



Children's Hospices Across Scotland

Families supported by CHAS

435

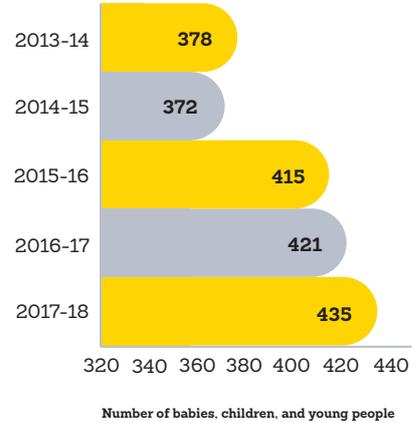
children, young people and their families across Scotland in 2017-18

70

babies, children and young people who died this year in our hospices, at home or in hospital, in 2017-18



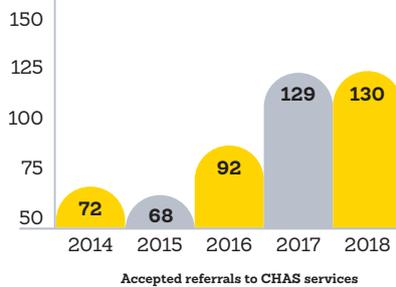
The number of babies, children and young people we support has **increased over 15% since 2013-14**



Accepted referrals



80% increase since 2013-14



Hospice support



Children and young people's bed nights

300 more bed nights than last year

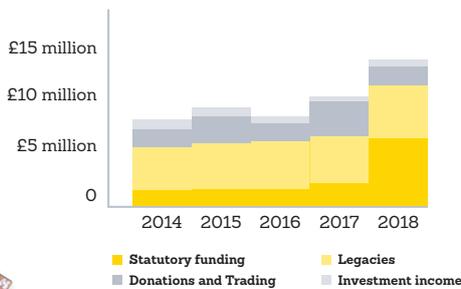
4,193 3,780 3,192 4,214 4,500
2013-14 2014-15 2015-16 2016-17 2017-18

Family bed nights

30% increase since 2013-14

5,883 6,221 5,346 6,640 7,791
2013-14 2014-15 2015-16 2016-17 2017-18

Income by type



Homecare support



1,134

visits made in 2017-18



An increase of **10%** compared to 2016-17



And an increase of **20%** since 2013-14



ANNUAL REPORT

The Directors are pleased to present their Annual Report which incorporates their Strategic Report, Trustees Report and financial statements for the year ended 31 March 2018. 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 REPORT

Objectives and Activities

For over 20 years Children's Hospice Association Scotland (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 initiated research, represented 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.

Three children die each week in Scotland from an incurable condition, at present CHAS is only reaching one of these families and we need to be there for 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.

Reaching Every Family in Scotland

The year ended 31 March 2018 was an exciting first year of the three year CHAS strategic plan 'Reaching Every Family in Scotland' and the Board is pleased to report the progress towards realising the ambitions set out in the plan.

Our 'Reaching Every Family in Scotland' plan reflects the views and aspirations of the children, families, staff and volunteers who contributed to its development. The plan also demonstrates our response to The ChiSP Study 'Children in Palliative Care: identifying numbers and needs' (2015) and the Scottish Government's Strategic Framework for Action for Palliative Care and End of Life Care (2015). The Strategic Framework for Action sets out

the Scottish Government's vision that, by 2021, everyone who needs palliative care will have access to it, whilst The ChiSP Study identified that over 15,000 babies, children and young people aged 0-25 years in Scotland were living with life-shortening diagnoses.

The ChiSP Study also discovered that two thirds of the children who die from a life-shortening condition each year in Scotland were not known to CHAS and therefore did not have access to our specialist support. To ensure that all children and families can access our services, our three year plan was created with four key strategic themes: Reach, People, Growth and Influence.

Our Strategic Report for 2017-18 highlights the progress made under each of these themes.

Reach

The number of babies, children and young people we support continues to rise, with a total of 435 children and their families supported during the year ended 31 March 2018, an increase from 421 in 2017. This is the highest number to date and referrals continue to increase with 130 babies, children and young people accepted to CHAS during the year, an increase of 4% on 2017. Our increasingly complex care continues to be delivered in any setting, be it hospital, community or hospice and to support this we are continually adding to the skill mix of our teams.

Both our hospices have been busy during the past year, with 1,113 admissions of babies, children and young people, an increase of 44 admissions from 2017. We provided 12,291 bed nights in our hospices in 2017-18, a 13% increase from 2017. We accepted 130 new referrals, many as a direct result working with the Diana Children's Nurses in communities and hospitals.

This year, babies, children and young people have been supported from every Local Authority in Scotland and our CHAS at Home service has enabled more families than ever to access our staff with 1,134 visits to families in their homes and communities, up from the 1,029 visits in 2017.

We provided specialist end of life care to 70 babies, children and young people, along with a wide range of support to bereaved families which included outreach visits, counselling sessions, meetings with families and professionals, and also our annual Remembering Days.

We welcome many visitors to our hospices and encourage feedback from our families and children. We were delighted to welcome visitors from the Helix Centre, Imperial College London in March 2018. Following their visit they tweeted: "Had the most breath-taking visit to Robin House Hospice today. What an incredible place. I think the closest thing I've ever seen to 'holistic' care, provided by the setting, mind-set and people."

ANNUAL REPORT *(Continued)*

During the year we were invited to participate in a two year programme with Care Opinion, an independent non-profit feedback platform for health and care services. As we make active use of Care Opinion we are already seeing benefits in terms of patient experiences, resolution of issues before becoming complaints, and small changes to services which matter to children and families.

Diana Children's Nurses

In November 2017, we published the results of Children in Scotland's evaluation of our Diana Children's Nurse Service. This was a key feature of our Reception at the Scottish Parliament, sponsored by Miles Briggs MSP, aimed at helping Members to understand more about the work of CHAS. At this event, which was attended by over 100 people, we were able to highlight the evaluation with particular emphasis on how families were enabled to regain a sense of control in very difficult circumstances, create joyful and positive memories with their children and receive invaluable emotional support. The Cabinet Secretary for Health and Sport, Shona Robison MSP, was the guest speaker, as was a recently bereaved parent who had used CHAS's services. This event attracted national coverage on BBC Radio Scotland.

