



HOSPICE ISLE OF MAN

Annual Report and Accounts

2010

HOSPICE CARE

Strang ° Douglas ° Isle of Man ° IM4 4RP

NOTICE IS HEREBY GIVEN that the twenty-eighth **ANNUAL GENERAL MEETING** of **HOSPICE CARE** will be held at **The Gough Ritchie Education Suite, in the Seminar Room, Strang, Isle of Man** on **WEDNESDAY 15th June 2011 AT NOON** to transact the following ordinary business:

To receive and consider:

1. The 2010 Report of the Board of Governors.
2. The Report of the auditors and the Annual Accounts for the year ended 31st December 2010.
3. To elect three members of the Board of Governors in place of Mr A Townsend, Mr J Quinn and Mr R Fayle who retire in accordance with the Articles of Association but being eligible offer themselves for re-election.
4. To re-appoint Messrs Ernst & Young as Auditors and to authorise the Board of Governors to fix their remuneration.
5. To transact any other business that can be transacted at an ordinary general meeting.

By order of the Board

Mr F Quinn

Company Secretary

This 9th day of May 2011

NOTES:

1. **Only Members of Hospice CARE may vote upon any Resolution. Members of HOSPICE CARE entitled to vote will have received a membership certificate.**
2. **A copy of the Memorandum and Articles is available on request of any Member by collecting a copy of the same from Hospice CARE or on application in writing addressed to The Secretary.**

HOSPICE CARE

(An Isle of Man Company Limited by Guarantee and not having a Share Capital) (Registered No. 22473).

HOSPICE CARE is registered as a Charity under the provision of the Charities Act 1922 (No. 317) on the Isle of Man.

TWENTY-EIGHTH ANNUAL REPORT

Covering the year to the 31st December 2010.

PRINCIPAL OBJECTIVE

To provide an opportunity for enhancement of quality of life for people in the Isle of Man who are suffering from terminal cancer or who are otherwise suitable for Hospice Care and for whom palliative care is suitable and appropriate.

Hospice Isle of Man

PATRONS

His Excellency Lieutenant Governor Mr Adam Wood.

PRESIDENT

The Venerable Brian Partington OBE

VICE PRESIDENT

Mr J E Crellin

BOARD OF GOVENORS

Chairman: Sir Miles Walker, CBE, LLO (hc)

Hon Treasurer: Mr P E Dearden BA (Hons) ACA ATII

Members: Mr M Bathgate
Mr Heath Craig
Mr P C Crossley BA (Hons), ACA
Mr L F Doherty
Mr R Fayle BMed Sci (Hons) BM BS FRCOG MO ObstetGynaecol (L'pool)
Mr T Groves
Mr C Hall MA MSc FloD MIET
Dr F W Harding MB Ch.B
Mrs M Linehan RN RM
Mr Alex Thomson FFA FloD FIRP MCMi Dip Law
Mr A S Townsend MBE FRCOG
Mr J L M Quinn

Company Secretary: Mr F G Quinn

SENIOR PROFESSIONAL STAFF

Chief Executive: Mrs Malgorzata J Simpson MA Pg Dip, BSc (Hons), RGN, DN,

Medical Director: Dr Benjamin D Harris BSc MB Ch.B MRCPG DRCOG DPM CMS

Hospice Physicians: Dr Jane E Hockings MB Ch.B
Dr Karen Wilson BSc (Hons) MB Ch.B MRCPG
Dr Jo Scott MB Ch.B DRCOG
Dr John Bloomer MB Ch.B, DipPalMed

In Patient Services
Manager: Mrs D Corrin BSc (Hons) DipHE RGN RM

Community Services
Manager: Mrs Christine Bloomer BSc, BA, Dip DN, RGN

Hospice Chaplain: Reverend Lynda Brady

Hospice Isle of Man

RECEPTION CENTRE

Strang
Douglas
Isle of Man IM4 4RP
Tel: (01624) 647400
Fax: (01624) 647460

email: admin@hospice.org.im
website www.hospice.org.im

REGISTERED OFFICE

Strang
Douglas
Isle of Man IM4 4RP
Tel: (01624) 647400
Fax: (01624) 647460

email: admin@hospice.org.im
website www.hospice.org.im

Diana Princess of Wales Care at Home Trust (helps to fund the Hospice at Home service)

Trustees:

Mr R Spencer (Chairman)
Dr R Horsnell
Mrs Laura Watterson
Mr M Norbury
Mr Andrew Thomas
Mr Mike Bathgate
Ms Sharon Kissack
Mr M Hennessy
Mr E R Thomas (Treasurer)

Patient Care Committee

Mr A S Townsend (Chairman)
Ms D Hart RN, DNcert, MSc, PGCE
Dr C R H Murray MRCP
Mr R Fayle
Dr B D Harris*
Mrs M J Simpson*
Mrs C Cresswell*
Dr F W Harding
Mrs M Linehan
Mrs D Corrin* **executive members*

Finance Committee

Mr L F Doherty (Chairman)
Mr P C Crossley
Mr T Groves
Mr P E Dearden
Mr A Thomson
Mrs E A Quine*
Mrs J Killey*
Mrs M J Simpson* ** executive members*

Fund Raising & PR Committee

Mrs M Linehan (Chairman)
Mrs Ann Clayton
Mr Anthony Pugh
Mr John Rimmer
Mr D Humbles
Mr H Craig
Mrs B Gore
Mr R Raatgever
Mrs M Doyle*
Mrs M Simpson * ** executive members*

Hospice Isle of Man

Regional Chairs – Fundraising & Appeals Support Committees:

Northern:-

Mrs Patricia Tearne
The Haven
Bride Road
Dog Mills
Ramsey IM7 4AD
Tel: 813393

Peel & Glenfaba:-

Mrs J P Jeavons
Apt 3, 2 Marine Parade
Peel
Isle of Man IM5 1PB

Michael:-

Mrs Barbara Dawson
Sea View
Main Road
Kirk Michael
IM6 1AH
Tel: 878349

Onchan, Middle & Laxey:-

Mrs Gwynneth Turnbull
Druin Veg
Santon
Isle of Man IM4 1EG
Tel: 823892

Castletown:-

Mrs Freda Dennis
Croft House
The Crofts
Castletown
IM9 1LY
Tel: 824249



HOSPICE CARE ANNUAL GENERAL MEETING

will be held in the Seminar Room, Gough Ritchie Education Suite, Hospice Care, Isle of Man

On

Wednesday, 15th June 2011 at 12 noon

(Everyone is welcome to attend but only the Members of Hospice Care entitled to vote upon a Resolution. Members of Hospice Care entitled to vote will hold a Certificate of membership)

AT THE CONCLUSION OF THE MEETING A COMPLIMENTARY LIGHT LUNCH WILL BE AVAILABLE AT HOSPICE CARE – BOARDROOM AND MEETING ROOM

Those wishing to stay for the lunch are asked to complete the Pro-forma below and to forward it to

**Mary Dunne
P.A. to Chief Executive
Hospice Isle of Man
Tel: 647441**

Web site: www.hospice.org.im
Email: marydunne@hospice.org.im

PLEASE REPLY BY Monday 6 June 2010

Name

Address

.....

..... **Tel:**

I will be attending

Chairman's Statement 2010

This is a wonderful season of the year and a natural time to look forward. At last there are signs that spring is finally with us and I can see the planting at our Hospice starting to bud and the grass is getting greener. Our Hospice will look even more splendid when the gardens have settled and matured.

So much has happened since I last wrote to you – there have been so many comings and goings, announcements and developments that it is difficult to know where to start. All of this activity is a sign of a developing organisation and one that is moving forward with the times. It is said that if we simply stand still, we move backward. This is certainly not the case with our Hospice as there is no standing still!

As this is one of the few occasions available to me to communicate with you I want to start by recording my thanks on behalf of you all to a number of supporters who have made a big difference to the development of our Hospice.

Firstly, Dr. Charles Murray, who has been a hospice supporter for 26 years, has decided to take a well deserved retirement and has stepped down from his membership of Hospice Patient Care Committee. Our grateful thanks go out to Dr Murray for all his invaluable help over so many years.

My sincere thanks are extended to all the members of the Board for the tireless commitment that they give to the charity. As individuals they are all busy people but make time to govern our Hospice, serve on our Board Committees and are always ready to give advice or assist when requested. Their support and commitment became even more visible when each governor put time aside to spend a day in the Hospice with patients and staff, learning more about the work and the challenges that face Hospice staff on a daily basis.

Financially Hospice has performed well despite the challenges we are facing during the current economic downturn. You will be pleased to learn that to date we have recovered £769,377.46 from the Kaupthing Singer & Friedlander Bank and although it will take some time it is forecast that more than 90% of our deposits will be returned. We have also taken the opportunity to wind up our subsidiary company Pelagon that was created for the purpose of managing the building project of the new hospice. With this added income and careful management we have ended the year with a small surplus.

Our Hospice Shops also face the challenging times and the Board of Share the Care together with the manager Tina Lawton are in the process of upgrading the shops. Port Erin's facelift was completed last year and work is taking place at our Douglas shop as I write. The warehouses continue to trade well and sales on eBay are attracting more and more interest. New ways of working continue to be developed so that the income raised through our shops is sustainable.

I am pleased to report that the legacies in 2010 exceeded the budget set and stand at £1,381,547. The Fundraising team under Mary Doyle's leadership continue to work extremely hard to raise our target figure of £3m each year.

My special thanks to our CEO Margaret Simpson for her hard work, commitment and for her ready advice. To all our management team and staff, a very warm appreciation for making our fantastic charity such an important contributor to our Island's community.

Chairman's Statement 2010 *(continued)*

Thank you - to our volunteers, friends and supporters as we could not have achieved what we have, or offer the range of services we do, without your assistance. We are in good shape to face the challenges ahead.

Sir Miles Walker
Chairman, Hospice Isle of Man
April 2011

Chief Executive's Report 2010

Year 2010 was a time for consolidation, continuous improvement in the care we deliver to our patients and families and a time of many challenges that we readily met.

