



Annual Report & Accounts

2006/07

Our Vision:

Care that liberates lives

Our Mission:

To be first choice in both neurological
and palliative care

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Annual Report

“In the past year, like my colleagues in other charities, I have watched the voluntary sector change, seemingly more significantly than it has in the past decade. Mostly it has been change for the better – more open links with Government have meant increased opportunities for contributions from us to policy, funding and, of course, more involvement in healthcare service development”.



Chairman's Report

The past year has brought with it many changes and challenges for Sue Ryder Care. Throughout this busy time I have been extremely impressed by all our staff and volunteers who have demonstrated outstanding commitment to the work we do in delivering the very best standard of healthcare to those who need our specialist expertise in palliative and neurological care.

I am extremely proud to be Chairman of such a fine organisation because those who directly provide care and those who support its delivery do so in such a professional and dedicated way. This is despite the enormous pressures we all face at a time when the healthcare environment is ever changing and is very often unpredictable and frustrating.

Throughout the year we have strived to keep in focus our charitable objectives and our commitment to deliver specialist palliative and neurological care from both our residential and community based services. At the same time we have engaged in high level research to ensure that the care we deliver is based on sound evidence of what is most effective and appropriate for the people we serve. We have also spent much time lobbying Government here in the UK, as well as in the countries we support outside the UK, for more equitable funding to ensure continued success and development.

This report covers an accounting period of 15 months, following our decision to adopt a financial year from April to March instead of a calendar year which was our previous

practice. The new accounting period aligns us with the financial timetable of our key care commissioners, namely Primary Care Trusts and Social Service Departments.

I am delighted to report that we have achieved some hard won increases in the fees for our healthcare services but we still have much more to do in our drive to achieve full cost recovery. Enormous effort has also gone into our fundraising activities and we are now seeing the result of this through additional income generation. We are, of course, mindful of the need for good financial management to ensure our resources are used wisely at a time when costs are rising and our already stretched budgets have to respond to the ever increasing cost of maintaining our buildings.

During the year we saw the retirement of our previous chief executive, Iain Henderson, who achieved so much for the Charity. We also saw the arrival of our new chief executive, Paul Woodward, who has made an excellent start in the job and brings with him many highly valued business and managerial skills. The year also saw the launch of our “20/20 Vision” statement which sets out an ambitious programme of service development which we are intending to fund over the next few years.

The successes of the year, many of which are outlined later in this report, are tempered by the very difficult and sad decisions we had to make to close Wootton House in Sheffield and our care centres at Walsingham and Snettisham. This was largely due to the



inability of local commissioners to plan viable longer term services in line with our agreed healthcare strategy. I must, nevertheless, stress that whilst we have sadly lost some of our buildings we are delivering more care to more people than ever before. This is chiefly through the development of community based services which are responding to the needs of the patients and clients we serve.

Our future success as a leading healthcare Charity depends on meeting the needs of those we serve, often in new and innovative ways. Good examples are the hospice at home projects we are engaged in and the homecare programmes which will increasingly be supporting people in their own homes through the spectrum of the specialist care we provide.

In order to deliver more and better ways of caring for people we must ensure that we have sound financial management processes and continue in our efforts to increase the income we receive from our commissioners. All this creates further challenges for our dedicated staff and volunteers but I am confident they will be overcome through the positive and determined approach to the work we carry out to develop and expand our remarkable Charity.

During the accounting period of this report the need to rely on our financial reserves was substantial and is still a very real concern. As we are all well aware, rising costs have resulted in the continued

underfunding of our healthcare contracts and the problems faced by many of our commissioners who have not been able to develop satisfactory plans for meeting all the healthcare needs of their communities.

The challenges we faced throughout the year were significant. The difficult choices were to make no change and risk the very real possibility of becoming financially unviable, or to restructure our operations and seek new partnerships with Government agencies so that Sue Ryder Care can grow and respond effectively to the future needs of those we care for.

Of course we chose the latter option and in January 2007 we announced our decision to move forward on five major service developments. We have also developed new partnerships with the NHS and our other service commissioners and income levels continue to rise, although not as quickly as we would like.

Staff retention is healthy compared to others in the sector and our ability to generate new income streams through fundraising and retail is stronger than it has ever been.

This audited annual report records the achievements as well as the disappointments we have experienced over the 15 month period. In an increasingly competitive and challenging environment the whole Charity sector has had to work very hard to survive and it is no different for Sue Ryder Care.

