated bereavement support service.
 - Following on from the research undertaken in 2008 into the needs and aspirations of young adults with life-limiting conditions cared for by CHAS, a review of service provision involving the Young Adult Council was undertaken. CHAS is also engaged in discussions with external organisations with a view to the development of strategic partnerships.
 - A new three year Service Plan was developed with the Scottish NHS Boards for 2010-13, and three year funding arrangements were agreed with a number of Scottish Local Authorities.

CHAS Stakeholders

Work with children, young people and families will benefit from improved communication and relationships with those stakeholders who share the aims of CHAS:

- Children and young people
- Their families
- Staff
- Volunteers
- Supporters
- Scottish NHS Boards
- Scottish Local Authorities
- Medical and care professionals
- Government departments
- Agencies involved in similar work

Five Key Strategic Areas

- CHAS Model of Palliative Care: Service Delivery and Development
- Excellence in Care Services through rigorous Clinical Governance
- Excellence in Organisational Management and Development
- Strategic Relationships
- Sustainable Support

Progress during 2009-10

Progress made in the key strategic areas during 2009-10 includes the following:

- The CHAS Model of Palliative Care was published. This model describes the services provided by CHAS to children, young people and families across Scotland, and was disseminated to health and social care professionals throughout the country.

2010-11 Priorities

Key priorities for 2010-11 include the following:

- A strategy is being developed to ensure the views of children, young people and their families currently using CHAS services are collected and then fully reflected in service review and development.
- The model of medical cover is being reviewed with the aim of ensuring a sustainable out-of-hours service.
- Areas in Scotland which may benefit from further involvement of the CHAS at Home service are being identified and assessed.
- Clinical educator roles in each hospice are being developed to promote and enhance continuing excellence in clinical and care practice. In addition, further exchange programmes between nurses at the hospices and children's hospitals or wards are being introduced.

DIRECTORS' REPORT *(Continued)*

- Building on the success of voluntary income results for 2009-10, a long term fundraising strategy is being developed with the aim of income covering operating costs year on year within five or so years.

The Directors believe that existing staff, volunteers, external relationships, facilities and reserves provide a sound base for further progress in the key strategic areas.

ACTIVITIES AND PERFORMANCE

Staff and volunteers worked hard amidst a challenging economic environment to raise record amounts of income for the year ended 31 March 2010. This allowed care services to continue to grow and develop in response to the needs of families. A review of the highlights of 2009-10 is set out below.

Care Services

CHAS continued to provide specialist palliative care with support tailored to meet the particular needs of individual children, young people and their families across Scotland. A total of 288 children and young people accessed the service during 2009-10; of these, 46 died and a further 23 were discharged as the service was no longer required by the family. During the year, a total of 4,997 bed nights were used by parents and siblings across the two hospices in addition to 3,484 bed nights used by children and young people. At 31 March 2010, 219 children or young people and their families were using CHAS services.

Service Development and Delivery

Robin House opened its eighth and final bed in September 2009 and is now fully operational. The CHAS at Home team also reached its full complement during 2009-10 allowing the team to provide home care to approximately 36 families each month. Early in 2010, three part-time Doctors were recruited to support the Medical Director in the provision of increasingly specialist medical care in the hospices. These three new posts are in addition to daily sessions provided by general practitioners as part of the move towards a sustainable model of medical cover.

CHAS takes a holistic approach to care and provides support to the whole family. Activities are an important and integral part of this care and support for children, young people and their siblings and provide the opportunity for families to share special experiences and build memories. During the last year, children and young people have enjoyed trips to various events and welcomed a variety of visiting musicians and entertainers at the hospices.

Comprehensive bereavement support is now provided by fully staffed family support teams in both hospices following the recent bereavement review and introduction of the Bereavement Care Pathway.

Some 70 of the children and young people supported by CHAS are aged 16 and over. Care specific to this group was further enhanced and incorporated the views of the Young Adult Council which was established during 2008-09. Various discussions were held with potential partner organisations to assess how best to meet the support needs of this particular age group in the future.

Excellence in Care Services

Excellence in the care provided by CHAS remains a key priority. CHAS's services are registered with the Scottish Commission for the Regulation of Care and are currently inspected twice a year. Annual inspections at Rachel House and Robin House yielded overall scores of 'very good'. The CHAS at Home service was registered and inspected for the first time and was awarded a 'good' overall score.

A number of specialist learning and development activities for care staff took place during 2009-10. In addition to twice yearly training days, a successful nurse exchange for a six week period was set up between three nurses at Rachel House and three nurses from the children's ward at the Royal Victoria Hospital in Kirkcaldy. Similar programmes are being set up for nurses at Robin House.

CHAS continued its aim to increase awareness of palliative care for children, young people and their families amongst care professionals. During 2009-10, three one day regional training events were co-hosted with NHS Education Scotland and the Scottish Children and Young People's Palliative Care Network in Inverness, Edinburgh and Glasgow. Presentations have also been delivered at various children's and district general hospitals throughout Scotland.

2009-10 saw the start of the University of Stirling Cancer Care Research Centre's study commissioned by CHAS examining the symptom profile and experience of children with rare life-limiting conditions from the perspective of their families and key health professionals. The 18 month project involves families and children's hospices from throughout the UK. CHAS will receive reports on the study every six months and the results will be used by CHAS in the care it provides as well as contribute to the body of evidence in the provision of palliative care to children and young people.

DIRECTORS' REPORT *(Continued)*

Strategic Relationships

Developing relationships in the palliative care sector throughout Scotland and the UK is a key strategic area for CHAS. During 2009-10, various Senior Managers continued to be involved in a number of organisations in the following roles:

- trustee of Children's Hospices UK;
- chair of the Scottish Children and Young People's Palliative Care Network;
- chair of the Data Group for the Managed Clinical Network for Children with Exceptional Health Care Needs;
- member of the ACT (Association for Children's Palliative Care) Policy and Practice Committee; and
- member of the steering group for the four Consultant Nurse posts in Palliative Care for Children and Young People.