Hospice Isle of Man embraces new ways of working using latest technology to communicate with its supporters. That is why our website has been changed and updated, members of the public may now join Hospice's Facebook and for the first time our Annual Report and Accounts are not printed as hard copies but are available electronically, thus saving on printing costs.

The expenditure for the year 2010 had been carefully managed, particularly in the professional expenses areas. Cost reductions were made and potential savings identified. Managers and staff worked hard together to maximise income and reduce expenditure. Hospice at Home development was put on hold, the Complementary Therapy Department now has volunteers working in it, Lymphoedema Service works in a more efficient way and the larger skill mix was introduced in Rebecca House, IPU and Day Unit.

Due to the cost reductions and savings made, the increase in recurring expenditure was only 3.7% compared with an average RPI inflation figure of 5%. Despite the challenging economic climate, we managed to end the financial year with a small surplus, which is a considerable achievement.

The careful and prudent management did not have a negative impact on patients' care which continued to be delivered to the highest standard, as evidenced by numerous clinical audits and excellent reports received from three inspections carried out by the Department of Social Care Inspection and Registrations Unit.

Fundraising department excelled itself by, not only organising high profile events such as Hospice dinners hosted by Viscount Linley or Max Clifford, but also by raising Hospices profile in the island by organising community events such as the Midnight Walk.

Halfway through the year, our then Chairman John Quinn, stepped down after 9 years. Our grateful thanks go to John for his selfless hard work and commitment he has given to our hospice.

We are delighted to welcome Sir Miles Walker CBE as our new Chairman who brings with him a wealth of senior business, politics and management experience from which Hospice will highly benefit.

Benchmarked against other hospices in Britain, Hospice continues to take pride, not only in its excellence of care it provides, but also in recruiting and retaining highly qualified staff and volunteers. The most recent staff and volunteers survey results show high morale, effective management team and pride expressed in working for the Hospice.

Hospice Isle of Man goes from strength to strength despite facing challenging times. This happens because of the tireless work of all our supporters, volunteers, staff and managers and prudent financial management.

My grateful thanks goes out to all those involved.

Margaret Simpson
Chief Executive
April 2011

Clinical Director's Report 2010

Referrals

The Patient Care Statistics accompanying this AGM Report show that there were 329 referrals to Hospice IOM services in 2010. The last 3 years, since the move to the new Hospice, have yielded 323, 339 and 329 referrals respectively. This equates to a 30% increase since the 255 annual referrals in 2007, before the move to the new Hospice.

The most common diagnosis is lung cancer with 56 referrals (17%). The second most common is breast cancer with 47 referrals (14%) and colorectal cancers next at 39 referrals (12%). More in evidence than in previous years are cancer of prostate with 29 referrals (9%) and brain tumours with 13 referrals (4%).

Of the 329 referrals 309(94%) were for adults with cancer, the remainder being 17 adults with non-cancers (5%) and 3 children (1%).

Of the 17 adults with non-cancer diagnoses, 6 had end stage heart disease and 3 had end stage lung disease. 5 patients had motor neurone disease. The current hospice eligibility criteria relating to non-cancers restricts us to accepting only those in the very end stage of their condition.

Rebecca House

3 referrals to the children's service were accepted during 2010 with none declined. 3 children were discharged from the service. Overall the children's service caseload stands at 21 as we go into 2011. In 2010 we completed the transition from providing care at the children's homes to providing day care and respite care at Rebecca House. There were 1275 children's day care attendances in 2010 with 351 overnight stays, which were considerable increases on 2009. In May Rebecca House opened its doors to groups of school children and the general public during Children's Hospice week to give them some insight into the role of a children's Hospice.

In Patient Unit

The Adult In Patient Unit had 185 admissions. 48% of admissions were for symptom control with 34% for terminal care and 19% for respite care. Average bed occupancy was 7.2 maintaining the increase in bed occupancy that we saw when moving to the new Hospice. 75 patients (41%) of our admissions were admitted from Noble's Hospital thereby freeing those beds at Noble's for the use of other patients.

Improving Patient's Experience

At Hospice we are committed to continuously improving the experiences of patients and their families who access our services. Several audits have been undertaken to assess our performance against local and national guidelines in the following areas:

1. Management of Nausea and Vomiting
2. Management of Diabetes
3. Management of Wounds
4. Nutrition
5. Patient discharges
6. Patient satisfaction
7. Management of patient falls

Workbooks have been developed to facilitate staff training in the areas of pain management, nausea and vomiting management, bowel care and mouth care.

In the area of falls management an audit led to the development of a new policy and procedures that aim to reduce the amount of patients' falls.

Clinical Director's Report 2010 *(continued)*

One of our bedrooms has been converted into ROWAN room (room operated without the assistance of a nurse) This high technology room allows a disabled patient to control any device in that room, such as lighting, a fan or the television, from a control panel that they operate using whatever movement they can e.g. movement of their head or eyes.

A major review of the provision of spiritual care within the Hospice was carried out in 2010 which amongst other things has identified the training requirements of staff in this important area.

Complementary Therapy

There have been many changes in the complementary therapy department. Maggie Cole, Sheila Hall and Lynda Allen all retired during 2010 and we thank them for their hard work at the Hospice. We were delighted to appoint Julie Wilcock as Senior Complementary Therapist who will continue to develop the service and implement the Complementary Therapy Review's recommendations.

Syringe Drivers

Thanks to a large donation from the Henry Bloom Noble Healthcare Trust, McKinley syringe pumps were purchased by the DoH for all professionals to use across the Island. As a result Hospice drafted a Policy for their use and provided a series of training sessions for Hospital, Community and our own Hospice staff to ensure that all practitioners are competent to use these devices.

Dr Benjamin Harris
Clinical Director
Jan 2011

Hospice Isle of Man Statistics 2010

HOSPICE (IOM) CLINICAL FIGURES 2010

TOTAL REFERRALS

YEAR	NUMBER OF REFERRALS
1997	213
1998	242
1999	269
2000	233
2001	253
2002	271
2003	261
2004	288
2005	298
2006	273
2007	255
2008	323
2009	339
2010	329

IN-PATIENT UNIT

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Admissions	173	187	163	199	163	173	167	151	208	203	185
Discharges	70	82	74	92	74	88	81	63	106	94	76
Deaths	108	103	89	107	91	83	88	83	104	108	108
Average length of stay (days)	12.7	11.0	13.8	11.1	12.3	10.7	11.9	13.1	12.2	13.9	14.3
Average bed occupancy	6.1	5.6	6.1	6.0	5.5	5.0	5.5	5.3	7.0	7.7	7.2

DAY UNIT

	2004	2005	2006	2007	2008	2009	2010
Patient Attendances	662	988	1267	1041	1327	1126	1071

HOSPICE AT HOME

	2005	2006	2007	2008	2009	2010
Number of nursing hours	ADULT 3237 CHILD 2254	ADULT 3976 CHILD 3794	ADULT 2977 CHILD 5174	ADULT 2029 CHILD 802	ADULT 794 CHILD 186.5	ADULT 872 CHILD 0

Hospice Isle of Man Statistics 2010 *(continued)***CLINICAL NURSE SPECIALIST TEAM**

	2004	2005	2006	2007	2008	2009	2010
Caseload (Year end)	141	162	132	129	149	132	165

CLINICAL NURSE SPECIALIST TEAM

	2004	2005	2006	2007	2008	2009	2010
Total Number of Patient Contacts	2354	2961	3706	3235	2857	2465	9480

OCCUPATIONAL THERAPY

	2004	2005	2006	2007	2008	2009	2010
Total Number of Patient Contacts	1040	1201	1850	1542	2334	2308	1452

PHYSIOTHERAPY

	2004	2005	2006	2007	2008	2009	2010
Number of Patient Treatments	611	548	582	466	566	641	885

LYMPHOEDEMA MANAGEMENT

	2004	2005	2006	2007	2008	2009	2010
Total No. of patient treatment sessions	1012	1363	1393	1403	877	702	822

Hospice Isle of Man Statistics 2010 *(continued)***COMPLEMENTARY THERAPIES**

	2004	2005	2006	2007	2008	2009	2010
Patient/Family /Staff Support Treatments	1807	1913	1557	1516	1341	1298	1062

SOCIAL/FAMILY SUPPORT WORKER

	2004	2005	2006	2007	2008	2009	2010
Total Contacts	1177	485	1116	1355	1978	3105	2196

BEREAVEMENT SERVICE

	2004	2005	2006	2007	2008	2009	2010
1:1 Bereavement Sessions	324	358	325	252	652	685	476

EDUCATION DEPARTMENT

	2004	2005	2006	2007	2008	2009	2010
Total attendance by health care staff	994	1425	1501	1977	1855	1827	2293

CHAPLAINCY

	2004	2005	2006	2007	2008	2009	2010
No. of patient related contacts	1459	1806	2126	1931	1799	1339	1836

Share The Care Limited Report 2010

To say that trading conditions for Charity Shops in general and for us at Hospice Shops in particular have not been easy this past year would be an understatement. One might expect that in tougher economic times our customers would increase but in reality the effect we have felt is that of a reduction in donated goods and to some extent their quality also.

This has required all who run the company and work as volunteers within it to adjust to these changing times and I am very proud of them all on your behalf for doing just that. The end of year outcome in cash terms was the handing over of a cash dividend to Hospice of some £389,000, a very good achievement.

Whilst the monies we hand over to Hospice each year are an important element of the overall fundraising income of the Charity we are not fundraisers as such but the retail business of Hospice. This requires us to operate as any other legal entity and I would like to pay tribute to Tina and her entire team for the way in which they have ensured, and continue to ensure, that we not only meet the needs of our customers and donors but also manage the business in an effective and well governed manner.

In this latter respect on your behalf I do want to place on record my thanks to those volunteer directors who have served with me on the Board of the company. Each brings particular business and professional skills to our deliberations and this undoubtedly has helped to guide us through some difficult periods. Their names appear below.

2010 was our first full year operating in our new warehouse premises at Unit 14 in Braddan. It has succeeded all expectations, weekly sales have more than doubled and now we are test marketing a second weekly sale on a Wednesday. So far this is adding to our overall business but will be monitored and evaluated over the half year.