We are working to develop our reporting procedures to help everyone understand

more easily how we plan to meet the challenges we face and, most importantly, how every penny we raise is used to the maximum effect in pursuit of our charitable objectives which are designed to benefit the people we care for.

I am confident that our Charity is now in much better shape, with increased resources and better financial management, to be able to seize the exciting opportunities we are creating in order to respond to the needs of an increasing number of people who look to us for healthcare.

On behalf of the Trustees I should like to thank most sincerely all of our staff, volunteers and supporters for their continued commitment to the work of Sue Ryder Care. Our Charity has much to be proud of and the future, while challenging, is exciting. We look to the continued support of everyone who gives their time, money and support to such a worthwhile cause. It is through the combined efforts of everyone that we will achieve our goals.

John Oldham Chairman



Trustees' Report

Financial review and results for the year

Details of our income and expenditure are set out in the Statement of Financial Activities (SoFA) on pages 34-35 and our assets and liabilities as at 31 March 2007 are set out on page 36. These statements cover a 15 month period due to the change of our year end to 31 March. We did this in order to bring our financial reporting period into line with our commissioners.

Our income grew proportionally by 9.0% over the equivalent previous period to £83.6 million. This increase was driven mainly by increased revenue for our services accounting for 48.8% of the increase, retail sales 34.3% and general fundraising 16.9%. The sale of two care centres that yielded a book profit of £1.3 million.

Our overall costs rose by 12.3% to £88.5 million over the equivalent previous period resulting in an operational deficit of £4.9 million against the equivalent period of £2.1 million. This increase in the deficit was caused in part by the Charity incurring £1.3 million of property write downs and redundancy costs associated with the closure of three care centres. The investment in fundraising of £1.0 million and informatics research team of £0.3 million is seen as necessary for the future growth and financial success of the Charity.

Sue Ryder Care is embarking on a period of significant growth and financial strength is vital to deliver this. Each new project will be required to show that it is both self-funding and appropriately meets our charitable objectives.

For the 12 months to 31 March 2008 we are looking to reduce our deficit before disposal proceeds to £1.2 million and aim to break even or show a small surplus from periods ending March 2009 onwards. This will be achieved through a combination of tight controls over costs, improved revenue streams from our charitable activities and increased income from fundraising.

Sue Ryder
Care's vision is:
"Care That
Liberates Lives"



Objects, Objectives & Principal Activities

CHARITABLE OBJECTIVES

Sue Ryder Care is an international Charity whose objectives are to:

Relieve poverty.

Relieve sickness and any form of mental disability of individual persons.

Relieve the consequences of old age through the provision of facilities of any kind for the care of the elderly.

Provide education relating to the causes of and the means of relief of poverty, sickness, physical or mental disability and old age.

Promote religious teaching and in particular the beliefs and principles of the Christian faith while recognising and serving the spiritual needs of all whatever their religious beliefs.

Care for any person who has become a refugee within or without his or her country of birth because of aggression, oppression or natural disaster and who thereby is in need.

To preserve for the public benefit buildings of aesthetic, historic, architectural, structural or scientific interest of importance.

While the charitable objectives provide the framework for the work the Charity is permitted to conduct and the beneficiaries of that work under its charitable status, it is not incumbent upon the Charity to engage in activities related to all the objectives concurrently. Rather, the objectives provide a clear set of parameters for the work it may choose to engage in, not what it must do.

Hence, the Trustees believe that the Charity should focus on:

Relieving sickness and any form of mental disability of individual persons.

Relieving the consequences of old age through the provision of facilities of any kind for the care of the elderly.

Providing education relating to the causes of and the means of relief of sickness, physical or mental disability and old age.

While the preservation of buildings is not a primary objective of the Charity, significant sums are spent on maintaining the Charity's estate; the majority of which is of national interest.

**Sue Ryder Care's vision is:
"Care That Liberates Lives"**

We deliver this vision through a combination of:

Providing specialist services and facilities.

Providing social support enabling disabled people to participate in society.

Providing financial and other support to our international colleagues operating out of Eastern Europe and Africa.

Campaigning for better services and facilities for those coming to the end of their lives from neurological and other conditions.

Funding and encouraging research into the treatment of individuals with neurological conditions.