Anticipatory Care Planning

During 2017-18, CHAS worked closely with Healthcare Improvement Scotland, Living Well in Communities and representatives from NHS Boards across Scotland to develop a national Anticipatory Care Planning framework for babies, children and young people. Anticipatory Care Planning is a philosophy of care that promotes discussions with families about their hopes and wishes for their care as they continue to live with illness. Ensuring that all families have the opportunity to actively engage with CHAS, and other health care professionals, to ensure that they are fully supported and understand the importance of capturing their wishes before their child's condition deteriorates remains a key priority for CHAS.



Play and Activities

Complex care needs and multiple disabilities often mean the children we support have difficulties in accessing age appropriate play, creative activities and opportunities to establish positive new relationships and engage in an active life, be it at home, school or in their communities. For siblings, the demands of their caring role within the family and the emotional impact of having a brother or sister with a life-shortening condition is often isolating and exhausting. The work our activities teams do is a crucial part of the care we offer and helps overcome these challenges and enhance the lives of families.



We tailor our activities to suit the ambitions of our families, one of the many examples of this work this year has been the allocation of a garden volunteer to a five year old sibling during his family's stay so he could spend time in the garden each day, as he loved gardening. Another example of this team's work was at Robin House where the activities team started what they thought was a small 'Around the World' project when they asked holiday makers via social media to send in their postcards and bring the world to the children and families at Robin House. They expected around 20 postcards and were astounded to receive over 3,000 cards. The messages received were truly inspiring and it was a joy for us all to see these displayed in and around Robin House.

ANNUAL REPORT *(Continued)*

Transition

Due to medical advances, a growing number of children now live longer than anticipated when they were first diagnosed with their life-shortening condition. For these young people, moving from children's to adult services is an important and yet, often difficult period. Our transition team continue to work with a number of young people in this situation to ensure they have a positive experience and feel fully supported. By January 2018, 130 young people over the age of 21 years had been supported through transition, completing a CHAS three year plan to establish an upper age limit of 21 years of age.

In October 2017, CHAS hosted a transitions showcase event in Stirling attended by over 100 delegates. The event was held to celebrate the achievements of the young people going through the transition process and to highlight the work of the transition team. The event provided young people with an opportunity to share their stories and to be proud of their achievements. Through this event, the young people involved were able to share their learning and experiences of the transition process and to develop a network of peers that will provide an invaluable support network in the future.

CHAS also worked with the Scottish Transitions Forum to develop guidance to be used alongside the 'Principles of Good Transitions 3' (2017). The guidance provides specific information for anyone who is supporting a young person with a life-shortening or life-threatening condition through transition. It was developed using the experience and learning of the transition team gained over the past three years of supporting young people to transition from CHAS into age appropriate services of their choice.

Family Support Services

Family support is provided for babies, children, young people and families during their visits to the hospices. However the family support team also provide support outwith the hospices through home visits, hospital visits, meetings or by telephone. During the year, this outreach service by the family support team supported 264 individuals, making 738 visits along with over 1,972 telephone calls highlighting the extent of support provided to families beyond the hospices.

In April 2018, we commissioned Children in Scotland to undertake a comprehensive review of the family support service, to help us further develop the service and ensure that the work of this team continues to be aligned and integrated into the overall expansion plans. This review will be complete by the end of 2018.

The ChiSP Study (2015) highlighted that one of the largest groups of children with life-limiting conditions was the under 5s. During 2017-18 our family support team welcomed a new Children and Families Worker. Their role will focus on families with children in this age group. Children and Families Workers will also be working alongside our Diana Children's Nurses and

NHS colleagues in two hospital neonatal units, one in Edinburgh and one in Glasgow. Their role is to provide emotional and practical support, advice and guidance when families need it most.

People

Our people remain central to our ambitions to offer the highest standards of care throughout Scotland. Our people never cease to inspire us as they go above and beyond the call of duty. During the winter months when the 'Beast from the East' hit hard and made travel and communications challenging, our staff stayed fully engaged to ensure that children and families continued to receive the level of excellent care they have come to expect.

Staff Engagement

As part of our approach to employee engagement we continually seek the views of employees to inform the decisions and actions that will support CHAS being a high performing organisation. During 2017-18 we undertook three 'pulse' surveys which were independently administered on our behalf. The themes of the surveys were 'Culture and Values', 'Internal Communications' and 'Wellbeing'.

The feedback from all three surveys is being used to inform our project to analyse our culture and support transformation, influence the development of a framework for internal communications and better inform our future approach to employee wellbeing. We continue to influence, through our core values, our behaviour and actions in everything we do so that we:

- care for one another, showing empathy and understanding
- respect everyone's unique role and contribution
- are honest in how we communicate
- are accountable to one another for the decisions we make and the actions we take

Together we thrive, through our bold and courageous leadership at all levels, collaborative and inclusive teamwork, and a commitment to quality and continuous improvement where everything that we do, we do it well.

Learning and Development

CHAS is proud to provide considerable opportunities and investment in the continuous learning and development of our staff and volunteers, this ensures that we are at the forefront of best practice in children's palliative care services.

This year, the CHAS Corporate Induction Plan, 'The A-Z of CHAS' was revised and is closely aligned with the CHAS strategic plan, 'Reaching Every Family in Scotland'. With a strong emphasis on values and culture, the induction continues to be well-attended with 44 staff attending 5 induction events during the year.

ANNUAL REPORT *(Continued)*

Highlights from this year's Learning and Development include:

- Employee Core Learning administered via an online learning system tracked an average compliance of 97% for the year.
- In addition to Core Learning, 11,925 hours of learning were logged, an increase of 9% from the previous year.
- Staff have participated in 387 different training courses or other learning activities, an increase of 32% from the previous year.
- 18 employees supported by CHAS have completed formal studies within the year in a range of qualifications including Masters and Post Graduate Certificates, Diplomas in Palliative Medicine and another in Fundraising, ILM Certificate in Leadership, SVQ's, NEBOSH Certificate and Prince 2 Project Management. A further 14 employees are continuing with formal qualifications into 2018-19.
- The development of advanced practice roles to provide the specialist palliative care assessment of the medical, psychological, social and spiritual needs of children and their families. This plays a key part in developing and sustaining the capacity and capability of the clinical care in CHAS and with its further integration within health and care services.



HR Policies

During 2017-18, we undertook a full review and refresh of our HR policies and procedures, which were then rolled out to our managers in a series of two day 'Managing People' workshops. The workshops have contributed to raising the skill set and confidence of our managers by covering four modules: 'Great (and difficult) conversations', 'Attendance policy and stress management', 'Managing under performance and behaviours' and 'Recruitment, selection and family friendly policies'.

