

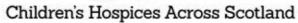
Children's Hospices Across Scotland **Keep the joy alive**

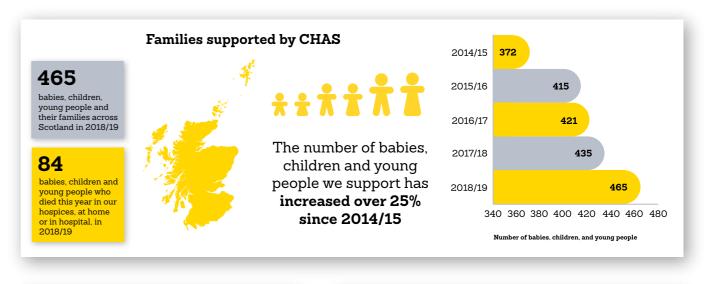


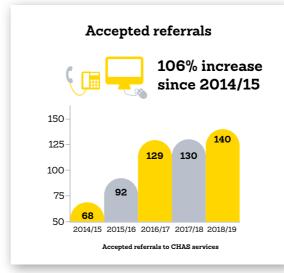


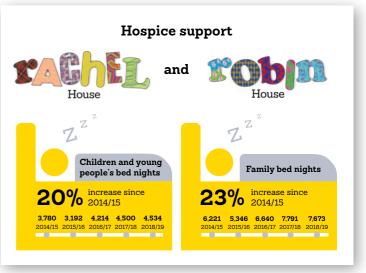


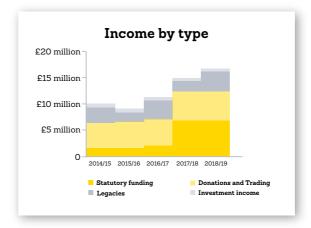


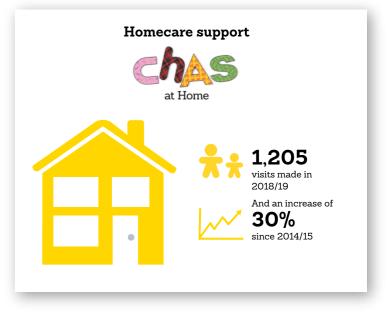


















ABOUT CHAS

For over 25 years, Children's Hospices Across Scotland* – better known as CHAS – has been caring for families and their babies, children and young people by offering palliative care, family respite and support. Since CHAS was founded in 1992, two hospices have been built, we have developed and expanded a homecare service, and established a presence in hospitals and communities providing vital care in every setting. Our services cover the whole of Scotland.

We have commissioned research, advocated for families at the highest levels and campaigned for improvements to palliative care in Scotland. However, at the heart of all this is our absolute commitment to support children and families when they need it most. Our ambition is to reach every child and family who need our services from first contact through to bereavement. A journey which may be days, but is often years.

Each week, children die in Scotland from a life-shortening condition. Currently, CHAS can't reach every family who needs our support. We are determined to reach them all. We are committed to making sure that no matter how short their time together may be, it is a time filled with happiness and fun. We make sure children have the opportunity for experiences they cannot have elsewhere, to feel the wind and sunshine on their faces, to sparkle, to laugh, to smile and to have those memorable moments of joy – moments that will be treasured forever.

* Children's Hospices Across Scotland is a trading name of Children's Hospice Association Scotland



ANNUAL REPORT

The Directors are pleased to present their Annual Report which incorporates their Strategic Review, Trustees Report and financial statements for the year ended 31 March 2019. These have been prepared in accordance with the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice effective 1 January 2015, the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and OSCR guidance on Trustee Annual Reports published in December 2017.



STRATEGIC REVIEW

The year under review represents the second year of the three-year CHAS Strategic Plan 2017-2020 'Reaching Every Family in Scotland'. This plan, developed in consultation with children with life-shortening conditions and their families, sets out concrete measures to increase the number of children and families who experience support from CHAS. It is structured under the strategic themes of reach, people, growth and influence.

To understand the prevalence and need for support, we commissioned the ChiSP 2 study from NHS National Services Scotland to provide the most up-to-date evidence possible about the number of children living with life-shortening conditions, where they live, and their demographic characteristics. This is only the second time such a national study has been conducted. In the latest year for which data is available, there were 15,949 babies, children and young people with life-shortening conditions. Of these, 5,671 had had contact with a hospital team in the preceding year.

The data is helping inform how CHAS and others plan and deliver services. It shows that most children with a life-shortening condition die in hospital, which underscores the need for CHAS to have more presence in these settings. Additionally, the data shows that there is a strong association with ethnicity and with poverty: children from South Asian and Black backgrounds, and also children from the most deprived households, are more likely to have a life-shortening condition.

Brexit

Across CHAS a number of plans have been developed and are continually under review to safeguard against potential disruptions to our services as a result of the ongoing uncertainly around the UK's exit from the EU. We continue to work with government agencies, healthcare partners and suppliers to ensure that mitigating measures are in place to limit the impact of Brexit on the delivery of our services.

Reach

During the year, the number of babies, children and young people we directly support has risen, with a total of 465 children and their families supported during the year, up from 435 in 2017/18. In addition, CHAS-funded staff working in NHS settings also support children and families. Referrals to our services continue to increase, with 140 babies, children and young people accepted to CHAS during the year, up from 130 in 2017/18. These referrals have included a significant number of babies and children with extremely complex medical and support needs. During the year, we provided specialist input to 84 babies, children and young people who died, up from 70 the previous year. We have expanded our nursing and medical teams in all parts of Scotland to allow us to reach more families and children, including growing the number of advanced nurse practitioners.

Supporting children and families in hospices

In our hospices - Rachel House in Kinross and Robin House in Balloch - we have supported 1,096 admissions of babies, children and young people, a decrease from 1,113 in 2017/18. We offered 12,207 children and family bed nights in total, a decrease from 12,291 from the previous year. At Rachel House, we appointed a new clinical nurse manager to lead the service. These hospices continue to provide much-needed palliative care to children and families, offering respite, relaxation and support. They are houses that are full of fun and joy, in which our staff are delighted to share. One of our chaplains recently officiated at a ceremony where a family renewed their wedding vows at Rachel House and the day was described as "A lovely happy event with their daughter at the heart of it along with a small number of family and friends. Everyone involved had a lovely time and lots of lovely memories were made."

We have developed a Forest School approach at Robin House, training staff to become Level 3 Forest School practitioners. Forest School helps children to develop new skills, gain new experiences and feel good about themselves, and is designed to support children and siblings with a wide range of abilities to create cherished memories.

We have grown our pool of transport volunteers and provided more transport capacity across CHAS to help families get to Robin House and Rachel House. This helps reduce a barrier for some families in accessing our services.

We commissioned a review of our family support service from Children in Scotland with a remit to identify where we can maximise our strengths and expand our social work, chaplaincy and activities work. We will progress findings from this review in 2019/20 and beyond.

We worked collaboratively with eight students from Abertay University to create a video game that can be played by children and young people with disabilities. Gaming is a very popular activity for many of the children and young people supported by CHAS, but unfortunately is not accessible for all children.

During the Year of Young People 2018, we ran three residential weekends for 30 bereaved and non-bereaved children and young people who are siblings of a child we support or have previously supported. We facilitated a sibling group, some of whom portion to the Next Conventional First Minister's Question Times.



ANNUAL REPORT



Supporting children and families at home

During the year, we supported babies, children and young people from every local authority in Scotland in their own homes. Our CHAS at Home team supported 1,205 visits to families in their homes and communities, providing both respite and end of life care. This figure increased from 1,134 in 2017/18. We have expanded and strengthened the skills of the team, including in non-medical prescribing.

We continued our collaborative approach with NHS Lothian to provide the Care 24 service, supporting families who want to be at home for end of life care around the clock with staff from our hospice teams and NHS community children's nurses working together. We have commissioned academic research to evaluate the impact of this service and examine how it can be further developed and scaled to enable us to support more children and families.

Following our testing and extremely positive evaluation of a volunteer-led home support service for families, we mainstreamed this service in the east and central Scotland and are now exploring how to expand this elsewhere. This provides families with practical support, like domestic tasks, support for siblings, help with homework and other things that they need. Currently, 22 volunteers participate in the service.

Supporting children and families in hospitals

During the year, we significantly expanded our collaborative work in hospitals and with NHS boards.

Working with NHS Greater Glasgow and Clyde, we developed a new supportive and palliative care team to work in the Royal Hospital for Children. CHAS will fund a consultant, two clinical nurse specialists and a team administrator to work across wards and ensure children with a life-shortening condition consistently experience palliative and end of life care. The team will start work in 2019/20. The relationship between CHAS and Paediatric Intensive Care Unit (PICU) in Glasgow continues to go from strength to strength. This is evidenced by the recent Learning from Excellence certificate that was awarded by the PICU team to CHAS for the timely and seamless transfer of a child to Robin House for end of life care.

We have worked with NHS Grampian to develop a new consultant post in the north east. We have expanded our network of Diana Children's Nurses to include a full-time post based in Aberdeen, as well as a post based with NHS Highland at Raigmore. Along with our Diana Children's Nurses in Glasgow and Edinburgh, these posts provide senior and specialist palliative care expertise within NHS settings.

In Edinburgh, our Diana Children's Nurse has led the development of innovative family support work in the neonatal unit since 2014. This year, we published an evaluation of this work demonstrating the value it adds for families and other staff based there.

In addition, we work closely with a range of general practitioners across Scotland, and with NHS Ayrshire and Arran, NHS Lothian, and NHS Greater Glasgow and Clyde to part-fund consultant posts with experience and expertise in palliative care.

Continually improving quality

We remain committed to providing the highest quality of care. We recruited to a new senior quality improvement post, and built capacity of existing senior staff in quality improvement approaches. Two directors completed the Scottish Improvement Leaders (ScIL) programme.

In April 2019, the Care Inspectorate evaluated our CHAS at Home service and found that the quality of care and support, and the quality of management and leadership were both 'excellent' – the highest grade. This inspection included speaking with families and children.

We have embedded the use of Getting It Right for Every Child and the eight SHANARRI indicators (Safe; Healthy; Achieving; Nurtured; Active; Respected; Responsible; Included) in our assessment and planning for children. We developed and published our Clinical and Care Strategy, setting out clearly how we deliver our services.

During the year, we implemented the new statutory duty of candour, arising from the Health (Tobacco, Nicotine etc. and Care) (Scotland) Act 2016. This helps ensure that if serious harm occurs in a health setting, people experience openness and an apology. We provided extensive training to our staff to ensure they are confident in understanding this new duty.