Achievements & Performance



Achievements & Performance against Charity objects

As a Charity we have strong goal-setting processes for delivering care and supporting those who do. However, we did not, for the period of this review, have in place specific targets or aspirations for the Charity as a whole and therefore it has not always been possible to report against specific aims. As mentioned under the governance section below, we are in the process of developing

our impact reporting and goal-setting processes. Our long-term goal is to provide an integrated care pathway for our clients from the first stages after diagnosis via our community-based operations and, as their condition progresses, use our day care, respite care, in-patient, home support and residential services as needed.

i) Specialist palliative care

PROVIDING SPECIALIST SERVICES AND FACILITIES

This is our core charitable activity and accounts for 98.2% (2005 98.7%) of our charitable expenditure.

As of 31 March 2007 this is provided through six hospices providing care for 2,400 patients and accounts for 36.9% (2005 34.1%) of our total spend on specialist services.

The key aims and achievements for inpatient care for the period were:

Aims	Achievements
To appoint two Specialist Palliative Care Consultant posts, increasing the number of beds.	Increased the number of beds from 12 to 18 at Wheatfields Hospice, Leeds.
To increase emergency admissions and access to specialist beds out of hours.	By 31 March 2007 we achieved 24 hour, seven days a week admissions for five out of six hospices and seven days a week admissions for the remaining hospice.
To increase bed occupancy.	Occupancy averaged 74.0% during the period and grew from 68.0% in January 2006 to 74.0% in March 2007.
Make an application for Department of Health funding for a capital grant programme to improve dignity and care in our hospices.	Achieved grant worth £1.3 million over 12 months.

Key aims for palliative care – 2007/08

- To finalise plans for the reprovision of Specialist Palliative Care in Peterborough.
- To establish an equitable palliative care service across all six hospices.



ii) Specialist, long term residential neurological care

As of 31 March 2007 this is provided by eight care centres with the ability to care for 323 residents representing 46.2% (2005 51.4%) of our total spend on specialist services.

The key aims and achievements for specialist, long term residential care for the period were:

Aims	Achievements
To meet or exceed the requirements of the Commission for Social Care Inspection (CSCI).	Achieved consistently high ratings from CSCI inspections. Achieved the highest possible five-star rating in March 2007 for our Birchley Hall care centre.
To increase from two the number of care centres holding Multiple Sclerosis preferred provider status.	Achieved Multiple Sclerosis preferred provider status for three additional care centres including our first ever award in Scotland.
To develop a strategic plan that will deliver five new centres providing supported living for 165 people with degenerative neurological conditions within 10 years.	Plan progressed and stage one, 20/20 Vision, announced in January 2007 outlining five service developments.
To reduce the operating financial deficit experienced by the neurological centres.	Operational deficit reduced by £0.1 million to £1.6 million.

Key aims for neurological care – 2007/08 are to:

- Commence construction of a 16-bed extension to our care centre in Aberdeen.
- Finalise plans for a 60-bed residential centre with day care facilities and 10 supported living residents in the North West through the re-provisioning of our existing care centre in Preston, a new residential centre in Tayside Scotland and to operate an acute brain injury rehabilitation centre within Addenbrooke's Hospital in Cambridge.
- Develop care that is user-focussed and not necessarily dependent on physical assets such as care centres.
- Promote pragmatic service delivery in line with government policy and as defined in the *National Service Framework for Neurological Conditions*.
- Introduce a major £0.3 million IT and communication platform across all neurological centres in order to allow residents ready access to information technology through the use of specialist equipment.

iii) Providing health and social support via community based services

This is a growing area of our services and is a central component of our care pathway. This accounted for 17% (2005 14.5%) of our specialist care spend for the period ended 31 March 2007.

This aspect of our work falls into two broad areas:

- Providing social care for adults and the elderly, living in their own homes, with long term conditions including physical disabilities.
- Providing health and social support for people receiving palliative and end of life care.

These services are provided from dedicated centres or as an extension of the work carried out at our clinical centres.