Volunteering

Volunteers continue to play a crucial and substantial role within CHAS and this year have enabled us to extend our reach further than ever before. New roles have been developed and have been exceptionally successful in utilising the wealth of knowledge and experience that our volunteers bring with them.

In 2017-18, volunteers donated a phenomenal 72,500 hours to CHAS, an increase of 32% on last year. Feedback from volunteers on the newly launched Workplace communication platform demonstrates the incredible impact volunteering has on the lives of the families we support, and on the volunteers giving their time to help.



Digital technology and innovation has been at the heart of this year's volunteering developments. Volunteer engagement has been transformed through the launch of Workplace. Developed by volunteers for volunteers, the platform has streamlined our communications and enhanced engagement, with over 60% of volunteers signing up in the first month. The success of this platform has led to our Volunteering Team delivering webinars to over 40 organisations across the UK and presenting at forums and events to showcase the platform and share learning with other organisations. Another digital development of note is the introduction of an online application form and opportunity search function on the new CHAS website, making it easier for people to get involved in volunteering.

In this Year of Young People we are delighted to report a significant increase in the number of younger volunteers in our charity shops. The number of volunteers under the age of 18 has increased by 62% since last February with half of these volunteers under 16 years of age and over 10% of all charity shop volunteers under 18.

ANNUAL REPORT *(Continued)*

This year we recruited our first nursing volunteers for the CHAS at Home Team. Volunteer fundraising groups have also developed significantly, as has our volunteer research team. A huge achievement this year is the development of the Volunteer Home Support programme, involving volunteers who provide practical support for families in their homes. The evaluation of this project has been excellent, with volunteers, parents and siblings all reporting positive outcomes. One parent commented that "every family in our situation needs this support". We are looking forward to scaling this project up next year in order to reach more families who need this vital support.

In April 2018, we were delighted to announce that we renewed our Investing in Volunteers accreditation for the fourth time since 2006, when we were the first charity in Scotland to achieve the prestigious quality standard.

This assessment is excellent external validation for our volunteer management practice and our volunteering programme at CHAS. Here are some of our favourite quotes from volunteers:

"The annual conference gives opportunities to discuss and provide feedback on my experience as a volunteer. The supportive and open management style also encourages feedback on progress and experiences."

"I have dyslexia and staff and the other volunteers accommodate that and are very supportive so it's not a problem."

"Wherever I go in CHAS the warmth of welcome is the same at every site."

Workforce Information System - MyCHAS

In August we started the process of implementing our new workforce information system MyCHAS. With core HR, self-service and recruitment in the advanced stages of implementation, the payroll and learning modules will follow in 2018-19. By investing in greater electronic capability for our handling of our employee data, the system brings greater efficiency and benefits to employees, line managers and the organisation overall.

Gender Pay Reporting and GDPR Ready

CHAS met its employer's obligation to report and publish our Gender Pay Gap report. The CHAS gender pay gap data (as at April 2017) was based on 295 female employees and 35 male employees, which included 70 female and 4 male relief workers. CHAS reported a 0% gender pay gap based on the median; when using the mean, the salary levels of male employees were calculated as greater by 17%.

CHAS is committed to the principle of equality, diversity and inclusion as well as promoting a positive and inclusive culture that creates the environment where everyone has

the opportunity to thrive and realise their full potential. We are currently working to understand the influencing factors that have resulted in the mean gender pay gap being 17%.

The Lens

This year, we began our collaboration with the LENS Intrapreneurship Programme to facilitate our staff and volunteers to develop new ways of thinking and working that would improve the support and care we offer to families and realise our ambition of reaching every family who needs our support. CHAS provided investment of £35,000 to the winning five proposals which were judged on innovation and alignment with our strategic goals. The competition for investment was judged by a panel consisting of staff from a variety of sites and departments, there are 5 judges in total. All those who participated in The Lens reported that they had developed many new skills through the process. CHAS is delighted to be continuing this programme with investment for a further two years.

Growth

Our strategic aim for fundraising is to generate the increased income required to realise our ambition, in addition to this our improved support infrastructure will ensure we make the best use of our resources.

Our Income at a Glance

We are delighted to have retained our loyal supporters and also to have welcomed many new supporters to CHAS over the last year, together they have raised over £6.9 million to support our activities (2017: £8.0 million).

We are humbled every day as communities across Scotland give so generously in support of CHAS. Whether having taken part in one of the Kiltwalks, running in marathons or in hosting events from cake bakes to gala balls and more, every contribution helps to 'Keep The Joy Alive' for the children and families. A notable addition to the CHAS fundraising events calendar in 2017-18 was a sponsored Arctic Trek in which a team of 11 people took on an amazing challenge and raised over £40,000 for CHAS. We also raised over £5,000 this year when 20 people, including our own Chief Executive, took part in our Zip Slide across the Clyde event.

During the creation of our strategic plan we recognised the need to grow and diversify our fundraising portfolio and so we developed our Individual Giving programme, which has generated over £500,000 of income in 2017-18. We are also hugely grateful to those supporters who have chosen to remember CHAS with a gift in their will and in 2017-18 we received £1.9 million (2017: £3.5 million). Our partnership with the Local Hospice Lottery has continued to yield strong returns, with over £250,000 raised this year with nearly 13,000 lines in play each week.

ANNUAL REPORT *(Continued)*

Our Partnerships and Philanthropy fundraising team have had an exceptional year generating over £2.3 million (2017: £2.1 million) and we would like to acknowledge the support we continue to receive from our corporate partners, grants received from trusts and grant making foundations and gifts made by individual supporters. We launched our 'Bring a Day of Joy and Sparkle' which gives supporters the opportunity to fundraise for or donate the £12,750 required to pay for a day of CHAS services at Rachel or Robin House or with our CHAS at Home Teams.

Our charity shops, following a major review in 2015, have continued to perform profitably contributing a net profit of £88,000 (2017: £78,000) for the year.

Keep the Joy Alive

A is for Abbie, Adam and Alan - three of the children CHAS supported in 2017 and who were behind the creation of the new CHAS Alphabet.

In 2017, we launched the Keep the Joy Alive campaign which brought a new look to CHAS. Central to our campaign is the CHAS alphabet – a stunning set of 70 bright and beautiful letters individually designed by the children or young people we care for. Nick Holmes, the lead designer from our creative agency, told us about his experience of working with the children: "An exhausting and incredibly satisfying two days. Those kids are probably the most demanding creative directors I've ever worked with! I loved every minute."

