



HIGHLAND HOSPICE
REPORT of the TRUSTEES and
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

HIGHLAND HOSPICE

**Financial Statements
For the year ended 31 March 2023**

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Report of the Trustees and Strategic Report For the year ended 31 March 2023

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the group and charitable company for the year ended 31 March 2023. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Objectives and Activities

2022/23 was the second year of the Highland Hospice Strategy 2021-2024, 'Caring for our population Together'. The full strategy can be found at www.highlandhospice.org/strategy.

Our Vision

People in the Highlands have access to world leading care and support towards the end of life and in bereavement.

Our Mission

Working together with all organisations and communities who share our vision, we will use our resources to help the people of the Highlands to live and die well and support families and carers to navigate the experience of death and dying.

Our Values

For those we serve:

- Facilitating patient choice and independence is key to delivering good care.
- Providing sanctuary, respect and dignity is at the heart of our philosophy of care.
- Supporting family members and carers is integral to our model of care both during illness and after death.

We will achieve this through our:

- **Commitment** - We will strive to deliver the best for those we serve and the organisation.
- **Compassion** - We will be concerned for each other, and we will support each other to achieve the organisation's objectives.
- **Team working** - We will work together and in partnership with others to achieve the best outcomes.
- **Transparency** - We will demonstrate openness and transparency in all decision making.
- **Trust** - We will act with integrity and be honest, respectful, and sincere in dealings with each other and our partners.

Our Services

Through our leadership role in the **End of Life Care Together** (EOLCT) partnership we work with NHS Highland, Macmillan Cancer Relief, Marie Cure Cancer Care and other local and national charities and agencies to create positive change which enhances and improves end of life care for all in the Highlands.

The **24/7 Palliative Care Helpline**, delivered in partnership by Highland Hospice and NHS Highland as part of the EOLCT partnership, launched in May 2023 as an evolution of the existing out-of-hours helpline service. The Helpline provides a single point of access for 24/7 advice, support and information for patients nearing the end of life, their families, carers and professionals across Highland and Argyll and Bute.

The **Palliative Care Response Service** is a Highland Hospice initiative, launched in November 2022, which provides flexible and timely access to social care at home and other support services for people nearing the end of life. This service is currently in a pilot phase and only available across Inverness.

Our **12-bed Inpatient Unit** and our **Rehabilitation and Wellbeing** services offer specialist support to patients with a progressive, life shortening illness. By managing their pain and other physical symptoms, we help make time and space for reflection, for gaining perspective and for achieving a measure of calm and tranquillity. Crucially, our team also offers advice with the emotional, social and spiritual issues that may arise and works with patients, families and carers at a time of transition to help them enjoy, value and commemorate life.

Through our **Adult and Child Bereavement Services** and by working in partnership with others, we aim to ensure support is available for all those in the Highlands living with grief, regardless of age or location.

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Report of the Trustees and Strategic Report For the year ended 31 March 2023 (continued)

By offering support, mentoring and learning, our specialist staff are able to undertake **Knowledge Exchange** with the wider health and social care workforce, helping people to be provided with respect, dignity and choice during their declining health wherever their care is taking place.

Project ECHO is an online methodology designed to support community healthcare professionals through mentoring and building communities of practice aided by multi-site videoconferencing.

Last Aid is a simple half-day course which helps to educate the community about the basics of palliative care and care for dying people.

Our **Helping Hands** volunteers and those of our partner organisations offer **Befriending Services** providing practical support to those living at home, helping to reduce social isolation and offering carers a break.

We work with key individuals and groups in communities across the Highlands, and engage with them and other stakeholders, working together to design locally-led solutions to deliver and support health and social care services that meet the specific needs of that locality. This includes the delivery of care at home services in partnership with community charities and under the banner of **Sunflower Home Care**.

Our Strategy

Our Strategy for the period 2021-24 is titled 'Caring for our population Together' and it can be viewed in full at www.highlandhospice.org/strategy.

Approximately 2,200 people die in Highland every year. Around 80% of these deaths are people with palliative and end of life care needs - in other words, they are predictable and follow a period of declining health. These people should have access to the best quality care and support to make the most of their limited time. Furthermore, all deaths affect loved ones, and in some cases, people dealing with grief can benefit from additional support. Our strategy aims to improve the experience of death and dying in the Highlands.

The major new initiative forming part of the 2021-24 strategy is End of Life Care Together.

Achieving good population outcomes means tailoring support to individual needs. Everyone experiences a unique set of circumstances when they die. Some people live alone, some live in care homes and many will have family and friends to support them, but no one's circumstances will be the same. 90% of palliative and end of life care is undertaken by families, carers and members of the community. That is why over the period 2018-2021, the strategy of Highland Hospice focussed on supporting our compassionate communities. This is a journey we remain committed to.

Most people will also need the input of the health and social care system towards the end of their lives. This is where things can get complex and confusing. People may need hospital, district nurse, Hospice, Macmillan Nurse, and care at home services. They will be supported by their GP and/or specialist consultant. However, most do not care which organisation or service is involved in their care, so long as their wishes and needs are respected, their symptoms are well managed and those around them are well looked after.

Research shows that most people would also like to be supported for as long as possible at home with the least disruption, wasted time and stress for them and those who care for them. If we can identify those in the community who may be at risk of needing end of life care in the next 12 months and help them make plans for their care, with outcomes that matter to them, we will be better able to coordinate that care. This is the ambition of End of Life Care Together (EOLCT).

End of Life Care Together is a partnership of organisations co-founded by Highland Hospice, NHS Highland, Marie Curie Cancer Care and Macmillan Cancer Relief. This is a novel collaboration with funding from Highland Hospice and Macmillan Cancer Relief provided through Social Finance. The partnership shares a commitment to prove that coordination of compassionate and cost-effective care for those in the last year of life is achievable across the whole region. The project brings together health and social care, voluntary, and community options to enable access to appropriate support for those that need it.

Highland Hospice play a leading role in End of Life Care Together and along with partners has committed significant resources to this ambitious initiative. All of our plans are aligned to this. EOLCT will:

- Gather, connect and coordinate all relevant organisations and resources to improve end of life care.
- Support an increase in identification of end of life care needs and care planning.
- Coordinate and connect services to tailor to individual needs.

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Report of the Trustees and Strategic Report For the year ended 31 March 2023 (continued)

- Increase the time people are supported at home towards the end of life.
- Demonstrate the value of the EOLCT approach in improving outcomes to ensure changes are sustained into the future.

Achievements and Performance

Strategic Actions 2022/23

To further the aims of our 2021-24 strategy, our plans for 2022/23 included the following actions:

Continue the development and evaluation of the End of Life Care Together pathfinder sites in Badenoch and Strathspey, Inverness and Caithness.

Progress:

- Roadshows delivered to all three areas.
- Process established to enable payment to primary care providers who identify patients in need of support and undertake advanced care planning. This increases the likelihood of delivering patient and family wishes.
- Learning and support from the pathfinders sites has been influential in establishing 'End Well' as a strategic ambition in NHS Highland's strategy 'Together We Care'.
- Patients in the Inverness area benefitting from access to the Palliative Care Response Service.
- Volume of calls to the Palliative Care Helpline demonstrate the higher numbers of patients and carers who are aware of the support on offer.
- Received a further commitment of up to £1.38m from Social Finance towards achieving the objectives of EOLCT.

Investigate, with our NHS partners, the introduction of community-based services which will support people at the end-of-life and underpin the aims of End of Life Care Together.

Progress:

- Review of Rehabilitation and Wellbeing (R&W) Service completed allowing focus on most beneficial services.
- Staffing levels and skill mix in R&W team augmented through additional staff recruitment.
- Introduction of the Palliative Care Response Service in Inverness as a direct response to need for flexible and timely care at home for people at the end of life. Service received over 50 referrals in the first four months of operation.

Expand our education and mentoring programme working with health and social care across the Highlands, integrating and aligning to the work of End of Life Care Together.

Progress:

- Education, Learning and Development strategy agreed.
- Following review of activity, the post of Knowledge Exchange Manager encompassing ECHO, Last Aid, conferences and seminars created.
- Ten ECHO programmes initiated with three new subject areas and improved attendance in the majority of programmes.
- Secured funding from the Scottish Government to reinvigorate four ECHO hubs in Scotland and reposition the Highland Hospice superhub as the 'Scottish Centre for Project ECHO'.

*Expand and accelerate public awareness and knowledge about declining health and death through the expansion of Last Aid with a target of reaching 1,000 people a year attending a Last Aid course and participating in national campaigns to increase open discussion of *dying, death and bereavement*.*

Progress:

- Development Officer in place.
- Last Aid strategy for growth established.
- 50% increase in number of facilitators.
- Hub agreements in place with Scottish Ambulance Service and Scottish Fire and Rescue Service to enable them to deliver Last Aid to their staff.

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Report of the Trustees and Strategic Report For the year ended 31 March 2023 (continued)

Continue to grow the number of community organisations we partner with to deliver programmes across the spectrum of Highland Hospice services, encouraging new and existing partners to support and integrate key developments such as Sunflower Home Care, Helping Hands befriending, No-one Dies Alone, locally-led informal bereavement support groups and Last Aid.

Progress:

- Community partnership work across Hospice reviewed and consolidated under one manager.
- Community Partnership Strategy approved.
- Community Engagement Officer appointed with funding for the first year from the St. James's Place Charitable Foundation.
- Number of formal partnerships increased from 9 to 10.
- Inaugural Community Partnership Conference scheduled for November 2023.

Support integrated working between the Inpatient Unit, Rehabilitation and Wellbeing service and our community-based services to streamline and improve patient and family experience.

Progress:

- Completed review of Allied Health Professionals (AHP) and introduced integrated working across Inpatient and Rehabilitation and Wellbeing (R&W) services.
- Patient groups offered by R&W are more focussed around specific therapeutic outcomes and individual need.
- R&W team provide valuable support to the new Palliative Care Response Service and other Hospice community support services.
- Completed review of management of Inpatient Unit and introduced streamlined leadership supported by more subject experts.
- The Healthcare Improvement Scotland inspection in September 2022 assessed the Hospice as Good for all quality indicators inspected.

Identify and introduce changes which encourage the recruitment and retention of skilled and experienced staff and volunteers in a challenging labour market.

Progress:

- Applicant tracking system to support recruitment and onboarding approved and under development.
- Job recruitment adverts rewritten to focus on the day-to-day activities of each role and the benefits of working for Highland Hospice with recruitment processes overhauled to drive applicant engagement.
- All staff continue to receive the Real Living Wage or above.
- Reviewed clinical bank staff offer, establishing robust membership guidelines and management of this cohort.
- Staff turnover rate fell from 24.3% in 21/22 to 22.1% 22/23.
- Number of volunteers increased from 871 in Q4 21/22 to 969 in Q4 22/23.
- Increased number of volunteers aged under 25 by 20%.

Develop communications and branding to improve public understanding of the range and depth of Highland Hospice services available across the whole region.

Progress:

- Brand Guidelines updated to ensure consistency of visual identity across all services.
- Graphic Designer employed and quality of published material improved.
- Monthly eNews to supporters embedded into communications activity.
- Ongoing challenge to find service-related content, particularly patient and family stories which bring to life the work of the Hospice.