The key aims and achievements for community based services for the period were:

Aims	Achievements
To develop a "Hospice at Home" Service.	Piloted a "Hospice at Home" service in Gloucestershire in partnership with Marie Curie Cancer Care and four local GPs. We supported 51 patients through the provision of 2,000 hours of care.
To fund a Community Matron post operating out of our Nettlebed Hospice.	We appointed the Community Matron post in March allowing us to provide community care to an additional 20 people with cancer and long term conditions in the South Oxfordshire area.
To expand the 5Rs specialist MS service at The Chantry care centre Suffolk which successfully supports people to stay at home by the provision of therapy and disease specific information.	By March 2007, 60 people had attended our 10 week 5Rs programme.
To expand day care and community integration at Hickleton Hall near Doncaster, including the 'Stepping Out' rehabilitation programmes.	Achieved grant worth £1.3m over 12 months.
Establish a new community service in Lincolnshire.	Service established providing 800 hours of care per week.
Create a dementia daycare service at Birchley Hall care centre.	Service established allowing six individuals to remain in their home environment.

Key aims for community-based services – 2007/08

- To align new homecare services to existing centre based neurological and palliative care provision.
- To further develop access to palliative care in the community by:
- Doubling in size the community matron caseload to offer case management skill and expertise to 40 people.
- Exploring an integrated model of homecare and specialist palliative care provision in Oxfordshire.
- Rolling out the 'Hospice at Home' scheme across Gloucestershire with the aim of supporting 707 patients with terminal illnesses through 31,000 hours of care.



iv) Providing support to our international affiliates

This is an important part of our work providing financial assistance as well as clinical and fundraising expertise to a number of Sue Ryder Care organisations in Eastern Europe and Southern Africa accounting for 1.2% (2005 1.3%) of our total charitable expenditure.

Our key aims and achievements for international affiliates for the period were:

Aims	Achievements
To continue to support our overseas associates.	This was achieved through the award of grants totalling £0.5 million (a decrease of 4%) assisting in the provision of specialist care for 8,000 people.
To improve cross fertilisation of best practice within the Sue Ryder Care community.	This was achieved through the introduction of care centre twinning reinforced by hospice visits. In addition to the sharing of clinical expertise we have also shared fundraising and retail best practice.

Our key plans for 12 months to 31 March 2008 are to:

- Continue to support our overseas affiliates through grant awards as appropriate.
- Assist in the introduction of fundraising infrastructure to enable the international side to expand without diverting resources from the UK Charity.
- To continue to share expertise in the treatment of terminally ill patients.

v) Funding and encouraging research

This is a comparatively new aspect of the Charity's work being separately reported for the first time in the Charity's accounts representing 0.5% of the total charitable expenditure for the period.

This activity is carried out in two separate work streams one at the Sue Ryder Care for Palliative and End of Life studies based at the University of Nottingham the other through our newly created in-house medical informatics unit.

Our key aims and achievements for the period were:

Aims	Achievements
To research into the future incidence of degenerative neurological conditions in the United Kingdom and the level of specialist palliative support being provided.	The development of our health informatics team and the research they have conducted has provided a unique insight into the issues faced by the NHS. This data will be invaluable in our planning and our partnership working with commissioners within PCTs, SHAs and Social Services.
To develop an End of Life toolkit designed to improve the quality of end of life care for people living in our neurological care centres.	Integrated work with the PINC project and the Sue Ryder Care research programme at Nottingham University means this project is progressing as planned and already delivering benefits to our residents.
To develop an MSc/diploma/certificate in palliative and end of life studies.	First national and international students recruited for the academic year 2007/8.
To increase participation in national care initiatives and develop collaborative working.	Participating as a partner in one of two national initiatives in Supportive and Palliative Care.
To make a significant contribution to end of life care planning with national statutory agencies.	Worked closely with the NHS End of Life Care programme to develop guidance for advance care planning for health and social care staff.

Key plans for 12 months to 31 March 2008 are:

- To complete the analysis of care needs in the United Kingdom and use the results as a basis to develop our future services and create awareness amongst the commissioners of healthcare services of likely future needs.
- To roll out the End of Life toolkit to all our neurological care centres.
- Involving care centre staff in the development of the End of Life Care Strategy for England and Scotland.
- To complete and report on the first of our funded research projects, and disseminate findings through publication and presentation.

vi) Funding and encouraging research

Our aim was to bring our expertise to bear in the development of Government policy and ensure that the community we support is adequately catered for.

Our key aims and achievements for the period were:

Aims

Develop our relationship with Government, specifically with the aim of becoming actively involved in consultation on service development and voluntary sector contribution.

Achievements

Organisation represented on Department of Health (DoH) Third Sector commissioning task force and the DoH Palliative Care Project Board contributing to their final reports.

Members of the Government's End of Life Strategy Working Group due to report in October 2007.