Each letter has, at its heart, the story of a family we are supporting and we are truly grateful to those families who share their stories to help raise awareness. This increased awareness allows us to reach out to new supporters, increasing our income, and building CHAS's reputation and influence to make our vision a reality for children and families. We also adopted the trading name Children's Hospices Across Scotland (although we will continue to be known as CHAS) to more clearly communicate that we are working every day across Scotland providing children's hospice and palliative care services from our hospices, in local communities through our CHAS at Home teams and into hospitals.

We launched our campaign in May 2017, supported by the Daily Record who changed their daily masthead to incorporate the new CHAS alphabet. As part of our launch we asked the people of Scotland to show their support for CHAS by creating their own name tag using the new CHAS alphabet and sending it in with a message of support, one for every one of the 15,404 children living in Scotland with a life-shortening condition. Our campaign launch generated over 100 pieces of media coverage, reaching an estimated audience of 3.8 million people.

Our Christmas campaign invited the public to help raise £153,000 to fund 12 days of Christmas across CHAS making sure children and families living with a life-shortening condition could enjoy Christmas supported by our service. Thanks to the generosity of our supporters this target was exceeded.

We are delighted to report that an Omnibus survey in March 2018 showed awareness of CHAS increased by 3% in the year with 23% of people recognising the Keep the Joy Alive campaign. This provides a strong platform to support our fundraising efforts in 2018 and beyond.

Support Structure

As part of our ongoing commitment to continually develop, expand and improve our services for families, we have implemented a number of initiatives. During 2017-18, a set of Key Performance Indicators has been developed to track the performance of our services and drive forward improvement. The Board is looking forward to the further development of these in 2018-19 so that the impact of the work within the CHAS Plan can continue to be demonstrated.

CHAS has made significant investment in new IT and communications equipment during the year which has supported our staff working remotely and more flexibly. We have also carried out a number of feasibility studies for the development and implementation of new business systems including a new children's medical records database, adverse events reporting, centralised purchasing system and a digital solution for meeting papers. These systems will be implemented in 2018-19. By embracing new technology we are transforming the way palliative and end of life care is delivered.

During the year considerable progress was made towards GDPR readiness through a working group which represented all areas in CHAS.

A number of property surveys on our properties in Kinross, Stepps and Rachel House have been undertaken during the year to ensure we continue to provide excellent and flexible environments for our children, families, staff and volunteers. In addition to our existing properties we are assessing where new services may be required so that we are able to facilitate this growth.

Influence

CHAS recognises the value that research, advocacy and education creates by informing improvements in paediatric palliative care. We are determined to help realise these benefits for children with life-shortening conditions and their families across the whole of Scotland.

ANNUAL REPORT *(Continued)*

During 2017-18 we worked with 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.

CHAS continues to influence through its media presence and was involved in a number of high profile activities including our Chief Executive and Director for Children and Families speaking on BBC Radio Scotland. Our Chief Executive also wrote an opinion piece published in The Herald, following Bath University's 'Death, Dying and Devolution' report about death and dying, and how it varies across the nations of the UK. Furthermore our CHAS Medical Director spoke on Leading Britain's Conversation, a talk radio show for the UK, on the issues raised around end of life care following a number of high profile legal cases regarding the care of children at the end of life.

By contributing our expert knowledge to conversations at all levels, CHAS is able to inform and influence decisions made at the highest levels, improving outcomes for the families we support.

In February 2018 our Chief Executive was invited to give evidence to the UK parliament All-Party Parliamentary Group for Children Who Need Palliative Care, providing a Scottish perspective as part of the group's inquiry into the extent to which the UK government is meeting its end of life care choice commitment for babies, children and young people.

We hosted 15 visits by MPs and MSPs to our hospices during the year, which provided great opportunities to meet children and families and learn about their needs. We also welcomed a number of celebrities and are very grateful for their continued support.

FINANCIAL REVIEW

As set out in the Consolidated Statement of Financial Activities on page 15, total income of £14.8 million was generated in the year ended 31 March 2018 (2017: £11.2 million) with total expenditure amounting to £15.9 million (2017: £13.1 million). After the resultant £1.1 million net expenditure on operating activities was adjusted for net investment losses and pension deficit remeasurement gains, total funds increased by £1.6 million to stand at £32.7 million as at 31 March 2018 (2017: £31.1 million). The results, before pension adjustments, were in line with expectations contained within the CHAS Plan 2017-2020.

Income

Total income increased by 32% to £14.8 million during the year (2017: £11.2 million). The first tranche of the increased Statutory Funding of £6 million per annum was

received during the year which represented an increase of £4.7 million on the previous year. The overall statutory funding received during the year equated to 53% of the cost of charitable activities. We expect this percentage to decrease in future years as we expand services to realise the ambition of reaching every family who needs our service.

Donations and legacy income remained strong during the year generating a total of £7.0 million. Donations increased to £5.0 million (2017: £4.6 million), however, legacy income fell back to £1.9 million from the exceptional previous year amount of £3.5 million.



Shop sales and other trading increased to £421,000 from £380,000 in 2017. The retail operation has continued to be profitable following the rationalising of operations in 2016.

Income from investments fell by just £9,000 to £531,000 (2017: £540,000), with bank interest on deposits increasing by £4,000 which reflected the increase in cash balances held.

Expenditure

Total costs of delivering services provided by CHAS for babies, children, young people and families increased by £1.8 million to £12.8 million (2017: £11.0 million) in line with expectations within the CHAS plan 2017-2020. Investments in nursing teams, fundraising activities and improved IT being some of the highlights.

Our investment in generating voluntary income increased during the year to support our ambition to reach every family in Scotland. In May 2018 we launched our Keep the Joy Alive campaign which aims to significantly grow our long-term income. We anticipate the ratio of cost to income generated will decrease over the duration of the CHAS Plan as our investment in fundraising is realised.

Trading costs increased by 10% to £333,000, however, overall profits show an increase of £10,000 to £88,000 for the year (2017: £78,000).

ANNUAL REPORT *(Continued)*

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 2018, total allocated support costs were £2.4 million (2017: £1.7 million). The increase of 43% on 2017 was mainly attributable to additional investment in marketing and our corporate services infrastructure as well as additional pension costs.

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

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. Delivering the initiatives within the CHAS Plan 2017-2020 is expected to require more expenditure than forecasted income in the short term and so deficits are projected for each remaining financial year of this plan. 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 Investment 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 2018, the Directors designated £10.1 million for expected operating deficits and capital projects over the next four years. A further £12.0 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 £14.7 million.