Identify and introduce changes which support a reduction in the organisation's carbon footprint and improve the Hospice's environmental and social sustainability.

Progress:

- Board approved a high-level Sustainability Action Plan.
- Energy saving measures introduced to shops during refurbishments.
- Electric vehicles provided for care at home workers operating from Fort Augustus.
- Reduced purchase of single-use fundraising merchandise.
- Measures taken to reduce drug waste.

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Report of the Trustees and Strategic Report For the year ended 31 March 2023 (continued)

Continue review of our fundraising and commercial activity, embedding success and growing income to return the organisation's projected financial position to break-even within ten years.

Progress:

- Brought back large-scale social fundraising events cancelled during the pandemic.
- Continued to develop digital fundraising and to offer virtual fundraising options.
- Fundraising income sustained above pre-pandemic levels.
- Relocated Nairn and Alness Shops and opened a new bookshop in Nairn.
- Achieved sales through shops over £2m for the first time.
- Achieved record sales through the Trading Company subsidiary.
- Trading in the café in the Eastgate Shopping Centre remained challenging but lease renewed to May 2025, to allow opportunity to reach sustainable levels.
- Recruitment and retention of volunteers difficult in some shops.

Strategic Actions 2023/24

At the end of each year we review our strategic actions and establish priorities for the year ahead. Our strategic actions for 2023/24 are:

1. Embed End of Life Care Together partnership working as system-wide 'business as usual' for palliative and end of life care in the Highlands.
2. Expand our education and mentoring programme working with health and social care across the Highlands
3. Expand and accelerate public awareness and knowledge about declining health and death through the expansion of Last Aid with a target of reaching 1,000 people a year attending a Last Aid course and participating in national campaigns to increase open discussion of dying, death and bereavement.
4. Continue to grow the number of community organisations we partner with to deliver programmes across the spectrum of Highland Hospice services, encouraging new and existing partners to support and integrate key developments such as Sunflower Home Care, Helping Hands befriending, No-one Dies Alone, locally-led informal bereavement support groups and Last Aid.
5. Develop communications and branding to improve public understanding of the range and depth of Highland Hospice services available across the whole region.
6. Continue review of our fundraising and commercial activity, embedding success and growing income to return the organisation's projected financial position to break-even within ten years.
7. Identify and introduce changes that support a reduction in the organisation's carbon footprint and improve the Hospice's environmental and social sustainability.

HIGHLAND HOSPICE**Report of the Trustees and Strategic Report
For the year ended 31 March 2023 (continued)**Activity

Highland Hospice provides a wide range of health and social care services designed to support and improve palliative and end of life care across the Highlands. A summary of activity is provided below.

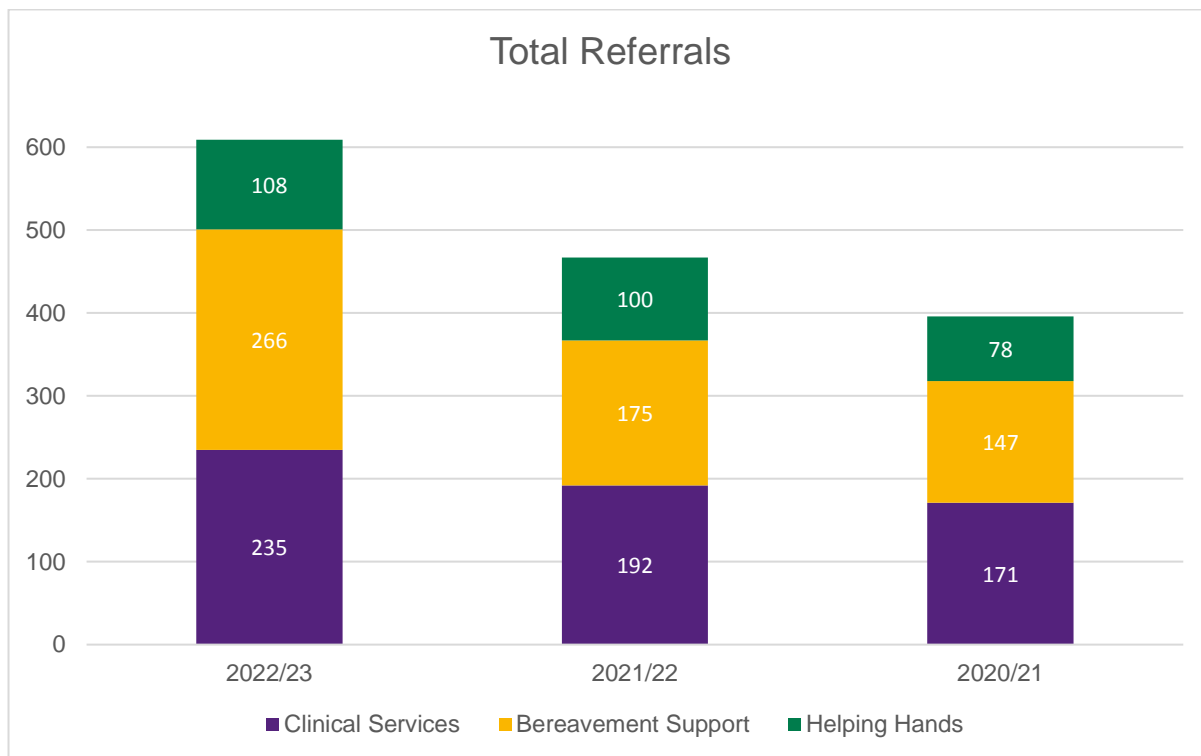
	2022/23	2021/22	2020/21
Total Referrals¹	609	468	396
Inpatient Unit (IPU)²			
Admissions	145	144	158
Average length of stay	20 days	19 days	18 days
Percentage of patients discharged	27%	32%	44%
Bed occupancy	66%	71%	63%
Rehabilitation and Wellbeing (R&W)			
Group and drop-in attendances	720	712	106
Support calls	879	779	1579
Home visits	123	125	114
Complementary Therapy (no data prior to 21/22)			
IPU treatments & assessments	156	205	
Outpatients	235	161	
Home visits	169	99	
Bereavement Support			
Adult referrals	167	80	75
Adult one-to-one sessions	490	352	335
Adult group attendances	64	8	-
Child and young person referrals ³	99	95	72
Child and young person one-to-one sessions	234	195	64
Child and young person group attendances	80	40	3
Helping Hands Befriending (inc. all partners) ⁴			
Clients	391	368	332
Volunteers	196	198	196
Support hours	4503	4040	2583
Project ECHO			
Communities of practice	9	9	12
Clinic sessions	41	46	95
Beneficiaries	348	357	558
Attendances	747	714	2412
Sunflower Home Care (no data prior to 21/22)			
Service users	25	28	
Care hours	6481	8934	
Last Aid			
Course attendances	127	152	149
Facilitators trained	24	13	
Care Home Support (since Oct 2022) ⁵			
Visits	35		
Client discussions	73		
Palliative Care Helpline calls (no data prior to 21/22) ⁶	1717	1609	
Palliative Care Response Service referrals (since Nov 2022)	59		
Palliative Care Advisory Service referrals⁷	434	379	364

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Report of the Trustees and Strategic Report For the year ended 31 March 2023 (continued)

Notes:

1. Total Referrals collates IPU, R&W, Complementary Therapy, Bereavement Support and Helping Hands.
2. IPU admissions remained static and we continue to see a trend towards admission of high dependency patients leading to longer lengths of stay and a lower proportion of patients being discharged home or to an alternative care location. We believe this trend reflects improvements in the care and support of palliative patients in the community by the Hospice and our partners in End of Life Care Together.
3. Our child and young person bereavement service operates under the name Crocus Highland.
4. Befriending services are provided by Highland Hospice in Inverness and Ross-shire and by our community partners in other locations across the Highlands.
5. Care Home Support is provided through training of staff in care homes and the provision of advice on specific clients either remotely or in person.
6. These numbers relate to the out-of-hours only helpline provided jointly by NHS Highland and Highland Hospice. In May 2023 this service evolved into the 24/7 Palliative Care Helpline.
7. The Palliative Care Advisory Service is a Raigmore Hospital based service provided by NHS Highland for hospital patients with palliative care needs. Highland Hospice consultants discuss and support every referral, providing specialist input as required.



Comments on Total Referrals

- Referrals statistics provide a measure of the demand for our services.
- Clinical Services includes IPU, R&W, physio, OT and complementary therapy.
- Bereavement support includes adult, child and young person referrals.
- Helping Hands referrals counted here are those to Highland Hospice-led befriending services and do not include referrals to partner services.
- Following a decline during the pandemic, we continue to see a steady increase in demand for our clinical services with 235 representing approximately 10% of annual deaths in Highland. This number remains below the pre-pandemic count of 266 referrals.
- The significant growth in bereavement referrals has been driven by two factors; 1. The opening of adult services to those who have lost someone to any cause of death and not just those with a palliative diagnosis, and 2. Increased staffing in Crocus Highland allowing more clients to be supported.
- Demand for Helping Hands befriending continues to grow slowly, with a restricting factor being the difficulty in recruiting new volunteers to the service.

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Report of the Trustees and Strategic Report For the year ended 31 March 2023 (continued)

Volunteers

Across Hospice services, volunteers provide support including reception, ward clerk, driving, events, office administration, gardening, flower arranging, bereavement support and befriending. In addition, over 400 of our volunteers help keep our 15 shops, warehouse, two cafés and Ness Islands Railway open throughout the year. The contribution of volunteers is critical to our success as a community-supported organisation and we are hugely grateful to each and every one of them for their hard work and dedication.

During the year:

- We were able to bring the final volunteers back following pandemic restrictions, with the flower arranging team being the last to return.
- We received 265 applications to volunteer, with over 200 of these leading to them joining the team.
- We worked with Skills Development Scotland to promote volunteering in all Highland secondary schools.
- We successfully recruited and supported a number of volunteers with neurodiversity.

At year-end the total number of volunteers was 969 (2022 – 871) and we remain the organisation with most volunteers in the Highlands.

Although not a core objective, there is an immense social value to our volunteering. Volunteering provides many benefits to both mental and physical health, and helps counteract the effects of stress, anger, and anxiety. The social contact aspect of helping and working with others can have a profound effect on overall psychological well-being.

Healthcare Improvement Scotland Inspection

HIS held an unannounced inspection in September 2022. The grade awarded was Good in the following three quality indicators inspected:

- People's experience of care and the involvement of carers and families.
- Safe delivery of care.
- Leadership of improvement and change.

There were three recommendations and one requirement in the report, none of which related to hands-on care, the safety of care or leadership. The full report can be downloaded from www.healthcareimprovementscotland.org.

Financial Review

Highland Hospice is committed to the principles of equality and diversity and our services are offered free of charge to all those in the Highlands who need them. We are an independent local charity reliant on our community and every contribution of time or money, as a volunteer or donor, makes a meaningful difference to people when they need it most.

Principal Funding and Costs

The principal funding sources were the grant received from NHS Highland, legacies, donations and fundraising, and the income generated by our commercial activities in the retail, hospitality and tourism sectors.

The principal cost to the Hospice is staff costs which represented 71% (2022 - 72%) of expenditure.