Our shop refurbishment programme is underway and if you have not yet had a chance to visit Port Erin shop please go and have a look. It is how we wish to see all our shops in terms of presentation, modernity, light, spacious and colourful. Some have questioned the wisdom of refurbishing our premises but we are in no doubt that this is essential. We do face stiff competition within the sector from others and it is also our duty to ensure our premises contribute to the overall retail environment of the towns in which we operate. Douglas shop is now in the final planning stages and will be refitted to the same standard this year. I have no doubt it will prove to be very attractive to customers and donors alike when completed.

Finally my thanks as ever to our 350 plus volunteers who make it all happen. 7 retail shops, 2 further furniture outlets, eBay sales operation, re-cycling, special events, none of this happens without seriously hard work from the management team and all the volunteers. Everyone plays their part from our drivers who deliver and collect, the team who sort and distribute within the warehouse, administration and accounting to those at "the sharp" end in the shops themselves.

Board: T. Groves, M. Warrender, P. Dearden, P. Murphy, M. Michelson, M. Ellis, Sir Miles Walker

Terry Groves
Chairman STC
January 2010

Hospice Care Treasurer's Report 2010

The year ended 31 December 2010 was another successful year for Hospice Care. In excess of £3.5 million was raised as a result of normal activities by which I mean activities and transactions that take place each year. However, this is balanced by the fact that recurring expenditure is now in excess of 3.7m per annum.

The Hospice and its accounts are now quite complex, the accounts include some items that will not recur regularly. One of these is the dividend from Pelagon Limited of £411,066. Pelagon was formed to be the main contractor for the new Hospice and is now set to become dormant; it is unlikely to pay any further dividends. Last year I mentioned that £2.522 million in cash and investments had been transferred from Hospice Capital Trust, this was a rationalisation and will not recur. If these two items were taken out of the accounts, what is left is transactions that are expected to recur on an annual basis. Last year this would show a deficit of £569,207 and this year a deficit of £213,587. Whilst the position has improved considerably these numbers are substantial and unless income can be increased sufficiently to make up the deficit, expenditure will eventually need to be reduced. Liquid reserves are currently sufficient so that no immediate cuts are required but a deficit cannot be accepted on an ongoing basis.

Readers of the audit report will notice that it has changed. We have had a qualification in respect of the auditor's inability to confirm the completeness of donated income for a long period of time. This is an almost standard qualification for charities which collect funds from the public. We also have a "Technical Qualification" in respect of the non-inclusion of a cash-flow statement. However, this year we also have a qualification in respect of group accounts. Traditionally, we have reported on the results of the whole group (Hospice Care Limited, Share the Care Limited, Hospice Properties Limited and Pelagon Limited) by providing copies of the accounts of each company to the members of Hospice Care. This is in contrast to the more conventional method of reporting group results which is to prepare a set of "Consolidated Accounts" which include the transactions of all group entities in one combined set of accounts. However, due to a change in accounting standards this practice is no longer compliant with those standards with the result that there is now a qualification in respect of the non-preparation of consolidated group accounts included in the audit report.

The Board and I hope that members will not be disappointed with the inclusion of this new qualification as the accounts have been prepared on the same basis as in previous years; it is not the accounts which have changed but the standards by which they are measured. The board have undertaken to review the format and structure of the accounts with a view to obtaining a cleaner audit report in future and the accounts may well appear in quite a different format next year.

As always, I should point out that the accounts do not show everything. The skill and dedication of our staff and the contribution of the volunteers are not reflected in the attached figures but they are an important part of our continuing story.

Phillip Dearden
Hon Treasurer
April 2011

2010 Report of Hospice Care Board of Governors

The Board of Governors submit their Report and Audited Accounts for the year ended 31st December 2010.

ACTIVITIES

The Company is a registered charity established to make provision for the care of persons in the Isle of Man suffering from terminal or illness or who are otherwise suitable for Hospice Care.

BOARD OF GOVERNORS

The composition of the Board of Governors has been detailed on page 3.

THE RESULTS OF THE YEAR

The Company has achieved a surplus for the year of £197,479 (2009 £1,952,881). This amount has been transferred to reserves. No dividend is payable.

AUDITORS

Ernst & Young LLC have expressed their willingness to continue in the office as Auditors and a Resolution proposing their re-appointment will be submitted at the Annual General Meeting.

MEMBERSHIP

As at 31st December 2010 there were 1,087 Members of Hospice Care as compared with 1,123 at the end of the previous year. In addition, there were 181 Life Members as compared to 156 Life Members in 2009.

BY ORDER OF THE GOVERNORS

Mr F G Quinn
Secretary
May 2011

HOSPICE CARE
FINANCIAL STATEMENTS

Year to 31 December 2010

HOSPICE CARE
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HOSPICE CARE

Statement Of Board of Governors' Responsibilities In Respect Of The Financial Statements

Company law requires the Board of Governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Charity and of the profit and loss of the charity for the year. In preparing those financial statements, the Board of Governors is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Companies Acts 1931 to 2004. They 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOSPICE CARE

We have audited the financial statements of Hospice Care for the year ended 31 December 2010 which comprise the income and expenditure statement, statement of total recognised gains and losses, balance sheet, statement of changes in fund balances, analysis of fund balances statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

This report is made solely to the Company's members, as a body, pursuant to Section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members 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 Company and the Company's members as a body for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of Board of Governors and auditor

As explained more fully in the Statement of Board of Governors' Responsibilities on page 1, the Company's Board of Governors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements.

Basis for Adverse Opinion on the group financial statements

The Group has not prepared consolidated financial statements, contrary to the provisions of Financial Reporting Standard No. 2.

Basis for Qualified Opinion on the company financial statements

The Company has not prepared a cash flow statement, contrary to the provisions of Financial Reporting Standard No. 1.

The Company's recorded income comprises voluntary donations to the value of £599,159, over which there was no system of control on which we could rely for the purpose of our audit to ensure completeness of income. There were no other satisfactory audit procedures that we could adopt to confirm completeness of income to ensure that voluntary donations were properly recorded.

Adverse opinion on the consolidated group financial statements

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion paragraph the financial statements:

- Do not give a true and fair view of the state of the group's affairs as at 31 December 2010 and of the group's results for the year then ended;
- Have not been properly prepared in accordance with United Kingdom Accounting Standards.

Qualified opinion on the company financial statements

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Accounting Standards; and

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HOSPICE CARE (Continued)**

- Have been prepared in accordance with the requirements of the Companies Acts 1931 – 2004.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to voluntary donations, described above:

- We have not obtained all the information and explanations that we considered necessary for the purposes of our audit; and
- We were unable to determine whether adequate accounting records had been kept.

We have nothing to report in respect of the following matters where the Companies Acts 1931-2004 requires us to report to you if, in our opinion;

- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made.

Ernst & Young LLC

Ernst & Young LLC
Chartered Accountants
Isle of Man

.....26 April 2011..... Date

HOSPICE CARE
Income and Expenditure Statement
Year ended 31 December 2010

	Notes	2010	2009
		£	£
RECURRING INCOME:	4		
RAISED THROUGH P&R DEPARTMENT			
Members' Subscriptions		22,626	21,298
Covenanted Donations		1,798	3,098
Friends' Donations		11,707	11,552
Family Supporters Subscriptions		820	-
Regional Appeal Committees		35,769	49,407
General Donations		156,356	208,939
In Memoria		143,828	113,711
SPCT Donations		7,267	13,190
Inside and Outside Events		195,576	178,021
Share the Care Dividend	21	389,375	469,063
Sundries		23,412	37,847
		<u>988,534</u>	<u>1,106,126</u>
OTHER INCOME			
Bank & Deposit Interest		119,774	112,284
Investment Income		35,728	1,183
Loan Scheme Interest		-	53
Grants	4d, 24	592,572	592,572
		<u>748,074</u>	<u>706,092</u>
		1,736,608	1,812,218
RECURRING EXPENDITURE:	6		
Professional Services		2,738,388	2,690,026
Administration		295,306	259,115
Establishment		150,767	138,969
Depreciation	7, 11	313,647	305,240
Appeal & Publicity		212,544	184,608
		<u>3,710,652</u>	<u>3,577,958</u>
RECURRING INCOME LESS EXPENDITURE		<u>(1,974,044)</u>	<u>(1,765,740)</u>
NON-RECURRING INCOME:			
Life Members' Subscriptions	4a)	7,285	1,050
Specific Donations	4b)	148,975	191,799
Specific Donations DPoW	4b), 17	-	-
Legacies	4c)	1,381,547	391,184
Pelagon Dividend	21	411,066	-
		<u>1,948,873</u>	<u>584,033</u>
Exceptional item – provision	25	89,722	240,944
Exceptional item – Hospice Capital Trust	16	-	2,522,088
INCOME LESS EXPENDITURE		<u>64,551</u>	<u>1,581,325</u>
STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES			
Surplus Attributable to Charity		64,551	1,581,325
Net Profit on Investments	2(a)	5,493	486
Movement in unrealised appreciation in Investments	2(b)	91,600	48,600
(Loss)/Profit on disposal of Fixed Assets		(160)	232,730
Funds for Specific Capital Items	4b)	35,995	89,740
		<u>197,479</u>	<u>1,952,881</u>

Income and Expenditure Statement should be read in conjunction with the Statement of Changes in Fund Balances.

HOSPICE CARE
Balance Sheet
Year ended 31 December 2010

	Notes	<u>2010</u>		<u>2009</u>	
		£	£	£	£
INVESTMENTS	9		2,046,902		547,772
SUBSIDIARIES	10		288,196		288,196
FIXED ASSETS	11		8,507,197		8,540,724
DEBTORS > 1 YEAR					
Amount due from Subsidiaries	10		787,048		787,048
CURRENT ASSETS:					
Stock		7,123		7,531	
Sundry Debtors		122,609		174,236	
Property	12	-		900,000	
Bank Deposits	9, 25	7,475,412		7,616,926	
Balances with Brokers	9	129,941		503,607	
Cash in Hand		212		247	
		<u>7,735,297</u>		<u>9,202,547</u>	
CURRENT LIABILITIES					
Amount due to Subsidiaries	10	99,551		290,352	
Creditors		<u>92,271</u>		<u>100,596</u>	
		<u>191,822</u>		<u>390,948</u>	
NET CURRENT ASSETS			<u>7,543,475</u>		<u>8,811,599</u>
ASSETS LESS CURRENT LIABILITIES			<u>19,172,818</u>		<u>18,975,339</u>
CREDITORS DUE AFTER MORE THAN ONE YEAR					
Loan payable	23		(750,000)		(750,000)
			<u>18,422,818</u>		<u>18,225,339</u>
FUNDS					
Restricted Funds			832,912		852,422
Unrestricted Funds			17,589,906		17,372,917
			<u>18,422,818</u>		<u>18,225,339</u>

Approved by the Board of Governors on

21 April 2011

Phillip Dearden

Alex Thomson

The Balance Sheet should be read in conjunction with the Analysis of Fund Balances Statement.