In addition, the Medical Director was appointed as an Honorary Palliative Care Specialist at the Royal Hospital for Sick Children in Glasgow and he also chaired a short-life working group as part of the Scottish Government Health Directorate's plan to implement 'Living and Dying Well'.

Supporting Care Services

Various teams across CHAS support the provision of care services. Essential functions such as fundraising, marketing, public relations, human resources, voluntary services, finance, property management, and IT are based at locations other than the hospices to allow children, young people and families as much privacy as possible. Activities in these areas during the year ended 31 March 2010 are described in more detail below.

Fundraising and Communications

Fundraising at CHAS is organised across four regional fundraising teams based in Glasgow, Edinburgh, Kinross and Aberdeen. CHAS raises a significant proportion of its voluntary income through fundraising activities in the community involving individuals, schools and companies. Legacies are becoming a more significant income stream with this year recording the highest annual legacy income ever. In addition, CHAS Trading based in Kinross raises additional funds through a clothes collection partnership, a gift shop, two charity shops, mail order and online sales.

Fundraising and CHAS Trading form part of the CHAS Fundraising and Communications team which is also responsible for marketing, media partnerships, press enquiries and publicity, as well as relationship management of key stakeholders.

Despite the continuing challenging economic environment, 2009-10 was a successful year for the team. Indeed, voluntary and trading income totalled the highest annual amount reported to date, with the efforts of the team coming to fruition during the second half of the year.

CHAS benefited from a number of corporate charity partnerships including Artemis Investment Management and the Kenmore Hotel, both of which raised significant sums during the year. Schools' fundraising was boosted by the introduction of School Workshops specifically related to the Curriculum for Excellence. These workshops enjoyed positive coverage in the General Teaching Council Magazine and Times Education Supplement.

CHAS Trading's partnership with a clothes collection company, Clothes Aid, led to additional income of some £116,000. Trading also expanded for part of the year with the opening of two temporary units, gifted free of charge by the Kingsgate Centre in Dunfermline and The Centre in Livingston.

CHAS awareness levels were boosted by over 2,000 pieces of press coverage during the year. CHAS launched a Facebook site which now has over 3,000 fans, over three quarters of whom are between the ages of 18 and 44 years, traditionally an age group which CHAS has struggled to reach. The CHAS website receives an average 5,000 unique visits each month and a bi-annual newsletter is sent to all supporters.

Volunteers remain vital to the success of CHAS fundraising, trading and awareness raising. There are over 600 volunteers in the team from across Scotland undertaking a variety of roles. Throughout the year volunteers have assisted in developing these roles and improving standards in all that CHAS does.

Organisational Development

CHAS is proud to have the support of a total of 900 volunteers who are involved in almost every area of work and allow CHAS to offer so much more support to children, young people and families. In 2009-10, these volunteers in total donated 81,300 hours of time which management estimates to have an economic value in the region of £1.25 million.

Developments in volunteering in CHAS include the expansion of the complementary therapies service in Rachel House and a number of successful Employee Supported Volunteering projects at Robin House. New volunteer roles include volunteer photographers, and areas for young volunteers in housekeeping and befriending have been developed further.

DIRECTORS' REPORT *(Continued)*

Changes in demographics present challenges as more people have less time to commit to volunteering. Increasingly in CHAS more volunteers are required to maintain the same level of service as in previous years. However, CHAS is still successful in attracting interest from prospective volunteers.

Strategic relationships beyond care include one of the Senior Managers being Chair of the Children's Hospice UK Volunteer Managers' Forum and sitting on the Scottish Hospice Forum.

With 231 staff currently (204 full-time equivalents), CHAS remains fully committed to attracting and retaining the highest calibre of staff and to ensuring effective support and professional development opportunities throughout their time in the organisation.

During 2009-10, significant work was undertaken to extend learning and development activities in CHAS as these are critical to delivering a safe, effective and efficient service as well as the development and retention of skilled and effective staff. A Learning and Development Strategy and Policy were implemented, a Learning Needs Analysis was undertaken, and a range of specific in-house training and online learning modules were introduced.

2009-10 saw CHAS begin work on 'Committed to Excellence', the first stage of the EFQM quality model with Quality Scotland. This is an excellent opportunity to review and develop practice across a number of areas of CHAS.

FINANCIAL REVIEW

For the year ended 31 March 2010, the Consolidated Statement of Financial Activities shows total incoming resources of £8.37 million and total outgoing resources of £8.68 million. These totals result in net outgoing resources before investment gains and actuarial losses of £311,000 compared with net outgoing resources of £69,000 for the previous year. Significant investment gains offset by actuarial losses resulted in total funds at the end of the financial year increasing by £5.15 million compared with a reduction of £5.98 million for 2008-09.

Despite decreases in donations and investment income as a consequence of the global economic recession, CHAS recorded its highest ever total income in 2009-10. As a result of increased services, total expenditure also rose, but recoveries in investment valuations have meant CHAS continues to have the benefit of a strong Balance Sheet. Further details of the results for the financial year are provided below as well as in the Notes to the Accounts.

Voluntary income and activities for generating funds

Voluntary income for the year ended 31 March 2010 increased by 14% to total £5.96 million compared with £5.21 million for 2008-09 reflecting the generosity of CHAS's supporters as well as the hard work of the fundraising team in a challenging economic climate. Legacy income exceeded £2 million for the first time in CHAS's history, whereas income from gifts, donations and community fundraising reduced slightly to £3.80 million.

The amount raised from shop sales and other trading activities during 2009-10 benefited from a new clothes collection partnership resulting in record income for this area of £485,000 compared with £391,000 in the previous year.

Investment income

Historically low deposit interest rates and reduced dividend income as a consequence of the global economic recession resulted in a fall in investment income for 2009-10 of 31% to £900,000 compared with £1.30 million received in 2008-09. Meanwhile, investment valuations recovered during the year as described in more detail below.