CHAS has restricted funds totalling £460,000. A breakdown of this is shown at note 12 of the financial statements.

Investments and Investment Policy

Investments as at 31 March 2018 totalled £16.6 million compared with £16.3 million as at 31 March 2017. During 2017-18, CHAS made no withdrawals of the capital invested in the portfolios. It is, however, anticipated that funds will need to be drawn from investments to meet the ambitions of reaching every family in Scotland. Net investment losses of £127,000 were made for the year while £464,000 in net cash balances held in the portfolios were invested during the year.

Two investment management companies invest funds on behalf of CHAS in diversified portfolios of shares and fixed interest securities. CHAS's Finance and Investment 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 total real return, balanced between capital growth and income within a liquid portfolio. 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 2018, both investment management companies outperformed 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
- Standard Life Wealth, 1 George Street, Edinburgh EH2 2LL

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

ANNUAL REPORT *(Continued)*

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. In May 2017 Children's Hospice Association Scotland 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.

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.

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
Nicola M Connelly
Professor Gordon C A Dickson (resigned 18 September 2017)
Dr Edward I Doyle
Dr Peter W Fowlie (resigned 18 September 2017)
Fiona M Gillespie
Peta M Hay (appointed 28 June 2017)
Elaine Love
Marianne S McJannett (resigned 16 August 2018)
Stephen Reid
Ian M Thomson (resigned 18 September 2017)
Gwen P Westgarth
Kenneth W Wilson (resigned 18 September 2017)

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 and PR/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 Audit 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.

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.

In accordance with the Articles of Association, George Reid was elected by the Directors as Chair on 18 September 2017, succeeding Professor Gordon Dickson.

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.

During the year the Board has heard various presentations from staff on matters relating to care and governance. Following the reports and allegations connected to some charities working in the international

ANNUAL REPORT *(Continued)*

aid sector and in accordance with guidance issued by the Office of the Scottish Charity Regulator, the Board received a presentation at its March 2018 meeting, providing assurance of CHAS's approach, policies and procedures to safeguarding and notifiable events.

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 meets normally 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;
- ensure systems are in place to support the delivery of consistent and high standards of care;
- ensure excellence in care is maintained through continuing professional development which includes reflective practice and staff appraisal.

Corporate Governance and Audit Committee

George M Reid (Convenor)
Barry G Cameron
Nicola M Connelly
Peta M Hay

In attendance:
Chief Executive
Director of Finance and Corporate Services
Director of Organisational Development

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

- a strategic overview is maintained of the direction and performance of the Board, its Committees and CHAS;

- key structures, policies and practices are in place to ensure effective management of risk, human resources and voluntary services;
- CHAS is complying with all employment and corporate aspects of the law, relevant regulations, and best practice; and
- a robust and independent statutory audit of the Children's Hospice Association Scotland annual accounts is carried out each year.

Finance and Investment Committee

Stephen Reid (Convenor)
Alan G Baird
Fiona M Gillespie

In attendance:
Chief Executive
Director of Finance and Corporate Services
Director of Development and Communications

The Finance and Investment 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; and
- major capital projects are managed to ensure the operational effectiveness of buildings and equipment.

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
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.

ANNUAL REPORT *(Continued)*

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 Board Chair.

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.

CHAS remains committed to the highest standards of fundraising through its membership of the Fundraising Standards Board. 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
- Shepherd and Wedderburn, 1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL
- Turcan Connell, Princes Exchange, 1 Earl Grey Street, Edinburgh EH3 9EE

Principal Risks and Uncertainties

Principal risks and uncertainties of CHAS are regularly assessed to ensure appropriate control measures are in place. Improved reporting and processes to differentiate between strategic and operational risks are now well established. Operational risks are predominately identified and managed at departmental level with high level operational risks and key strategies and policies being escalated accordingly. Strategic risks and high level operational risks are recorded in a Corporate Risk Register and reported to the Corporate Governance and Audit Committee at each meeting and to the Board annually.

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. Similar to other charities in the care sector, the risk of a major clinical incident is always present as is the risk of damage to reputation, loss of key personnel, changes in government policy, and a catastrophic event. Consequently, control measures are in place across CHAS's care services and teams to reduce the likelihood of such incidents and manage the impact, supported by policies and procedures alongside effective recruitment, training and professional development.

ACKNOWLEDGEMENT

This has been another busy and rewarding year for CHAS during which we have provided specialist care and support to families going through circumstances few of us will experience in our lives.

Following the results of The ChiSP Study, we are now in a better position than ever to understand the scale and specific palliative care needs of babies, children, young people and their families across Scotland. We need to ensure CHAS services are sustainable, accessible and available to those in need of our care and support across the country when they need it.

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 meet our vision. It was a great honour for me to be elected as Chair of CHAS in September 2017, and I wanted on behalf of all of us at CHAS to record our appreciation of the work of my predecessor Professor Gordon Dickson, who led the Board for over 11 years. 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.

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

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 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 preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditor

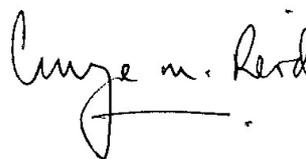
The Directors who held office at the date of approval of this Annual Report confirm that, so far as they are each aware, there is no relevant audit information of which the charitable company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to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

Auditor

In the interests of good governance the Directors undertook a competitive audit tender process during the 2017-18 financial year. Saffery Champness LLP were appointed as auditor of the group and charitable company.

Approval

The Board approved the Annual Report, which includes the Directors' Report and Strategic Report, at its meeting on 25 June 2018.



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 2018 which comprise the Consolidated Statement of Financial Activities, the Company Statement of Financial Activities, the Balance Sheets, the Cash Flow statements and notes, 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 2018 and of the group's incoming resources and application of resources, including its 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).

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 auditors 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.

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 *(Continued)*

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 12, 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.