HOSPICE CARE
Statement of Changes in Fund Balances
Year ended 31 December 2010

	Note	Unrestricted Funds					Restricted Funds			All Funds	
		General Fund	Capital Reserve unrealised	Life Members	Olsson	New Hospice Fund	Total	Lottery Trust	Endowment Funds	2010	2009
		£	£	£	£	£	£	£	£	£	
OPENING VALUE OF FUNDS											
B/(V) Value of funds		10,623,967	48,600	96,421	(104,603)	6,499,326	17,372,917	15,000	852,422	18,225,339	16,272,458
Net investment gains		5,493	-	-	-	-	5,493	-	-	5,493	486
Profit/(loss) on disposal of Fixed Assets		(160)	-	-	-	-	(160)	-	-	(160)	232,730
Movement on unrealised appreciation		-	91,600	-	-	-	91,600	-	-	91,600	48,600
Funds for specific capital items		-	-	-	-	-	-	-	35,995	35,995	89,740
Funds available		10,629,300	140,200	96,421	104,603	6,499,326	17,469,850	15,000	888,417	18,358,267	16,644,014
RECURRING INCOME											
RAISED THROUGH FUNDRAISING & PR DEPARTMENT											
OTHER INCOME		988,534	-	-	-	-	988,534	-	-	988,534	1,106,126
		748,074	-	-	-	-	748,074	-	-	748,074	706,092
		1,736,608	-	-	-	-	1,736,608	-	-	1,736,608	1,812,218
EXPENDITURE											
Professional services		(2,738,388)	-	-	-	-	(2,738,388)	-	-	(2,738,388)	(2,690,026)
Administration		(295,306)	-	-	-	-	(295,306)	-	-	(295,306)	(259,115)
Establishment		(150,767)	-	-	-	-	(150,767)	-	-	(150,767)	(138,969)
Depreciation		(76,391)	-	-	(1,846)	(179,905)	(258,142)	-	(55,505)	(313,647)	(305,240)
Appeal and publicity		(3,473,396)	-	-	(1,846)	(179,905)	(212,544)	-	(55,505)	(212,544)	(184,608)
		(1,736,788)	-	-	(1,846)	(179,905)	(1,918,539)	-	(55,505)	(1,974,044)	(1,765,740)
RECURRING INCOME LESS EXPENDITURE											
NON-RECURRING INCOME:											
Life membership subscriptions		-	-	7,285	-	-	7,285	-	-	7,285	1,050
Specific donations		148,975	-	-	-	-	148,975	-	-	148,975	191,799
Specific donations - DpoW		-	-	-	-	-	-	-	-	-	-
Legacies		1,381,547	-	-	-	-	1,381,547	-	-	1,381,547	391,184
Pelagon Dividend		411,066	-	-	-	-	411,066	-	-	411,066	-
		1,941,588	-	7,285	-	-	1,948,873	-	-	1,948,873	584,033
		89,722	-	-	-	-	89,722	-	-	89,722	240,944
Exceptional item - provision	25	-	-	-	-	-	-	-	-	-	-
Exceptional item - Hospice Capital Trust	16	-	-	-	-	-	-	-	-	-	-
INCOME LESS EXPENDITURE											
Inter-fund transfers -		294,522	-	7,285	(1,846)	(179,905)	120,056	-	(55,505)	64,551	1,581,325
Life members fund		(3,756)	-	3,756	-	-	-	-	-	-	-
		10,920,066	140,200	107,462	102,757	6,319,421	17,589,906	15,000	832,912	18,422,818	18,225,339
CLOSING VALUE OF FUNDS											

HOSPICE CARE
Analysis of Fund Balances Statement
Year ended 31 December 2010

	Notes	Unrestricted Funds					Restricted Funds				All Funds	
		General Fund	Capital Reserve	Life Members	Olsson	New Hospice Fund	Total	Capital Funds	Lottery Trust	Endowment Funds	Total	2010
		£	£	£	£	£	£	£	£	£	£	£
	Note			4a)		13			20			
INVESTMENTS	9	1,906,702	140,200	-	-	-	2,046,902	-	-	-	2,046,902	547,772
SUBSIDIARIES	10	288,196	-	-	-	-	288,196	-	-	-	288,196	288,196
FIXED ASSETS	11	1,342,107	-	-	102,757	6,319,421	7,764,285	742,912	-	742,912	8,507,197	8,540,724
Hospice Properties Loan	10	787,048	-	-	-	-	787,048	-	-	-	787,048	787,048
CURRENT ASSETS:-												
Sundry Debtors		122,609	-	-	-	-	122,609	-	-	-	122,609	174,236
Stock		7,123	-	-	-	-	7,123	-	-	-	7,123	7,531
Property	12	-	-	-	-	-	-	-	-	-	-	900,000
Bank Balances	9, 25	7,277,950	-	107,462	-	-	7,385,412	-	15,000	90,000	7,475,412	7,616,926
Balances with Brokers		129,941	-	-	-	-	129,941	-	-	-	129,941	503,607
Cash in Hand		212	-	-	-	-	212	-	-	-	212	247
		<u>7,537,835</u>	<u>-</u>	<u>107,462</u>	<u>-</u>	<u>-</u>	<u>7,645,297</u>	<u>-</u>	<u>75,000</u>	<u>15,000</u>	<u>7,735,297</u>	<u>9,989,595</u>
CURRENT LIABILITIES:-												
Amount due to subsidiaries	10	(99,551)	-	-	-	-	(99,551)	-	-	-	(99,551)	(290,352)
Creditors		(92,271)	-	-	-	-	(92,271)	-	-	-	(92,271)	(100,596)
		<u>(191,822)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(191,822)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(191,822)</u>	<u>(390,948)</u>
Loan Payable	23	(750,000)	-	-	-	-	(750,000)	-	-	-	(750,000)	(750,000)
		<u>10,920,066</u>	<u>140,200</u>	<u>107,462</u>	<u>102,757</u>	<u>6,319,421</u>	<u>17,589,906</u>	<u>742,912</u>	<u>75,000</u>	<u>15,000</u>	<u>18,422,818</u>	<u>18,225,339</u>

HOSPICE CARE
Notes to the Financial Statements
Year ended 31 December 2010

ACCOUNTING POLICIES

1 ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom accounting standards.

2 INVESTMENTS

The company holds positions in a number of listed and non listed entities which are held as investments.

(a) Initial measurement

Purchases and sales of investments are accounted for at trade date and include any purchase or sales costs. Realised gains and losses on disposal of financial instruments are calculated using the average cost method.

(b) Subsequent measurement

After initial measurement the company measures investments at their fair values. Fair value is the amount for which an asset could be exchanged, between knowledgeable, willing parties in an arm's length transaction. The fair value of the listed financial instruments is based on their market prices sourced from a listed stock exchange.

Subsequent changes in the fair value of investments are recognised in the statement of total recognised gains and losses.

3 ACCOUNTING FOR SEPARATE FUNDS

Monies received by the charity are credited to separate funds according to the circumstances in which the resources were originally received or the way in which they have been subsequently treated. Such funds are either restricted or unrestricted funds.

Restricted funds are those funds which are subject to specific conditions imposed by the donor, concerning income or capital or both, such conditions being binding on the Board of Governors. Endowment funds are those restricted funds where the capital sum must be maintained permanently although the constituent assets of the fund may change from time to time.

Unrestricted funds are free of donor-imposed restrictions but include funds which are subject to conditions determined by the Board of Governors. These conditions may be varied at any time and the assets comprised in such funds may be applied for any purpose of the Charity at the discretion of the Board of Governors.

The balance on each separate fund, as represented by the assets less liabilities comprised in that fund, constitutes monies received after deducting the day-to-day expenses chargeable against that fund.

HOSPICE CARE
Notes to the Financial Statements (continued)
Year ended 31 December 2010

4 INCOME

Income arising on all restricted and unrestricted funds is included in the Income and Expenditure Statement. Except for bank interest, which is accounted for on an accruals basis, all income is accounted for on a receipts basis. With the exception of income from sources which cannot reasonably be expected to recur, all income is credited to the General Revenue Account. Income from non-recurring sources is credited as follows:

(a) Life Membership Subscriptions:

Life membership subscriptions are credited to a separate Life Members' Fund on receipt. Income arising on the Fund is transferred to the Fund from the General Revenue Account. A transfer is made each year to the General Revenue Account in respect of each life member of a sum equivalent to the annual subscription prevailing for that year. The Fund is an unrestricted fund.

(b) Income for Specific Purposes:

Monies received to defray specific items of day-to-day expenditure are credited to a restricted fund, the relevant expense being charged against that fund.

Monies received to defray specific items of capital expenditure nominated by the donor are not included in the Income and Expenditure Statement, being credited direct to the Capital Fund.

Similarly, endowment monies received are not included in the Income and Expenditure Statement being credited direct to separate restricted funds.

(c) Legacies:

Legacies received are credited to the General Fund. The General Fund is an unrestricted fund.

(d) DHSS Contribution:

Cash contributions from the DHSS are credited to the Income and Expenditure Account as revenue in the accounting period in which those contributions are received.

5 ACCOUNTING FOR ESTIMATES

The preparation of the accounts in conformity with United Kingdom Accounting Standards requires management to make estimates and assumptions that affect the amounts reported in the accounts and accompanying notes. Management believes that the estimates utilised in preparing its accounts are reasonable and prudent. Actual results could differ from these estimates. In the current year significant estimates have been made in respect of a provision against a cash balance held with Kaupthing Singer and Friedlander (Isle of Man) Limited (note 25).