We participated in the final year of a two-year programme with Care Opinion and proactively encourage children and families to leave feedback online about their experiences of CHAS. This is an important way of us understanding what matters to children and families.

We have developed a Parents' Forum which we will continue to expand by exploring ways which allow members to access the forum remotely as an alternative to attending in person.



ANNUAL REPORT

Working collaboratively

During the year, we introduced Project ECHO. This uses video-conferencing technology and a case-study methodology to bring clinicians together across the country to discuss practice. We are now developing and supporting communities of practice in pharmacy, palliative medicine and care.

Our Diana Children's Nurse based in Edinburgh has been working with the Simpson's Memory Box Appeal (SiMBA) to deliver collaborative training days to nurses, midwives and neonatal staff from across the whole of Scotland.

People

Our ambition to reach every family and offer the highest standards of care throughout Scotland requires us to invest in our people, both staff and volunteers. By creating a positive experience for employees and volunteers, we reinforce our reputation as an excellent employer and volunteer organisation - one that people want to join and, once they are here, one where they want to stay.



Engagement

As part of our approach to engagement, we undertook our annual staff survey, the feedback from which is being used to support transformation, influence the development of a framework for internal communications and better inform our future approach to employee wellbeing. It showed:

89% of respondents think that the work they do gives them a feeling of personal achievement

83% of respondents are clear about their role

94% of respondents are clear about the behaviours expected of them

92% feel proud to work at CHAS.

We also invited staff to our Connecting CHAS sessions which allowed colleagues from different teams to come together to recognise their unique contributions to CHAS and learn more about our CHAS Values and the role we all play.

Empowering our staff to develop ideas for improvement is important to CHAS. We continued in the second year of a partnership with The Lens to support intrapreneurship. This resulted in investment funding for a programme of Death Cafés to reduce the stigma surrounding dying, and a partnership with The Yard, a specialist adventure play resource for children with disabilities. Further ideas attracting investment during the year include developing pharmacy outreach, memory boxes for families, advanced communication skills for staff working with children who have limited communication skills, and a volunteer alumni network.

Learning and development

CHAS is proud to provide considerable opportunities and investment in continuous learning and development of our people. Our multi-disciplinary workforce helps ensure that we are equipped for the future as we grow and transform and remain at the forefront of best practice in children's palliative care services.

We invested £166,375 in learning and development activities of employees and teams, an increase of 57% from 2017/18. An online learning system helps ensure mandatory training takes place; we achieved a 95% compliance rate. This included new modules on information governance and working with volunteers. In addition, to this, our employees logged 12,461 hours of learning, an increase of 4% from the previous year.



Our employees participated in 395 training courses and other learning activities such as conferences, seminars, coaching, and distance learning. Staff attended over 45 national and international conferences, to represent CHAS and also bring back fresh thinking and ideas.

12 employees were supported to complete formal qualifications, including in counselling, non-medical prescribing, child welfare and protection, fundraising, and ICT network security. A further 24 employees are continuing with formal qualifications into 2019/20. One of our Diana Children's Nurses undertook a nine-month development programme run by the Queen's Nursing Institute Scotland (QNIS) and was awarded the highly prestigious Queen's Nurse title (pictured above).

During 2018/19, we began to develop a leadership and management programme to embed and strengthen leadership at all levels.

We welcomed 27 student nurses from Dundee, Edinburgh Napier and Glasgow Caledonian universities to Rachel House and Robin House, as well as facilitating an exchange student nurse from Germany at Rachel House. We supported the placement for a social work student.

Employee Recruitment

As the demand for our services grow, so too does the need for recruitment of expert and highly skilled staff. With continuing advances in medicine, many of the referrals we see involve increasing complexities which require a specialised skillset. As such, we have invested heavily in recruitment over the past year, having appointed new members of staff to our medical, nursing, pharmaceutical, and family support teams. We continued our A-Z of CHAS induction programme to give new colleagues a thorough understanding of the strategic aims and functions of the organisation. This year, 67 staff attended with many describing it as an "inspiring" and "informative" event. We have developed online recruitment to support applicants and recruiting managers. We brought our payroll in-house and our self-service HR system online.

Volunteering

10

Volunteers continue to play a central role in our mission to reach more families. This year, 22 new volunteer roles have been developed, enabling us to harness a wide range of skills.

In 2018/19, **864 volunteers** donated an incredible **59,310 hours** to CHAS which has an approximate monetary value of **£900,000**.





We are proud to have been re-accredited with the Investing in Volunteers quality standard for the fourth time in April 2018 and were delighted that the assessor recognised CHAS as a leader and innovator in the field of volunteering in Scotland.

Diversifying our volunteer force remains a priority and this year we have seen our demographics change after targeted work with South Asian and LGBTI+ communities. It is important that our volunteer force reflects the communities in which we are based so this will continue to be a focus for us.

We are extremely proud that one volunteer, Douglas Cameron, was awarded the prestigious Volunteer of the Year Award at the Hospice UK Awards for his work in developing an online social media platform for volunteers, which is now our primary communication mechanism for volunteers.



A new annual volunteer survey to measure volunteer engagement showed that over 98% of volunteers are proud to volunteer with the charity and that every single responding volunteer enjoys their volunteering experience with CHAS. A quarter felt that volunteering with CHAS has improved their health and wellbeing and 34% felt that volunteering with CHAS has helped them to gain employment or further study.

"Knowing that I am helping the parents and children... I feel valued and it gives me purpose."

CHAS Volunteer

"We're encouraged to be creative in our thinking, new ideas are supported."

CHAS Volunteer

Equality, diversity and inclusion

We published our statutory gender pay gap report, based on April 2018 data, reporting a 3.3% gender pay gap based on the median hourly wage. The mean hourly wage was 30.3% lower for women than men, although 85% of the highest-paid quartile of staff are women. We're committed to advancing equality, diversity and inclusion, as well as promoting a culture where everyone has the opportunity to thrive and realise their full potential, and where inequality is systematically challenged. We are currently working to understand the influencing factors that result in a pay gap and will report on progress in future years.

During 2018/19, we were proud to attend Pride events in Scotland, and spent time developing a new equality, diversity and inclusion strategy for future publication.









Growth

Increased services require investment in our corporate services, and a significant increase in fundraising. To achieve the latter, we developed and launched a new five-year fundraising strategy. Our intention is to bring together and retain exceptional fundraising professionals to drive forward our award winning Keep the Joy Alive campaign.

Fundraising

We are indebted to the generosity of our supporters and have welcomed many new supporters to CHAS over the last year. Together they have raised over £8.7m to support our activities, an increase from the previous year of £1.5m.

We are humbled every day as communities across Scotland give so generously of their time in order to help raise vital funds. Whether having taken part in a sponsored walk, run or cycle, or in hosting events from cake bakes to gala balls and more, communities across Scotland contributed £1.8m. In particular, over 400 walkers in the Kiltwalk raised over £130,000. Our four charity shops have continued to perform profitably, contributing a net profit of £126,000 for the year.



Our individual giving programme has continued to grow, attaining £645,652. In November 2018, CHAS featured in a film shown on Children in Need's flagship appeal night to highlight the tremendous work being carried out by our Robin House Activities Coordinator, whose role has been funded by Children in Need. We are also grateful to those supporters who have chosen to remember CHAS with a gift in their will. Legacy income attained £3.7m - which included a gift of £1m - an increase from £1.9m the previous year. Our partnership with the Local Hospice Lottery has continued to yield strong returns, with over £435,495 raised this year, up from £250,000 in 2017/18, with nearly 15,000 lines in play each week.

Our partnerships and philanthropy fundraising team has developed and delivered a new strategy, generating $\mathfrak{L}2m$ thanks to the generosity of our corporate partners. This was a decrease from $\mathfrak{L}2.3m$ on the previous year. Funding received from trusts and grant-making foundations, and gifts made by individual supporters - including those who in attending one of our special events throughout the year - raised $\mathfrak{L}433,060$.



Fundraising in partnership

The CHAS Alphabet is an important part of our visual identity and brand, with letters created by children and families we support. During the year, we invited more children and siblings to design a letter, with 50 new letters added to the CHAS Alphabet, each with a unique story.

Our transition to the new brand positioning was fully completed in 2018. We were delighted to receive the Gold Award for Best Brand Building Campaign at the Direct Marketing Association Awards, and take top spot in the Best Brand Development category at the Third Sector Awards, a truly fitting recognition for the world's greatest designers – the children we support.





Throughout the year, our communication and external affairs teams delivered a number of high impact fundraising and communication campaigns helping to raise funds and awareness. Our 2018 Christmas Appeal raised £132,000, we gained extensive coverage for the 2019 Capital Sci Fi Con event and we have continued to work with media partners.

We are grateful to all of the families who are willing to share their stories publically to support all of our fundraising and communication activities. We are also extremely grateful for our continued funding arrangements through CoSLA and NHS Scotland.













Information governance

We are working to implement a new electronic care record system, The Care Database, which will contain all medical and care records. We are basing our implementation on a system developed for another children's hospice, and have established a project team to ensure the new system meets the needs of all teams, through the redefining of processes, and development and delivery of training plans for using the system. This will help us deliver the best possible care and support.

In May 2018, the General Data Protection Regulations came into force. In readiness for this, an external audit was carried out which demonstrated the robust measures we already undertake in this area to safeguard the information we hold. A new information management team has been formed whose first project was to effectively manage the archive of our historic records, including, with the extraordinary help of a volunteer, digitising over three million pages.

During the year, we appointed a Director for Innovation and Transformation to support the Chief Executive and Senior Leadership Team as they implement and coordinate the delivery of CHAS's ambitious and transformative strategic plan Reaching Every Family in Scotland. Furthermore, we strengthened our support services, including developing a CHAS-wide support services function to improve effectiveness and efficiency across purchasing and asset management. Work commenced on developing a property and asset management strategy, and we moved into new premises in Aberdeen at short notice. Further details can be found in note 4 of the accounts.

Strategic planning and performance

We put in place new programme management arrangements, including at director and operational level, to ensure progress on the CHAS Plan is accelerated and maintained. We began development on the next CHAS Plan for 2020-2023 through engagement and planning at a senior level. We developed KPIs to help measure organisational performance and will develop these into a balanced scorecard in future years.

Influence

In recognition of the value and impact that research, advocacy and education brings to CHAS and the paediatric palliative care sector as a whole, we have expanded our ability to support and deliver in these areas. We continue to engage closely with Hospice UK and Together for Short Lives.