Appointed to the English National Council of the Neurological Alliance.

Our key plans for 12 months to 31 March 2008 are:

- In conjunction with our informatics unit, provide research-based evidence to the NHS, SHAs and PCTs of the need to develop better planning for long term care.
- Further develop links with government and healthcare related agencies.
- Increase membership of development bodies, think tanks and service development working parties.
- Continue to challenge for increases in statutory funding streams and for equitable, transparent menu-based pricing for commissioned services.
- Seek universal support for partnership working and adoption of the guidelines as defined in the Compact.



Management Objectives

Achievements & Performance – Management

In addition to the charitable activities described above, we undertook a number of other initiatives during the period.

i) Quality in healthcare

The delivery of quality healthcare is what we do. There is a dedicated quality unit whose objective is to look at ways in which we can improve our service to our clients.

Our key aims and achievements for the period were:

Aims

To establish an integrated governance approach to healthcare.

Attainment of quality awards.

Achievements

- Integrated structure in place throughout healthcare.
- Quality improvement plans and training plans in place in all care centres and hospices that focus on improvements in patient care.
- Monthly quality visits established that focus on the patient/resident experience in each of our neurological care centres and hospices.
- Passport to practice introduced to achieve a high standard of staff induction and development.
- Evidence based practice group established.
- Attained Multiple Sclerosis preferred provider status in several neurological care centres.
- Attained RDB award demonstrating excellent standards of care (five star) and a high standard of facilities and services (three crowns).

Key aims for 2007/08

- To further develop the integrated approach to governance through:
- Establishing a research culture within Sue Ryder Care.
- Implementing service user involvement into the development of our services.
- To develop a service toolkit for Day Services.
- To introduce a mental capacity assessment documentation with supporting policies and training.



ii) Fundraising

Our aim was to bring our expertise to bear in the development of Government policy and ensure that the community we support is adequately catered for.

There are two principal sources of fundraising:

- Retail
- General fundraising

Retail

This comprises 368 shops selling a combination of new and donated goods. Sue Ryder Care is ranked 5th (by number of outlets) in the Charity sector. Retail generated a turnover of £32.2 million for the period under review yielding a net contribution to charitable activities of £2.1 million, an increase of 32.6% over the equivalent prior period.

The key achievements for the period ended 31 March 2007 were:

Aims

To develop processes that enable us to recover gift aid on donated goods.

To improve the contribution from retail by setting profit targets for existing shops and by setting tough new targets prior to opening a new shop.

To develop best practice on the use and development of volunteers.

Aims not met

We fell short of our targeted contribution of £4.4 million by £2.3 million partly due to more shops than budgeted being closed during the period.

The restructuring of the management chain.

Achievements

Sue Ryder Care is the first Charity to have solved all the various regulatory hurdles. Take up is very encouraging and should make a significant contribution to our revenue.

Shops consistently not meeting their target are earmarked for closure.

This template is being rolled out across the Charity.

However, contribution was 32.6% higher than the previous equivalent period.

The restructuring has been delayed until the autumn of 2007 due to other demands on management time during the period.

Key Aims for the 12 months to 31 March 2008

- Plan the growth of Retail as cash generator, publicist for Sue Ryder Care through fundraising, employment and environmental standards for the next 10 years.
- Deliver a contribution of £4.4 million. This represents an increase in donated sales of 7%.
- Create 'A list' team to potentially fill senior management vacancies.

General Fundraising

The key achievements and goals in the period were:

Aims

To establish a credible and effective fundraising footprint. This included creating a Fundraising team substantially larger than it was in 2005.

Achievements

We invested in building our events team to enable us to create activities which will register on a national scale. We spent most of 2006 developing Beat the Baton, a 5km walk to the music of a live orchestra, which took place to wide acclaim in May 2007.

We also invested in the big gift spectrum of fundraising by appointing two additional trust fundraisers, a legacy promotion manager and a major donor manager.

We developed five critical success factors as articulated in our Fundraising Strategy. The most significant of these was a determination to concentrate on tax efficiency.

Key fundraising aims for the period 2007/08

- Build on the Sunburst Appeal, a major capital and revenue appeal to raise £150.0 million over the next three years.
- Focus on the private phase during which we identify, cultivate and recruit the potential donors who will transform the fundraising campaign. It is our aim to have raised £60.0 million by April 2008.

iii) Human Resources

People are the key to the success of the Charity. Without our staff and volunteers we would not be able to provide the care and support that we do. The Charity has a periodic newsletter which keeps staff and volunteers informed and an extranet site has been developed for more immediate communication of information. Sue Ryder Care actively promotes equal opportunity in the workplace.