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

Chartered Accountants
Statutory Auditors

Edinburgh Quay
133 Fountainbridge
Edinburgh EH3 9BA

20 August 2018

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 2018

	Note	Unrestricted Funds £000	Restricted Funds £000	Totals 2018 £000	Totals 2017 £000
Income:					
<i>Donations and legacies:</i>					
Donations		4,296	749	5,045	4,566
Legacies		1,894	25	1,919	3,478
<i>Trading activities:</i>					
Shop sales and other trading		421	-	421	380
<i>Income from investments:</i>					
Investment income		531	-	531	540
Interest receivable		71	-	71	67
<i>Income from charitable activities:</i>					
Statutory funding and grant income	2	-	6,816	6,816	2,152
Total income	2	7,213	7,590	14,803	11,183
Expenditure:					
<i>Cost of raising funds:</i>					
Cost of generating voluntary income		(2,696)	-	(2,696)	(1,797)
Cost of goods sold and other trading costs		(333)	-	(333)	(302)
Investment management costs		(64)	-	(64)	(63)
<i>Cost of charitable activities</i>		(5,466)	(7,381)	(12,847)	(10,985)
Total expenditure	3	(8,559)	(7,381)	(15,940)	(13,147)
Net (expenditure)/income on operating activities	5	(1,346)	209	(1,137)	(1,964)
Net gains/(losses) on investments - realised		37	-	37	369
- unrealised	7	(164)	-	(164)	1,940
Net (expenditure)/income		(1,473)	209	(1,264)	345
Other recognised gains/(losses)					
Remeasurement gains/(losses) on defined benefit pension scheme	11	2,871	-	2,871	(3,934)
Net movement in funds		1,398	209	1,607	(3,589)
Reconciliation of funds					
Funds brought forward	12	30,851	260	31,111	34,700
Transfers during year		9	(9)	-	-
Funds carried forward		32,258	460	32,718	31,111

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

COMPANY STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account)

for the year ended 31 March 2018

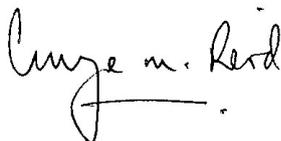
	Note	Unrestricted Funds £000	Restricted Funds £000	Totals 2018 £000	Totals 2017 £000
Income:					
<i>Donations and legacies:</i>					
Donations		4,296	749	5,045	4,566
Legacies		1,894	25	1,919	3,478
<i>Income from investments:</i>					
Investment income		531	-	531	540
Interest receivable		71	-	71	67
<i>Income from charitable activities:</i>					
Statutory funding and grant income	2	-	6,816	6,816	2,152
Total income	2	6,792	7,590	14,382	10,803
Expenditure:					
<i>Cost of raising funds:</i>					
Cost of generating voluntary income		(2,695)	-	(2,695)	(1,797)
Investment management costs		(64)	-	(64)	(63)
<i>Cost of charitable activities</i>					
		(5,466)	(7,381)	(12,847)	(10,985)
Total expenditure		(8,225)	(7,381)	(15,606)	(12,845)
Net (expenditure)/income on operating activities		(1,433)	209	(1,224)	(2,042)
Net gains/(losses) on investments - realised		37	-	37	369
- unrealised	7	(164)	-	(164)	1,940
Net (expenditure)/income		(1,560)	209	(1,351)	267
Other recognised gains/(losses)					
Remeasurement gains/(losses) on defined benefit pension scheme	11	2,871	-	2,871	(3,934)
Net movement in funds		1,311	209	1,520	(3,667)
Reconciliation of funds					
Funds brought forward	12	31,494	260	31,754	34,700
Transfers during year		9	(9)	-	-
Funds carried forward		32,814	460	33,274	31,754

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

BALANCE SHEETS
as at 31 March 2018

		Group		Company	
	Note	2018	2017	2018	2017
		£000	£000	£000	£000
Fixed assets					
Tangible assets	6	12,023	12,037	12,048	12,055
Investments	7	16,614	16,323	16,614	16,323
		28,637	28,360	28,662	28,378
Current assets					
Stock		2	1	-	-
Debtors	9	447	988	980	1,602
Cash at bank and in hand		9,107	8,568	9,095	8,565
		9,556	9,557	10,075	10,167
Creditors					
Amounts falling due within one year	10	(910)	(716)	(898)	(701)
		8,646	8,841	9,177	9,466
Net current assets					
		37,283	37,201	37,839	37,844
Net assets excluding pension deficit					
Defined benefit pension scheme deficit	11	(4,565)	(6,090)	(4,565)	(6,090)
		32,718	31,111	33,274	31,754
The funds of the charity:					
Restricted income funds					
	12	460	260	460	260
Unrestricted income funds					
Fixed asset fund		12,023	12,037	12,048	12,055
Short term operational commitments		-	4,633	-	4,624
Designated for future operational investment		10,091	20,271	10,091	20,905
General reserves		14,709	-	15,240	-
Unrestricted income funds excluding pension reserve		36,823	36,941	37,379	37,584
Pension reserve	11	(4,565)	(6,090)	(4,565)	(6,090)
Total unrestricted funds	12	32,258	30,851	32,814	31,494
Total funds		32,718	31,111	33,274	31,754

Approved by the Directors on 25 June 2018




The notes on pages 19 to 32 form part of these accounts.

CASH FLOW STATEMENT

for the year ended 31 March 2018

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
Net cash inflow/(outflow) from operating activities (i)	945	(2,195)	936	(2,172)
Returns on investments and servicing of finance				
Investment income	531	540	531	540
Interest received	58	52	58	52
	589	592	589	592
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(576)	(1,322)	(576)	(1,322)
Investments purchased	(3,193)	(2,898)	(3,193)	(2,898)
Investments disposed of	2,774	7,567	2,774	7,567
	(995)	3,347	(995)	3,347
Net cash (outflow)/inflow from investing activities				
Increase in cash and cash equivalents (ii)	539	1,744	530	1,767

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

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
Net (expenditure)/income	(1,264)	345	(1,351)	267
Depreciation charge	590	494	583	478
Pension deficit movement	(1,525)	4,439	(1,525)	4,439
Remeasurement gains/(losses) on defined benefit pension scheme	2,871	(3,934)	2,871	(3,934)
Loss on disposal of tangible fixed assets	-	52	-	52
Net losses/(gains) on investments	127	(2,309)	127	(2,309)
Interest receivable and investment income	(602)	(607)	(602)	(607)
(Increase)/decrease in stock	(1)	1	-	-
Decrease/(increase) in debtors	555	(696)	638	(644)
Increase in creditors	194	20	195	86
	945	(2,195)	936	(2,172)

(ii) Analysis of net funds

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
Cash balances at beginning of year	8,568	6,824	8,565	6,798
Increase in the year	539	1,744	530	1,767
	9,107	8,568	9,095	8,565

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) 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.

(c) Fund accounting

Unrestricted funds are either general or designated. General funds are available for use at the discretion of the Directors in furtherance of the general objectives of the Charity and which have not been designated for another purpose. Designated funds are those set aside for particular purposes. The aim and use of each designated fund is set out in note 12.