Working with the NHS

In January 2019, a new national anticipatory care plan for babies, children and young people was finalised. This was the result of extensive joint working between CHAS, Healthcare Improvement Scotland, and representatives from NHS Boards across Scotland. It involved testing with families and health and social care professionals to ensure the tool meets the needs of families with babies, children and young people with palliative care needs. The purpose is to enhance personal outcomes and quality of life. It is being well received by families and professionals and already influencing practice.

CHAS has supported the development of a new national managed clinical network for palliative and end of life care. This NHS-led network is designed to improve access to high quality, patient and family led end of life care for babies, children and young people with a life-limiting condition in Scotland who are unstable, deteriorating or dying. It will coordinate effective communication, collaboration and connections to support ongoing work for babies, children and young people with life-shortening conditions and new initiatives. CHAS has been involved in recruitment of a lead clinician and has representation on the multidisciplinary steering group.





ANNUAL REPORT

Education and research strategies

We worked with Edinburgh Napier University on a Scotland-wide scoping exercise to inform the development of a research-informed education strategy for CHAS which relates to the delivery of palliative care for babies, children and young people and their families in Scotland. The report received a warm welcome when we shared it at the Cross Party Group on Palliative Care in the Scottish Parliament and is now informing our emerging Education Strategy, which we look forward to engaging on further with our partners from across the sector. We have continued to work internally to develop a research strategy which will help us invest in and support research in future years.

Public affairs and external engagement

In expanding our advocacy work, we have established new procedures to ensure we remain compliant with the requirements of the Lobbying (Scotland) Act 2016. To ensure that the voices of children and their families are heard in government, we have contributed to Scottish Government consultations to help shape policy on topics affecting children and their families, ranging from terminal illness definition and implications for social security, to changing places requirements to ensure children and families have further access to these facilities, enabling better inclusion in communities. At Westminster, we have sought to influence changes to bereavement benefits and parental leave.

At our successful storytelling event in Edinburgh, Cabinet Secretary for Health and Wellbeing Jeane Freeman MSP heard directly from a parent speaker and one of our NHS partners about the impact CHAS services have and the benefits of our collaborative approach.

We attended the annual NHS and CoSLA conferences as we work with partners across local authorities, health boards and Scottish Government to develop and deliver specialist paediatric palliative care services and advice across Scotland.



International engagement

In 2018, we were invited to share our world-leading work with children's palliative professionals at international conferences in South Africa and Canada. We hosted visitors from Hungary at Rachel House who wanted to learn about our models of working, and visitors from Japan who specialise in hospice landscape architecture.



FINANCIAL REVIEW

The Consolidated Statement of Financial Activities on page 26 sets out that £16.6 million of total income was generated in the year ended 31 March 2019 (2018-£14.8 million) with total expenditure amounting to £17.9 million (2018-£15.9 million). When the ensuing £1.3 million net expenditure on operating activities is adjusted for investment gains and pension deficit remeasurement losses, total funds decreased by £1.6 million to stand at £31.1 million as at 31 March 2019 (2018-£32.7 million). The results, before pension adjustments, were in line with expectations contained within the CHAS Plan 2017-2020.

Income

Total income for the year ended 31 March 2019 was £16.6 million (2018-£14.8 million) and increased by 12% on the preceding year. Income was bolstered by the strong performance of legacy receipts which almost doubled compared with 2017/18.

Statutory funding received from NHS Scotland, Scottish Local Authorities and the Scottish Government remains a vital element of overall income and was unchanged at £6.8 million. Total statutory funding represents 47% of the total cost of charitable activities during the year (2018-53%) and we anticipate this percentage reducing further in future years as we expand services to realise the ambition of reaching every family who needs our service.

Income from donations was static at £5.0 million (2018-£5.0 million) while shop sales and other trading increased from £421,000 in 2018 to £480,000 continuing its upward trajectory.

Income from investments fell slightly to £525,000 (2018-£531,000), while interest receivable on bank balances decreased to £65,000 (2018-£71,000) reflecting the movement of funds away from higher interest products in favour of increased working capital flexibility.

Expenditure

Total expenditure increased by £2.0 million to £17.9 million in the year ended 31 March 2019 (2018-£15.9 million). This was underpinned by increased investment in Nursing staff and support teams located at our hospices and saw the overall cost of delivering services to babies, children, young people and families rise by £1.7 million to £14.5 million (2018-£12.8 million).

The cost of generating voluntary income increased by 12% to \pounds 3.0 million (2018- \pounds 2.7 million) largely as a consequence of additional investment in donor acquisition. The cost of generating voluntary income represented 35% of income from donations and legacies for the year (2018-39%) and was influenced significantly by the strong legacy income mentioned above.

Trading costs increased by 6% to £354,000 but should be considered in light of the increase in trading profits for the year to £126,000 (2018-£88,000). Investment management costs increased modestly to £70,000 (2018-£64,000) in line with the growth in the investment portfolios.

Support costs were allocated between charitable activities, the cost of generating voluntary income and trading on the basis of staff numbers. For the year ended 31 March 2019, total allocated support costs were £3.1 million (2018-£2.4 million) and increased by 27% on the previous year. This increase was driven by additional investment targeted at supporting our growth now and in future years.

A number of new IT business systems have been implemented with others currently in the planning stages. These include a workforce information system, in-housing of the payroll function, new finance software including electronic purchasing and a new medical records system. IT costs have increased to support our workforce's mobility across Scotland with both equipment and network improvements. During the year an information management team was formed and resourced to further advance information governance and ensure ongoing compliance with General Data Protection Regulation (GDPR) requirements.

Additional investment in our Public Affairs team was made during the year to enhance communications around the relatively new CHAS brand and to further build momentum on the Keep the Joy Alive campaign which is central to our ambitions to reach every family in Scotland that needs our services. Additionally this investment will help ensure that the children's palliative care agenda is furthered and maintains a high profile in Scottish public life.

Further details of the results for the financial year are provided in the Notes to the Accounts.

ANNUAL REPORT

Reserves policy and unrestricted funds

The CHAS Plan was developed in the knowledge that CHAS would continue to use its existing reserves to expand services and reach more children and families. Achieving the strategic objectives outlined in the CHAS Plan 2017-2020 and beyond is expected to require more expenditure than forecasted income in the short term and so deficits are projected for each of the next four years. That said, CHAS continues to adopt a policy of retaining sufficient reserves to protect it against any future decline in income generated or funds held which may have an impact on service delivery.

Each year, the Finance and Audit Committee reviews the level of reserves designated for future operating costs and capital projects by considering risks associated with income streams, expenditure plans and other balance sheet items including CHAS's pension commitments.

These risks include the timing of the receipt of fundraising income, the likelihood of downturns in the various sources of income, the desire to grow services provided to babies, children, young people and families, the possibility of the pension scheme deficit crystallising, and a potential significant fall in the value of the investment portfolio.

As they continue to adopt a policy of managing CHAS's reserves for the benefit of babies, children, young people and families now and in the future, the Directors aim to hold reserves for future operating costs and capital projects equating to at least 12 months of total resources expended. This policy is reviewed and adjusted annually as appropriate.

As at 31 March 2019, the Directors designated £14.3 million for expected operating deficits and capital projects over the next four years. A further £11.9 million related to the fixed asset fund has also been designated, the majority of this relates to the hospices at Rachel House and Robin House. Prior to deduction of the pension deficit, the general reserve stands at £11.2 million.

CHAS has restricted funds totalling £503,000, which are detailed in note 13 of the financial statements.

Investments and investment policy

The market value of investments grew to £16.8 million as at 31 March 2019 from £16.6 million as at 31 March 2018. CHAS made no withdrawals of the capital invested in its portfolios during 2018-19 although it is anticipated that funds will need to be drawn from investments to meet the ambitions of reaching every family in Scotland. Investment gains of £688,000 were generated during the year while net cash balances held in the portfolios decreased by £514,000 as investment income from dividends and interest was used to fund our charitable activities.

Two investment managers invest funds on behalf of CHAS in diversified portfolios of shares, fixed interest securities and funds. CHAS's Finance and Audit Committee agrees a broad asset allocation framework with the managers and regularly monitors portfolio performance. No investment is permitted in derivatives, nor direct investments in companies involved in tobacco or the exploitation of children, nor in investments that are not readily realisable. Corporate and supply chain practices are monitored by the investment management companies and securities are disposed of when breaches of our ethical criteria come to light. Cash held by CHAS is invested in fixed term deposits or in higher interest bank accounts.

Throughout the year, both portfolios were managed to provide a total return, balanced between capital growth and income. When cash balances held by CHAS are combined with invested funds, the overall risk profile can be classified as low. Across the year ended 31 March 2019, both investment managers performed close to the agreed benchmark. The performance of both was considered satisfactory and will continue to be monitored closely.

The two investment management companies used by CHAS are:

- Adam & Company Investment Management Limited, 25 St Andrew Square, Edinburgh EH2 1AF
- Aberdeen Standard Capital, 1 George Street, Edinburgh EH2 2LL

For banking services, CHAS principally uses Bank of Scotland, The Mound, Edinburgh EH1 1YZ.







GOVERNANCE

Legal Status

Children's Hospice Association Scotland is a company limited by guarantee of £1 per member and has no share capital. It is registered in Scotland with company number SC136410 and is governed by its Memorandum and Articles of Association dated 28 February 1994, as amended 19 September 2016.

Children's Hospice Association Scotland is registered on the Scottish Charity Register under number SC019724 and meets the definition of a charitable company for UK corporation tax purposes. Consequently, there is no liability to taxation on any of its income used for charitable purposes.

CHAS Trading Limited, which is a wholly owned subsidiary of Children's Hospice Association Scotland, runs charity shops and participates in a clothes collection partnership.

Children's Hospice Association Scotland has adopted the trading name, Children's Hospices Across Scotland, to reflect both our current spread of work and to reinforce our ambition of reaching every child and family in Scotland who need our services.