Key aims and achievements for the period were:

Aims

To continue to develop leadership skills among our line managers.

To listen to what our staff think about the organisation and take on board their comments.

To reduce staff absenteeism by 20% over 2004 levels within the Charity as a whole and 50% within the retail function as we recognise that high staff absenteeism is costly both financially and in terms of morale and patient care.

Achievements

During the period 39 managers attended our leadership programme.

To this end we carried out our second staff survey which showed continuing improvement in staff morale and commitment to the Charity.

We achieved a 5.5% reduction across the Charity as a whole and 10.0% in retail where significant progress has been made in the management of long term sickness.

Key HR aims for the period 2007-08

- Develop training programmes to make Sue Ryder Care a 'learning organisation' through the development of solutions to address specific training and development gaps over and above technical training being given to patient facing staff.
- Embed performance management into the organisation so that it becomes 'the way we do things' to include values behaviours as an integral part of this process.
- To address issues coming out of the staff survey.
- To simplify HR processes and procedures to make them easier for managers to access and use.

iv) Volunteers

Since our inception we have relied on volunteers. They continue to play a vital role in both the provision of care and in supporting the Charity either through assisting with fundraising events or, in helping to run our shops. Without them we could not provide the level of care that we do.

We currently have more than 5,000 registered volunteers who are worth in financial terms at least £6.0 million a year.

Our Volunteer profile is changing so it is vital that we acknowledge this as it will affect the way we look to recruit, manage and retain our volunteers in the future.

Key volunteering achievements during the period to 31 March 2007 were:

Aims	Achievements
The implementation of the National Volunteering and Recruitment Policy across the Charity.	A National Volunteer Manager has been appointed to coordinate the policy.
Acknowledging the contribution made to the organisation by volunteers.	Over 2,000 volunteers' contribution was acknowledged by presenting long service awards for service of over five years and above. In addition all volunteers received a 'Thank You' card in recognition of their vital contribution they make to Sue Ryder Care.
Running a successful volunteering campaign.	Running the most effective volunteer recruitment campaign 'Perfect Fit' where twice the number of volunteers joined us as did in the same period the previous year.

Key aims for volunteering in 2007/08

- To recruit sufficient volunteers to accomplish the needs of the Charity and the goals of the Sunburst Appeal.
- To ensure an integrated approach to effective and meaningful volunteer involvement.
- To extend the Volunteer Communication Group currently being used in our retail division across the whole Charity. This will enable real engagement with volunteers in the Charity's development.



v) Marketing and Communications

Communications are a vital part of what we do. Effective communications are needed to both support fundraising and raise awareness of what we do as well as to ensure that our own staff and volunteers understand what we are doing and as a consequence feel part of the organisation.

The key aims and achievements for the period to April 2007 were:

Aims	Achievements
Grow awareness and understanding of the Charity and the work it does with a wide range of public and professional stakeholders through integrated marketing, public relations, media and public affairs activity.	The 'Put Back...' advertising campaign using road-side bill boards, local/national press and local radio trialled in the north of England delivered measurable increases in prompted and unprompted awareness. Pre and post campaign research responses showed a 7% uplift in the propensity of the public to give to the Charity and an increase in understanding of the mix of complex conditions for which it provides care. Successfully launched "20/20 Vision", the first stage of the Charity's service development programme to all stakeholder groups.
Specifically address the issue of public affairs and the Charity's engagement with local and national statutory bodies and Government.	Strengthened the 'We Care: Who Pays?' lobbying campaign and the Charity's status at Government and DoH level.
Support income generation in fundraising and retail.	National and regional public relations and media campaigns provided considerable exposure for the major fundraising and retail activities generating an increase of 28% in media coverage and 10% increase in online activity.
Provide an effective 'first point of contact' for external audiences using a variety of communications channels including online (web-based).	Increased traffic through the website and continued uplift in 'click through' from our branded, interactive email. Press office capacity increased and out-of-office hours response times reduced.
Develop the Charity's internal communications activity to engage all staff and volunteers.	Redesigned and re-launched 'Grapevine' the staff and volunteer quarterly magazine and the Charity's internal online information resource ('Extranet') as part of development of internal communications activity.

vi) Public Affairs Activity – period to April 2007

As one of the most recent additions to Sue Ryder Care's Marketing and Communications function, Public Affairs activity has grown significantly in the last year with a limited staff resource. In 2005 the Charity established that in order to maximise the benefit to those in our care, now and in the longer term, it would need to engage at a national level with political, health and social care influencers. Both Health and the Third Sector are highly politicised and have been high on the Government agenda. As a major specialist provider, it has been important for Sue Ryder Care to fulfill a new role informing and educating stakeholders of the expertise and benefit we provide, and how we can continue to do so in the future.