6 EXPENDITURE

Expenditure is accounted for on an accruals basis and includes value added tax where appropriate.

All day-to-day running expenses are included in the Income and Expenditure Statement. Such expenditure is charged against the General Revenue Account with the exception of expenses met out of income for specific purposes which is charged against the appropriate restricted fund.

HOSPICE CARE

Notes to the Financial Statements (continued)

Year ended 31 December 2010

7 DEPRECIATION

Fixed assets are depreciated over their anticipated useful lives at the following rates:-

freehold land on which the Hospice exists, is not depreciated;

the freehold building is depreciated at the rate of 2% per annum of original cost;

the remaining fixed assets are depreciated at the rate of 20% per annum of original cost.

The depreciation charge for the year is included in the Income and Expenditure Statement and is charged against the funds in which the relevant fixed assets are comprised.

8 EXPENDITURE – OTHER DISCLOSURES

Costs of management of the Charity include:

	2010	2009
	£	£
Audit Fee	4,700	4,865

HOSPICE CARE
Notes to the Financial Statements (continued)
Year ended 31 December 2010

9 INVESTMENTS

	2010 £	2009 £
Non listed investments	2,227	2,001
Listed investments	2,044,675	545,771
	2,046,902	547,772

Investments and risk management

The company's assets comprise investments which include:

- investments in listed and non listed entities. These are held in accordance with the company's investment objectives and policies; and
- cash.

As a charity, the company maintains high levels of cash reserves, which are to be utilised for charitable activities. As such the company aims to spread its credit risk by placing cash deposits with a number of financial institutions, and in addition during the year the company placed cash in listed investments, through a recognised broker, taking advantage of a recovering financial market, which provided greater yields than cash deposits.

The investment objective of the company is to achieve capital appreciation while maintaining a controlled level of risk and volatility.

The company is exposed to market risk (which includes fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk arising from the financial instruments it holds.

The company's investment guidelines are set at the discrepancy of the board of governors.

Market Risk

During the year the company has placed funds with a broker in investments, taking positions in listed investments to take advantage of market movements. The broker considers the asset allocation of the portfolio in order to minimise the risks associated with particular market sectors whilst continuing to follow the company's investment objectives.

Market risk represents the potential loss that can be caused by a change in the market value of the investments. The company's exposure to market risk is determined by a number of factors, including interest rates and market volatility. The investment committee continually monitors the company's exposure to market risk.

Management's estimate of the effect on net assets and profits due to a decrease in market prices, is as follows:

	2010 Change in market prices %	2010 Effect on profit and net assets £	2009 Change in market prices %	2009 Effect on profit and net assets £
Investments	5	102,345	5.00	27,387

9 INVESTMENTS (CONTINUED)

Interest rate risk

The company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Cash and equivalents are exposed to cash flow interest rate risk, as these balances, although mostly held on fixed deposits, interest rate are reset on maturity to take into account any changes in the market rates. The value of interest in the current year was £119,774 (2009:£112,284). A movement in interest rates of 1% would not be expected to have a material impact on the financial statements.

Liquidity risk

The company's policy is to maintain cash balances with a spread of reputable financial institutions, and investments in tradable investments, to maintain a high degree of liquidity. The approach to liquidity is determined by the investment committee which discuss the liquidity of investments on a regular basis.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet commitments that it has entered into with the company. Financial assets, which potentially expose the company to concentrations of credit risk, consist of holdings in investments and cash balances. It is the company's policy to deal with a range of reputable financial institutions believed to be creditworthy, and place investments in listed and highly liquid investments. Therefore, the company does not expect to incur material credit losses on financial instruments.

The company's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as of 31 December 2010 in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the balance sheet.

Concentrations of credit risk exist when changes in economic, industry or geographic factors affect counterparties whose aggregate credit exposure is significant in relation to the company's total credit exposure. Transactions are entered into with creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

The maximum credit exposure of the company is as follows:

	2010	2009
	£	£
Financial assets at fair value through profit or loss	2,046,902	547,772
Cash	7,475,412	7,616,926
Balances with Brokers	129,941	503,607
	9,652,255	8,668,305

There are no financial assets that are past due or impaired.

HOSPICE CARE**Notes to the Financial Statements (continued)**

Year ended 31 December 2010

9 INVESTMENTS (CONTINUED)**Currency risk**

Exchange rate risk represents the risk that the exchange rate of the British Pound relative to other currencies may change in a manner, which has an adverse affect of the reported value of assets, which are denominated in currencies other than the British Pounds. Exchange rate exposure is low, because the majority of the company's investments are in GBP denominated investments. Currency investments account for £520,021 (2009£nil) of the total investment value. A movement in exchange rates of 5% is not expected to have a material impact on the financial statements.

SCHEDULE OF INVESTMENTS**Listed Investments**

2010 Holding	Description	2010 Book cost £	2009 Book cost £	2010 Fair value £	2009 Fair value £
3,007	Royal Dutch Shell PLC	53,776	49,942	63,606	51,447
4,308	GlaxoSmithkline PLC	51,704	49,086	53,419	54,099
12,443	National Grid PLC	64,442	49,679	68,808	57,036
5,032	Severn Trent PLC	52,675	49,197	74,372	51,585
38,865	Vodafone Group PLC	52,921	49,825	64,438	52,882
7,753	HSBC Holdings PLC	51,340	49,689	50,479	53,160
13,966	Tesco PLC	52,268	49,907	59,356	57,352
2,842	Unilever PLC	52,027	50,069	55,789	54,633
3,100	BHP Billiton PLC	50,127	50,127	79,081	61,845
8,743	BP PLC	51,124	49,654	40,703	51,732
2,884	Standard Chartered PLC	40,495	-	49,763	-
1,000	Novartis AG	34,773	-	37,998	-
1,650	Nestle SA	50,071	-	62,470	-
1,160	AT & T Inc	20,183	-	21,981	-
480	Siemens AG	30,298	-	38,744	-
810	Total SA	30,146	-	28,175	-
9,179.107	CF Odey Investment Fund	50,008	-	55,848	-
12,048	Balfour Beatty PLC	35,928	-	37,698	-
210	Swisscom AG	50,493	-	59,447	-
1,190	ETFS Physical Gold	99,270	-	106,719	-
2,088.555	Aberdeen Global Fund	75,369	-	86,487	-
860	Southern Co	20,013	-	21,103	-
415	McDonald's Corporation	19,858	-	20,303	-
450	Pepsico Inc	19,771	-	18,897	-
360	Berkshire Hathaway Inc	19,666	-	18,488	-
253.886	Investec Global Strategy Fund	49,650	-	55,346	-
6,059.357	MFS Meridian Funds	49,550	-	53,677	-
4,500	BG Group PLC	49,989	-	58,320	-
1,500	AstraZeneca PLC	49,677	-	43,830	-
326.46	Hiscox Far Eastern Financial Fund	50,294	-	51,422	-
1,825	Sampo Ojy	30,301	-	31,967	-
24,500	Aberdeen Asian Income Fund	39,921	-	41,711	-
8,000	Aberdeen Asian Smaller Companies Investment Trust	50,303	-	51,360	-
	Total listed investments	1,498,431	497,175	1,661,805	545,771

HOSPICE CARE
Notes to the Financial Statements (continued)
Year ended 31 December 2010

9 INVESTMENTS (Continued)

Bonds

2010 Holding	Description	2010 Book cost £	2009 Book cost £	2010 Fair value £	2009 Fair value £
£200,000	Abbey National Treasury 4.125% Bond due 14/09/2017	203,347	-	191,170	-
£200,000	Co-Op Bank PLC 5.125% Bond due 20/09/2017	202,706	-	191,700	-
	Total Bonds	406,043	-	382,870	-

Non listed Investments

Holding	Description	2010 Book cost £	2009 Book cost £	2010 Fair value £	2009 Fair value
2,557	Sefton Group Plc	-	-	2,000	2,000
1	Farmers Combine	-	-	1	1
200	IFG Group Shares	-	-	226	-
	Total non listed investments	-	-	2,227	2,001
	Total investments	1,904,474	497,175	2,046,902	547,772

HOSPICE CARE
Notes to the Financial Statements (continued)
Year ended 31 December 2010

10 SUBSIDIARIES

Share the Care Limited

The Charity's wholly-owned subsidiary, Share The Care Limited, operates the Share The Care shops and is incorporated in the Isle of Man. The Directors of Share The Care Limited have resolved that all available profits will be distributed by way of dividend to Hospice Care but in accordance with FRS 21 proposed dividends can only be recognised in the year in which they are declared.

The proposed dividend for the year ended 31 December 2010 is £347,959 (2009 £389,375). In accordance with FRS 21 dividend income is no longer recognised until the dividends are formally declared.

During the financial year ending 31 December 2010 the company made a profit of £347,959 (2009: £389,375).

Pelagon Limited

The Charity's wholly owned subsidiary, Pelagon Limited was formed for the sole purpose of building a new Hospice and is incorporated in the Isle of Man.

During the financial year ending 31 December 2010 the company made a loss of £1,343 (2009 loss £1,518).

Hospice Properties Limited

The Charity's wholly owned subsidiary, Hospice Properties Limited owns and maintains the various shops and warehouses operated by Share the Care Limited. It is incorporated in the Isle of Man. The company was transferred to Hospice Care by the Hospice Capital Trust, which distributed all of its assets to Hospice Care in 2009. The shares in Hospice Property Limited were estimated to be worth £286,194 at the time of transfer.

During the financial year ending 31 December 2010 the company made a profit of £12,121 (2009: £2,471).

Under the provisions of the Companies Act 1982, the Charity has not prepared consolidated financial statements due to undue expense and delay and the Board of Governors are of the opinion that consolidated financial statements would be of no real value to the members.