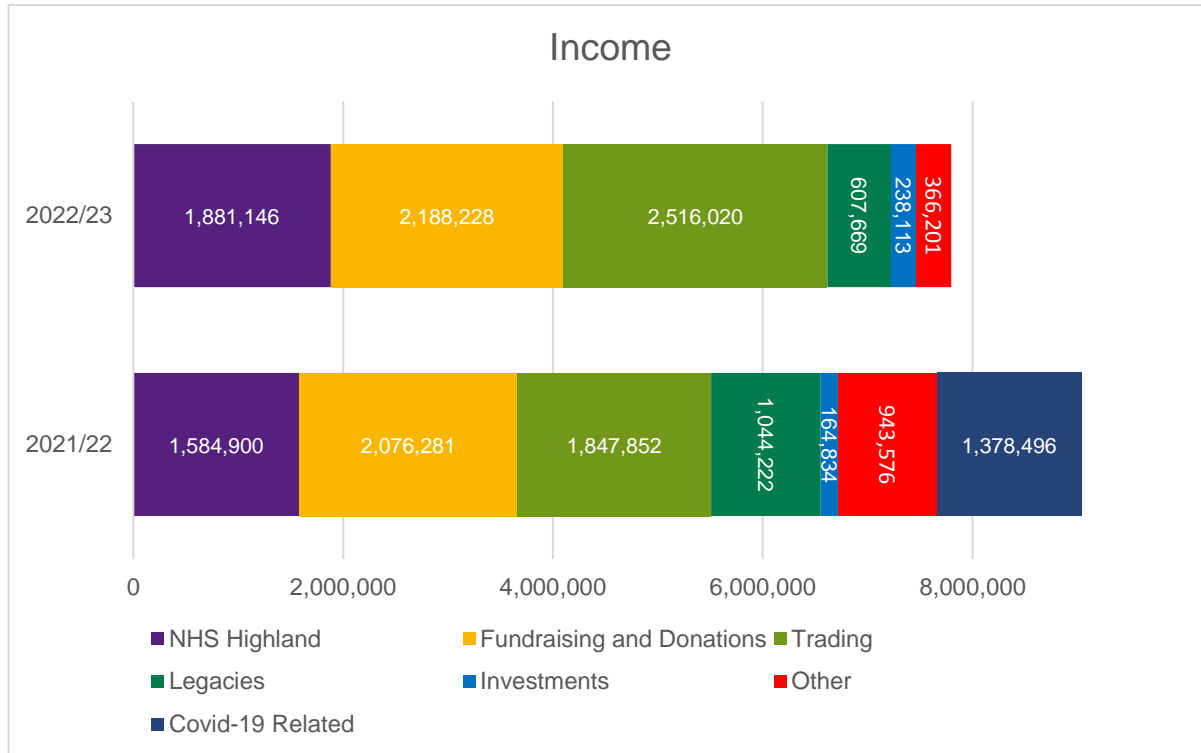
Results

The Hospice recorded a net operating surplus of £44,065 (2022 - £2,137,705) before recording realised and unrealised losses on investments of £538,558 (2022 - £291,032 gain) leaving a deficit for the year of £494,493 (2022 - £2,428,737 surplus).

The current liquidity ratio of 9.1:1 indicates that the charity has a strong liquidity position.

The charity's wholly owned trading company, Highland Hospice Trading Limited, recorded a profit of £60,603 (2022 - £15,537), all of which was gifted to the charity. In addition to profits the company transferred £3,615 (2022 - £nil) in loan interest to the Hospice, bringing its total contribution to £64,218 (2022 - £15,537).

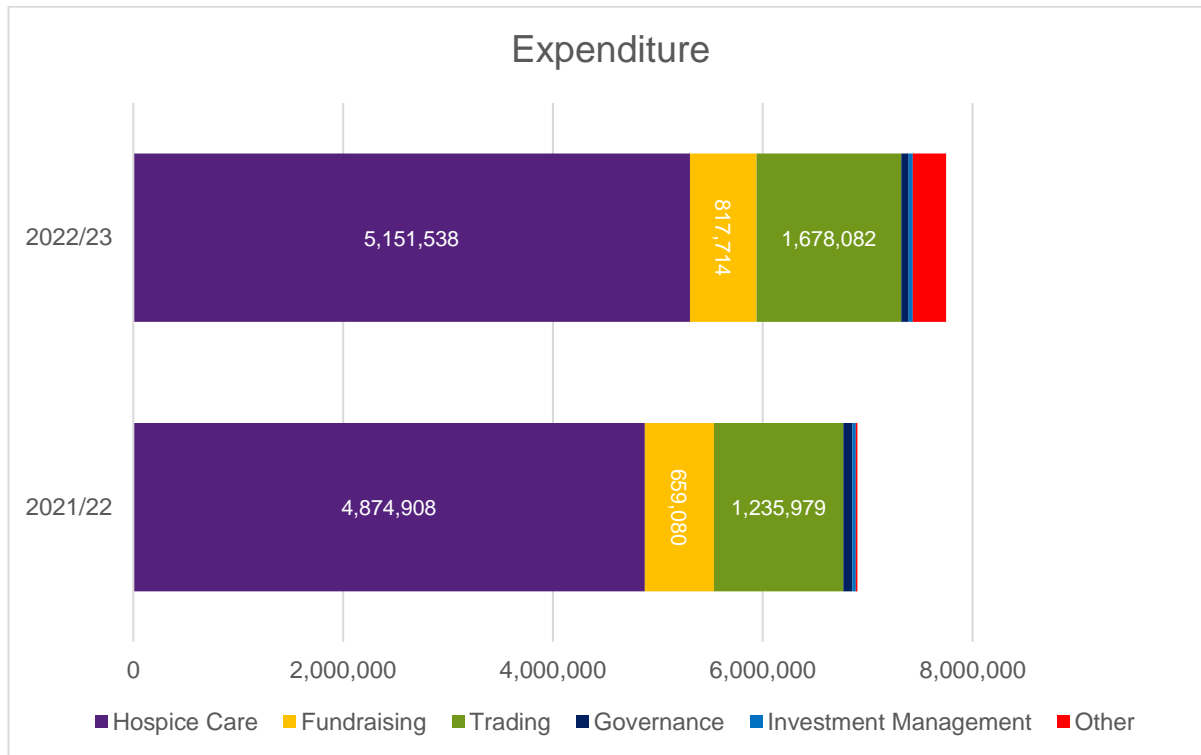
The charity's wholly owned company, Ness Islands Railway Limited, recorded a profit for the year of £4,712 (2022 - £28,576), all of which was gifted to the charity. In addition to profits the company transferred £3,000 (2022 - £800) in rent and £1,894 (2022 - £965) in loan interest to the Hospice, bringing its total contribution to £9,606 (2022 - £32,376).

HIGHLAND HOSPICE**Report of the Trustees and Strategic Report
For the year ended 31 March 2023 (continued)****Comments on Income**

- During the previous financial year, the Hospice received Covid-19 funding from the Scottish Government to offset the additional costs of operating a Covid-safe environment and in recognition of the impact of pandemic restrictions on our income generation activity. This funding was not required in 2022/23.
- The Hospice values the grant income received from NHS Highland, acknowledges the ongoing tight financial constraints within which they are currently operating and is grateful to NHS Highland for agreeing a further uplift in our grant to reflect salary increases within the NHS.
- With an engaging and innovative programme of fundraising events and appeals we were able to increase our Fundraising and Donations income above pre-pandemic levels
- Trading includes our 15 charity shops and eBay shop, our trading subsidiary Highland Hospice Trading Ltd operating two cafes and selling a range of new goods and Christmas cards, and our subsidiary Ness Islands Railway Ltd. Following a period of sustained investment in staff, property and new ventures, income from our commercial activity rose sharply.
- Income from legacies fell by nearly 50% reflecting the unpredictable nature of this funding. In recognition that we cannot control this income, annual budgets are set with a minimal contribution from legacies to reduce risk.

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Report of the Trustees and Strategic Report For the year ended 31 March 2023 (continued)



Comments on Expenditure

- The increase in expenditure on the delivery of Hospice Care was mostly due to an increased salary bill as a result of more staff being employed to support the expansion of services and significant pay increase provided to match staff to NHS Scotland pay scales. The proportion of expenditure related to salaries was 71% (2022 – 72%).
- Increased expenditure on Trading was due to activity growth and was matched by increased income such that the surplus from Trading activity grew from £611,873 in 2022 to £837,938 in 2023.

Investment Policy and Objectives

The Hospice has an investment policy which delegates decision making on investment matters from the trustees to the Investment Committee which reports into the Finance Governance Committee of the board. The Investment Committee consists of at least two members of the Finance Governance Committee, including the Chair, and other appropriately qualified external representatives co-opted from time-to-time.

The investment policy is reviewed annually and currently states the following objectives:

- Highland Hospice seeks to produce the best financial return within an acceptable level of risk.
- The investment objective for the long-term reserves is to generate a return in excess of inflation over the long term whilst generating an income to support on-going activities of the Hospice.
- The investment objective for the short-term reserves is to preserve the capital value with a minimum level of risk. Assets should be readily available to meet short term cash requirements and pledges.

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Report of the Trustees and Strategic Report For the year ended 31 March 2023 (continued)

Reserves Policy

The Board and Senior Management maintain a rolling five-year income/expenditure forecast based on expectations for inflationary increases, service growth and fundraising and commercial income projections. This forecast shows a period of deficits driven by plans for service growth and the effects of inflation. Current surpluses and reserves are required to ensure the continued financial sustainability of the Hospice over the long term.

At 31 March 2023 the total assets of the charity including fixed assets, restricted funds, risk reserve and designated funds amounted to £20,183,941 (2022 - £20,678,434).

The Fixed Asset Fund represents the book value of fixed assets including buildings and equipment owned by the charity. Fixed assets account for 34% of all the Hospice's assets.

Restricted and endowment funds held by the charity are those which can only be used for a specified purpose. This restriction is generally placed by the donor and can only be lifted with the donor's permission. At year-end the total amount of restricted funds was £114,922 including:

- Net income from the therapeutic arts project fund, staff fund and the palliative care course fund not yet spent.
- Bereavement Support Fund to enable the expansion of bereavement support services working in partnership with other organisations.
- The Glasgow Northern Highland Fund which is an endowment fund. Under the terms of the original donation, its purpose is to endow a fund to support families in bereavement. The fund is represented by a fixed term deposit.

With a commitment to deliver the priorities of the 2021 - 2024 strategy, the trustees have designated the following funds:

- £1.16m towards End of Life Care Together.
- £1.00m towards capital investment for income generation.
- £0.11m towards Social Care development.

The Board of Highland Hospice recognises the importance of financial security, especially at a time of economic uncertainty. The risk reserves policy is reviewed annually by the trustees. The policy states that the value of the risk reserve should be based on a risk analysis of income, expenditure and balance sheet assets and all capital projects. At 31 March 2023, the total risk reserve was set at £3,631,600.

A full copy of the reserves policy is available on request.

Structure, Governance and Management

Governing Document

The charity is controlled by its governing document, the Articles of Association, and is a company limited by guarantee, as defined by the Companies Act 2006, and registered in Scotland no. SC093464.