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.

(d) Income

All income is included in the SOFA when the Charity is legally entitled to that income, income is payable 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.

(e) Gifts in kind

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

(f) 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 3 gives further information on what support costs include and the basis of apportionment to cost categories.

NOTES TO THE ACCOUNTS

2 Income

	2018	2017
	£000	£000
Statutory funding and grant income		
Scottish Local Authorities – for operation of Rachel House and Robin House	680	679
Scottish NHS Boards – for operation of Rachel House and Robin House	-	1,035
NHS Scotland (total received £6 million, of which £275,000 towards Diana Children's Nurses)	5,725	-
Scottish Government:		
- for Diana Children's Nurses	275	275
- for infrastructure and services	136	136
- for CHAS at Home	-	27
	6,816	2,152

2016-2017 income relating to restricted funds

Total group income for the year ended 31 March 2017 amounted to £11,183,000 and included £3,967,000 related to restricted funds. This restricted income comprised £2,152,000 in statutory funding and grant income, £1,026,000 in donations, and £789,000 in legacies.

3 Expenditure

	Direct costs	Governance costs	Support costs	Total	2017
	£000	£000	£000	£000	£000
Cost of raising funds					
Cost of generating voluntary income	2,303	36	357	2,696	1,797
Cost of goods sold and other trading costs	287	3	43	333	302
Investment management costs	64	-	-	64	63
Cost of charitable activities	10,571	233	2,043	12,847	10,985
	13,225	272	2,443	15,940	13,147
2017	11,170	267	1,710	13,147	

The activities underlying each of the above cost categories are:

Cost of generating voluntary income - raise 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.

Support costs enable the activities set out above to be carried out. Support costs comprise public relations £482,000 (2017: £252,000), finance £420,000 (2017: £229,000), IT £426,000 (2017: £304,000), human resources £469,000 (2017: £339,000), executive £233,000 (2017: £204,000), property £189,000 (2017: £174,000), voluntary services £115,000 (2017: £105,000) and learning £109,000 (2017: £103,000).

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.

2016-17 expenditure from restricted funds

Total expenditure for the year ended 31 March 2017 amounted to £13,147,000 and included £3,465,000 from restricted funds. All expenditure from restricted funds related to the cost of charitable activities.

NOTES TO THE ACCOUNTS

4 Staff costs

	2018	2017
	£000	£000
Salaries	8,597	7,805
Social security costs	834	756
Pensions	2,535	1,588
	11,966	10,149

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

	2018	2017
	Number	Number
£60,001 - £70,000	2	2
£70,001 - £80,000	1	-
£80,001 - £90,000	1	-
£100,001 - £110,000	1	2
£120,001 - £130,000	2	1

For the above employees, £85,638 in total (2017: £58,413) 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 299 (2017: 273). In addition, there were 837 volunteers at no cost to CHAS. The average number of employees was 286, of whom 82 (55 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 £688,812 (2017: £635,291).

No remuneration was paid to the Directors in respect of their services to the Charity (2017: nil).

Travel expenses totalling £1,219 were reimbursed to two Directors (2017: £2,511 to five Directors).

5 Net (expenditure)/income on operating activities

This is stated after charging:

	2018	2017
	£000	£000
Auditor's remuneration:		
- Audit of these financial statements	10	12
Amounts receivable by auditor and associates in respect of:		
- Audit of financial statements of subsidiaries pursuant to legislation	3	2
Indemnity insurance for Directors	1	1
Operating lease rentals – land and buildings	216	164

NOTES TO THE ACCOUNTS

6 Tangible fixed assets

Consolidated (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 2017	15,166	214	285	539	400	588	17,192
Additions	4	-	19	80	285	188	576
Disposals	-	-	-	-	-	-	-
Cost as at 31 March 2018	15,170	214	304	619	685	776	17,768
Accumulated depreciation as at 1 April 2017	3,758	203	279	329	341	245	5,155
Charge for year	304	3	12	69	131	71	590
Disposals	-	-	-	-	-	-	-
Accumulated depreciation as at 31 March 2018	4,062	206	291	398	472	316	5,745
Net book value at 31 March 2018	11,108	8	13	221	213	460	12,023
Net book value at 31 March 2017	11,408	11	6	210	59	343	12,037

The purposes for which the tangible fixed assets held for charity use at 31 March 2018 were as follows:

Group	Freehold land and buildings £000	Short leasehold £000	Motor vehicles £000	Hospice equipment £000	Computer equipment £000	Furniture and fittings £000	Total £000
Purpose:							
Hospice services	10,894	-	13	221	25	449	11,602
Fundraising, management and administration	214	8	-	-	188	11	421
	11,108	8	13	221	213	460	12,023

NOTES TO THE ACCOUNTS

6 Tangible fixed assets (continued)

Company	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 2017	15,199	167	270	539	369	582	17,126
Additions	4	-	19	80	285	188	576
Disposals	-	-	-	-	-	-	-
Cost as at 31 March 2018	15,203	167	289	619	654	770	17,702
Accumulated depreciation as at 1 April 2017	3,756	165	269	329	310	242	5,071
Charge for year	304	1	7	69	131	71	583
Disposals	-	-	-	-	-	-	-
Accumulated depreciation as at 31 March 2018	4,060	166	276	398	441	313	5,654
Net book value at 31 March 2018	11,143	1	13	221	213	457	12,048
Net book value at 31 March 2017	11,443	2	1	210	59	340	12,055

The purposes for which the tangible fixed assets held for charity use at 31 March 2018 were as follows:

Company	Freehold land and buildings £000	Short leasehold £000	Motor vehicles £000	Hospice equipment £000	Computer equipment £000	Furniture and fittings £000	Total £000
Purpose:							
Hospice services	10,941	-	13	221	25	449	11,649
Fundraising, management and administration	202	1	-	-	188	8	399
	11,143	1	13	221	213	457	12,048

NOTES TO THE ACCOUNTS

7 Fixed asset investments

Group and Company	2018	2017
	£000	£000
Quoted investments at market value at beginning of year	16,323	18,683
Additions during year	3,193	2,898
Disposals during year	(2,738)	(7,198)
	16,778	14,383
Net unrealised (losses)/gains	(164)	1,940
Market value at end of year	16,614	16,323
Historical cost at end of year	13,219	12,369

	2018		2017	
Fixed asset investments are represented by:	£000	%	£000	%
UK equities	5,768	34.7	5,168	31.7
Investment and unit trusts	6,583	39.6	5,828	35.7
Overseas equities	1,605	9.7	1,997	12.2
	13,956	84.0	12,993	79.6
Fixed interest securities	1,683	10.1	2,214	13.6
UK debentures and loan stocks	975	5.9	1,116	6.8
Total managed portfolio	16,614	100.0	16,323	100.0

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

NOTES TO THE ACCOUNTS

8 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 2018 continued to be profitable, there was no profit covenanted to the Charity from CHAS Trading Limited in 2018 (2017: 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 3) and reflects the improved results generated as a result of a comprehensive strategic review of all retail activities.