Statutory funding and grant income

In the year ended 31 March 2010, statutory funding and grant income totalled £1.02 million compared with £942,000 in the previous year. CHAS was successful in securing higher contributions towards hospice running costs from Scottish NHS Boards and Scottish Local Authorities as well as receiving funding from the Scottish Government towards central administration costs.

Costs of generating voluntary income and trading

In contrast with the increase in voluntary income, costs of generating this income decreased from £1.16 million to £1.08 million for the year ended 31 March 2010. This resulted in the ratio of the costs of generating voluntary income to total voluntary income decreasing from 22% to 18% for 2009-10. Although trading income increased by 24% in 2009-10, trading costs increased by just 3% to £350,000.

Charitable activities

Total costs of delivering CHAS care services amounted to £6.83 million for 2009-10 compared with £6.13 million in the previous year. The 11% rise can be explained principally by staff cost increases as a result of the extensive job evaluation exercise undertaken during 2008-09 as well as the opening of the eighth bed at Robin House and the expansion of the CHAS at Home team during 2009-10.

DIRECTORS' REPORT *(Continued)*

Support costs, which are allocated between charitable activities, costs of generating voluntary income and trading on the basis of staff numbers, decreased from £1.40 million to £1.32 million for the year ended 31 March 2010, mainly driven by savings in recruitment and learning and development costs as well as careful cost management.

Investments and investment policy

Investments as at 31 March 2010 were valued at £27.39 million compared with £17.96 million as at 31 March 2009 reflecting the recovery in financial markets across the world. Total cash at bank and in hand as at 31 March 2010 amounted to £3.26 million compared with £6.39 million held at the previous year end; some of the funds held at the previous year end were invested in the investment portfolios with the rest being held in bank deposits.

After the global financial crisis and significant valuation losses of 2008-09, stock markets recovered strongly during 2009-10 resulting in significant unrealised and realised gains (based on market values as at 31 March 2009) on CHAS's investment portfolios of £6.57 million and £289,000 respectively for the year ended 31 March 2010.

Adam & Company Investment Management Limited ('Adam') and Newton Investment Management Limited ('Newton') invest funds in long term portfolios on behalf of CHAS. No investment is permitted in derivatives, nor companies involved in tobacco or the exploitation of children, nor in investments that are not readily realisable. The Finance and Audit Committee agrees terms of reference with the investment managers and regularly monitors portfolio performance.

During 2009-10, both portfolios were managed to provide returns balanced between capital growth and income generation within a medium risk profile. The investment parameters and benchmark were then changed with effect from 1 April 2010 to operate within a low to medium risk profile by reducing the maximum percentage of the portfolio invested in equities. When cash deposits held by CHAS are combined with invested funds, the overall risk profile is classified as low. This investment approach reflects CHAS's ability to raise voluntary and other income whilst meeting its current obligations, combined with the aim for longer term capital growth.

Performance is measured on a total return basis for each portfolio. For 2009-10, the portfolios were judged against a Gross Fund Total Return benchmark of 65% FT All Share Total Return, 15% FT World Ex UK Total Return, 15% Gilts All Stocks Total Return and 5% Cash. During 2009-10, each portfolio slightly underperformed against this benchmark.

Unrestricted funds and reserves policy

Total unrestricted funds as at 31 March 2010 amounted to £41.65 million compared with £36.49 million as at 31 March 2009. Some £12.17 million related to fixed assets, leaving £29.48 million of free reserves which the Directors have designated for future operating costs. Details of reserves are set out in the Notes to the Accounts.

The Directors consider this level of free reserves to be prudent if CHAS is to secure its medium and long term strategy. Furthermore, CHAS has always adopted a policy of creating and retaining free reserves to protect it against any future decline in income generated or funds held which could prevent it from fulfilling the long term commitment it has made to provide care services in Scotland to children, young people and families for however long they need or want these services. This policy recognises that many of the children will be diagnosed at a young age but decline in health over many years and often into young adulthood.

The Finance and Audit Committee reviews the level of free reserves by considering risks associated with various income streams, expenditure plans and other balance sheet items including CHAS's pension commitments. The risks include the likelihood of downturns in the various income streams, over-dependence on any single source of income, the inability to downsize any of the operations or realise any of the operating assets, and a potential significant fall in the value of the investment portfolio.

In light of this analysis, the Directors aim to maintain reserves of at least two years of total resources expended. This policy is reviewed and adjusted annually as appropriate.

STATEMENT OF RESPONSIBILITIES OF THE DIRECTORS OF CHILDREN'S HOSPICE ASSOCIATION SCOTLAND IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law they are required to prepare the group and charitable company accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

DIRECTORS' REPORT *(Continued)*

Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of expenditure over income for that period. In preparing each of the group and charitable company accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue its activities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its accounts comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK, governing the preparation and dissemination of accounts, may differ from legislation in other jurisdictions.

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the charitable company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

ACKNOWLEDGEMENT

On behalf of CHAS, the Directors gratefully acknowledge the significant contribution of staff and volunteers who work hard year on year to deliver the first class care provided by CHAS. In addition, the Directors wish to thank the many individuals, organisations and companies who give so generously in support of CHAS. The loyal support of all those involved ensures CHAS can continue to provide vital care services to children, young people and their families now and in the future.

By order of the Board

Professor Gordon C A Dickson, Chairperson
28 June 2010



KPMG LLP

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF CHILDREN'S HOSPICE ASSOCIATION SCOTLAND

We have audited the group and charitable company accounts (the 'accounts') of Children's Hospice Association Scotland for the year ended 31 March 2010 set out on pages 12 to 28. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and 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, its members as a body and its trustees as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' (who are also the Trustees of Children's Hospice Association Scotland for the purposes of charity law) responsibilities for preparing the Directors' Report and the accounts in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) and for being satisfied that the accounts give a true and fair view are set out in the Statement of Directors' Responsibilities on pages 8 and 9.