Trustees

Recruitment and Appointment of New Trustees

The recruitment process ensures the Hospice meets the requirements of The Charities and Trustee Investment (Scotland) Act 2005 and is in line with good practice guidance published by the Office of the Scottish Charity Regulator. Trustee vacancies are advertised on the Hospice website, through social media and via business networks. These adverts specify any particular skills or experience required at that time to ensure the Board retains a diversity of members. Applicants are asked to complete a Highland Hospice application form which is used to draw up a short list. All shortlisted candidates are interviewed by two trustees accompanied by the Chief Executive.

Trustees identified through the recruitment process are then appointed by the Company Members at the Annual General Meeting for an initial three-year term and have the option to make themselves available to be considered for one further period of three years. The trustees have the power at any time to appoint any person to be a trustee so long as the total number of trustees does not exceed 12. Any trustee so appointed shall hold office only until the next Annual General Meeting.

Trustees' indemnity insurance is in force for the benefit of all the Hospice trustees and also for the directors of its subsidiaries.

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Report of the Trustees and Strategic Report For the year ended 31 March 2023 (continued)

Induction and Training of Trustees

Trustees are required to understand their legal obligations under charity and company law, the content of the Articles of Association, the committee and decision-making process and the recent financial performance of the charity. Therefore, upon acceptance of the post, trustees are provided with an induction which includes:

- A pack with information on the legal responsibilities of being a trustee, a request to complete the appropriate Companies House documentation and general information on Highland Hospice care services and income generation activities.
- Meetings with the Chief Executive and each of the Senior Management Team to outline the operational activity of their departments.
- A tour of the Hospice premises provided by a member of the clinical team.
- The opportunity to attend one or more Board meetings or Governance Committee meetings in a shadow capacity.

Organisational Structure

The Board of Trustees, which can have up to 12 members, sets the strategic direction for the charity, monitors and evaluates progress towards strategic objectives and makes decisions on significant financial and staffing matters. The Chief Executive is appointed by the trustees to manage the day-to-day operations of the charity supported by a Senior Management Team consisting of the Head of Hospice Services, Head of Income and Development, Head of Finance and Facilities, and Head of People. The Chief Executive and the Senior Management Team are advised by both Palliative Care Consultants on matters influencing medical care.

Corporate governance is managed through three Board governance sub-committees:

- The **Finance Governance Committee** takes delegated responsibility on behalf of the Board of Trustees for overseeing all financial aspects (including fundraising and investment) of the charity so as to ensure short and long term viability. An Investment Committee meets separately and reports into the Finance Governance Committee.
- The **Care Governance Committee** takes delegated responsibility on behalf of the Board for overseeing the quality of care provided by Highland Hospice.
- The **People Governance Committee** - takes delegated responsibility on behalf of the Board for overseeing all HR aspects of the charity and to ensure that the Hospice meets its legal requirement to staff and volunteers and creates the conditions in which staff and volunteer potential can be achieved.

These committees are chaired by a Board member, comprise relevant Board and Senior Management Team members and meet quarterly between Board meetings. The Chair of each sub-committee reports to the Board and each Committee has a written 'Terms of Reference' document which is reviewed annually.

Delegated responsibility to Senior Managers for financial decisions is defined in the Scheme of Delegation.

The Board have also established a Pay and Benefits Review Committee (PBRC) which is a sub-committee jointly reporting to the Finance and People Governance Committees. The purpose of the PBRC is to annually provide strategic direction and leadership to ensure that the Terms and Conditions of Highland Hospice are fit for purpose, sustainable and are determined by the Hospice. The PBRC has representatives from the Board, Senior Management and staff.

Related Parties

The Hospice holds 100% of the issued ordinary share capital of Highland Hospice Trading Limited, which is involved in operation of the Hospice cafes and the retailing of Christmas and greetings cards and other new goods in order to raise funds to support the work of Highland Hospice.

The Hospice also holds 100% of the issued ordinary share capital of Ness Islands Railway Limited, which owns and operates the Ness Islands Railway miniature railway at Whin Park in Inverness and donates all profits to support the work of Highland Hospice.

Risk Management

The trustees have a duty to identify and review the risk to which the charity is exposed and to ensure appropriate controls are in place to mitigate these risks. A risk register for each function is maintained and reviewed at the relevant Finance, Care or People Governance Committees prior to amalgamation into a corporate risk register which is reviewed every 6 months by the Board.

HIGHLAND HOSPICE

Report of the Trustees and Strategic Report For the year ended 31 March 2023 (continued)

The trustees have identified the following as being the most significant risks facing the charity and they are mitigated as follows:

Exceptional events which impact on income streams and delivery of services e.g. pandemic

- Diversification of income streams.
- Tried and tested leadership group able to be enacted at short notice.
- Short turnaround decision making processes.
- Responsive organisation structures/teams able to adapt to changes quickly.
- Supportive mechanisms in place for staff and volunteers.
- Regular reviews as part of continuity planning with organisation leaders and external NHS lead.

Financial fraud or error

- Scheme of delegation in place.
- Control reputational risk through Board and Governance Committees.
- Fraud Policy.
- Cyber security training for all staff.
- Implementation of new financial systems In April 2021 to improve security and strengthen control environment to support remote working and paperless systems.
- Appointment of new auditors March 2023.

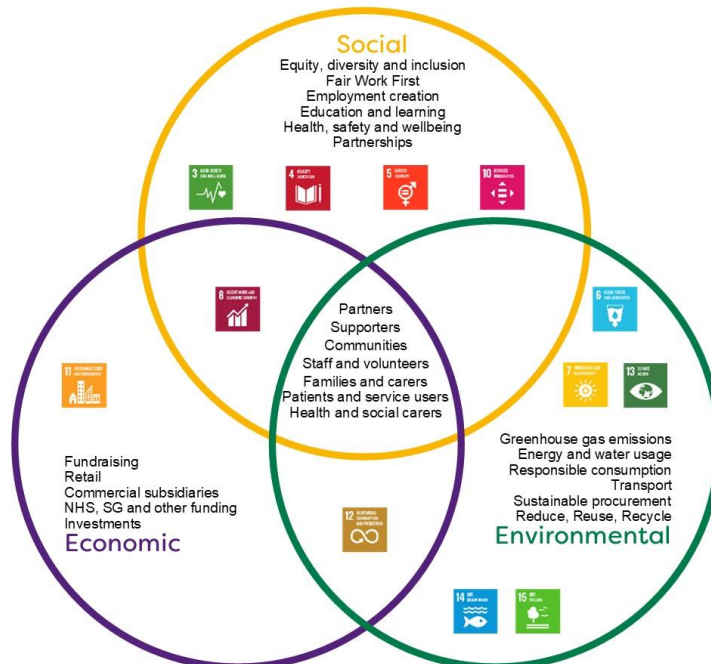
Entering a period of deficit forecasts over the next five years

- Robust budgeting and reviews in place.
- Establishment of Pay and Benefits Review Committee.
- Investment reviews.
- Increase in baseline NHS funding.
- Further negotiation with NHSH to secure annual salary uplift increases as part of SLA.

Sustainability

During the year the Board approved a Sustainability Action Plan which brings our existing approaches to sustainability into a focussed and cohesive organisation-wide strategy summarised below:

A sustainable Highland Hospice will place equal emphasis on our social, economic and environmental goals. We will measure success not solely in terms of patients and families supported or financial surplus, but also through the health of our organisation and the impact we have on our communities, and on the environment. In so doing, not only will we make Highland Hospice a sustainable organisation, but we will also contribute to the United Nations Sustainable Development Goals.



HIGHLAND HOSPICE

Report of the Trustees and Strategic Report For the year ended 31 March 2023 (continued)

Over the next year and thereafter we will:

- Prepare strategies, policies and actions to further our social, economic and environmental goals.
- Measure our progress against our goals.
- Communicate our ambitions and progress to the people in our organisation and our stakeholders.
- Provide appropriate resources to meet our sustainability commitments.
- Provide training, advice and information to staff and volunteers, enabling them to develop and implement new ideas which help meet our goals.

Reference and Administrative Details

Registered company number
SC093464 (Scotland)

Registered charity number
SC011227

Registered office
Highland Hospice
Ness House
1 Bishop's Road
Inverness
IV3 5SB

Trustees
Shona Isobel Cree MacDougall - Joint Board Chair
Stephen Pennington - Joint Board Chair
Peter Mearns - Chair of Finance Governance Committee
Roisin Connolly - Chair of People Governance Committee
Sara Louise Ramsey - Chair of Care Governance Committee
Margaret Davidson (appointed 19/9/22)
William Gilfillan
Kathryn Hamling (appointed 19/9/22)
Shona MacBryer
Donna Mortimer
Roy Templeton
Maria Wybrew
Jeffrey Howarth (resigned 20/4/22)
William McKerrow (resigned 3/5/22)

Senior Statutory Auditor
Jeremy Chittleburgh

Auditors
CT
Chartered Accountants & Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Bankers
Bank of Scotland
2-6 Eastgate
Inverness
IV2 3NA

Solicitors
Ledingham Chalmers LLP
Kintail House
Beechwood Business Park
Inverness
IV2 3BW

HIGHLAND HOSPICE

**Report of the Trustees and Strategic Report
For the year ended 31 March 2023 (continued)**

Investment Manager
Brewin Dolphin Limited
Sixth Floor
Atria One
114 Morrison Street
Edinburgh
EH3 8BR

Chief Executive
Kenny Steele

Senior Management Team
Paula Cooper, Head of Hospice Services
Julie Douglas, Head of Finance and Facilities
Linda Lawton, Head of People
Andrew Leaver, Head of Income and Development

Approved by order of the Board of Trustees, as the Company Directors, and signed on its behalf by:

Shona MacDOUGALL

.....
Shona Isobel Cree MacDougall – Trustee

22 August 2023
.....

**REPORT OF THE INDEPENDENT AUDITOR'S TO THE TRUSTEES AND MEMBERS OF
HIGHLAND HOSPICE**



Opinion

We have audited the group financial statements of Highland Hospice Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Consolidated Statement of Financial Activities, The Balance Sheet, the Consolidated Balance Sheet, the charity and consolidated Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2023, and of the group's and parent charitable company's incoming resources and application of resources, including the group's and parent charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITOR'S TO THE TRUSTEES AND MEMBERS OF HIGHLAND HOSPICE



Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.; or
- the trustees were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

**REPORT OF THE INDEPENDENT AUDITOR'S TO THE TRUSTEES AND MEMBERS OF
HIGHLAND HOSPICE**

CT:

Auditor's responsibilities for the audit of the financial statements (continued)

We gained an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates and considered the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud. This included but was not limited to the Charities and Trustee Investment (Scotland) Act 2005, and The Charities Accounts (Scotland) Regulations 2006.