Registered Office

Canal Court, 42 Craiglockhart Avenue, Edinburgh, EH14 1LT

Board of Directors

Children's Hospice Association Scotland has a Board of Directors which is responsible for the overall governance of CHAS. For the purposes of charity law, the Directors are Trustees of the charity. Directors who served during the year are listed as follows: George M Reid (Chair)

Alan G Baird

Barry G Cameron (resigned 29 January 2019)

Nicola M Connelly

Dr. Edward I Doyle

Fiona M Gillespie

Peta M Hay

Elaine Love

Donald R Macdonald (appointed 25 August 2018)

Marianne S McJannett (resigned 16 August 2018)

Stephen Reid

Peter J Smyth (appointed 14 January 2019)

Gwen P Westgarth

Company Secretary

Jennifer Fairbairn

Board Appointments

Directors are appointed in accordance with the Articles of Association and are recruited for their skills and experience in areas relevant to the activities of CHAS such as parents, nursing, paediatrics, social services, finance, business, investment management, legal, risk management, public relations and communications. Further information on each of our current Board members is provided online at www.chas.org.uk.

When Board positions become vacant, various methods of recruitment are used to attract suitable candidates with the skills and experience required. A Nominations Committee acting as a sub-group of the Corporate Governance and Risk Committee takes forward the selection process before making a recommendation to the Board. Once the Board agrees, the applicant is informed of their appointment subject to necessary recruitment checks.

Once appointed, each Director follows an induction process and is supplied with details about CHAS and their role as both a Director and a Trustee. Any Director appointed during the year must stand for re-appointment at the next Annual General Meeting.

ANNUAL REPORT

CHAS Board Directors normally serve no more than eight years, subject to ensuring appropriate succession for key office bearers. Under the Articles, Directors of CHAS are not entitled to any remuneration, but can be reimbursed for expenses incurred in carrying out their duties.

Board Meetings

Full Board meetings are held at least five times each year to review and agree matters of strategy and principle, as well as review performance against agreed plans and budgets.

A Board performance review process is in operation. This consists of a full Board performance review and individual Directors' performance reviews, conducted on alternate years.

The Chief Executive and Senior Leadership Team attend all Board meetings. Immediately after every second meeting, the Board meets without the Senior Leadership Team present. This time is not agenda driven and is an opportunity for the Board to discuss general matters and to consider its development as a Board.

Board Committees

Responsibility for key areas of activity and policy are delegated to Committees in accordance with Children's Hospice Association Scotland's Articles of Association and a Scheme of Delegation adopted by the Board. Each Committee normally meets at least four times each year and minutes of meetings are presented at Board meetings.

Terms of reference for each of the Committees are reviewed and approved by the Board every two years. The current membership and remit of each of the three Board Committees is set out below.

Clinical Governance Committee

Elaine Love (Convenor)
Alan G Baird
Dr. Edward I Doyle
Gwen P Westgarth

In attendance:

Director for Children and Families, Medical Director

The Clinical Governance Committee is established to:

- provide strategic direction to the development of Clinical Governance within CHAS;
- provide leadership to the clinical governance structure which is in place from point of care to Board;
- provide assurance that care provided is safe, effective, person centred and aligned to the quality ambitions of the NHS Quality Strategy;
- ensure the views of children, young people and families are incorporated in all aspects of care development, delivery and review:
- $\,\blacksquare\,\,$ ensure systems are in place to support the delivery of consistent and high standards of care; and
- ensure excellence in care is maintained through continuing professional development which includes reflective practice and staff appraisal.

Corporate Governance and Risk Committee

George M Reid (Convenor)
Peta M Hay
Donald R Macdonald
Peter J Smyth

In attendance:

Chief Executive

Director of Finance and Corporate Services Director of Organisational Development



ANNUAL REPORT

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

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

Finance and Audit Committee

Stephen Reid (Convenor)
Alan G Baird
Nicola M Connelly
Fiona M Gillespie

In attendance:

Chief Executive

Director of Finance and Corporate Services

Director of Development and Communications

The Finance and Audit Committee is responsible for ensuring that:

- robust financial governance and accountability exists throughout CHAS;
- CHAS is complying with all financial aspects of the law, relevant regulations, and best practice;
- CHAS has appropriate controls over managing its assets and maximising its income;
- major capital projects are managed to ensure the operational effectiveness of buildings and equipment; and
- a robust and independent statutory audit of the Children's Hospice Association Scotland annual accounts is carried out each year.

Executive Management

Operational responsibilities and day to day running of CHAS are carried out by the Senior Leadership Team.

Chief Executive

Maria L McGill

Senior Leadership Team

Dr Patrick J Carragher, Medical Director
Jennifer Fairbairn, Director of Finance and Corporate Services
Sue K Hogg, Director for Children and Families
Iain McAndrew, Director of Development and Communications
Rami Okasha, Director of Transformation and Innovation

Scott A Semple, Director of Organisational Development

Remuneration arrangements

The remuneration arrangements for the Chief Executive and Senior Leadership Team (excluding the Medical Director) are designed to offer a package which fits their level of responsibilities and is in accordance with market demands. Current incremental salary scales were set in 2013 following a benchmarking exercise with other similar sector organisations as well as consideration of senior roles in NHS Boards in Scotland.

Pay progression is subject to satisfactory submission of a leadership framework which requires senior leaders to reflect on their performance during the previous year and submit documented evidence supporting their leadership performance level. The Chief Executive's submission is reviewed by the Chair of the Board.

Regulation and Standards

To support compliance with legislation and regulations associated with being a hospice service, employer, registered charity and company, CHAS has a comprehensive set of policies and procedures which underpin its systems of internal controls and operational practices.

ANNUAL REPORT

CHAS remains committed to the highest standards of fundraising through its membership of the Scottish Fundraising Standards Panel. All fundraising staff are members of the Institute of Fundraising and as such abide by the Codes of Conduct and Practice.

Legal and Administrative Information

When required, CHAS uses the services of the following solicitors:

- Brechin Tindal Oatts, 48 St Vincent Street, Glasgow G2 5HS
- Harper Macleod LLP, The Ca'd'oro, 45 Gordon Street, Glasgow G1 3PE
- Turcan Connell, Princes Exchange, 1 Earl Grey Street, Edinburgh EH3 9EE

Principal Risks and Uncertainties

CHAS develops and implements risk management policies and procedures and promotes a robust control environment at all levels of the organisation. Principal risks and uncertainties of CHAS are regularly assessed to ensure appropriate control measures are in place. Strategic risks and high level operational risks are recorded in a Corporate Risk Register and reported to the Corporate Governance and Risk Committee at each meeting, and to the Board annually.

The principal risks and uncertainties which may impact CHAS are described below:

Risk	Response
A catastrophic event or major incident resulting in the harm to someone in our care, employment or volunteering, or closure of one or all services.	Regular inspections and outcome reports from regulating bodies. Established Health and Safety monitoring and reporting function. Robust IT framework and practices in place.
Unforeseen loss or absence of key senior personnel and specialist roles.	Career pathways in place to increase likelihood of recruiting suitably qualified staff. Terms and conditions benchmarking and wellbeing interventions in place.
Damage to reputation resulting in a loss of public confidence and support.	Compliance with all regulatory requirements and recommendations. Scheme of delegation and robust governance procedures. Risk alert process in place.
Inability to deliver safe and effective care.	Robust clinical governance structure in place. Clinical practice, near misses and significant events monitored and analysed. Regular inspections carried out by Health Improvement Scotland and Care Inspectorate.
Lack of long term financial sustainability.	Significant funds held in reserves. Robust annual budgeting process aligned to CHAS Plan. Strong financial governance processes.

The Board recognises it is ultimately responsible for the management of risk and is satisfied that the processes continue to address and mitigate exposure to major risks.



ACKNOWLEDGEMENT

The year ended 31 March 2019 has been a transformative and rewarding year for CHAS, during which we have expanded the specialist services and support we provide to children and families going through the most difficult of circumstances.

Our newly commissioned research referenced earlier in our report, ChiSP 2, confirmed in stark detail what CHAS already knows - there are many and an increasing number of children in Scotland who are likely to die young. We know the benefits that palliative care brings to babies, children and young people and their wider families. CHAS's vision remains that support is available to all in Scotland who need it.

Many of these children, and their families and siblings, are living with complex care and support needs. The services available to support them are delivered nationally and locally, through integration authorities, territorial health boards, local authorities and the voluntary sector. I am incredibly proud of the collaborative spirit in which we are working with partners across Scotland to ensure we can reach every family.

On behalf of the Board of Directors, I would like to convey my appreciation to the dedicated staff and volunteers for their ongoing professionalism and commitment to CHAS. We are also indebted to the many funders, partners and other organisations whose input and contribution are vital to help us reach our ambition.

Finally, I wish to thank all the individuals, communities, and businesses throughout the country who support CHAS in so many innovative and inspirational ways.

We are determined to continue making a difference and transform the lives of families across Scotland. With your help we can.

m. Kera

George M Reid, Chair



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

Statement of trustees' responsibilities

The trustees (who are also directors of Children's Hospice Association Scotland for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the reparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditor

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Saffery Champness LLP will therefore continue in office. Saffery Champness LLP is based at Edinburgh Quay, 133 Fountainbridge, Edinburgh EH3 9BA.

Approval

The Board approved the Annual Report, which includes the Directors' Report and Strategic Report, at its meeting on 24 June 2019.

By order of the Board George M Reid, Chair

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF CHILDREN'S HOSPICE ASSOCIATION SCOTLAND

Opinion

We have audited the financial statements of Children's Hospice Association Scotland for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Activities, the Company Statement of Financial Activities, the Balance Sheets, the Cash Flow statements and 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 31 March 2019 and of the group's and the parent charitable company's incoming resources and application of resources, including their 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 Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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 which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF CHILDREN'S HOSPICE ASSOCIATION SCOTLAND

Matters on which we are required to report by exception

In the light of the 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 Trustees' Annual Report and Strategic Report.

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the group or the parent charitable company has not kept proper and adequate accounting records, 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 23, 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 the 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 the 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 as auditors under the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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 and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Kenneth McDowell (Senior Statutory Auditor) For and on behalf of Saffery Champness LLP

Chartered Accountants Statutory Auditors

Edinburgh Quay, 133 Fountainbridge, Edinburgh EH3 9BA

26 June 2019

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account)

for the year ended 31 March 2019

Income:	Note	Unrestricted Funds £000	Restricted Funds £000	Totals 2019 £000	Totals 2018 £000
Donations and legacies: Donations Legacies		4,053 2,893	912 826	4,965 3,719	5,045 1,919
Trading activities: Shop sales and other trading		480	-	480	421
Income from investments: Investment income Interest receivable		525 65	-	525 65	531 71
Income from charitable activities: Statutory funding and grant income	3	-	6,816	6,816	6,816
Total income		8,016	8,554	16,570	14,803
Expenditure:					
Cost of raising funds: Cost of generating voluntary income Cost of goods sold and other trading costs Investment management costs		(3,008) (354) (70)	- - -	(3,008) (354) (70)	(2,696) (333) (64)
Cost of charitable activities		(5,973)	(8,509)	(14,482)	(12,847)
Total expenditure	4	(9,405)	(8,509)	(17,914)	(15,940)
Net (expenditure)/income on operating activities	6	(1,389)	45	(1,344)	(1,137)
Net gains/(losses) on investments - realised - unrealised	8	84 604	-	84 604	37 (164)
Net (expenditure)/income		(701)	45	(656)	(1,264)
Other recognised (losses)/gains Remeasurement (losses)/gains on defined benefit pension scheme	12	(929)		(929)	2,871
Net movement in funds		(1,630)	45	(1,585)	1,607
Reconciliation of funds Funds brought forward Transfers during year	13 13	32,258 2	460 (2)	32,718 -	31,111
Funds carried forward	13	30,630	503	31,133	32,718
				=	

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 30 to 49 form part of these accounts.