Key aims for Marketing and Communications in 2007-08

- Strengthen further the Sue Ryder Care brand and understanding of activities by engaging new audiences in order to generate informed support for service development.
- Focus on delivering cost-effective and measurable integrated marketing, PR, media and public affairs programmes to support income generation.
- Develop the internal communications activity to promote the Charity's Values programme and aide retention and recruitment.
- Deliver incremental increases in media activity to promote the work of the Charity.





Related Parties

Related Parties

During the period under review Sue Ryder Care Direct made a net contribution of £1.7 million to the Charity

The Charity worked alongside a number of other organisations during the period in order to fulfil its charitable objectives.

In addition to working with others, Sue Ryder Care is indebted to the staff of its wholly owned subsidiary Sue Ryder Care Direct which selects new goods for us to sell in our shops as well as creating a successful on-line and mail order business. During the period under review Sue Ryder Care Direct made a net contribution of £1.7 million to Charity.

SUBSIDIARY UNDERTAKINGS

Sue Ryder Care has two subsidiary undertakings:

- Sue Ryder Care (Chantry)
- Sue Ryder Care Direct Limited

Sue Ryder Care (Chantry) was set up in December 2000 as a subsidiary linked Charity with the same Charity number as Sue Ryder Care. The purpose of this Charity is to hold money from a defunct Suffolk Charity that closed in 2000. The amount transferred was £100,000 split between a permanent endowment of £88,000 and £12,000 of expendable interest. The purpose of the Charity is to support our neurological centre in Ipswich.

Sue Ryder Care Direct Limited is the Charity's principal trading arm for new goods sold in the shops and over the internet to raise funds for Sue Ryder Care and over the 15 month period made a profit of £1,697,000 which together with £4,000 of reserves was donated to Sue Ryder Care under Gift Aid.

The results reflect a significant improvement over the equivalent prior period. This improvement has come about through better buying and a successful collaboration with the Daily Mail newspaper selling dolls' houses and accessories.

WORKING WITH OTHERS (RELATED PARTIES)

We work with a number of other organisations in order to deliver our charitable objectives. Key parties are the Royal College of Nursing (RCN) and the Fundraising Standards Board.

ROYAL COLLEGE OF NURSING (RCN)

In conjunction with the RCN we develop job specifications and education plans.

FUNDRAISING STANDARDS BOARD

As a founder member of the Fundraising Standards Board we develop standards for fundraising within the third sector.



Management Policies

Management Policies

i) Investments

The Trustees set overall performance and ethical parameters under which our external investment managers operate.

The investment managers meet with the finance and audit committee annually to review performance and future outlook.

The key objectives can be summarised as follows:

Generate long-term income.

Provide capital growth to fund new activities.

An appropriate balance between equities, bonds, other investments and cash in order to spread and manage risk.

Within the overall investment constraints of:

No armaments (based on 5% of total income and whole weapons systems).

No Tobacco.

No Pornography.

In addition to the above there are guidelines as to the allocation of the investments across different asset classes.

The investment managers achieved an overall return since the re-balancing of the portfolio of 8.8% against an internal benchmark of 8.5%.

The portfolio performed better than comparable external benchmarks for similar classes of assets.

The Charity's investment managers vote proactively in ethical matters and follow the guidelines laid down by the Association of British Insurers.

ii) Reserves

The Trustees review annually the reserves position of the Charity to ascertain whether or not the funds they are holding are adequate.

Free reserves of the Charity, which it considers to be its unrestricted funds not represented by tangible fixed assets or unrealised gains, stood at £22.0 million as at 31 March 2007.

This represents approximately four months expenditure and eight months of voluntary income.

The Trustees believe that the current level of reserves are inadequate in that:

The Charity is expected to make a net operational deficit for the year ended 31 March 2008.