Investment in Subsidiaries comprises:

	2010	2009
	£	£
Share Capital – Share the Care Limited	2,000	2,000
Share Capital – Pelagon Limited	2	2
Investment in Hospice Properties Ltd	286,194	286,194
	288,196	288,196

Amount due from Subsidiaries comprises:

	2010	2009
	£	£
Loan – Hospice Properties Limited	787,048	787,048
	787,048	787,048

HOSPICE CARE
Notes to the Financial Statements (continued)
Year ended 31 December 2010

10 SUBSIDIARIES (CONTINUED)

Amount due to subsidiaries comprises:

	2010	2009
	£	£
Loan – Share the Care Limited	94,069	127,444
Loan – Pelagon Limited	5,482	162,909
	99,551	290,352

11 FIXED ASSETS

	Freehold Land & Buildings £	Furniture & Fittings £	Equipment £	Motor Vehicles £	Total £
COST					
At 31 December 2009	8,757,715	404,602	292,275	58,430	9,513,022
Additions	237,639	2,539	40,101	-	280,279
Disposals	-	-	(795)	-	(795)
At 31 December 2010	8,995,354	407,141	331,581	58,430	9,792,506
DEPRECIATION					
At 31 December 2009	525,267	205,720	200,357	40,954	972,298
Charge for the year	179,905	79,403	48,047	6,292	313,647
Disposals	-	-	(636)	-	(636)
At 31 December 2010	705,172	285,123	247,768	47,246	1,285,309
NET BOOK VALUE					
At 31 December 2010	8,290,182	122,018	83,813	11,184	8,507,197
At 31 December 2009	8,232,448	198,882	91,918	17,476	8,540,724

12 ASSET HELD FOR RESALE

During 2008 the Charity was left a property as a legacy. The Board of Governors received several independent valuations on this property during the course of 2008 ranging between £900,000 and £1,350,000. The £900,000 valuation used in the 2009 financial statements was based on the most recent valuation received. In February 2010 an offer of £930,000 was accepted and the property has been sold.

13 DESIGNATED FUND

The Board of Governors resolved to build a purpose building Hospice on a green-field site. The build and fit-out have cost £8.99m to date. A Special Appeal was put in place and it was hoped this appeal would raise most of the cost, the remaining cost would come out of existing funds.

£3,000,000 of existing funds were designated for expenditure on the new Hospice. This amount was not transferred to a restricted fund and remains part of the Unrestricted Funds. A further £3,982,850 was raised as part of the Mighty Oak Appeal. The remainder of the expenditure was met out of general funds.

14 PENSION CONTRIBUTIONS

The Charity operates two pension schemes. Qualifying members of the nursing staff are permitted to join the DHSS superannuation scheme. Other members of staff may be eligible to join a group personal pension plan.

HOSPICE CARE

Notes to the Financial Statements (continued)

Year ended 31 December 2010

14 PENSION CONTRIBUTIONS (CONTINUED)

The group personal pension plan is a defined contribution scheme. The DHSS superannuation scheme provides for a pension based on earnings and salary but the Charity has no obligation beyond the requirement to pay annual contributions in respect of salary paid in the year. All contributions payable in respect of the year to 31 December 2010 have been included in the income and expenditure account.

Payments are made to three employee's personal pension schemes. All contributions have been included within the Income and Expenditure Statement.

The contributions paid in the year were as follows:

	2010	2009
	£	£
Group personal pension plan	51,016	48,615
Hospice Care superannuation scheme 2007	70,836	67,588
Payments to employees own private pension schemes	2,428	2,578
	124,280	118,781

£1,132 (2009: £831) of the contributions due were unpaid at the year end.

15 HOSPICE CARE

Hospice Care is a private company limited by guarantee and not having a share capital.

16 HOSPICE CAPITAL TRUST

In December 2008 the Trustees of Hospice Capital Trust resolved to transfer the assets of Hospice Capital Trust to Hospice Care. As at 31 December 2008 the assets of Hospice Capital Trust had a value of £2,522,088. These assets were transferred to Hospice Care during 2009 and are recorded as an exceptional item in the income and expenditure account.

17 THE DIANA PRINCESS OF WALES PALLIATIVE CARE AT HOME TRUST

The Diana Princess of Wales Palliative Care at Home Trust was created on 19 June 1998 and has a net asset value of £80,648 (2009 £22,246). The aim of the trust is to provide financial support to Hospice Care to support the provision of its Palliative Care Home Nursing Service. No funds were received during the year ended 31st December 2010.

18 TAXATION

As the entity is a registered Charity it is a non relevant Company for ARI purposes and is exempt from Isle of Man income tax by virtue of Section 15 Income Tax Act 1970.

19 RESERVES

The Board of Governors have established a policy to ensure that a minimum of three years costs is maintained within net liquid assets at any one time. At 31 December, this would have amounted to £11.1m. It is the Board's intention to replenish liquid resources to achieve this level as soon as practicable.

20 ENDOWMENT FUNDS

A sum of £15,000 has been received on the basis that the capital of the funds are retained intact but the income is used for the maintenance and operation of the Hospice.

HOSPICE CARE

Notes to the Financial Statements (continued)

Year ended 31 December 2010

21 RELATED PARTY TRANSACTIONS

The following transactions took place with the Charity's wholly owned subsidiaries, Share the Care Limited, Pelagon Limited and Hospice Properties Limited.

<i>Share the Care Limited</i>	2010	2009
	£	£
Balance brought forward – due to Share the Care Limited	127,444	187,337
Cash received from subsidiary as payment on account in respect of dividend	356,000	449,000
Cash paid to subsidiary to fund capital expenditure	-	(39,830)
Dividend receivable	(389,375)	(469,063)
Net intra-group trading	-	-
Amount at the end of the year – due to Share the Care Limited	94,069	127,444

<i>Pelagon Limited</i>	2010	2009
	£	£
Balance brought forward – Due to Pelagon Limited	162,909	291,664
Amount returned to Hospice Care	16,000	(128,755)
Charged in respect of building works	237,639	-
Pelagon Dividend payable	(411,066)	-
Amount at the end of the year – due to Pelagon Limited	5,482	162,909

<i>Hospice Properties Limited</i>	2010	2009
	£	£
Balance brought forward – amount (payable)/receivable	(787,048)	(320)
Amount paid to fund capital expenditure	-	(704,862)
Transfer of Loan from Hospice Capital Trust	-	(81,866)
Amount at the end of the year – due from Hospice Properties Limited	(787,048)	(787,048)

For related party transactions in respect of Hospice Capital Trust, which shared common trustees with directors of Hospice Care, please see note 16.

22 CAPITAL COMMITMENTS

The Charity entered into a contract with its wholly owned subsidiary Pelagon Limited to facilitate the building of a new Hospice on land adjacent to the new Nobles Hospital site. The latest estimate of the costs of building and fit-out to be incurred is £8.9 million. These costs are being charged to Hospice and include a 5% profit margin. By 31 December 2010 Pelagon Limited had charged Hospice Care £8.99m in respect of the new building. . Once the contract is complete Pelagon will distribute its reserves to Hospice. At 31 December 2010 Pelagon's reserves stood at £5,002 (2009: £417,411).

23 LOAN PAYABLE

The Charity has received a loan of £750,000 from the Henry Bloom Noble Healthcare Trust. This was received in a series of 3 loans of £250,000 each, the funds raised were to be used in the building of the new Hospice. The loan is interest free, repayable in 2156 and is secured on the site of the new Hospice. If the charity ceases to be a charity, ceases to operate the children's hospice or transfers the hospice to the DHSS then the loan becomes repayable.

HOSPICE CARE

Notes to the Financial Statements (continued)

Year ended 31 December 2010

24 CASH CONTRIBUTION FROM DHSS

Hospice Care receives an annual cash contribution from the Department of Health and Social Services. A new Service Agreement beginning 1st January 2009 for a five year period was signed on 24 July 2009. The Agreement provides for the DHSS to make two payments on 5 May and 5 November during a Fiscal Year. Payments are accounted for on a received basis. The cash contribution payable by the Department will, in the absence of exceptional circumstances, be equal to the prior years payment (based on DHSS accounts) plus any increases agreed in relation to Hospice as part of the normal budgeting cycle (to include annual inflationary increases). Any further expenditure requiring support from the Department shall be subject to a detailed quantified Business Case to be submitted to the department as part of its budgetary cycle.

The amounts received in the year and included in these accounts is £592,572 (2009 £592,572).

25 EXCEPTIONAL ITEM – PROVISION AGAINST CASH HELD AT KAUPTHING SINGER & FRIEDLANDER (ISLE OF MAN) LIMITED

During 2008 Kaupthing Singer and Friedlander (Isle of Man) Limited ceased trading and a provisional liquidator was appointed. At the cessation of trading the Charity held cash with the bank per the bank statement in the sum of £1,053,074. According to information in the public press, it is more likely than not that the Charity will not recover this sum in full. A liquidators statement published on the Kaupthing Singer and Friedlander (Isle of Man) Limited in Liquidation website on 11th December 2009 stated their current estimate on distributions would be between 82.88% and 93.76%. A liquidators statement published on the Kaupthing Singer and Friedlander (Isle of Man) Limited in Liquidation website on 11th January 2011 stated their current estimate on distributions would be between 91.4 – 97.7%. Accordingly, the original provision of 40% shown in the 2008 Financial statements has been revised to 8.6% (17.12% in 2009) to reflect the more optimistic estimate.

This resulted in a release of provision of £89,722 (£240,944 in 2009) which has been disclosed as an exceptional item in the income and expenditure account.

SHARE the CARE LIMITED

FINANCIAL STATEMENTS

Year to 31 December 2010

SHARE THE CARE LIMITED
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SHARE THE CARE LIMITED
Directors' Report

The directors submit their annual report and the audited financial statements for the year ended 31 December 2010 which show the state of the Company's affairs.

1 PRINCIPAL ACTIVITY

The company's principal activity during the year was the operation of the Share the Care shops. Both donated goods and bought-in-goods are sold through the shops.

2 RESULTS AND DIVIDEND

The profit for the year amounted to £347,959 (2009 £389,375). The directors intend to propose that all available profits will be distributed by way of a dividend to Hospice Care after the year end.