COMPANY STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account)

for the year ended 31 March 2019

Scottish company number SC 136410

Income:	Note	Unrestricted Funds £000	Restricted Funds £000	Totals 2019 £000	Totals 2018 £000
Donations and legacies: Donations Legacies		4,053 2,893	912 826	4,965 3,719	5,045 1,919
Income from investments: Investment income Interest receivable		525 65	-	525 65	531 71
Income from charitable activities: Statutory funding and grant income	3	-	6,816	6,816	6,816
Total income		7,536	8,554	16,090	14,382
Expenditure:					
Cost of raising funds: Cost of generating voluntary income Investment management costs		(3,008) (70)	-	(3,008) (70)	(2,695) (64)
Cost of charitable activities		(5,973)	(8,509)	(14,482)	(12,847)
Total expenditure	4	(9,051)	(8,509)	(17,560)	(15,606)
Net (expenditure)/income on operating activities		(1,515)	45	(1,470)	(1,224)
Net gains/(losses) on investments - realised - unrealised	8	84 604	-	84 604	37 (164)
Net (expenditure)/income		(827)	45	(782)	(1,351)
Other recognised (losses)/gains Remeasurement (losses)/gains on defined benefit pension scheme	12	(929)		(929)	2,871
Net movement in funds		(1,756)	45	(1,711)	1,520
Reconciliation of funds Funds brought forward Transfers during year	13 13	32,814 2	460 (2)	33,27 4 -	31,754 -
Funds carried forward	13	31,060	503	31,563	33,274

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 30 to 49 form part of these accounts.

BALANCE SHEETS as at 31 March 2019

		Group		Company		
		2019	2018	2019	2018	
Fixed assets	Note	0003	5000	0003	£000	
Tangible assets	7	11,895	12,023	11,926	12,048	
Investments	8	16,787	16,614	16,787	16,614	
		28,682	28,637	28,713	28,662	
Current assets						
Stock		1	2	-	-	
Debtors	10	593	447	1,001	980	
Cash at bank and in hand		9,650	9,107	9,632	9,095	
		10,244	9,556	10,633	10,075	
Creditors			4			
Amounts falling due within one year	11	(938)	(910)	(928)	(898)	
Net current assets		9,306	8,646	9,705	9,177	
Net assets excluding pension deficit	•	37,988	37,283	38,418	37,839	
Defined benefit pension scheme deficit	12	(6,855)	(4,565)	(6,855)	(4,565)	
Net assets including pension deficit	,	31,133	32,718	31,563	33,274	
The funds of the charity:	·	_				
Restricted income funds	13	503	460	503	460	
Unrestricted income funds						
Fixed asset fund		11,895	12,023	11,926	12,048	
Designated for future operational investment		14,341	10,091	14,341	10,091	
General reserves		11,249	14,709	11,648	15,240	
Unrestricted income funds excluding pension reserve	•	37,485	36,823	37,915	37,379	
Pension reserve	12	(6,855)	(4,565)	(6,855)	(4,565)	
Total unrestricted funds	13	30,630	32,258	31,060	32,814	
Total funds	13	31,133	32,718	31,563	33,274	

Approved by the Directors on 24 June 2019

George M Reid, Chair

Stephen Reid, Director

The notes on pages 30 to 49 form part of these accounts.

CASH FLOW STATEMENT for the year ended 31 March 2019

Scottish company number SC 136410

	(Group	Com	pany
	2019 £000	2018 £000	2019 £000	2018 £000
Net cash (outflow)/inflow from operating activities (i)	(111)	945	(117)	936
Returns on investments and servicing of finance				
Investment income	525	531	525	531
Interest received	83	58	83	58
Net cash inflow from returns on investments and servicing of finance	608	589	608	589
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(469)	(576)	(469)	(576)
Investments purchased	(1,765)	(3,193)	(1,765)	(3,193)
Investments disposed of	2,280	2,774	2,280	2,774
Net cash inflow/(outflow) from investing activities	46	(995)	46	(995)
Increase in cash and cash equivalents (ii)	543	539	537	530
		_	_	

(i) Reconciliation of net expenditure to the net cash (outflow)/inflow from operating activities

	G	roup	Com	pany
	2019	2018	2019	2018
	£000	0002	2000	5000
Net expenditure	(656)	(1,264)	(782)	(1,351)
Depreciation charge	582	590	578	583
Pension deficit movement	2,290	(1,525)	2,290	(1,525)
Remeasurement (losses)/gains on defined benefit pension scheme	(929)	2,871	(929)	2,871
Loss on disposal of tangible fixed assets	15	-	13	-
Net (gains)/losses on investments	(688)	127	(688)	127
Interest receivable and investment income	(590)	(602)	(590)	(602)
Decrease/(increase)/in stock	1	(1)	-	-
(Increase)/decrease in debtors	(164)	555	(39)	638
Increase in creditors	28	194	30	195
Net cash (outflow)/inflow from operating activities	(111)	945	(117)	936
(ii) Analysis of net funds				
	2019	2018	2019	2018
	£000	5000	0003	5000
Cash balances at beginning of year	9,107	8,568	9,095	8,565
Increase in the year	543	539	537	530
Cash balances at end of year	9,650	9,107	9,632	9,095
	=	_		

The notes on pages 30 to 49 form part of these accounts.

CHILDREN'S HOSPICE ASSOCIATION SCOTLAND ANNUAL REPORT AND ACCOUNTS 31 MARCH 2019

NOTES TO THE ACCOUNTS

1 Accounting policies

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

(a) Basis of preparation

The accounts have been prepared under the historical cost convention, with the exception of investments which are included at market value. The accounts have been prepared in accordance with the Companies Act 2006 and the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice effective 1 January 2015.

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

The Charity has availed itself of the provisions of Companies Act 2006 and adapted the statutory formats to reflect the special nature of the Charity's activities.

The accounts are prepared in Sterling, which is the functional currency of the Charity. Monetary amounts in these accounts are rounded to the nearest £1.000.

(b) Going concern

The trustees are of the opinion that the group and parent charitable company can continue to meet their obligations as they fall due. The charitable company has significant reserves and regular income generated from activities and specific grants to continue in operational existence for the foreseeable future. As a consequence the trustees have prepared the financial statements on a going concern basis.

(c) Company status

The Charity is a company limited by guarantee and is registered as a Scottish charity with the Office of the Scottish Charity Regulator under number SC019724. The Charity meets the definition of a public benefit entity under FRS 102.

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(d) Fund accounting

Unrestricted funds are either general or designated. General funds are available for use at the discretion of the Directors in furtherance of the general objectives of the Charity and which have not been designated for another purpose. Designated funds are those set aside for particular purposes. The aim and use of each designated fund is set out in note 13.

Restricted funds are those to be used in accordance with instructions declared by donors or as a result of a specific appeal by the Charity. The aim and use of each restricted fund is set out in the notes to the accounts where material. Transfers are made between funds on a periodic basis.

(e) Income

All income is included in the SOFA when the Charity is legally entitled to that income, income is probable and the amount can be quantified with reasonable accuracy. Legacy income is recognised only when there is sufficient evidence in each individual case of the probability that the income will be received and the value of this income can be measured with sufficient reliability.

Income from shop sales is recognised at the point of sale, which is generally on the receipt of cash. Any distributable annual profits earned by the subsidiary company are paid to the Charity by deed of covenant.

NOTES TO THE ACCOUNTS

(f) Gifts in kind

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

(g) Expenditure

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

The cost of raising funds includes the expenditure incurred in generating voluntary income, the cost of goods sold and other trading costs and investment management costs. These costs are regarded as necessary to generate funds that are needed to finance charitable activities. The cost of charitable activities relates to expenditure that enables the Charity to meet its charitable aims and objectives. Governance costs are associated with the strategic planning and management of the Charity and reflect an element of the costs of the office of the Chief Executive and other key management personnel.

They also include professional advice for the Directors, audit fees and Directors' expenses. Support costs are those which enable charitable activities and fundraising to be undertaken. Note 4 gives further information on what support costs include and the basis of apportionment to cost categories.

(h) Value Added Tax

The Charity and subsidiary company is registered as a group for Value Added Tax purposes and accordingly expenditure for the group excludes VAT where applicable.

(i) Fixed assets

Tangible fixed assets with a cost of £2,000 or greater are capitalised at cost and are depreciated in equal annual instalments over their estimated useful lives as follows:

Freehold land and buildings 50 years

Short leasehold 5 years or period of lease if shorter

10 years

Motor vehicles 3 years
Hospice equipment – Kitchen 5 years
– Care 7 years
Computer equipment 3 years

(j) Investments

Furniture and fittings

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

(k) Stock

Stocks of goods purchased for resale are stated at the lower of cost and net realisable value. Stocks of donated assets are not valued for accounting purposes as it is impractical to measure their fair value.

(1) Operating lease rental

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

CHILDREN'S HOSPICE ASSOCIATION SCOTLAND ANNUAL REPORT AND ACCOUNTS 31 MARCH 2019

NOTES TO THE ACCOUNTS

(m) Pension schemes

Lothian Pension Fund

The Charity participates in the Lothian Pension Fund, a defined benefit pension scheme open to all eligible employees. The assets of the scheme are held separately from those of the Charity and its subsidiary company.

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

The pension scheme surplus (to the extent that it is considered recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between total expenditure and remeasurement gains and losses on the defined benefit pension scheme in the statement of financial activities.

National Health Service Superannuation Scheme (Scotland)

The National Health Service Superannuation Scheme (Scotland) is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. The Charity therefore accounts for its pension costs to this scheme on a defined contribution basis as permitted by FRS 102.