We have been appointed as auditors under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts. Our

responsibility is to audit the accounts 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 accounts give a true and fair view, have been properly prepared in accordance with UK Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts.

In addition we report to you if, in our opinion, the charitable company has not kept adequate and proper accounting records, if the charitable company's accounts are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Directors' remuneration specified by law are not made.

We read the Directors' 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 accounts. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's and charitable company'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 accounts 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 accounts.

Opinion

In our opinion:

- the accounts give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2010 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the accounts have been properly prepared in accordance with the UK Generally Accepted Accounting Practice;
- the accounts have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Directors' Report is consistent with the accounts.

DJ Watt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

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

5 July 2010

Consolidated statement of financial activities

(incorporating an income and expenditure account)

for the year ended 31 March 2010

	Note	Unrestricted Funds £000	Restricted Funds £000	Totals 2010 £000	Totals 2009 £000
Incoming resources					
Incoming resources from generated funds:					
<i>Voluntary income:</i>					
Gifts, donations and community fundraising		3,098	704	3,802	4,029
Legacies		1,819	343	2,162	1,181
<i>Activities for generating funds:</i>					
Shop sales and other trading	3	485	-	485	391
<i>Investment income:</i>					
Income from investments		810	-	810	882
Interest receivable		66	-	66	370
Other income		24	-	24	48
Incoming resources from charitable activities:					
Statutory funding and grant income	2	-	1,019	1,019	942
Total incoming resources		6,302	2,066	8,368	7,843
Resources expended					
Cost of generating funds:					
<i>Costs of generating voluntary income</i>					
		(1,078)	-	(1,078)	(1,158)
<i>Fundraising trading - cost of goods sold and other costs:</i>					
Shop sales and other trading costs	3	(350)	-	(350)	(340)
<i>Investment management costs</i>					
		(95)	-	(95)	(85)
Charitable activities		(4,897)	(2,068)	(6,965)	(6,133)
Governance costs		(191)	-	(191)	(196)
Total resources expended	4	(6,611)	(2,068)	(8,679)	(7,912)
Net outgoing resources before other recognised gains and losses	7	(309)	(2)	(311)	(69)
Other recognised gains/(losses)					
Net gains/(losses) on investments - realised					
		289	-	289	(1,910)
- unrealised					
	9	6,571	-	6,571	(3,619)
Actuarial losses on defined benefit pension scheme	14	(1,395)	-	(1,395)	(386)
Net movement in funds		5,156	(2)	5,154	(5,984)
Reconciliation of funds					
Funds brought forward	12	36,492	88	36,580	42,564
Funds carried forward	12	41,648	86	41,734	36,580

All the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The net loss for the year for Companies Act purposes comprises the net outgoing resources for the year plus the realised gains on investments and was £22,000. All of the net income arises in the Charity.

As permitted by section 408 of the Companies Act 2006, a statement of financial activities for the charitable company is not presented. Net outgoing resources dealt with in the accounts of the charitable company for the year ended 31 March 2010 amounted to £310,000 (2009-£68,000).

Balance sheets
as at 31 March 2010

		Group		Company	
	Note	2010 £000	2009 £000	2010 £000	2009 £000
Fixed assets					
Tangible assets	8	12,166	12,201	12,205	12,242
Investments	9	27,393	17,961	27,393	17,961
Investment in subsidiary	15	-	-	-	-
		39,559	30,162	39,598	30,203
Current assets					
Stock		44	46	-	-
Debtors	10	369	442	445	545
Cash at bank and in hand		3,257	6,389	3,234	6,368
		3,670	6,877	3,679	6,913
Creditors					
Amounts falling due within one year	11	(670)	(753)	(673)	(786)
Net current assets		3,000	6,124	3,006	6,127
Net assets excluding pension (deficit)/surplus		42,559	36,286	42,604	36,330
Defined benefit pension scheme (deficit)/surplus	14	(825)	294	(825)	294
Net assets including pension (deficit)/surplus		41,734	36,580	41,779	36,624
The funds of the charity:					
Restricted income funds	12	86	88	86	88
Unrestricted funds					
General funds		-	-	-	-
Designated funds		42,473	36,198	42,518	36,242
Unrestricted income funds excluding pension reserve		42,473	36,198	42,518	36,242
Pension reserve	14	(825)	294	(825)	294
Total unrestricted funds	12	41,648	36,492	41,693	36,536
Total funds	12	41,734	36,580	41,779	36,624

Approved by the Directors on 28 June 2010

Professor Gordon C A Dickson, Chairperson

The notes on pages 15 to 28 form part of these accounts.

Consolidated cash flow statement for the year ended 31 March 2010

	2010 £000	2009 £000
Net cash outflow from operating activities (i)	(1,007)	(898)
Returns on investments and servicing of finance		
Income from investments	810	882
Interest received	162	275
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	972	1,157
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(549)	(300)
Investments purchased	(10,267)	(5,756)
Investments disposed	7,719	3,667
	<hr/>	<hr/>
Net cash outflow from investing activities	(3,097)	(2,389)
	<hr/>	<hr/>
Decrease in cash and cash equivalents (ii)	(3,132)	(2,130)
	<hr/> <hr/>	<hr/> <hr/>

(i) Reconciliation of net outgoing resources to the net cash outflow from operating activities

	2010 £000	2009 £000
Net outgoing resources for the year	(311)	(69)
Depreciation charge	449	479
Pension surplus/liability movement	1,119	203
Actuarial losses on defined benefit pension scheme	(1,395)	(386)
Loss on disposal of tangible fixed assets	135	-
Interest receivable and investment income	(876)	(1,252)
Decrease/(increase) in stock	2	(20)
(Increase)/decrease in debtors	(22)	172
Decrease in creditors	(108)	(25)
	<hr/>	<hr/>
Net cash outflow from operating activities	(1,007)	(898)
	<hr/> <hr/>	<hr/> <hr/>

(ii) Analysis of net funds

	2010 £000	2009 £000
Cash balances at beginning of year	6,389	8,519
Decrease in the year	(3,132)	(2,130)
	<hr/>	<hr/>
Cash balances at end of year	3,257	6,389
	<hr/> <hr/>	<hr/> <hr/>

Notes to the accounts

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the accounts.