The directors of the company who served during the year are as follows:-

R J Dennis (Deceased 12/02/2010)

J L M Quinn (Resigned 20/04/2010)

T R A Groves

P E Dearden

P Murphy

M Warrender (Appointed 20/04/2010)

M Michelson (Appointed 20/04/2010)

Sir M Walker (Appointed 20/04/2010)

T F M Ellis (Appointed 20/04/2010)

3 AUDITORS

Ernst & Young LLC continue to offer their services under the provisions of Section 12(2) of the Companies Act

FOR AND ON BEHALF OF THE BOARD

Phillip Dearden

Director

Terry Groves

Director

Date 21 April 2011

SHARE THE CARE LIMITED

Statement Of Directors' Responsibilities In Respect Of The Financial Statements

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHARE THE CARE LIMITED

We have audited the financial statements of Share the Care Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

This report is made solely to the company's members, as a body, pursuant to Section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Basis for qualified opinion on financial statements

The Company's recorded income comprises donated and bought in goods and donations to the value of £750,179 over which there was no system of control on which we could rely for the purpose of our audit to ensure completeness of income. There were no other satisfactory audit procedures that we could adopt to confirm completeness of income to ensure that donated and bought in goods and donations were properly recorded.

Qualified opinion on financial statements

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements:-

- Give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Accounting Standards; and
- Have been prepared in accordance with the requirements of the Companies Acts 1931 – 2004.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to donated and bought in goods and donations, described above:

- We have not obtained all the information and explanations that we considered necessary for the purposes of our audit; and
- We were unable to determine whether adequate accounting records had been kept.

We have nothing to report in respect of the following matters where the Companies Acts 1931-2004 requires us to report to you if, in our opinion;

- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made.

Ernst & Young LLC

Ernst & Young LLC
Chartered Accountants
Isle of Man

Date 26 April 2011

SHARE THE CARE LIMITED
PROFIT AND LOSS ACCOUNT
Year ended 31st December 2010

	Notes	2010		2009	
		£	£	£	£
SALES	2(i)				
Donated goods			729,090		741,878
Bought in goods			19,071		28,770
			<u>748,161</u>		<u>770,648</u>
COST OF SALES					
Opening stock	2(ii)	3,229		1,476	
Purchases		12,135		15,849	
		<u>15,364</u>		<u>17,325</u>	
Less: Closing stock	2(ii)	(4,751)		(3,229)	
			<u>(10,613)</u>		<u>(14,096)</u>
GROSS PROFIT			<u>737,548</u>		<u>756,552</u>
Bank interest received		15		31	
Donations received		2,018		3,305	
Rent received		6,720		7,771	
Events		4,565		5,149	
Other		31		59	
			<u>13,349</u>		<u>16,315</u>
			<u>750,897</u>		<u>772,867</u>
EXPENSES					
Wages		211,582		193,810	
Administration		10,927		15,585	
Rent & rates	9	86,954		80,278	
Heat & light		15,755		11,637	
Advertising		2,166		2,652	
Cleaning & rubbish removal		8,612		7,237	
eBay charges		15,728		8,333	
Repairs & refurbishment		1,435		8,660	
Insurance		4,060		5,050	
Depreciation	2(iii)	18,577		18,142	
Telephone		4,018		7,334	
Motor & travel expenses		15,569		14,170	
Audit & accountancy fees		1,895		2,063	
Sundry expenses		5,660		8,541	
			<u>(402,938)</u>		<u>(383,492)</u>
Profit before tax			<u>347,959</u>		<u>389,375</u>
Taxation	3		0		0
Profit after tax			<u>347,959</u>		<u>389,375</u>
Dividend	4		(389,375)		(469,063)
Retained (Loss)/Profit			<u>(41,416)</u>		<u>(79,688)</u>

SHARE THE CARE LIMITED

RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	<u>2010</u>	<u>2009</u>
	£	£
Profit for the financial year	347,959	389,375
Dividend	(389,375)	(469,063)
Opening shareholder's funds	391,375	471,063
Closing shareholder's funds	349,959	391,375

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no other recognised gains or losses other than the profit of £347,959 for the year ended 31st December 2010 and of the profit of £389,375 for the year ended 31st December 2009.

SHARE THE CARE LIMITED
BALANCE SHEET
Year ended 31st December 2010

		2010		2009	
	Notes	£	£	£	£
FIXED ASSETS	2(iii),6		238,302		240,277
CURRENT ASSETS					
Stock	2(ii)	4,751		3,229	
Debtors and deferred expense		8,902		4,524	
Due from Hospice Care	5, 9	94,069		127,444	
Rental in advance		3,230		3,080	
Cash at bank and in hand		22,355		24,121	
VAT		3,058		1,227	
		<u>136,365</u>		<u>163,625</u>	
CURRENT LIABILITIES					
Creditors and accruals		13,927		9,977	
HPL Creditor	9	10,781		2,550	
		<u>24,708</u>		<u>12,527</u>	
NET CURRENT ASSETS			111,657		151,098
			<u>349,959</u>		<u>391,375</u>
Financed by:					
SHARE CAPITAL	7		2,000		2,000
PROFIT AND LOSS RESERVE	8		347,959		389,375
			<u>349,959</u>		<u>391,375</u>

Phillip Dearden
.....Director – Phillip Dearden

Terry Groves
.....Director – Terry Groves

21 April 2011
.....2011

SHARE THE CARE LIMITED
Notes to the Financial Statements
Year ended 31 December 2010

1 Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom accounting standards.

2 Accounting Policies

(i) SALES

Sales comprise of the sale of bought-in and donated goods and are stated exclusive of Value Added Tax.

(ii) STOCK

Donated goods on hand as at the balance sheet date are not valued for stock purposes. The value of stock of bought-in goods is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price reduced by all costs of selling and marketing.

(iii) FIXED ASSETS AND DEPRECIATION

Fixed assets are depreciated over their anticipated useful lives at the following rates:-

- a) leasehold improvements at the rate of 2% per annum of original cost;
- b) fittings and equipment at the rate of 20% per annum of original cost;
- c) motor vehicles at the rate of 20% per annum of original cost.

3 Taxation

The rate of tax applied to companies in the Isle of Man is 0%. Any profits relating to donations received are exempt from Manx Income Tax as the company is a registered charity.

4 Dividend

The directors have resolved that all profits available will be distributed by way of dividend to Hospice Care.

It is the intention of the directors to propose a final dividend equal to the company's profits as soon as practicable, after the year-end.

5 Loan due from Hospice Care

The company is a wholly owned subsidiary of Hospice Care; an Isle of Man registered charity. The loan is unsecured, interest free and without a fixed repayment date. Movements on the loan account in the year are as follows:-

	2010	2009
	£	£
Brought forward 1 January	127,444	187,338
Cash paid in the year	356,000	409,169
Dividend declared	(389,375)	(469,063)
Carried forward 31 December	94,069	127,444

SHARE THE CARE LIMITED

Notes to the Financial Statements (continued)

Year ended 31 December 2010

6 Fixed Assets

	Tenants Improvements £	Fittings & Equipment £	Motor Vehicles £	Website £	Total £
COST					
At 31 December 2009	250,182	35,231	32,717	-	318,130
Additions	9,443	2,799	3,000	1,360	16,602
Disposals	-	-	-	-	-
At 31 December 2010	259,625	38,030	35,717	1,360	334,732
DEPRECIATION					
At 31 December 2009	38,802	16,820	22,231	-	77,853
Charge for year	5,194	5,967	7,144	272	18,577
Disposals	-	-	-	-	-
At 31 December 2010	43,996	22,787	29,375	272	96,430
NET BOOK VALUE					
At 31 December 2010	215,629	15,243	6,342	1,088	238,302
At 31 December 2009	211,380	18,411	10,486	-	240,277

7 Share Capital

	2010 £	2009 £
Authorised, issued and fully paid equity ordinary shares of £1 each	2,000	2,000

8 Reserves

	2010 £	2009 £
Profit and Loss Account		
Balance at 1 January 2010	389,375	469,063
Profit after Tax	347,959	389,375
Dividend Paid	(389,375)	(469,063)
Balance at 31 December 2010	347,959	389,375

SHARE THE CARE LIMITED

Notes to the Financial Statements (continued)

Year ended 31 December 2010

9 Related Party Transactions

Share The Care Limited and Hospice Properties Limited are related parties through common ownership. Included within rental expense is £22,000 (2009: £11,723) paid to Hospice Properties Limited. As at 31 December 2010 amounts owed to Hospice Properties Limited were £10,781(2009:£2,550).

Share The Care Limited is a 100% subsidiary of Hospice Care. Movements on the loan account between the two companies in the year are as disclosed in note 5 on page 8.

10 Ultimate Parent

The Ultimate parent Company is Hospice Care, a Company registered charity in the Isle of Man incorporated as a Company Limited by Guarantee. The subsidiary's activities have not been consolidated into group financial statements due to undue expense and delay.

11 Operating Lease

On 8th June 2009, the company entered into an operating lease in respect of the Unit 14 warehouse with Hospice Properties Limited, a related party due to common control. This is an eighteen year contract with annual rental to be paid of £22,000 which is to review every three years.

Report and Financial Statements

PELAGON LIMITED

Year Ended 31 December 2010

PELAGON LIMITED

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REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited financial statements for the year 1st January 2010 to 31st December 2010.

Principal Activities and Future Developments

The principal activity of the company is that of a building and civil engineering contractor.

The company has been formed for the sole purpose of being the main contractor for the building of a Hospice at the Noble's Hospital site for its parent company Hospice Care. During the current year the company has settled all final amounts due to contractors and the company has issued its final invoice to Hospice Care. During the year a dividend of £411,066 (2009: £nil) was declared in part settlement of the loan account with Hospice Care. The company has now become dormant and it is the intention of the directors to liquidate the company as soon as practical. On this basis, the company is not deemed to be a going concern going forward and these financial statements have been prepared on a break up basis.

Result and Dividend

The loss for the year amounted to £1,343 (2009 loss £1,518) and has been transferred to reserves. A dividend of £411,066 was paid during the year from retained reserves (2009: £nil).

Directors

J Quinn
P Dearden
L Doherty
Dr A Townsend

None of the directors hold any interest in the share capital of the company.

Auditors

Ernst & Young LLC continue in office in accordance with Section 12(2) of the Companies Act 1982.