2 Critical judgements and estimates

In preparing the financial statements, the trustees make estimates and assumptions which affect the reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. This section discusses the principal areas where the measurement of items is strongly influenced by the assumptions and estimates used.

(a) Defined benefit pension scheme deficit

The valuation of the defined benefit pension scheme deficit is based on several major assumptions as set out in note 12. As with any set of assumptions used in such a valuation there are inherent risks and uncertainties.

The carrying value of the defined benefit pension scheme deficit is calculated on the basis of estimates of the rates of future salary, pensions in payment and deferred pension increases, as well as estimated life expectancy of current and future pensioners. Additionally the valuation is sensitive to the assumed discount rate applied to scheme liabilities. The discount rate is set with reference to yields on high quality corporate bonds and so the valuation may be subject to significant change owing to relative changes in equity and bond markets at the financial year-end.

The valuation of the pension deficit assumes that the Charity will continue to participate in the Lothian Pension Fund. The valuation would be subject to change in the event of curtailment, settlement or discontinuance in the Charity's participation.

(b) Investment valuation

Fixed asset investments are stated at stock market valuation as at the financial year-end. As no investment is permitted in investments that are not readily realisable the trustees believe this to be an appropriate approach. As with most investments there is the risk that stock market valuation may change significantly at any time.

(c) Valuation of freehold land and buildings

The valuation of freehold land and buildings is based on historic cost which may vary to their market value or reinstatement cost. Freehold land and buildings have been assigned an economic life of 50 years. The expected useful life of freehold land and buildings may change under the influence of development of changes in paediatric palliative care and market circumstances.

(d) Recognition of legacy income

Legacy income is recognised only when there is sufficient evidence in each individual case of the probability that the income will be received and the value of this income can be measured with sufficient reliability. While this income is subject to ongoing review until these accounts are approved by the Directors, there remains a risk that legacy income relating to the year ended 31 March 2019 may come to light after this date and therefore be omitted from these accounts.

(e) Allocation of support costs

Support costs are allocated to the cost of charitable activities, cost of generating voluntary income and cost of goods sold and other trading costs on the basis of staff numbers as at the financial year-end. The trustees believe this approach to be appropriate as the cost of most support functions (finance, IT, human resources, property and learning) is predominantly influenced by the number of staff each function is serving.

(f) Funds designated for future operational investment

As set out in note 13 funds have been ring fenced for future operational investment as we continue to pursue our strategic aim of meeting the needs of all children and families in Scotland who need our services.

CHAS continues to expand its services and the funds designated for future operational investment are intended to reflect expected funding deficits over the next five years.

Ensuring that all of our properties will continue to meet operating requirements is integral to achieving our strategic objectives. Therefore additional funds have been ring fenced pending the outcome of strategic property reviews at our hospices, fundraising sites and head office over the next three years. This anticipated capital expenditure is included in the £14.3 million of funds designated for future operational investment.

NOTES TO THE ACCOUNTS

3	Income
•	IIICOIIIC

	meome				2212	0010
	Group and Company				2019 £000	2018 £000
	Statutory funding and grant income Scottish Local Authorities – for operation of Rach NHS Scotland (total received £6 million, £275,00 Scottish Government:	rses)	680 5,725	680 5,725		
	for Diana Children's Nursesfor infrastructure and services				275 136	275 136
					6,816	6,816
4	Expenditure					
	Group	Direct costs £000	Governance costs £000	Support costs £000	Total £000	2018 £000
	Cost of raising funds					
	Cost of generating voluntary income	2,626	34	348	3,008	2,696
	Cost of goods sold and other trading costs	283	4	67	354	333
	Investment management costs	70	-	-	70	64
	Cost of charitable activities	11,523	264	2,695	14,482	12,847
		14,502	302	3,110	17,914	15,940
	2018	13,225	272	2,443	15,940	
	Company	Direct costs	Governance costs £000	Support costs £000	Total £000	2018 £000
	Cost of raising funds					
	Cost of generating voluntary income Investment management costs	2,626 70	34	348	3,008 70	2,695 64
	Cost of charitable activities	11,523	264	2,695	14,482	12,847
		14,219	298	3,043	17,560	15,606
	2018	12,937	269	2,400	15,606	
			=	=		

The activities underlying each of the above cost categories are:

Cost of generating voluntary income - raising the income needed to support the Charity's activities.

Cost of goods sold and other trading costs - operating charity shops and participating in a clothes collection partnership to create additional income needed to support the Charity's activities.

Cost of charitable activities - providing children's hospice services and supporting the whole family throughout Scotland.

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

NOTES TO THE ACCOUNTS

Support costs reflect the growth and maintenance of the infrastructure required to deliver the above activities. As noted in the Financial Review, significant investment has been made to ensure the support functions are appropriately resourced to meet future needs, in particular the digitalisation programme across CHAS. Support costs comprise finance £640,000 (2018: £420,000), public relations £604,000 (2018: £482,000), IT £567,000 (2018: £426,000), human resources £480,000 (2018: £469,000), property £272,000 (2018: £189,000), executive £261,000 (2018: £233,000), learning £153,000 (2018: £109,000) and voluntary services £133,000 (2018: £115,000).

Both governance costs and support costs have been apportioned to the above activities on the basis of staff numbers, except for governance costs relating to the trading subsidiary which have been directly charged to the cost of the goods sold and other trading costs.

5 Staff costs

	2019	2018
	0003	£000
Salaries	9,495	8,597
Social security costs	883	834
Pensions	2 ,703	2,535
	13,081	11,966

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

	2019	2018
£60.001 - £70.000	_	2
£70,001 - £80,000	3	1
£80,001 - £90,000	1	1
£100,001 - £110,000	-	1
£120,001 - £130,000	1	2
£130,001 - £140,000	1	-
£140,001 - £150,000	1	-

For the above employees, £93,806 in total (2018: £85,638) was paid to the National Health Service Superannuation Scheme for Scotland and Lothian Pension Fund.

By the end of the year the number of employees was 309 (2018: 299). In addition, there were 855 volunteers at no cost to CHAS. The average number of employees was 297, of whom 78 (53 full-time equivalent) were part-time.

The charity considers that its key management personnel comprise the Senior Leadership Team. Total remuneration of key management personnel for the year was £735,570 (2018: £688,812).

No remuneration was paid to the Directors in respect of their services to the Charity (2018: nil). Travel expenses totalling £668 were reimbursed to one Director (2018: £1,219 to two Directors).

6 Net (expenditure)/income on operating activities

This is stated after charging:

	£000	£000
Auditor's remuneration:	2000	2000
- Audit of these financial statements	11	10
Amounts receivable by auditor and associates in respect of:		
- Audit of financial statements of subsidiaries pursuant to legislation	3	3
Indemnity insurance for Directors	1	1
Operating lease rentals – land and buildings	175	216

7 Tangible fixed assets

Group	Freehold land and buildings £000	Short leasehold £000	Motor vehicles £000	Hospice equipment £000	Computer equipment £000	Furniture and fittings £000	Total £000
Cost as at 1 April 2018 Additions Disposals	15,170 100 -	214 14 (5)	304 - (41)	619 64 (42)	685 142 (30)	776 149 (112)	17,768 469 (230)
Cost as at 31 March 2019	15,270	223	263	641	797	813	18,007
Accumulated depreciation as at 1 April 2018 Charge for year Disposals	4,062	206 7 (5)	291 6 (41)	398 54 (38)	472 134 (30)	316 76 (101)	5,745 582 (215)
Accumulated depreciation as at 31 March 2019	4,367	208	256	414	576	291	6,112
Net book value at 31 March 2019	10,903	15	7	227	221	522	11,895
Net book value at 31 March 2018	11,108	8	13	221	213	460	12,023

The purposes for which the tangible fixed assets held for charity use at 31 March 2019 were as follows:

Group	Freehold						
	land and	Short	Motor	Hospice	Computer	Furniture	
	buildings	leasehold	vehicles	equipment	equipment	and fittings	Total
	£000	5000	£000	£000	£000	£000	£000
Purpose:							
Hospice services	10,694	-	7	227	38	495	11,461
Fundraising, management and administration	209	15			183	27	434
	10,903	15	7	227	221	522	11,895

NOTES TO THE ACCOUNTS

7 Tangible fixed assets (continued)

Company	Freehold land and buildings	Short leasehold £000	Motor vehicles £000	Hospice equipment £000	Computer equipment £000	Furniture and fittings £000	Total £000
Cost as at 1 April 2018 Additions Disposals	15,203 100 -	167 14 (5)	289 - (41)	619 64 (42)	654 142 (30)	770 149 (111)	17,702 469 (229)
Cost as at 31 March 2019	15,303	176	248	641	766	808	17,942
Accumulated depreciation as at 1 April 2018 Charge for year Disposals	4,060	166 3 (5)	276 6 (41)	398 54 (38)	441 134 (30)	313 75 (102)	5,654 578 (216)
Accumulated depreciation as at 31 March 2019	4,366	164	241	414	545	286	6,016
Net book value at 31 March 2019	10,937	12	7	227	221	522	11,926
Net book value at 31 March 2018	11,143	1	13	221	213	457	12,048

The purposes for which the tangible fixed assets held for charity use at 31 March 2019 were as follows:

Company	Freehold land and buildings	Short leasehold £000	Motor vehicles £000	Hospice equipment £000	Computer equipment £000	Furniture and fittings	Total £000
Purpose:							
Hospice services	10,739	-	7	227	38	495	11,506
Fundraising, management and administration	198	12			183	27	420
	10,937	12	7	227	221	522	11,926

8 Fixed asset investments

Group and Company	2019 £000	2018 £000
Quoted investments at market value at beginning of year Additions during year Disposals during year	16,614 1,765 (2,196)	3,193
	16,183	16,778
Net unrealised gains/(losses)	604	(164)
Market value at end of year	16,787	16,614
Historical cost at end of year	13,221	13,219
2019 Fixed asset investments are represented by: £000	% £000	2018
ı y		
UK equities 5,884	35.1 5,768	34.7
Investment and unit trusts 6,474 Overseas equities 1,497	38.6 6,583 8.9 1,605	39.6 9.7
13,855	82.6 13,956	84.0
Fixed interest securities 1,917	11.4 1,683	10.1
UK debentures and loan stocks 1,015	6.0 975	5.9
Total managed portfolio 16,787	16,614	100.0

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

NOTES TO THE ACCOUNTS

9 Subsidiary company

The Charity has a wholly owned subsidiary, CHAS Trading Limited, which operates charity shops as well as participating in a clothes collection partnership. A summary of its results is shown below and audited financial statements will be filed with the Registrar of Companies. The Registered Office of CHAS Trading Limited is the same as the Charity.