	Income £000	Expenditure £000	Profit	
			2018 £000	2017 £000
Gift and charity shops	421	(333)	88	78

The net assets of CHAS Trading Limited at 31 March 2018 were:

	£000
Fixed assets	21
Stocks	2
Debtors	17
Cash at bank	12
Total current assets	31
Creditors: amounts falling due within one year	(563)
Net current liabilities	(532)
Total current liabilities	(511)

Included in debtors is an amount of £2,000 (2017: £2,000) due from the Charity. In creditors there is an amount of £548,000 (2017 - £628,000) due to the Charity.

9 Debtors

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Taxation refunds	18	22	18	22
VAT	190	108	190	108
Prepayments	162	142	157	133
Amounts due from CHAS Trading Limited (note 8)	-	-	548	628
Sundry debtors	77	48	67	43
Legacies receivable	-	668	-	668
	447	988	980	1,602

NOTES TO THE ACCOUNTS

10 Creditors: amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Accruals and sundry creditors	689	521	675	504
VAT and NI/PAYE payable	221	195	221	195
Amounts due to CHAS Trading Limited (note 8)	-	-	2	2
	910	716	898	701

11 Pension schemes

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.

	2018 £000	2017 £000
Fair value of assets attributed to the Charity	19,199	18,513
Present value of defined benefit obligation attributed to the Charity	(23,764)	(24,603)
Net deficit recognised as a liability in the balance sheet	(4,565)	(6,090)

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

	2018 £000	2017 £000
Opening defined benefit obligation attributed to the Charity	24,603	15,925
Current service cost	1,952	1,157
Past service cost	-	19
Interest cost	692	597
Contributions paid by members	339	302
Actuarial (gains)/losses	(3,659)	6,727
Estimated benefits paid	(163)	(124)
Closing defined benefit obligation attributed to the Charity	23,764	24,603

NOTES TO THE ACCOUNTS

11 Pension schemes (continued)

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

	2018	2017
	£000	£000
Opening fair value of assets attributed to the Charity	18,513	14,274
Interest income on assets attributed to the Charity	512	530
Contributions paid by members	339	302
Contributions paid by the Charity	786	738
Return on assets attributed to the Charity excluding interest income	(788)	2,793
Estimated benefits paid	(163)	(124)
	<hr/>	<hr/>
Closing fair value of assets attributed to the Charity	19,199	18,513
	<hr/> <hr/>	<hr/> <hr/>

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

	2018	2017
	£000	£000
Current service cost	1,952	1,157
Past service cost	-	19
Interest cost	180	67
	<hr/>	<hr/>
	2,132	1,243
	<hr/> <hr/>	<hr/> <hr/>

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

	2018	2017
	£000	£000
Actuarial gains/(losses)	3,659	(6,727)
Return on assets attributed to the Charity excluding interest income	(788)	2,793
	<hr/>	<hr/>
Remeasurement gains/(losses)	2,871	(3,934)
	<hr/> <hr/>	<hr/> <hr/>

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

	2018	2017
	£000	£000
Equities	14,399	12,404
Bonds	2,112	4,258
Property	1,344	1,296
Cash	1,344	555
	<hr/>	<hr/>
Fair value of assets attributed to the Charity	19,199	18,513
Present value of defined benefit obligation attributed to the Charity	(23,764)	(24,603)
	<hr/>	<hr/>
Net deficit recognised as a liability in the balance sheet	(4,565)	(6,090)
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS

11 Pension schemes (continued)

The major assumptions used in this valuation were:

	2018	2017
	£000	£000
Rate of increase in salaries	4.0%	4.4%
Rate of increase in pensions in payment and deferred pensions	2.3%	2.4%
Discount rate applied to scheme liabilities	2.7%	2.7%

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	Female
Current pensioners	21.7 years	24.3 years
Future pensioners	24.7 years	27.5 years

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	15%	3,482
0.5% increase in the salary increase rate	4%	890
0.5% increase in the pension increase rate	11%	2,514

It is estimated that the Charity will contribute £813,000 to this defined benefit scheme in the year ending 31 March 2019. As at 31 March 2018, 205 staff were members of the scheme (2017: 188).

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 2017 at £59.7 billion. As a result of this deficit, contributions are likely to remain in excess of current service costs.

In the year ended 31 March 2018, normal employer contributions of £409,000 were payable to the Scottish Public Pensions Agency (2017: £372,000) at the rate of 14.9% of pensionable earnings (2017: 14.9%). As at 31 March 2018, 79 staff were members of the scheme (2017: 72) paying between 5.8% and 14.7% of pensionable earnings.

NOTES TO THE ACCOUNTS

12 Statement of funds

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
Big Lottery	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						
Fixed 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
Total unrestricted income funds	30,851	7,213	(8,559)	2,744	9	32,258
Total funds	31,111	14,803	(15,940)	2,744	-	32,718

NOTES TO THE ACCOUNTS

12 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
Big Lottery	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						
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 2018 relate to specific expenditure yet to be incurred. The Big Lottery 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.

This year there has been a re-categorisation of unrestricted funding. The funds designated for "Short term operational commitments" that represented working capital requirements has been removed and a new fund entitled "Designated Funds for Future Operational Investment" has been added. This new fund categorisation 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

13 Analysis of group net assets between funds

	Restricted Funds £000	General Reserves £000	Designated Funds £000	Total £000
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)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets excluding pension deficit	460	14,709	22,114	37,283
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14 Commitments

Future commitments under non-cancellable operating leases are as follows:	2018	2017
	£000	£000
Land and buildings		
Within one year	191	178
In the second to fifth years inclusive	509	380
In over five years	268	248
	<hr/>	<hr/>
	968	806
	<hr/> <hr/>	<hr/> <hr/>

15 Related party transactions

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.

16 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 2018. 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.



Keep the joy alive

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