(a) Basis of preparation

The accounts have been prepared under the historical cost convention, with the exception of investments which are included at market value. The accounts have been prepared in accordance with the Companies Act 2006, the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' published in February 2005, and applicable accounting standards.

The statement of financial activities ('SOFA') and balance sheet consolidate the accounts of Children's Hospice Association Scotland ('the Charity') and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Charity has availed itself of the provisions of Companies Act 2006 and adapted the statutory formats to reflect the special nature of the Charity's activities. No separate SOFA has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 304 of the SORP.

(b) Company status

The Charity is a company limited by guarantee and is registered as a Scottish charity with the Office of the Scottish Charity Regulator under number SC019724.

(c) Fund accounting

Unrestricted funds are either general or designated. General funds are available for use at the discretion of the Directors in furtherance of the general objectives of the Charity and which have not been designated for another purpose. Designated funds are those set aside for particular purposes. The aim and use of each designated fund is set out in the notes to the accounts.

Restricted funds are those to be used in accordance with specific instructions imposed by donors or which have been raised by the Charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the accounts where material. Transfers are made between funds on a periodic basis.

(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. All profits earned by the subsidiary company in the year are paid to the Charity by deed of covenant.

(e) Gifts in kind

Assets given for use by the Charity are included in income when receivable at a reasonable estimate of their value to the Charity. No monetary value is attributed to human resource secondments to the Charity or to services donated by volunteers.

(f) Resources expended

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

Costs of generating funds include the costs incurred in generating voluntary income, fundraising trading costs and investment management costs. These costs are regarded as necessary to generate funds that are needed to finance charitable activities. Charitable activities expenditure enables the Charity to meet its charitable aims and objectives. Governance costs are associated with the strategic planning and management of the Charity and reflect an element of the costs of the office of the Chief Executive and members of senior management. They also include professional advice for the Directors, audit fees and Directors' expenses. Support costs are those which enable fundraising and charitable activities to be undertaken. Notes 4 and 5 give further information on what support costs include and the basis of apportionment to cost categories.

(g) Value Added Tax

The Charity is not registered for Value Added Tax and accordingly expenditure for the parent company includes VAT where appropriate. The subsidiary company is registered for VAT and is able to reclaim VAT on its expenditure.

Notes to the accounts *(continued)*

1 Accounting policies *(continued)*

(h) Fixed assets

Tangible fixed assets with a cost greater than £500 are capitalised at cost and are depreciated in equal annual instalments over their estimated useful lives as follows:

Property	50 years
Short leasehold	5 years or period of lease if shorter
Motor vehicles	3 years
Hospice equipment - Kitchen	5 years
- Care	7 years
Computer equipment	3 years
Furniture and fittings	10 years

(i) Investments

Fixed asset investments are stated at stock market valuation. Unrealised gains and losses represent the difference between the market value at the beginning and end of the financial year. Disposals are either measured at cost (if bought in the year) or at market value at the beginning of the financial year if bought in a prior year. Realised gains and losses represent the difference between the proceeds and either the cost or the market value at the beginning of the financial year depending on when the investments were bought.

(j) Stock

Stocks of goods for resale are stated at the lower of cost and net realisable value.

(k) Operating lease rental

Rentals payable in respect of an operating lease are charged in the statement of financial activities for the period to which they relate.

(l) Pensions

Post-retirement benefits - Lothian Pension Fund

The Charity participates in the Lothian Pension Fund, a pension scheme providing benefits based on final pensionable pay, on behalf of certain employees. The assets of the scheme are held separately from those of the Charity and its subsidiary company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is considered recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between other income, resources expended, and actuarial gains and losses on defined benefit pension scheme in the statement of financial activities.

Post-retirement benefits - National Health Service Superannuation Scheme (Scotland)

The National Health Service Superannuation Scheme (Scotland) is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. The Charity therefore accounts for its pension costs to this scheme on a defined contribution basis as permitted by FRS 17.

Personal pension contributions

Where an employee is ineligible for membership of either the Lothian Pension Fund or the National Health Service Superannuation Scheme (Scotland), the Charity contributes to a personal pension plan for that employee. These contributions are accounted for on a defined contribution basis in accordance with FRS 17. The amounts charged as resources expended represent contributions payable to those plans in respect of the accounting year.

Notes to the accounts *(continued)*

2 Incoming resources from charitable activities

	2010	2009
	£000	£000
Statutory funding and grant income		
Scottish NHS Boards - for operation of Rachel House and Robin House	611	577
Scottish Local Authorities		
- for operation of Rachel House and Robin House current year	379	338
- for operation of Rachel House and Robin House previous year	2	-
Scottish Government - for central administration	27	27
	<hr/>	<hr/>
	1,019	942
	<hr/> <hr/>	<hr/> <hr/>

3 Income from trading company subsidiary

The Charity has one wholly owned subsidiary, CHAS Trading Limited (further details are given in note 15). A summary of its results is shown below and audited accounts will be filed with the Registrar of Companies. All profits earned by the subsidiary are covenanted to the Charity.

	Income	Expenditure	Profit	2009
	£000	£000	£000	£000
Gift and charity shops	485	(350)	135	51
Design and build services	319	(317)	2	1
Interest receivable	-	-	-	2
	<hr/>	<hr/>	<hr/>	<hr/>
	804	(667)	137	54
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Design and Build Services were provided under a Development Agreement to build Robin House, which the Charity and CHAS Trading Limited entered into during the year ended 31 March 2002.