We focused on laws and regulations that could give rise to a material misstatement in the charity's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the trustees and key management personnel;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Jeremy Chittleburgh CA (Senior Statutory Auditor)

**For and on behalf of CT
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh, EH3 6NL**

Date: 23 August 2023

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

HIGHLAND HOSPICE**CONSOLIDATED STATEMENT of FINANCIAL ACTIIVTIES
(Incorporating an Income and Expenditure Account)****For the year ended 31 March 2023**

	Notes	Un- restricted Funds £	Restricted Funds £	Endow- ment Fund £	2023 Total Funds £	2022 Total Funds £
Income and Endowments from						
Donations and legacies	3	1,241,618	1,891,116	-	3,132,734	4,698,089
<u>Charitable activities</u>	6					
Provision of palliative care		-	255,132	-	255,132	1,162,891
Other trading activities	4	4,095,515	1,064	-	4,096,579	3,013,498
Investment income	5	238,113	-	-	238,113	164,834
Other income		74,819	-	-	74,819	849
Total		5,650,065	2,147,312	-	7,797,377	9,040,161
Expenditure on						
Raising funds	7	2,525,021	-	-	2,525,021	1,926,937
<u>Charitable activities</u>						
Provision of palliative care	8	3,084,975	2,136,286	-	5,221,261	4,960,236
Other		-	3,708	-	3,708	15,283
Total		5,609,996	2,139,994	-	7,749,990	6,902,456
Operating surplus		40,069	7,318	-	47,387	2,137,705
Net gains/(losses) on investments	17	(538,558)	-	-	(538,558)	291,032
Net income/(expenditure)		(498,489)	7,318	-	(491,171)	2,428,737
Transfers between funds	21	(491)	491	-	-	-
Corporation tax on subsidiary trading profits		(3,322)	-	-	(3,322)	-
Net movement in funds		(502,302)	7,809	-	(494,493)	2,428,737
Reconciliation of funds						
Total funds brought forward		20,541,321	107,113	30,000	20,678,434	18,249,697
Total funds carried forward		20,039,019	114,922	30,000	20,183,941	20,678,434

Continuing operations

All income and expenditure has arisen from continuing operations.

The notes on pages 24 to 44 form part of these financial statements.

HIGHLAND HOSPICE**CHARITY STATEMENT of FINANCIAL ACTIIVTIES
(Incorporating an Income and Expenditure Account)****For the year ended 31 March 2023**

	Notes	Un- restricted Funds £	Restricted Funds £	Endow- ment Fund £	2023 Total Funds £	2022 Total Funds £
Income and Endowments from						
Donations and legacies	3	1,241,618	1,891,116	-	3,132,734	4,685,189
<u>Charitable activities</u>						
Provision of palliative care	6	-	255,132	-	255,132	1,162,891
Other trading activities	4	3,711,698	1,064	-	3,712,762	2,788,617
Investment income	5	308,937	-	-	308,937	209,913
Other income		77,819	-	-	77,819	200
Total		5,340,072	2,147,312	-	7,487,384	8,846,810
Expenditure on						
Raising funds	7	2,209,839	-	-	2,209,839	1,739,690
<u>Charitable activities</u>						
Provision of palliative care	8	3,084,975	2,136,286	-	5,221,261	4,955,291
Other		8,511	3,708	-	12,219	14,124
Total		5,303,325	2,139,994	-	7,443,319	6,709,105
Operating surplus		36,747	7,318	-	44,065	2,719,769
Net gains/(losses) on investments	17	(538,558)	-	-	(538,558)	291,032
Net income/(expenditure)		(501,811)	7,318	-	(494,493)	2,428,737
Transfers between funds	21	(491)	491	-	-	-
Net movement in funds		(502,302)	7,809	-	(494,493)	2,428,737
Reconciliation of funds						
Total funds brought forward		20,541,321	107,113	30,000	20,678,434	18,249,697
Total funds carried forward		20,039,019	114,922	30,000	20,183,941	20,678,434
		=====	=====	=====	=====	=====

Continuing operations

All income and expenditure has arisen from continuing operations.

The notes on pages 24 to 44 form part of these financial statements.

HIGHLAND HOSPICE**CONSOLIDATED BALANCE SHEET****At 31 March 2023**

	Notes	Un- restricted Funds £	Restricted Funds £	Endow- ment Fund £	2023 Total Funds £	2022 Total Funds £
Fixed assets						
Intangible assets	15	3,000	-	-	3,000	6,000
Tangible assets	16	6,810,790	-	-	6,810,790	6,993,847
Investments	17	8,150,644	-	-	8,150,644	7,697,737
		14,964,434	-	-	14,964,434	14,697,584
Current assets						
Stock		11,467	-	-	11,467	13,368
Debtors	18	258,402	-	-	258,402	206,662
Cash at bank and in hand		5,447,774	110,142	30,000	5,587,916	6,260,768
		5,717,643	110,142	30,000	5,857,785	6,480,798
Creditors						
Amounts falling due within one year	19	(638,278)	-	-	(638,278)	(499,948)
Net current assets		5,079,365	110,142	30,000	5,219,507	5,980,850
Total assets less current liabilities		20,043,799	110,142	30,000	20,183,941	20,678,434
Net assets		20,043,799	110,142	30,000	20,183,941	20,678,434
		=====	=====	=====	=====	=====
Funds						
	21					
Unrestricted funds:						
General					6,585,060	6,283,722
Fixed assets					6,807,112	6,993,847
Revaluation reserve					745,836	1,284,394
Designated					5,901,011	5,979,358
					20,042,115	20,541,321
Restricted funds					114,922	107,113
Endowment funds					30,000	30,000
Total Funds					20,183,941	20,678,434
					=====	=====

The financial statements were approved by the Board of Trustees and signed on its behalf by:

Shona MacDOUGALL

Shona Isobel Cree MacDougall

Trustee

22 August 2023

.....

The notes on pages 24 to 44 form part of these financial statements.

HIGHLAND HOSPICE**CHARITY BALANCE SHEET****At 31 March 2023**

	Notes	Un- restricted Funds £	Restricted Funds £	Endow- ment Fund £	2023 Total Funds £	2022 Total Funds £
Fixed assets						
Tangible assets	16	6,735,237	-	-	6,735,237	6,910,885
Investments	17	8,168,144	-	-	8,168,144	7,715,237
		14,903,381	-	-	14,903,381	14,626,122
Current assets						
Debtors	18	431,590	-	-	431,590	341,730
Cash at bank and in hand		5,313,010	110,142	30,000	5,453,152	6,194,498
		5,744,600	110,142	30,000	5,884,742	6,536,228
Creditors						
Amounts falling due within one year	19	(604,182)	-	-	(604,182)	(483,916)
Net current assets		5,140,418	110,142	30,000	5,280,560	6,052,312
Total assets less current liabilities		20,043,799	110,142	30,000	20,183,941	20,678,434
Net assets		20,043,799	110,142	30,000	20,183,941	20,678,434
Funds						
	21					
Unrestricted funds:						
General					6,660,613	6,366,684
Fixed assets					6,731,559	6,910,885
Revaluation reserve					745,836	1,284,394
Designated					5,901,011	5,979,358
					20,039,019	20,541,321
Restricted funds					114,922	107,113
Endowment funds					30,000	30,000
Total Funds					20,183,941	20,678,434

The financial statements were approved by the Board of Trustees and signed on its behalf by:



 Shona Isobel Cree MacDougall

Trustee

22 August 2023

The notes on pages 24 to 44 form part of these financial statements.

HIGHLAND HOSPICE**CONSOLIDATED CASH FLOW STATEMENT****For the year ended 31 March 2023**

	Notes	2023	2022
		£	£
Cash flows from operating activities			
Cash generated from operations	1	236,165	2,385,702
		-----	-----
Net cash provided by/(used in) operating activities		236,165	2,385,702
		-----	-----
Cash flows from investing activities			
Purchase of tangible fixed assets		(126,245)	(111,299)
Purchase of fixed asset investments		(2,520,431)	(2,098,375)
Proceeds from sale of fixed assets		-	200
Proceeds from sale of investments		1,494,037	1,641,789
Dividends and interest on investments		195,709	159,174
Interest received		47,913	5,660
		-----	-----
Net cash provided by/(used in) investing activities		(909,017)	(402,851)
		-----	-----
Change in cash and cash equivalents in the reporting period		(672,852)	1,982,851
Cash and cash equivalents at the beginning of the reporting period		6,260,768	4,277,917
		-----	-----
Cash and cash equivalents at the end of the reporting period		5,587,916	6,260,768
		=====	=====

NOTES to the CONSOLIDATED CASH FLOW STATEMENT**For the year ended 31 March 2023**

	2023	2022
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(494,493)	2,428,737
Adjustments for:		
Depreciation charges	312,980	350,587
Losses/(gain) on investments	573,487	(291,032)
Profit on disposal of fixed assets	-	(200)
Interest received	(47,913)	(5,660)
Dividends and interest on investments	(195,709)	(159,174)
Other movements	(678)	-
(Increase)/decrease in stock	1,901	(56)
(Increase)/decrease in debtors	(51,740)	1,029,657
Increase/(decrease) in creditors	138,330	(967,157)
	-----	-----
Net cash provided by/(used in) operating activities	236,165	2,385,702
	=====	=====

The notes on pages 24 to 44 form part of these financial statements.

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS****For the year ended 31 March 2023****1. Statutory Information**

Highland Hospice is a private company, limited by guarantee, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective – 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 1006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at fair value.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Group financial statements

These financial statements consolidate the results of the charity and its wholly owned subsidiaries, Highland Hospice Trading Limited and Ness Islands Railway Limited, on a line-by-line basis.

Going concern

The charitable group continues to adopt the going concern basis of preparing the financial statements. The Trustees have reviewed the five-year forecast and reserves level and assessed the charity's ability to continue as a going concern. The charity has a diversified range of income streams and has significant headroom above the risk reserve level of £3.6M. The Trustees have a reasonable expectation that the charity had adequate resources to continue in operational existence for the foreseeable future.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

Grants received are credited to the Statement of Financial Activities in the year for which they are received.

Income from investments and from rental income is included in the Statement of Financial Activities in the year in which it is receivable.

Income from the Endowment Fund is unrestricted.

Donated goods are measured at fair value exempt where it is impractical to measure reliably the fair value of donated items. Where it is impractical to measure the fair value of goods donated, the donated goods are recognised in income when they are sold.

Gifts in kind, donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these financial statements.

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023****2. Accounting policies (continued)****Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Irrecoverable VAT is recorded under management support costs.

The award of grants is recognised as a liability only when the criteria for a constructive obligation are met, payment is probable, it can be measured reliably and there is no conditions attaching to its payment that limit its recognition. Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Raising funds

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Charitable activities

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the charity, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

Governance costs

Governance costs comprise all costs attributable to the strategic planning of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit together with related support and overhead costs.

Allocation and apportionment of costs

Overhead and support costs have been allocated as a direct cost or apportioned on an appropriate basis between Charitable Activities and Governance Costs.

Leasing commitments

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Intangible fixed assets – goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is five years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	-	2% on cost
Improvements to property	-	20% on cost
Medical equipment	-	20% on cost
Fixtures and fittings	-	20% on cost
Motor vehicles	-	20% on cost
Office equipment	-	20% - 33% on cost

HIGHLAND HOSPICE

NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

2. Accounting policies (continued)

Tangible fixed assets (continued)

Fixed asset purchases of less than £1,000 are not capitalised.

Fixed assets are stated at cost, being purchase price, less accumulated depreciation.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

Contributions payable to the defined contribution pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

The Highland Hospice also participates in the NHS Superannuation Scheme for Scotland providing defined benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities. The Hospice is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined benefit contribution scheme, as required by FRS 102. As a result, the amount charged to the statement of financial activities represents the Hospice's employer contributions payable to the Scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to the Exchequer. The pension cost is assessed every five years by the Government Actuary and determines the rate of contributions required. The most recent actuarial valuation can be found at <http://www.sppa.gov.uk>.