By Order of the Board

Phillip Dearden
..... Director

21 April 2011
..... 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF Pelagon Limited**

We have audited the financial statements of Pelagon Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 8. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

This report is made solely to the company's members, as a body, pursuant to Section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of the it's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards and
- have been prepared in accordance with the requirements of the Companies Acts 1931 to 2004.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 requires us to report to you if, in our opinion:

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

Ernst & Young LLC

Ernst & Young LLC
Chartered Accountants
Isle of Man

Date 26 April 2011

PELAGON LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2010

	Notes	2010 £	2009 £
Turnover	1 (b)	-	(3,474)
Cost of Sales		-	3,309
		<hr/>	<hr/>
Gross Profit		-	(165)
Audit Fee		(1,313)	(1,003)
Sundry Expenses		(30)	(350)
		<hr/>	<hr/>
(Loss) before tax		(1,343)	(1,518)
Taxation	3	-	-
		<hr/>	<hr/>
(Loss) after tax		(1,343)	(1,518)
Dividends		(411,066)	-
		<hr/>	<hr/>
Retained (Loss)		(412,409) =====	(1,518) =====

The company has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains has been prepared.

PELAGON LIMITED

BALANCE SHEET
As at 31 December 2010

		2010 £	2009 £
Current Assets			
Debtors	4	5,484	400,549
Cash at bank balances		1,018	18,125
		<u>6,502</u>	<u>418,674</u>
Current Liabilities			
Trade Creditors	5	1,500	1,263
		<u>5,002</u>	<u>417,411</u>
		=====	=====
Capital and Reserves			
Share capital	6	2	2
Revenue Reserve	7	5,000	417,409
Equity shareholder's funds		<u>5,002</u>	<u>417,411</u>
		=====	=====

These financial statements were approved by the Board of Directors on 21 April 2011

Phillip Dearden
..... Director

Leslie F Doherty
..... Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

1 ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared on a break-up basis in accordance with generally accepted accounting standards in the United Kingdom.

The break-up basis has been deemed appropriate by the directors, due to the fact that the company was originally incorporated for the sole purpose of contracting the building work for the new Hospice building. As the building works are now complete and all amounts due to external contractors have now been settled, the company has issued its final invoice to Hospice Care and settled the majority of its loan with Hospice Care during the 2010 year end. The company has now become dormant and it is the intention of the directors to liquidate the company as soon as practical. On this basis, the company is not deemed to be a going concern going forward.

The significant accounting policies are set out below:-

(a) **Long-Term Contracts**

Profit on long-term contracts is taken as the work is carried out, if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

(b) **Turnover**

Turnover represents sales and work done including a prudent estimate of attributable profit on long-term contracts less a provision for all foreseeable losses.

2 OPERATING PROFIT

Operating profit is stated after charging:-

	2010	2009
	£	£
Auditors' remuneration	1,313	1,003
	=====	=====

3 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2010	2009
	£	£
Isle of Man income tax @ 0%	-	-
	=====	=====

The Company is subject to the standard rate of income tax of 0%. As the company is wholly owned by a charity, it is not a relevant company for ARI purposes.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2010 (Continued)

4 DEBTORS

	2010	2009
	£	£
Due from Parent	5,482	162,909
Amounts recoverable on construction contracts	-	237,638
Other debtors and prepayments	2	2
VAT	-	-
	<u>5,484</u>	<u>400,549</u>
	=====	=====

The amount due from Parent is unsecured, interest free and repayable on demand.
 The amounts recoverable on construction contracts in the prior year relate to amounts that have been expensed by the company, but have not yet been invoiced to Hospice Care.

5 TRADE CREDITORS

	2010	2009
	£	£
Audit fee	<u>1,500</u>	<u>1,263</u>
	=====	=====

6 SHARE CAPITAL

	2010	2009
	£	£
Authorised		
2,000 ordinary equity shares of £1 each	<u>2,000</u>	<u>2,000</u>
Issued and fully paid		
2 ordinary equity shares of £1 each	<u>2</u>	<u>2</u>

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2010 (Continued)

7 RESERVES

	2010	2009
	£	£
Profit and Loss account brought forward	417,409	418,927
Retained (Loss) for the year	(412,409)	(1,518)
	<hr/>	<hr/>
Profit and Loss account carried forward	5,000	417,409
	=====	=====

8. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The immediate controlling party is Hospice Care, a charity registered on the Isle of Man.

HOSPICE PROPERTIES LIMITED

(formerly HCCT Properties Limited)

FINANCIAL STATEMENTS

Year to 31 December 2010

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Independent auditor's report	3
Profit and loss account	4
Statement of total recognised gains and losses	4
Balance sheet	5
Notes to the financial statements	6 - 8

REPORT OF THE DIRECTORS

The directors submit their annual report and the audited financial statements for the year ended 31 December 2010, which show the state of the company's affairs.

PRINCIPAL ACTIVITY

The company's principal activity during the year was that of a property holding company. The company is incorporated in the Isle of Man and is managed and controlled within the Island.

CHANGE OF NAME

The company changed its name to Hospice Properties Limited on 17th July 2009.

RESULTS AND DIVIDENDS

The profit for the year amounted to £12,121 (2009 profit: £2,471). The directors do not recommend the payment of a dividend.

DIRECTORS

The directors of the company are:-

P E Dearden
L F Doherty
TRA Groves
P C Crossley
A Thomson

None of the directors had any beneficial interest in the shares of the company during the year under review.

AUDITORS

Ernst & Young LLC continues in office as auditor in accordance with Section 12(2) of the Companies Act 1982.

For and on behalf of the Board

Phillip Dearden
.....21 April 2011
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF HOSPICE PROPERTIES LIMITED**

We have audited the financial statements of Hospice Properties Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

This report is made solely to the company's members, as a body, pursuant to Section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of the profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Acts 1931 to 2004.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 requires us to report to you if, in our opinion:

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

Ernst & Young LLC

Ernst & Young LLC
Chartered Accountants
Isle of Man

Date 26 April 2011

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 £	2009 £
Income			
Rental income	9	<u>36,000</u>	<u>16,490</u>
Income for the year		36,000	16,490
Miscellaneous expenses		(11,876)	(1,696)
Depreciation		<u>(12,003)</u>	<u>(12,003)</u>
Profit before taxation	2	12,121	2,791
Taxation	3	<u>-</u>	<u>(320)</u>
Profit after taxation		<u>12,121</u>	<u>2,471</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses during the year ended 31 December 2010 other than the profit of £12,121. (2009: profit of £2,471).

The above results are based on continuing operations.

**BALANCE SHEET
AS AT 31 DECEMBER 2010**

	Notes	2010 £	2009 £
Fixed assets	4	864,380	876,383
Current assets			
Barclays Bank		69,310	51,348
Intercompany Debtor	9	10,780	3,717
Total current assets		80,090	55,065
Creditors: amounts falling due in < 1 year			
Creditors		(6,065)	(5,164)
Total current liabilities		(6,065)	(5,164)
Net current assets		74,025	49,901
Long term liabilities			
Hospice Care - loan	5	(787,048)	(787,048)
Net assets		151,357	139,236
Represented by:-			
Share capital	6	2	2
Profit and loss account	7	151,355	139,234
Shareholder's surplus	8	151,357	139,236

Approved by the Board :

Phillip Dearden
.....Director – Phillip Dearden

Terry Groves
.....Director– Terry Groves

21 April 2011
..... 2011

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1 ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards.

(b) FRSSE

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities.

(c) Income and expenditure

All income and expenditure has been accounted for on an accruals basis.

(d) Depreciation

Depreciation is charged on buildings, at a rate of 2% on cost, with a full years charge in the year of acquisition and none in the year of disposal.

2 PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:-

	2010	2009
	£	£
Depreciation	12,003	12,003
Audit Fee	<u>1,605</u>	<u>1,500</u>

3 TAXATION

The company was established for charitable purposes and is therefore exempt from IOM Income Tax.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2010**

4 FIXED ASSETS

	Freehold land and buildings	Total
	£	£
Cost		
As at 1 January 2010	912,510	912,510
Additions	-	-
Disposal	-	-
As at 31 December 2010	<u>912,510</u>	<u>912,510</u>
Depreciation		
As at 1 January 2010	36,127	36,127
Charge for the year	12,003	12,003
Disposal	-	-
As at 31 December 2010	<u>48,130</u>	<u>48,130</u>
Net book value		
As at 31 December 2010	<u>864,380</u>	<u>864,380</u>
As at 31 December 2009	<u>876,383</u>	<u>876,383</u>

5 LONG TERM LIABILITIES

	2010	2009
	£	£
Due to Hospice Care	<u>787,048</u>	<u>787,048</u>

This loan is unsecured, interest free and repayable on demand.
Repayment will not be sought within one year.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2010**

6 SHARE CAPITAL

	2010	2009
	£	£
Authorised		
2,000 Ordinary equity shares of £1 each	<u>2,000</u>	<u>2,000</u>
Issued and fully paid		
2 Ordinary equity shares of £1 each	<u>2</u>	<u>2</u>

7 RESERVES

	Profit and Loss account
	£
As at 1 January 2010	139,234
Profit for the year	<u>12,121</u>
As at 31 December 2010	<u>151,355</u>

8 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDER'S FUNDS

	2010	2009
	£	£
Opening shareholder's funds	139,236	136,765
Profit for the year	<u>12,121</u>	<u>2,471</u>
Closing shareholder's funds	<u>151,357</u>	<u>139,236</u>

**9 RELATED PARTY
TRANSACTIONS**

Hospice Properties Limited and Share The Care Limited are related parties through common directorship. Included within rental income is £22,000 (2009: £11,723) received from Share the Care Limited. As at 31 December 2010 amounts owed by Share The Care Limited to Hospice Properties Limited were £10,780 (2009: £2,550).

Hospice Properties Limited is a 100% subsidiary of Hospice Care. No transactions have taken place between Hospice Care and Hospice Properties Limited in the year as disclosed in Note 5.

10 ULTIMATE PARENT

The company is a 100% subsidiary of Hospice Care. The subsidiary's activities have not been consolidated into group financial statements due to undue expense and delay.