Notes to the accounts *(continued)*

4 Resources expended

	Direct costs £000	Support costs £000	Total £000	2009 £000
Cost of generating funds				
Costs of generating voluntary income	923	155	1,078	1,158
Shop sales and other trading	317	33	350	340
Investment management costs	95	-	95	85
Charitable activities	6,026	939	6,965	6,133
Governance costs	-	191	191	196
	7,361	1,318	8,679	7,912
	7,361	1,318	8,679	7,912

The activities underlying the costs above, under each heading are:

Costs of raising voluntary income – promoting the awareness of the Charity and its work to create the income flow needed to support the Charity's activities.

Costs of shop sales and other trading – operating gift and charity shops, clothes collection partnership, mail order and online sales to create additional income flow needed to support the Charity's activities.

Charitable activities – providing children's hospice services and supporting the whole family throughout Scotland. The figure for 2009-10 includes losses on disposal of tangible assets of £135,000.

Governance costs – expenditure incurred in providing strategic planning and management as well as the costs of professional advice for the Directors, audit fees and Directors' expenses.

5 Allocation of Support Costs

Activity	Costs of generating voluntary income £000	Shop sales and other trading £000	Charitable activities £000	Governance £000	Total £000	2009 £000
Central management and administration	155	33	939	191	1,318	1,398
	155	33	939	191	1,318	1,398
	155	33	939	191	1,318	1,398

Central management and administration are the support departments which enable the activities set out above to be carried out. The support departments include senior management, public relations, finance, IT, property, human resources, voluntary services management as well as general administration. The governance costs are allocated first and these reflect the costs of strategic planning and management as well as the costs of professional advice for the Directors, audit fees and Directors' expenses. The balance of the support costs has been apportioned on the basis of staff numbers.

Notes to the accounts *(continued)*

6 Staff Costs	2010	2009
	£000	£000
Salaries	5,495	4,729
Social security costs	419	362
Pensions (note 14)	420	361
	<hr/>	<hr/>
	6,334	5,452
	<hr/> <hr/>	<hr/> <hr/>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	2010	2009
	Number	Number
£60,001 - £70,000	2	-
£70,001 - £80,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-

The Charity contributed £7,190 (2009-£7,190) into a personal pension plan in respect of the employee paid between £70,001 and £80,000. For the other employees, £35,997 in total (2009-£15,010 for one employee) was paid to the National Health Service Superannuation Scheme for Scotland and Lothian Pension Fund.

By the end of the year the number of employees was 230 (2009-206). In addition, there were 900 volunteers at no cost to CHAS. The average number of employees was 219, of whom 56 (34 full-time equivalent) were part-time.

7 Net outgoing resources

This is stated after charging:

	2010	2009
	£000	£000
Auditors' remuneration:		
Audit of these accounts	14	13
Amounts receivable by auditors and their associates in respect of:		
Audit of accounts of subsidiaries pursuant to legislation	2	2
All other services	-	-
Indemnity insurance for directors	3	4
Operating lease rentals – land and buildings	185	173

No remuneration was paid to the Directors in respect of their services to the Charity (2009- £Nil).

Travel expenses totalling £360 were reimbursed to two Directors (2009- £230).

Notes to the accounts *(continued)*

8 Tangible fixed assets

<i>Group</i>	Freehold land and buildings £000	Short leasehold £000	Motor vehicles £000	Hospice equipment £000	Computer equipment £000	Furniture and fittings £000	Total £000
Cost at beginning of year	13,185	159	188	272	484	417	14,705
Additions	422	2	-	41	52	32	549
Disposals	(149)	-	-	(8)	(132)	(20)	(309)
Cost at end of year	13,458	161	188	305	404	429	14,945
Accumulated depreciation at beginning of year	1,565	110	147	133	382	167	2,504
Charge for year	268	12	23	44	65	37	449
Disposals	(14)	-	-	(8)	(132)	(20)	(174)
Accumulated depreciation at end of year	1,819	122	170	169	315	184	2,779
Net book value at 31 March 2010	11,639	39	18	136	89	245	12,166
Net book value at 31 March 2009	11,620	49	41	139	102	250	12,201

The purposes for which the tangible fixed assets held for charity use at 31 March 2010 were as follows:

	Freehold land and buildings £000	Short leasehold £000	Motor vehicles £000	Hospice equipment £000	Computer equipment £000	Furniture and fittings £000	Total £000
Hospice services	11,416	-	18	136	28	216	11,814
Fundraising, management and administration	223	39	-	-	61	29	352
Total	11,639	39	18	136	89	245	12,166

Notes to the accounts *(continued)*

8 Tangible fixed assets *(continued)*

<i>Company</i>	Freehold land and buildings £000	Short leasehold £000	Motor vehicles £000	Hospice equipment £000	Computer equipment £000	Furniture and fittings £000	Total £000
Cost at beginning of year	13,229	158	188	272	483	416	14,746
Additions	423	2	-	41	48	31	545
Disposals	(149)	-	-	(8)	(132)	(20)	(309)
Cost at end of year	13,503	160	188	305	399	427	14,982
Accumulated depreciation at beginning of year	1,565	110	147	133	382	167	2,504
Charge for year	268	12	23	44	63	37	447
Disposals	(14)	-	-	(8)	(132)	(20)	(174)
Accumulated depreciation at end of year	1,819	122	170	169	313	184	2,777
Net book value at 31 March 2010	11,684	38	18	136	86	243	12,205
Net book value at 31 March 2009	11,664	48	41	139	101	249	12,242

The purposes for which the tangible fixed assets held for charity use at 31 March 2010 were as follows:

	Freehold land and buildings £000	Short leasehold £000	Motor vehicles £000	Hospice equipment £000	Computer equipment £000	Furniture and fittings £000	Total £000
Hospice services	11,461	-	18	136	28	215	11,858
Fundraising, management and administration	223	38	-	-	58	28	347
Total	11,684	38	18	136	86	243	12,205