Fixed asset investments

The investment policy of the Highland Hospice is to ensure that surplus funds not required immediately for current expenditure or for designated projects are invested appropriately for the medium and long-term benefit of the Hospice.

Listed investments are stated at fair value at the balance sheet date.

Unlisted investments are stated at fair value.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening fair value (purchase price if later). Unrealised gains and losses are calculated as the difference between the fair value at the year end and opening fair value (or purchase price if later).

Debtors

Debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank accounts with a short term of maturity, being twelve months or less, from opening of the deposit or similar account.

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023****2. Accounting policies (continued)****Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

3. Donations and legacies	2023	Group 2022	2023	Charity 2022
	£	£	£	£
Donations	643,919	910,635	643,919	910,635
Legacies	607,669	1,044,222	607,669	1,044,222
Grants	1,881,146	2,743,232	1,881,146	2,730,332
	-----	-----	-----	-----
	3,132,734	4,698,089	3,132,734	4,685,189
	=====	=====	=====	=====
Grants received, included in the above are as follows:				
NHS Highland	1,881,146	1,584,900	1,881,146	1,584,900
Scottish Government – Covid-19 funding	-	1,047,432	-	1,047,432
Small Business Support Grants	-	110,900	-	98,000
	-----	-----	-----	-----
	1,881,146	2,743,232	1,881,146	2,730,332
	=====	=====	=====	=====
4. Other trading activities	2023	Group 2022	2023	Charity 2022
	£	£	£	£
Fundraising events	1,580,559	1,165,646	1,580,559	1,165,646
Retail income	2,071,058	1,604,575	2,071,058	1,604,575
Trading company income	338,240	171,738	-	-
Ness Railway income	45,577	53,122	-	-
Retail gift aid	61,145	18,396	61,145	18,396
Sundry income	-	21	-	-
	-----	-----	-----	-----
	4,096,579	3,013,498	3,712,762	2,788,617
	=====	=====	=====	=====
5. Investment income	2023	Group 2022	2023	Charity 2022
	£	£	£	£
Donation from subsidiaries	-	-	65,315	44,113
Dividends and interest on investments	190,200	159,174	195,709	159,174
Interest on cash deposits	47,913	5,660	47,913	6,626
	-----	-----	-----	-----
	238,113	164,834	308,937	209,913
	=====	=====	=====	=====

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023****6. Income from charitable activities**

		Group and Charity	
		2023	2022
		£	£
	Activity		
Palliative care course	Provision of services to improve palliative and end of life care	-	5,540
Grants	Provision of services to improve palliative and end of life care	96,785	419,244
Other income	Provision of services to improve palliative and end of life care	158,347	738,107
		-----	-----
		255,132	1,162,891
		=====	=====

Grants received, included in the above, are as follows:

NHS Highland	54,643	29,615
Scottish Executive – superannuation funding	-	122,857
Water rates grant	-	8,000
Highland Council	20,658	20,658
Scottish Government	-	3,416
Business Interruption Insurance	-	210,320
Coronavirus Job Retention Scheme	-	8,995
3 Glens Community	15,484	9,383
Boleskine Community	6,000	6,000
	-----	-----
	96,785	419,244
	=====	=====

7. Raising Funds

	2023	Group	2023	Charity
	£	2022	£	2022
		£		£
Raising donations and legacies				
Fundraising staff costs	509,732	428,944	509,732	428,944
Website and intranet	4,055	4,076	4,055	4,076
Postage and stationery	6,384	15,307	6,384	15,307
Fundraising expenses	48,748	209,888	48,748	209,888
Support costs	2,717	865	2,717	865
	-----	-----	-----	-----
	571,636	659,080	571,636	659,080
	=====	=====	=====	=====
Other trading activities				
Trading staff costs	887,251	690,013	804,932	647,317
Retail expenditure	117,549	69,229	-	-
Ness Railway expenditure	10,123	3,465	-	-
Retail support costs	653,538	432,461	587,193	387,141
Fundraising support costs	246,078	40,811	207,232	14,274
	-----	-----	-----	-----
	1,914,539	1,235,979	1,599,357	1,048,732
	=====	=====	=====	=====
Investment management costs				
Portfolio management	38,846	31,878	38,846	31,878
	=====	=====	=====	=====
Aggregate amounts	2,525,021	1,926,937	2,209,839	1,739,690
	=====	=====	=====	=====

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023**

8. Charitable activities costs	Direct Costs £	Grant funding of activities (see note 9) £	Support (see note 10) £	Total £
Group				
Provision of services to improve palliative and end of life care	3,672,268	27,107	1,521,886	5,221,261
	=====	=====	=====	=====
Charity				
Provision of services to improve palliative and end of life care	3,672,268	27,107	1,521,886	5,221,261
	=====	=====	=====	=====
9. Grants payable			Group and charity 2023 £	2022 £
Provision of services to improve palliative and end of life care			27,107	14,848
			=====	=====
The total grants paid to institutions during the year was as follows:				
Skye and Lochalsh Council for Voluntary Organisations			5,000	2,500
Sutherland Care Forum			5,000	5,000
North Coast Connection			1,153	1,789
Gairloch and Loch Ewe Action Forum			1,954	1,559
Urram			4,000	4,000
The Ledge for Crocus Clients			10,000	-
			-----	-----
			27,107	14,848
			=====	=====
10. Support costs	Management £	Finance £	Governance Costs £	Total £
Group				
Raising donations and legacies	9,620	-	-	9,620
Other trading activities	9,620	-	-	9,620
Provision of services to improve palliative and end of life care	1,259,860	173,363	69,423	1,502,646
	-----	-----	-----	-----
	1,279,100	173,363	69,423	1,521,886
	=====	=====	=====	=====
Charity				
Raising donations and legacies	9,620	-	-	9,620
Other trading activities	9,620	-	-	9,620
Provision of services to improve palliative and end of life care	1,259,860	173,363	69,423	1,502,646
	-----	-----	-----	-----
	1,279,100	173,363	69,423	1,521,886
	=====	=====	=====	=====

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023**

11. Net income/(expenditure)	2023	Group	2023	Charity
	£	2022	£	2022
		£		£
Auditor's remuneration	15,950	10,500	10,750	8,000
Other non-audit services	2,475	5,245	950	2,800
Depreciation – owned assets	312,980	344,588	296,363	336,738
Amortisation of goodwill	3,000	3,000	-	-
Surplus on disposal of fixed asset	-	(200)	-	(200)
Property leases	253,083	216,500	223,083	216,500
Plant and machinery operating leases	4,290	5,640	-	5,640
	=====	=====	=====	=====

12. Trustees' remuneration and benefits

There was no trustees' remuneration or other benefits for the year ended 31 March 2023 nor for the year ended 31 March 2022.

Trustees' Expenses

There were trustees' expenses of £2,536 for the year end 31 March 2023 (2022 - £628).

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023**

13. Staff costs	2023	Group	2023	Charity
	£	2022	£	2022
		£		£
Wages and salaries	4,616,713	4,181,353	4,540,782	4,140,464
Social security costs	420,348	371,949	416,992	370,259
Other pension costs	461,506	443,844	458,475	442,729
	-----	-----	-----	-----
	5,498,567	4,997,146	5,416,249	4,953,452
	=====	=====	=====	=====
	No.	No.	No.	No.
The average monthly number of employees during the year was as follows:				
Charitable activities	104	103	104	103
Fundraising	22	23	16	15
Retail	36	32	36	32
Management and finance	25	23	25	23
	-----	-----	-----	-----
	187	181	181	173
	=====	=====	=====	=====

The number of employees, comprising two members of key management and three clinical staff, whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2023	2022
	No.	No.
£60,001 - £70,000	1	1
£70,001 - £80,000	1	2
£80,001 - £90,000	1	0
£110,001 - £120,000	0	1
£120,001 - £130,000	1	0
£130,001 - £140,000	0	1
£140,001 - £150,000	1	0
	-----	-----
	5	5
	=====	=====
Number of employees for which retirement benefits are accruing under the defined benefit scheme	5	5
	=====	=====

Total contributions made for the provision of pension costs to employees earning over £60,000 totalled £86,568 (2022: £96,698).

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023****13. Staff costs (continued)**

The Hospice considers that the key management personnel comprise the Trustees and the Senior Management Team – who are the Chief Executive, Head of Hospice Services, Head of People, Head of Finance and Facilities, and Head of Fundraising and Development. The total employee benefits of the key management personnel of the Hospice were £360,366 (2022: £355,182).

The Hospice participates in the NHS Pension Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an employer contribution rate from 1 April 2019 of 20.9% of pensionable pay and an anticipated yield of 9.6% employees contributions.

While a valuation was carried out as at 31 March 2016, work on the cost cap valuation was suspended by the UK Government following the decision by the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that the transitional protections provided as part of the 2015 reforms unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

The Hospice has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The National Health Service Superannuation Scheme for Scotland is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. The employer contribution rate for the period from 1 April 2021 is 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay. The Hospice will therefore account for its pension costs on a defined contribution basis as permitted by FRS 102. For the year to 31 March 2023, normal employer contributions of £268,693, were payable to the SPPA (2022: £280,194). At the balance sheet date, pension costs of £23,514 were outstanding to SPPA

The Hospice also operated a defined contribution scheme and for the year to 31 March 2023, employer contributions of £189,782 (2022: £162,533) were payable. At the balance sheet date, pension costs of £18,832 were outstanding. Employer contributions for the group total £189,782.