A Deed of Covenant exists by which all distributable annual profits generated by CHAS Trading Limited are covenanted to the Charity. Although the year ended 31 March 2019 continued to be profitable, there was no profit covenanted to the Charity from CHAS Trading Limited in 2019 (2018: nil) owing to a lack of distributable reserves. The reported profit for the year is after deduction of support costs from CHAS (shown in note 4) and reflects the improved results generated as a result of a comprehensive strategic review of all retail activities.

	Income £000	Expenditure £000	2019 £000	Profit 2018 £000
Gift and charity shops	480	(354)	126	88
The net assets of CHAS Trading Limited at 31 March 2019 wer	re:			£000
Fixed assets				16
Stocks Debtors Cash at bank				1 14 18
Total current assets				33
Creditors: amounts falling due within one year				(433)
Net current liabilities				(400)
Total current liabilities				(384)

Included in debtors is an amount of £2,000 (2018: £2,000) due from the Charity. In creditors there is an amount of £422,000 (2018: £548,000) due to the Charity.

10 Debtors

Group 2019 £000	Group 2018 £000	2019 £000	Company 2018 £000
12	18	12	18
17 4	190	174	190
155	162	150	157
-	-	422	548
72	77	63	67
180	-	180	-
593 	447	1,001	980
	£000 12 174 155 - 72 180	2019 2018 £000 £000 12 18 174 190 155 162 72 77 180 -	2019 2018 2019 2019 2000 2000 2000 2000 2000 2000

(2,320)

1,391

(929)

3,659

(788)

2,871

41

NOTES TO THE ACCOUNTS

11 Creditors: amounts falling due within one year

	Group	Group	Company	Company
	2019	2018	2019	2018
	£000	£000	£000	£000
Accruals and sundry creditors VAT and NI/PAYE payable Amounts due to CHAS Trading Limited (note 9)	696	689	685	675
	242	221	241	221
	-	-	2	2
	938	910	928	898

12 Pension schemes

Group and Company

Lothian Pension Fund

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

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

	2019 £000	2018 £000
Fair value of assets attributed to the Charity Present value of defined benefit obligation attributed to the Charity	22,205 (29,060)	19,199 (23,764)
Net deficit recognised as a liability in the balance sheet	(6,855)	(4,565)
Changes in the present value of the defined benefit obligation attributed to the Charity are as	s follows:	
	2019 £000	2018 £000
Opening defined benefit obligation attributed to the Charity Current service cost Interest cost Contributions paid by members Actuarial losses/(gains) Estimated benefits paid	23,764 2,117 672 374 2,320 (187)	24,603 1,952 692 339 (3,659) (163)
Closing defined benefit obligation attributed to the Charity	29,060	23,764

NOTES TO THE ACCOUNTS

12 Pension schemes (continued)

Actuarial (losses)/gains

Remeasurement (losses)/gains

Return on assets attributed to the Charity excluding interest income

2 Pension schemes (continued)		
Changes in the fair value of assets attributed to the Charity are as follows:		
	2019	2018
	0003	£000
Opening fair value of assets attributed to the Charity	19,199	18,513
Interest income on assets attributed to the Charity	533	512
Contributions paid by members	374	339
Contributions paid by the Charity	895	786
Return on assets attributed to the Charity excluding interest income	1,391	(788)
Estimated benefits paid	(187)	(163)
Closing fair value of assets attributed to the Charity	22,205	19,199
The amounts recognised in expenditure in the statement of financial activities are as fol	lows:	
	2019	2018
	0003	£000
Current service cost	2,117	1.952
Interest cost	139	180
	2,256	2,132
The amounts recognised in the other recognised gains and losses section of the statement	ent of financial activities	are as
follows:	2019	2018
	£000	5000

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

	2019 £000	2018 £000
Equities	16,654	14,399
Bonds	2,443	2,112
Property	1,554	1,344
Cash	1,554	1,344
		10.100
Fair value of assets attributed to the Charity	22,205	19,199
Present value of defined benefit obligation attributed to the Charity	(29,060)	(23,764)
Net deficit recognised as a liability in the balance sheet	(6,855)	(4,565)

12 Pension schemes (continued)

The major assumptions used in this valuation were:

	2019	2018
Rate of increase in salaries Rate of increase in pensions in payment and deferred pensions Discount rate applied to scheme liabilities	4.1% 2.4% 2.5%	4.0% 2.3% 2.7%
11	· ·	

Life expectancy is based on the Lothian Pension Fund Vita Curves with improvements in line with the CMI2012 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% per annum and is summarised below:

	Male	remale
Current pensioners	21.7 years	24.3 years
Future pensioners	24.7 years	27.5 years

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The sensitivities regarding the major assumptions used to measure the defined benefit obligation attributed to the Charity are set out below:

	Approximate increase to obligation	Approximate monetary amount £000
0.5% decrease in real discount rate 0.5% increase in the salary increase rate 0.5% increase in the pension increase rate	15% 3% 11%	4,338 986 3,251

It is estimated that the Charity will contribute £918,000 to this defined benefit scheme in the year ending 31 March 2020. As at 31 March 2019, 220 staff were members of the scheme (2018: 205).

National Health Service Superannuation Scheme (Scotland)

The National Health Superannuation Scheme (Scotland) is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. The Charity will therefore account for its pension costs to this scheme on a defined contribution basis as permitted by Financial Reporting Standard 102. The Government Actuary's Department assessed the scheme deficit at 31 March 2018 at £62.1 billion. As a result of this deficit, contributions are likely to remain in excess of current service costs.

In the year ended 31 March 2019, normal employer contributions of £445,000 were payable to the Scottish Public Pensions Agency (2018: £409,000) at the rate of 14.9% of pensionable earnings (2018: 14.9%). As at 31 March 2019, 81 staff were members of the scheme (2018: 79) paying between 5.8% and 14.7% of pensionable earnings.

NOTES TO THE ACCOUNTS

13 Statement of funds

Group						As at 31
	As at 1			Other gains		March
	April 2018	Income	Expenditure	and losses	Transfers	2019
	5000	£000	000£	000£	£000	£000
Restricted income funds					4.5	
Rachel House	98	1,113	(1,058)	-	(1)	152
The National Lottery Community Fund	78	103	(93)	-	-	88
Robin House	66	476	(455)	-	-	87
Scottish Government	60	411	(388)	-	-	83
Service Development	113	3	(50)	-	-	66
CHAS at Home	45	43	(60)	-	(1)	27
Scottish NHS Boards	_	5,725	(5,725)	-	_	_
Scottish Local Authorities		680	(680)			
Total restricted income funds	460	8,554	(8,509)		(2)	503
Unrestricted income funds						
Designated funds:						
Fixed asset fund	12,023	-	-	-	(128)	11,895
Designated for future operational investment	10,091	-	_	688	3,562	14,341
Pension reserve	(4,565)	-	-	(929)	(1,361)	(6,855)
General reserve	14,709	8,016	(9,405)	-	(2,071)	11,249
Total unrestricted income funds	32,258	8,016	(9,405)	(241)	2	30,630
Total funds	32,718	16,570	(17,914)	(241)		31,133

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13 Statement of funds (continued)

Group	As at 1 April 2017 £000	Income £000	Expenditure £000	Other gains and losses £000	Transfers £000	As at 31 March 2018 £000
Restricted income funds						
Service Development	113	195	(195)	-	-	113
Rachel House	34	177	(113)	-	-	98
The National Lottery Community Fund	39	190	(151)	-	-	78
Robin House	21	141	(87)	-	(9)	66
Scottish Government	16	411	(367)	-	-	60
CHAS at Home	37	71	(63)	-	-	45
Scottish NHS Boards	-	5,725	(5,725)	-	-	-
Scottish Local Authorities	_	680	(680)			
Total restricted income funds	260	7,590	(7,381)	-	(9)	460
Inrestricted income funds						
Designated funds:						
ixed asset fund	12,037	-	-	-	(14)	12,023
Short term operational commitments	4,633	-	-	-	(4,633)	-
Designated for future operational investment	20,271	-	-	(127)	(10,053)	10,091
Pension reserve	(6,090)	-	-	2,871	(1,346)	(4,565)
General reserve	-	7,213	(8,559)	-	16,055	14,709
otal unrestricted income funds	30,851	7,213	(8,559)	2,744	9	32,258
otal funds	31,111	14,803	(15,940)	2,744	_	32,718
Cotal funds	31,111	14,803	(15,940)	2,744		

NOTES TO THE ACCOUNTS

13 Statement of funds (continued)

Company						As at 31
	As at 1			Other gains		March
	April 2018	Income	Expenditure	and losses	Transfers	2019
	£000	£000	£000	5000	£000	000 2
Restricted income funds						
Rachel House	98	1,113	(1,058)	-	(1)	152
The National Lottery Community Fund	78	103	(93)	-	-	88
Robin House	66	476	(455)	-	-	87
Scottish Government	60	411	(388)	-	-	83
Service Development	113	3	(50)	-	-	66
CHAS at Home	45	43	(60)	-	(1)	27
Scottish NHS Boards	-	5,725	(5,725)	_	-	_
Scottish Local Authorities		680	(680)			
Total restricted income funds	460	8,554	(8,509)	-	(2)	503
Unrestricted income funds Designated funds:						
Fixed asset fund	12,048	-	-	-	(122)	11,926
Designated for future operational investment	10,091	-	-	688	3,562	14,341
Pension reserve	(4,565)	-	-	(929)	(1,361)	(6,855)
General reserve	15,240	7,536	(9,051)	-	(2,077)	11,648
Total unrestricted income funds	32,814	7,536	(9,051)	(241)	2	31,060
Total funds	33,274	16,090	(17,560)	(241)		31,563

13 Statement of funds (continued)

Company	As at 1 April 2017 £000	Income £000	Expenditure £000	Other gains and losses £000	Transfers £000	As at 31 March 2018 £000
Restricted income funds						
Service Development	113	195	(195)	-	-	113
Rachel House	34	177	(113)	-	-	98
The National Lottery Community Fund	39	190	(151)	-	-	78
Robin House	21	141	(87)	-	(9)	66
Scottish Government	16	411	(367)	-	-	60
CHAS at Home	37	71	(63)	-	-	45
Scottish NHS Boards	-	5,725	(5,725)	-	-	-
Scottish Local Authorities	-	680	(680)	-	-	-
Total restricted income funds	260	7,590	(7,381)	- -	(9)	460
Unrestricted income funds						
Designated funds:						
Fixed asset fund	12,055	-	-	-	(7)	12,048
Short term operational commitments	4,624	-	-	-	(4,624)	-
Designated for future operational investment	20,905	-	-	(127)	(10,687)	10,091
Pension reserve	(6,090)	-	-	2,871	(1,346)	(4,565)
General reserve		6,792	(8,225)		16,673	15,240
Total unrestricted income funds	31,494	6,792	(8,225)	2,744	9	32,814
Total funds	31,754	14,382	(15,606)	2,744		33,274

Restricted income received in the year relates to trust funding, legacies, donations and statutory funding for particular projects and areas of care and support for children and families. The funds dated at 31 March 2019 relate to specific expenditure yet to be incurred. The National Lottery Community Fund is providing funding for the CHAS Transition Team. Restricted funds from the Scottish Government support Diana Children's Nurses while a number of trusts, foundations and companies have provided funds to support staff, staff training and equipment for CHAS at Home and the operation and staffing of both Rachel House and Robin House.