Notes to the accounts *(continued)*

9 Fixed asset investments

<i>Group and Company</i>	2010		2009	
	£000		£000	
Quoted investments at market value at beginning of year	17,961		21,236	
Additions during year	10,291		5,921	
Disposals during the year	(7,430)		(5,577)	
	<hr/>		<hr/>	
Net unrealised gains/(losses)	20,822		21,580	
	6,571		(3,619)	
	<hr/>		<hr/>	
Market value at end of year	27,393		17,961	
	<hr/>		<hr/>	
Historical cost at end of year	22,901		20,043	
	<hr/>		<hr/>	
	2010		2009	
Fixed asset investments are represented by:	£000	%	£000	%
UK equities	13,951	50.9	9,270	51.6
Investment and unit trusts	3,848	14.1	1,399	7.8
Overseas equities	4,258	15.5	2,352	13.1
	<hr/>	<hr/>	<hr/>	<hr/>
Fixed interest securities	22,057	80.5	13,021	72.5
UK debentures and loan stocks	3,630	13.3	3,772	21.0
	1,706	6.2	1,168	6.5
	<hr/>	<hr/>	<hr/>	<hr/>
Total managed portfolio	27,393	100.0	17,961	100.0
	<hr/>	<hr/>	<hr/>	<hr/>

There are no individual investments which represent more than 5% of the Charity's investments.

10 Debtors

	Group	Group	Company	Company
	2010	2009	2010	2009
	£000	£000	£000	£000
Taxation refunds	17	16	17	16
VAT	2	1	-	-
Prepayments and interest receivable	94	183	94	183
Amounts due from CHAS Trading Limited (note 15)	-	-	187	144
Scottish Local Authority grants due	53	111	53	111
Sundry debtors	176	128	67	88
Legacies receivable	27	3	27	3
	<hr/>	<hr/>	<hr/>	<hr/>
	369	442	445	545
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the accounts *(continued)*

11 Creditors: amounts falling due within one year

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Accruals and sundry creditors	532	625	332	495
NI/PAYE payable	138	128	138	125
Amounts due to CHAS Trading Limited (note 15)	-	-	203	166
	<u>670</u>	<u>753</u>	<u>673</u>	<u>786</u>

12 Statement of funds

Group	As at 1 April 2009 £000	Incoming resources £000	Resources expended £000	Investment/ other gains £000	Transfers £000	As at 31 March 2010 £000
General reserve	-	6,302	(6,611)	-	309	-
Designated funds						
Fixed Asset Fund	12,201	-	-	-	(35)	12,166
Invested for future operating costs	24,291	-	-	5,465	(274)	29,482
Total unrestricted funds	<u>36,492</u>	<u>6,302</u>	<u>(6,611)</u>	<u>5,465</u>	<u>-</u>	<u>41,648</u>
Restricted funds						
Robin House	39	371	(352)	-	-	58
Rachel House	13	639	(628)	-	-	24
Service Development	35	4	(37)	-	-	2
CHAS at Home	1	33	(32)	-	-	2
Scottish NHS Boards	-	611	(611)	-	-	-
Scottish Local Authorities	-	381	(381)	-	-	-
Scottish Government	-	27	(27)	-	-	-
Total restricted funds	<u>88</u>	<u>2,066</u>	<u>(2,068)</u>	<u>-</u>	<u>-</u>	<u>86</u>
Total funds	<u>36,580</u>	<u>8,368</u>	<u>(8,679)</u>	<u>5,465</u>	<u>-</u>	<u>41,734</u>

Notes to the accounts *(continued)*

12 Statement of funds *(continued)*

<i>Company</i>	As at 1 April 2009 £000	Incoming resources £000	Resources expended £000	Investment/ other gains £000	Transfers £000	As at 31 March 2010 £000
General reserve	-	5,952	(6,260)	-	308	-
Designated funds						
Fixed Asset Fund	12,242	-	-	-	(37)	12,205
Invested for future operating costs	24,294	-	-	5,465	(271)	29,488
Total unrestricted funds	36,536	5,952	(6,260)	5,465	-	41,693
Restricted funds						
Robin House	39	371	(352)	-	-	58
Rachel House	13	639	(628)	-	-	24
Service Development	35	4	(37)	-	-	2
CHAS at Home	1	33	(32)	-	-	2
Scottish NHS Boards	-	611	(611)	-	-	-
Scottish Local Authorities	-	381	(381)	-	-	-
Scottish Government	-	27	(27)	-	-	-
Total restricted funds	88	2,066	(2,068)	-	-	86
Total funds	36,624	8,018	(8,328)	5,465	-	41,779

The General Reserve represents the free funds of the Charity to the extent that they have not been designated for particular purposes. The Fixed Asset Fund has been set up to assist in identifying those funds which are not free funds and it represents the net book value of tangible fixed assets.

The funds invested for future operating costs are designated by the Directors in line with the policy of creating and retaining free reserves to protect CHAS against any future decline in income which could prevent it from fulfilling its medium and long term objectives.

Restricted funds as at 31 March 2010 for Robin House and Rachel House of £58,000 and £24,000 respectively relate to specific expenditure yet to be incurred. Income in the year relates to legacies and gifts.

Scottish NHS Boards and Scottish Local Authorities contributed to the funding of the operating costs for the year ended 31 March 2010 of both Rachel House and Robin House. The Scottish Government currently contributes £27,000 per annum in respect of specific central administration costs.

Notes to the accounts *(continued)*

13 Analysis of group net assets between funds

	Restricted Funds £000	Designated Funds £000	Total £000
Fund balances at 31 March 2010 are represented by:			
Tangible fixed assets	-	12,166	12,166
Investments	-	27,393	27,393
Current assets	86	3,584	3,670
Current liabilities	-	(670)	(670)
	<hr/>	<hr/>	<hr/>
Total net assets excluding pension surplus	86	42,473	42,559
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14 Pension schemes

Lothian Pension Fund

The Charity participates in the Lothian Pension Fund, a pension scheme providing benefits based on final pensionable pay.

The information disclosed below is in respect of the Charity's share of the assets and liabilities of the whole scheme under an agreed policy throughout the years shown. The assumptions used by the Charity, as disclosed below, were recommended by independent actuaries for application across the whole of the scheme and adopted by the Directors.