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023****14. Comparatives for the Statement of Financial Activities**

Group	Un- restricted Funds £	Restricted Funds £	Endow- ment Fund £	2022 Total Funds £
Income and Endowments from				
Donations and legacies	3,111,409	1,586,680	-	4,698,089
<u>Charitable activities</u>				
Provision of palliative care	996,878	166,013	-	1,162,891
Other trading activities	3,013,498	-	-	3,013,498
Investment income	164,834	-	-	164,834
Other income	849	-	-	849
	-----	-----	-----	-----
Total	7,287,468	1,752,693	-	9,040,161
Expenditure on				
Raising funds	1,924,867	2,070	-	1,926,937
<u>Charitable activities</u>				
Provision of palliative care	3,192,765	1,767,471	-	4,960,236
Other	15,283	-	-	15,283
	-----	-----	-----	-----
Net gains.(losses) on investments	5,132,915	1,769,541	-	6,902,456
	291,032	-	-	291,032
	-----	-----	-----	-----
Net income/(expenditure)	2,445,585	(16,848)	-	2,428,737
Transfers between funds	-	-	-	-
	-----	-----	-----	-----
Net movement in funds	2,445,585	(16,848)	-	2,428,737
Reconciliation of funds				
Total funds brought forward	18,095,736	123,961	30,000	18,249,697
	-----	-----	-----	-----
Total funds carried forward	20,541,321	107,113	30,000	20,678,434
	=====	=====	=====	=====

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023****14. Comparatives for statement of activities (continued)**

Charity	Un- restricted Funds £	Restricted Funds £	Endow- ment Fund £	2022 Total Funds £
Income and Endowments from				
Donations and legacies	3,098,509	1,586,680	-	4,685,189
<u>Charitable activities</u>				
Provision of palliative care	996,878	166,013	-	1,162,891
Other trading activities	2,788,617	-	-	2,788,617
Investment income	209,913	-	-	209,913
Other income	200	-	-	200
	-----	-----	-----	-----
Total	7,094,117	1,752,693	-	8,846,810
Expenditure on				
Raising funds	1,737,620	2,070	-	1,739,690
<u>Charitable activities</u>				
Provision of palliative care	3,187,820	1,767,471	-	4,955,291
Other	14,124	-	-	14,124
	-----	-----	-----	-----
Net gains.(losses) on investments	4,939,564	1,769,541	-	6,709,105
	291,032	-	-	291,032
	-----	-----	-----	-----
Net income/(expenditure)	2,445,585	(16,848)	-	2,428,737
Transfers between funds	-	-	-	-
	-----	-----	-----	-----
Net movement in funds	2,445,585	(16,848)	-	2,428,737
Reconciliation of funds				
Total funds brought forward	18,095,736	123,961	30,000	18,249,697
	-----	-----	-----	-----
Total funds carried forward	20,541,321	107,113	30,000	20,678,434
	=====	=====	=====	=====

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023****15. Intangible assets**

	Goodwill
	£
Cost	
At 1 April 2022 and 31 March 2023	15,000
	=====
Amortisation and impairment	
At 1 April 2022	9,000
Amortisation charged for the year	3,000

At 31 March 2023	12,000

Carrying amount	
At 31 March 2023	3,000
	=====
At 31 March 2022	6,000
	=====

HIGHLAND HOSPICE

NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

16. Tangible fixed assets	Freehold Property	Improve- ments Property	Fixtures & Fittings	Motor Vehicles	
	£	£	£	£	
Cost					
At 1 April 2022	8,086,081	608,573	369,219	74,804	
Additions	49,541	41,232	10,482	-	
	-----	-----	-----	-----	
At 31 March 2023	8,125,622	649,805	379,701	74,804	
	-----	-----	-----	-----	
Depreciation					
At 1 April 2022	1,489,096	414,058	348,921	58,859	
Charge for year	163,586	77,682	10,523	6,966	
	-----	-----	-----	-----	
At 31 March 2023	1,652,682	491,740	359,444	65,825	
	-----	-----	-----	-----	
Net book value					
At 31 March 2023	6,472,940	158,065	20,257	8,979	
	=====	=====	=====	=====	
At 31 March 2022	6,586,985	194,515	20,298	15,945	
	=====	=====	=====	=====	
	Medical equipment	Office equipment	Charity total	Subsid- iaries	Group Total
	£	£	£	£	£
Cost					
At 1 April 2022	216,673	176,017	9,521,367	100,850	9,622,217
Additions	-	19,460	120,175	9,208	129,383
	-----	-----	-----	-----	-----
At 31 March 2023	216,673	195,477	9,642,082	110,058	9,752,140
	-----	-----	-----	-----	-----
Depreciation					
At 1 April 2022	151,681	147,867	2,610,482	17,888	2,628,370
Charge for year	23,438	14,168	296,363	16,617	312,980
	-----	-----	-----	-----	-----
At 31 March 2023	175,119	162,035	2,906,845	34,505	2,941,350
	-----	-----	-----	-----	-----
Net book value					
At 31 March 2023	41,554	33,442	6,735,237	75,553	6,810,790
	=====	=====	=====	=====	=====
At 31 March 2022	64,992	28,150	6,910,885	82,962	6,993,847
	=====	=====	=====	=====	=====

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023**

	Shares in group undertakings	Listed invest- ments	Cash	Totals
	£	£	£	£
17. Fixed asset Investments				
Market value				
At 1 April 2022	17,500	7,611,360	86,377	7,715,237
Additions	-	2,431,885	88,546	2,520,431
Disposals	-	(1,494,037)	-	(1,494,037)
Revaluations	-	(573,487)	-	(573,487)
	-----	-----	-----	-----
At 31 March 2023 – Charity	17,500	7,975,721	174,923	8,168,144
	=====	=====	=====	=====
At 31 March 2023 – Group		7,975,721	174,923	8,150,644
	=====	=====	=====	=====

The cost of the investments held was £7,582,769 (2022: £6,344,466). All investments were registered within the UK.

Shares in group undertakings represent the company's holding of 100% of the 17,500 issued ordinary shares capital of Highland Hospice Trading Limited, a retail company, registered in Scotland with company number SC110041. All available profits are passed on to the Hospice by gift aid. In the year to 31 March 2023, the company had a turnover of £338,240 (2022: £171,738), expenditure of £276,862 (2022: £169,740) and generated a profit of £60,603 (2022: £15,537). The aggregate capital and reserves of the company at 31 March 2023 was £16,500 (2022: £16,500). This subsidiary is included in the consolidated accounts.

Also included is the company's holding of 100% of the 2 issued ordinary share capital of Ness Islands Railway Limited, a company that operates a miniature railway, registered in Scotland with company number SC625594. All available profits are passed on to the Hospice by gift aid. In the year to 31 March 2023, the company had a turnover of £45,577 (2022: £53,122), expenditure of £38,318 (2022: £23,972) and generated a profit of £4,712 (2022: £28,576). The aggregate capital and reserves of the company at 31 March 2023 was £1,000 (2022: £1,000). This subsidiary is included in the consolidated accounts.

The portfolio of listed investments is split between gilts, property and general stock market investments.

Realised and unrealised gains/(losses)	Group and charity			
	2023	2022		
	£	£		
Realised gains on fixed asset investments	34,929	72,656		
Unrealised gains/(losses) on fixed asset investments	(573,487)	218,376		
	-----	-----		
	(538,558)	291,032		
	=====	=====		
18. Debtors: Amounts falling due within one year	2023	Group	2023	Charity
	£	2022	£	2022
		£		£
Sundry debtors	150,735	76,319	149,348	74,484
Amounts owed by group undertakings	-	-	176,249	136,903
VAT	46,132	39,602	46,132	39,602
Prepayments and accrued income	61,535	90,741	59,861	90,741
	-----	-----	-----	-----
	258,402	206,662	431,590	341,730
	=====	=====	=====	=====

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023**

19. Creditors: Amounts falling due within one year	2023	Group	2023	Charity
	£	2022	£	2022
		£		£
Sundry creditors	137,481	112,930	122,196	107,363
Social security and other expenses	111,638	103,644	105,231	98,670
Accrued expenses	211,542	116,976	211,450	111,485
Deferred income	165,305	166,398	165,305	166,398
Corporation Tax	3,917	-	-	-
Other Creditors	8,395	-	-	-
	-----	-----	-----	-----
	638,278	499,948	604,182	483,916
	=====	=====	=====	=====

Deferred income – group and charity

	2023	2022
	£	£
Fundraising events not yet taken place	122,723	85,647
Other deferred income	42,582	80,751
	-----	-----
Balance as at 31 March 2023	165,305	166,398
	=====	=====

20. Leasing agreements	2023	Group	2023	Charity
	£	2022	£	2022
		£		£
Minimum lease payments under non-cancellable operating leases fall due as follows:				
Within one year	302,312	285,403	271,822	260,403
Between one and five years	847,708	682,583	820,208	622,583
In more than five years	213,875	306,625	213,875	306,625
	-----	-----	-----	-----
	1,363,895	1,274,611	1,305,905	1,189,611
	=====	=====	=====	=====

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023**

21. Movement in funds	At 1 April 2022	Net Movement in Funds	Transfers between Funds	At 31 March 2023
	£	£	£	£
Group				
Unrestricted funds				
General fund	6,283,722	598,274	(296,936)	6,585,060
	-----	-----	-----	-----
	6,283,722	598,274	(296,936)	6,585,060
Designated funds				
Fixed asset fund	6,993,847	(312,980)	126,245	6,807,112
Revaluation reserve	1,284,394	(538,558)	-	745,836
Community Hospice care beds fund	100,000	-	(100,000)	-
Social care development fund	141,867	(32,975)	-	108,892
Capital investment for income generation fund	1,000,000	-	-	1,000,000
Risk reserve	3,361,400	-	270,200	3,631,600
End of Life Care Together	1,376,091	(215,572)	-	1,160,519
	-----	-----	-----	-----
	14,257,599	(1,100,085)	296,445	13,453,959
Restricted funds				
Art plan fund	2,786	4,970	-	7,756
Staff fund	1,073	(1,564)	491	-
Palliative care course fund	33,985	(8)	-	33,977
Therapeutic Art	43,054	(83)	-	42,971
Care at Home training fund	6,000	-	-	6,000
Bereavement Support fund	20,215	(777)	-	19,438
Medicines for Malawi fund	-	4,780	-	4,780
	-----	-----	-----	-----
	107,113	7,318	491	114,922
Endowment fund				
Glasgow Northern Highland fund	30,000	-	-	30,000
	-----	-----	-----	-----
Total Group Funds	20,678,434	(494,493)	-	20,183,941
	=====	=====	=====	=====

HIGHLAND HOSPICE

NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

21. Movement in funds (continued)	At 1 April 2022 £	Net Movement in Funds £	Transfers between Funds £	At 31 March 2023 £
Charity				
Unrestricted funds				
General fund	6,366,684	581,657	(287,728)	6,660,613
	6,366,684	581,657	(287,728)	6,660,613
Designated funds				
Fixed asset fund	6,910,885	(296,363)	117,037	6,731,559
Revaluation reserve	1,284,394	(538,558)	-	745,836
Community Hospice care beds fund	100,000	-	(100,000)	-
Social care development fund	141,867	(32,975)	-	108,892
Capital investment for income generation fund	1,000,000	-	-	1,000,000
Risk reserve	3,361,400	-	270,200	3,631,600
End of Life Care Together	1,376,091	(215,572)	-	1,160,519
	14,174,637	(1,083,468)	287,237	13,378,406
Restricted funds				
Art plan fund	2,786	4,970	-	7,756
Staff fund	1,073	(1,564)	491	-
Palliative care course fund	33,985	(8)	-	33,977
Therapeutic Art	43,054	(83)	-	42,971
Care at Home training fund	6,000	-	-	6,000
Bereavement Support fund	20,215	(777)	-	19,438
Medicines for Malawi fund	-	4,780	-	4,780
	107,113	7,318	491	114,922
Endowment fund				
Glasgow Northern Highland fund	30,000	-	-	30,000
Total Charity Funds	20,678,434	(494,493)	-	20,183,941

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023**

21. Movement in funds (continued)	Incoming resources	Resources expended	Gains and losses	Movement in funds
	£	£	£	£
Net movement in funds included in the above are as follows:				
Group				
Unrestricted funds				
General fund	7,551,653	(6,953,870)	(538,558)	59,225
	-----	-----	-----	-----
	7,551,653	(6,953,870)	(538,558)	59,225
Designated funds				
Fixed asset fund	-	(312,980)	-	(312,980)
Social care development fund	198,249	(231,224)	-	(32,975)
End of Life Care Together fund	35,360	(250,932)	-	(215,572)
Community Hospice care beds fund	-	-	-	-
	-----	-----	-----	-----
	233,609	(795,136)	-	(561,527)
Restricted funds				
Art plan fund	4,970	-	-	4,970
Staff fund	1,555	(2,628)	-	(1,073)
Palliative Care Course fund	2,020	(2,028)	-	(8)
Therapeutic Art	-	(83)	-	(83)
Bereavement Support fund	-	(777)	-	(777)
Medicines for Malawi fund	-	4,780	-	4,780
	-----	-----	-----	-----
	8,545	(736)	-	7,809
	-----	-----	-----	-----
Total group funds	7,793,807	(7,749,742)	(538,558)	(494,493)
	=====	=====	=====	=====