Funding received from the Scottish NHS Boards and Scottish Local Authorities is not to be utilised for fundraising events, fundraising trading and investment management fees. Pharmaceutical supplies are also not covered as these should be delivered free of charge from local NHS boards. While training and education is within the remit of the funding any income derived from these activities should be netted off and only net costs of education and training will be provided for.

Funds designated for future operational investment represents funds that have been ring fenced over the next five years to allow CHAS to reach its strategic aim to meet the needs of all children and families in Scotland requiring palliative care. CHAS has been expanding its services and staffing and this fund will cover the expected funding deficits over the next five years. The general reserve includes any free funds of the Charity to the extent that they have not been designated for particular purposes. The fixed asset fund is the net book value of tangible fixed assets while the pension fund represents the current shortfall in funding for the organisational defined benefit pension scheme held with Lothian Pension Fund as supplied by independent actuaries.

NOTES TO THE ACCOUNTS

14 Analysis of net assets between funds

Group	Restricted Funds £000	General Reserves £000	Designated Funds £000	Total £000
Fund balances at 31 March 2019 are represented by:	£000	£000	£000	£000
Tangible fixed assets	_	_	11,895	11,895
Investments	_	2,446	14,341	16,787
Current assets	503	9,741	-	10,244
Current liabilities	_	(938)	_	(938)
Defined benefit pension scheme deficit	-	(6,855)	-	(6,855)
Net assets including pension deficit	503	4,394	26,236	31,133
	=======================================			
Fund balances at 31 March 2018 are represented by:				
Tangible fixed assets	-	-	12,023	12,023
Investments	-	6,523	10,091	16,614
Current assets	460	9,096	-	9,556
Current liabilities	-	(910)	-	(910)
Defined benefit pension scheme deficit	<u> </u>	(4,565)		(4,565)
Net assets including pension deficit	460	10,144	22,114	32,718
Company	Restricted	General	Designated	
	Funds	Reserves	Funds	Total
	0003	5000	£000	000£
Fund balances at 31 March 2019 are represented by:				
Tangible fixed assets	-	-	11,926	11,926
Investments	-	2,446	14,341	16,787
Current assets	503	10,130	-	10,633
Current liabilities	-	(928)	-	(928)
Defined benefit pension scheme deficit		(6,855)		(6,855)
Net assets including pension deficit	503	4,793	26,267	31,563
Fund balances at 21 Mayer 2018 are represented by:				
Fund balances at 31 March 2018 are represented by:			12,048	12.040
Tangible fixed assets Investments	-	- 6,523	12,048	12,048 16,614
Current assets	460	0,523 9,615	10,091	10,014
Current liabilities	400	(898)	_	(898)
Defined benefit pension scheme deficit	-	(4,565)	-	(4,565)
Net assets including pension deficit	460	10,675	22,139	33,274

15 Commitments

Future commitments under non-cancellable operating leases are as follows:	2019 £000	2018 £000
Land and buildings		
Within one year	188	191
In the second to fifth years inclusive	258	509
In over five years	80	268
	526	968

16 Related party transactions

There were no related party transactions during the year ended 31 March 2019. During the year ended 31 March 2018, the Charity purchased £134 of catering services from Hank's Sandwich Bar, which is owned by the spouse of a former Trustee (Ian Thomson) and as at 31 March 2018 there were no amounts outstanding.

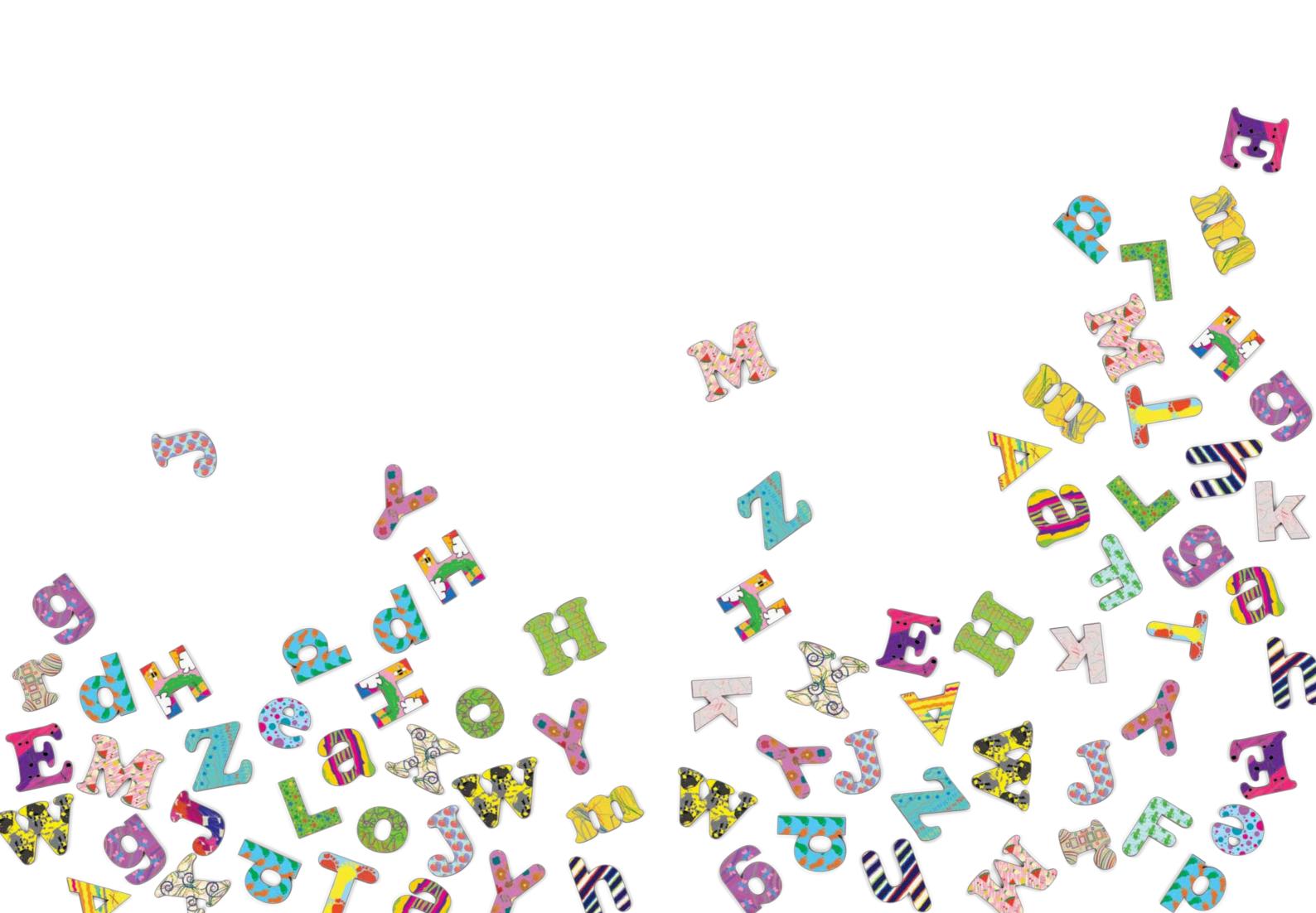
17 Contingent assets

The Charity has been named as a beneficiary of a significant pecuniary legacy, comprising real estate property of which a significant element remained unsold as at June 2019. In addition the will is subject to challenge and the valuation of the main asset in the estate, which is not the real estate property bequeathed to CHAS, is subject to ongoing discussion with HM Revenue & Customs for inheritance Tax purposes. Therefore the amount of the legacy due to the charity cannot be measured with sufficient accuracy and accordingly no provision for any asset or income in relation to this legacy has been made in these financial statements.

NOTES TO THE ACCOUNTS

18 Prior Year Statement of Financial Activities

Group	Unrestricted Funds £000	Restricted Funds £000	2018 Total £000
Income:	2000	2000	2000
Donations and legacies	6,190	774	6,964
Trading activities	421	_	421
Income from investments	602	_	602
Income from charitable activities	-	6,816	6,816
Total income	7,213	7,590	14,803
Expenditure:			
Cost of raising funds	(3,093)	_	(3,093)
Cost of charitable activities	(5,466)	(7,381)	(12,847)
Total expenditure	(8,559)	(7,381)	(15,940)
Total Experience			
Net (expenditure)/income on operating activities	(1,346)	209	(1,137)
Net losses on investments	(127)	-	(127)
Remeasurement gains on defined benefit pension scheme	2,871	-	2,871
Net movement in funds	1,398	209	1,607
Company			
Income:			
Donations and legacies	6,190	774	6,964
Income from investments	602	-	602
Income from charitable activities	-	6,816	6,816
Total income	6,792	7,590	14,382
Expenditure:			
Cost of raising funds	(2,759)	-	(2,759)
Cost of charitable activities	(5,466)	(7,381)	(12,847)
Total expenditure	(8,225)	(7,381)	(15,606)
Net (expenditure)/income on operating activities	(1,433)	209	(1,224)
Net losses on investments	(127)	_	(127)
Remeasurement gains on defined benefit pension scheme	2,871	-	2,871
Net movement in funds	1,311	209	1,520
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Children's Hospices Across Scotland is a trading name of Children's Hospice Association Scotland. Scotlish charity number SC019724.