	2010 £000	2009 £000
Fair value of assets attributed to the Charity	4,573	2,900
Present value of defined benefit obligation attributed to the Charity	(5,398)	(2,606)
	<hr/>	<hr/>
Net (deficit)/surplus recognised as a (liability)/asset in the balance sheet	(825)	294
	<hr/> <hr/>	<hr/> <hr/>

Changes in the present value of the defined benefit obligation attributed to the Charity are as follows:

	2010 £000	2009 £000
Opening defined benefit obligation attributed to the Charity	2,606	2,624
Current service cost	209	175
Interest cost	191	189
Contributions paid by members	156	101
Actuarial losses/(gains)	2,282	(434)
Past service cost	23	-
Estimated benefits paid	(69)	(49)
	<hr/>	<hr/>
Closing defined benefit obligation attributed to the Charity	5,398	2,606
	<hr/> <hr/>	<hr/> <hr/>

Notes to the accounts *(continued)*

14 Pension schemes *(continued)*

Changes in the fair value of assets attributed to the Charity are as follows:

	2010 £000	2009 £000
Opening fair value of assets attributed to the Charity	2,900	3,121
Expected return on assets attributed to the Charity	210	237
Contributions paid by members	156	101
Contributions paid by the Charity	489	310
Actuarial gains/(losses)	887	(820)
Estimated benefits paid	(69)	(49)
	<hr/>	<hr/>
Closing fair value of assets attributed to the Charity	4,573	2,900
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in the statement of financial activities are as follows:

	2010 £000	2009 £000
Current service cost	209	175
Interest cost	191	189
Expected return on assets attributed to the Charity	(210)	(237)
Past service cost	23	-
	<hr/>	<hr/>
	213	127
	<hr/> <hr/>	<hr/> <hr/>
Actual return on assets attributed to the Charity	1,096	(568)
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in the other recognised gains and losses section of the statement of financial activities are as follows:

	2010 £000	2009 £000
Actuarial losses	(1,395)	(386)
	<hr/> <hr/>	<hr/> <hr/>

The fair value of the scheme's assets attributed to the Charity, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	2010 £000	2009 £000
Equities	3,612	2,291
Bonds	366	319
Property	412	290
Cash	183	-
	<hr/>	<hr/>
Fair value of assets attributed to the Charity	4,573	2,900
Present value of defined benefit obligation attributed to the Charity	(5,398)	(2,606)
	<hr/> <hr/>	<hr/> <hr/>
Net (deficit)/surplus recognised as a (liability)/asset in the balance sheet	(825)	294
	<hr/> <hr/>	<hr/> <hr/>

Notes to the accounts *(continued)*

14 Pension schemes *(continued)*

The major assumptions used in this valuation were:

	2010	2009
Rate of increase in salaries	5.3%	4.6%
Rate of increase in pensions in payment and deferred pensions	3.8%	3.1%
Discount rate applied to scheme liabilities	5.5%	6.9%
Inflation assumption	3.8%	3.1%

Life expectancy is based on the PFA92 and PMA92 year of birth tables. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Male	Female
Current pensioners	20.8 years	24.1 years
Future pensioners	22.3 years	25.7 years

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The history of the scheme is as follows:

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Fair value of assets attributed to the Charity	4,573	2,900	3,121	2,814	2,270
Present value of defined benefit obligation attributed to the Charity	(5,398)	(2,606)	(2,624)	(2,760)	(2,520)
(Deficit)/surplus	(825)	294	497	54	(250)
Experience adjustments on assets	887	(820)	(299)	16	338
Experience adjustments on liabilities	-	89	1	(1)	(46)

It is estimated that the Charity will contribute £665,000 to this defined benefit scheme in 2011.

National Health Service Superannuation Scheme (Scotland)

The National Health Service Superannuation Scheme (Scotland) is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. The Charity will therefore account for its pension costs to this scheme on a defined contribution basis as permitted by Financial Reporting Standard 17. The Government Actuary's Department has assessed the scheme deficit at 31 March 2009 at £19.4 billion. As a result of this deficit, contributions are likely to remain in excess of current service costs.

In the year ended 31 March 2010, normal employer contributions of £229,000 were payable to the Scottish Public Pensions Agency (2009- £202,000) at the rate of 13.5% of pensionable salaries (2009-14%). Members pay between 5% and 8.5%. The Scottish Public Pensions Agency has however refunded the Charity employer contributions totalling £53,000 (2009- £54,000), being the difference between 13.5% and 5.5% for those employees in post as at 1 April 2004.

Notes to the accounts *(continued)*

15 Subsidiary company

The Charity has a wholly owned subsidiary, CHAS Trading Limited, which operates gift and charity shops and a clothes collection partnership as well as a mail order and online sales operation.

A Deed of Covenant exists by which all annual profits generated by CHAS Trading Limited are covenanted to the Charity. The profit covenanted to the Charity from CHAS Trading Limited in 2010 was £137,000 gross (2009- £54,000). The net assets of CHAS Trading Limited at 31 March 2010 were:

	£000
Fixed assets	6
Stocks	44
Debtors	314
Cash at bank	23
	<hr/>
Total current assets	381
Creditors: amounts falling due within one year	(387)
	<hr/>
Net current liabilities	(6)
	<hr/>
Total assets less current liabilities	-
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Included in debtors is an amount of £203,000 (2009- £166,000) due from the Charity. In creditors there is an amount of £187,000 (2009- £144,000) due to the Charity.

16 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2010 £000	2009 £000
Land and buildings		
Capital expenditure contracted for	184	-
Operating leases which expire:		
Within one year	5	23
In the second to fifth years inclusive	130	19
In over five years	39	132
	<hr/>	<hr/>
	358	174
	<hr/> <hr/>	<hr/> <hr/>

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Scottish company number SC 136410
Scottish charity number SC 019724



Children's Hospice Association Scotland

Sharing the Caring