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023**

21. Movement in funds (continued)	Incoming resources	Resources expended	Gains and losses	Movement in funds
	£	£	£	£
Charity				
Unrestricted funds				
General fund	7,239,976	(6,658,810)	(538,558)	42,608
	-----	-----	-----	-----
	7,239,976	(6,658,810)	(538,558)	42,608
Designated funds				
Fixed asset fund	-	(296,363)	-	(296,363)
Social care development fund	198,249	(231,224)	-	(32,975)
End of Life Care Together fund	35,360	(250,932)	-	(215,572)
Community Hospice care beds fund	-	-	-	-
	-----	-----	-----	-----
	233,609	(778,519)	-	(544,910)
Restricted funds				
Art plan fund	4,970	-	-	4,970
Staff fund	1,555	(2,628)	-	(1,073)
Palliative Care Course fund	2,020	(2,028)	-	(8)
Therapeutic Art	-	(83)	-	(83)
Bereavement Support fund	-	(777)	-	(777)
Medicines for Malawi fund	-	4,780	-	4,780
	-----	-----	-----	-----
	8,545	(736)	-	7,809
	-----	-----	-----	-----
Total charity funds	7,482,130	(7,438,065)	(538,558)	(494,493)
	=====	=====	=====	=====

HIGHLAND HOSPICE

NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

	At 1 April 2021 £	Net Movement in Funds £	Transfers between Funds £	At 31 March 2022 £
21. Movement in funds (continued) – comparative				
Group				
Unrestricted funds				
General fund	3,729,445	2,952,486	(398,209)	6,283,722
	-----	-----	-----	-----
	3,729,445	2,952,486	(398,209)	6,283,722
Designated funds				
Fixed asset fund	7,230,135	(345,587)	111,299	6,993,847
Revaluation reserve	1,295,884	-	(11,490)	1,284,394
Community Hospice care beds fund	100,000	-	-	100,000
Social care development fund	209,748	(67,881)	-	141,867
Capital investment for income generation fund	1,000,000	-	-	1,000,000
Risk reserve	3,063,000	-	298,400	3,361,400
End of Life Care Together	1,467,524	(91,433)	-	1,376,091
	-----	-----	-----	-----
	14,366,291	(506,901)	398,209	14,257,599
Restricted funds				
Art plan fund	2,956	(170)	-	2,786
Staff fund	1,933	(860)	-	1,073
Palliative care course fund	28,534	5,451	-	33,985
Therapeutic Art	61,450	(18,396)	-	43,054
Care at Home training fund	6,000	-	-	6,000
Bereavement Support fund	23,088	(2,873)	-	20,215
	-----	-----	-----	-----
	123,961	(16,848)	-	107,113
Endowment fund				
Glasgow Northern Highland fund	30,000	-	-	30,000
	-----	-----	-----	-----
Total Group Funds	18,249,697	2,428,737	-	20,678,434
	=====	=====	=====	=====

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023**

21. Movement in funds (continued) – comparative	At 1 April 2021 £	Net Movement in Funds £	Transfers between Funds £	At 31 March 2022 £
Charity				
Unrestricted funds				
General fund	3,760,076	2,941,637	(335,029)	6,366,684
	-----	-----	-----	-----
	3,760,076	2,941,637	(335,029)	6,366,684
Designated funds				
Fixed asset fund	7,199,504	(336,738)	48,119	6,910,885
Revaluation reserve	1,295,884	-	(11,490)	1,284,394
Community Hospice care beds fund	100,000	-	-	100,000
Social care development fund	209,748	(67,881)	-	141,867
Capital investment for income generation fund	1,000,000	-	-	1,000,000
Risk reserve	3,063,000	-	298,400	3,361,400
End of Life Care Together	1,467,524	(91,433)	-	1,376,091
	-----	-----	-----	-----
	14,335,660	(496,052)	335,029	14,174,637
Restricted funds				
Art plan fund	2,956	(170)	-	2,786
Staff fund	1,933	(860)	-	1,073
Palliative care course fund	28,534	5,451	-	33,985
Therapeutic Art	61,450	(18,396)	-	43,054
Care at Home training fund	6,000	-	-	6,000
Bereavement Support fund	23,088	(2,873)	-	20,215
	-----	-----	-----	-----
	123,961	(16,848)	-	107,113
Endowment fund				
Glasgow Northern Highland fund	30,000	-	-	30,000
	-----	-----	-----	-----
Total Charity Funds	18,249,697	2,428,737	-	20,678,434
	=====	=====	=====	=====

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023**

21. Movement in funds (continued) - comparatives	Incoming resources	Resources expended	Gains and losses	Movement in funds
	£	£	£	£
Net movement in funds included in the above are as follows:				
Group				
Unrestricted funds				
General fund	7,060,311	(4,398,857)	291,032	2,952,486
	-----	-----	-----	-----
	7,060,311	(4,398,857)	291,032	2,952,486
Designated				
Fixed asset fund	-	(347,587)	-	(347,587)
Social care development fund	227,157	(295,038)	-	(67,881)
End of Life Care Together fund	-	(91,433)	-	(91,433)
	-----	-----	-----	-----
	227,157	(734,058)	-	(506,901)
Restricted funds				
Palliative Care fund	1,745,373	(1,745,373)	-	-
Art plan fund	220	(390)	-	(170)
Staff fund	1,560	(2,420)	-	(860)
Palliative Care Course fund	5,540	(89)	-	5,451
Therapeutic Art	-	(18,396)	-	(18,396)
Bereavement Support fund	-	(2,873)	-	(2,873)
	-----	-----	-----	-----
	1,752,693	(1,769,541)	-	(16,848)
	-----	-----	-----	-----
Total group funds	9,040,161	(6,902,456)	291,032	2,428,737
	=====	=====	=====	=====

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023**

21. Movement in funds (continued) - comparatives	Incoming resources	Resources expended	Gains and losses	Movement in funds
	£	£	£	£
Charity				
Unrestricted funds				
General fund	6,866,960	(4,216,355)	291,032	2,941,637
	-----	-----	-----	-----
	6,866,960	(4,216,355)	291,032	2,941,637
Designated funds				
Fixed asset fund	-	(336,738)	-	(336,738)
Social care development fund	227,157	(295,038)	-	(67,881)
End of Life Care Together fund	-	(91,433)	-	(91,433)
	-----	-----	-----	-----
	227,157	(723,209)	-	(496,052)
Restricted funds				
Palliative Care fund	1,745,373	(1,74,3737)	-	-
Art plan fund	220	(390)	-	(170)
Staff fund	1,560	(2,420)	-	(860)
Palliative Care Course fund	5,540	(89)	-	5,451
Therapeutic Art	-	(18,396)	-	(18,396)
Bereavement Support fund	-	(2,873)	-	(2,873)
	-----	-----	-----	-----
	1,752,693	(1,769,541)	-	(16,848)
	-----	-----	-----	-----
Total charity funds	8,846,810	(6,709,105)	291,032	2,428,737
	=====	=====	=====	=====

HIGHLAND HOSPICE

NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

21. Movement in funds (continued)

Unrestricted funds

General fund

Free and unrestricted reserves of the charity.

Designated funds

Fixed asset fund

Fund representing the value of all unrestricted fixed assets held by the Hospice.

Revaluation reserve

Represents the increase in market value over the cost of fixed asset investments.

Community Hospice Care Beds fund

Fund for the provision of Hospice care beds in the community.

Social Care Development fund

A fund to support the development of Social Care in partnership with local communities.

Capital investment for income generation fund

A fund set up to allow for future capital investment to provide a sustainable income stream.

Risk reserve

The risk reserve fund has been designated by the Trustees for the purpose of providing sustainable core income for the future operational requirements of the Hospice in view of current uncertain economic conditions and the potential downturn impact on investment income and income from legacies.

End of Life Care Together

A fund to support End of Life Care Together, a partnership of Highland organisations with the aim of improving palliative and end of life care. The founding partners were Highland Hospice, NHS Highland, Marie Curie and Macmillan.

Restricted funds

Art Plan fund

Fund representing monies received for use in providing art work for the new In Patient Unit.

Staff fund

Fund representing donations given for the benefit of the Hospice's staff.

Palliative Care Course fund

Surplus on the provision of palliative care course to be used to deliver the training to a wider audience.

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023****21. Movement in funds (continued)****Restricted funds (continued)**Therapeutic Art

A fund to provide therapeutic art opportunities to patients and service users.

Care at Home training fund

A fund to support the introduction of Care at Home services working in partnership with local communities.

Bereavement Support fund

A fund to support the expansion of bereavement support services working in partnership with other organisations.

Medicines for Malawi fund

Donations received to facilitate the supply of essential medicines to Malawi.

Endowment funds

Endowment fund for the support of families in bereavement.

Transfers between funds

A transfer of £126,245 has taken place from the general fund to the fixed asst fund, which represents the purchase of capital items from general income being transferred to the fixed asset fund.

A transfer of £270,200 has of also been made between the risk reserve and the general fund following the decision by the Trustees to increase the risk reserve to £3,631,600.

A transfer of £491 has also been made between the staff fund and the general fund following the decision by the Trustees to ensure the staff fund had adequate funding for spending incurred during the year.

A transfer of £100,000 has also been made between the Hospital beds in community and the general fund following the decision by the Trustees as the fund to cover the provision of hospital beds was released during the year.

Finally, a transfer of £538,558 has been made from the revaluation reserve to ensure that the final revaluation reserve represents the difference between the cost of the investments held and the market value at the year end.

22. Contingent liabilities

Highland Hospice received grants from the National Lottery Charities Board relating to the building of the Netley centre in 1999. As a condition of these grants, the company may neither dispose of the property nor use it as security for a loan or any other financial purpose before 2079 without the consent of the National Lottery Charities Board.

23. Related party disclosuresHighland Hospice Trading Limited – 100% owned by Highland Hospice

During the year, the Hospice paid expenses on behalf of the trading company totalling £57,076 (2022: £18,872). A donation of £60,603 (2022: £15,537) was recorded from the trading company to the Hospice at the year end. At the balance sheet date, the total amount due from the company to the Hospice was £121,539 (2022: £63,152).

Ness Islands Railway Limited – 100% owned by Highland Hospice

During the year, the Hospice paid expenses on behalf of the company totalling £2,025 (2022: £2,904). A donation of £4,712 (2022: £28,576) was recorded from the company to the Hospice at the year end. At the balance sheet date, the total amount due from the company to the Hospice was £50,477 (2022: £73,751).

HIGHLAND HOSPICE**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2023****24. Analysis of Changes in Net Debt**

Group	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash and cash equivalents			
Cash at bank and in hand	6,260,768	(672,852)	5,587,916
	-----	-----	-----
	6,260,768	(672,852)	5,587,916
	=====	=====	=====