There is uncertainty in the timing of voluntary funding.

The Charity is about to embark on an ambitious expansion plan over the next 10 years.

Transfers to and from the Charity's reserves are made in accordance with the Charity's reserve policy. Details of the policy, including the reasons why each fund within the reserves are held, are given in notes 1 and 16 in the accounts and the value of reserves are shown in the statement of movements in reserves in notes 16 and 17.

The Charity is currently preparing a detailed strategic plan and from this a revised policy on reserves will be developed.

iii) Grant Making

Sue Ryder Care awards grants to support the work of Sue Ryder organisations overseas. All organisations bearing Sue Ryder's name are eligible.

Grants are awarded on the basis of written budget submissions received from Sue Ryder Care organisations. These submissions are approved by the Trustees.

All Sue Ryder organisations seeking a grant from Sue Ryder Care must demonstrate that they are operating with clear objectives and with a proven track-record of service-delivery and financial management.

Priority is given to Sue Ryder Care services being delivered in resource-poor countries where there is little or no prospect of obtaining funds nationally.

Exceptionally, Sue Ryder Care will also award capacity building grants to Sue Ryder Care organisations operating in wealthier countries where there is a clear case for investment, notably in developing fundraising and retail income.

Awards made by Sue Ryder Care take account of the wider financial position of Sue Ryder Care and the Charity's ability to allocate funds for international work.

iv) Foreign Currencies

The Charity's trading subsidiary, Sue Ryder Care Direct Limited, purchases new goods from overseas suppliers which require payment in US Dollars. The company forward purchases currency to match its future liability and therefore is not exposed to currency fluctuations that may occur between ordering the goods and their delivery.

v) Pensions

Sue Ryder Care operates the following pension schemes;

The Sue Ryder Care Pension Scheme (1992)

This defined contribution group pension scheme (managed by Equitable Life) is now closed to new members and Sue Ryder Care no longer makes contributions to this scheme:

Sue Ryder Care contributes to individual personal pension plans operated by Norwich Union.

Sue Ryder Care also contributes to a defined benefit contributory pension scheme on behalf of certain former National Health Employees. As it is not possible to identify the surpluses or deficits that relate to Sue Ryder Care this scheme is treated as a defined contribution scheme under FRS 17.

vi) Structure, Governance and Management

Sue Ryder Care is governed by its Memorandum and Articles of Association adopted on 28 November 1968 and last amended on 13 September 2000.

The Council of Trustees, a minimum of seven and a maximum of 12 persons (plus chairman), is responsible for the overall governance of Sue Ryder Care. Trustees are elected by Council for three years and can then seek re-election for further terms of three years up to a maximum of nine years.

Responsibility for the day-to-day running of the Charity is delegated to the chief executive. The chief executive is assisted by a group of

executives and senior managers. The chief executive attends all council meetings and other executives attend as required.

New Trustees are recruited through national advertisements and personal contacts so as to maintain a balance of skills and experience appropriate to the Charity's activities. A formal induction programme, comprising written and verbal briefings, is provided and is followed up by a Trustee development programme involving internal and external presentations on matters specific to the Charity and on wider issues for the sector as a whole. It is the intention of the Charity to devise a more formal training plan for Trustees designed to assist them in discharging their duties.

The Trustees, in council, meet six times a year to review the performance of the Charity both financially and in meeting its charitable objectives. To ensure that the Council is in touch with the day to day running of the organisation, it has created a number of sub-committees that comprise both trustees and the executive:

Sub-committees of Council:

Finance and Audit sub-committee (Quarterly) to review and approve financial results, budgets and other financial governance matters.

Compliance sub-committee (three times a year).

Trustee Recruitment and Development sub-committee (as required).

Property sub-committee (as required).

Sue Ryder Care International (twice a year).

Management Advisory Groups:

Healthcare (three times a year).

Fundraising (Quarterly).

Human Resources (Quarterly).

Public Affairs (Quarterly).

Retail (Quarterly).

Executive committees that Trustees attend are:

Integrated Healthcare Governance (Every four months).

Ethics Group (bi annually).

Evidenced based Practice Group (Monthly).

Corporate Governance



Corporate Governance

RISK

The Trustees have a risk management strategy which includes an annual review of the risks the Charity may face, the establishment of systems and procedures to mitigate those risks identified in the plan and the implementation of procedures designed to minimise any potential impact on the Charity should those risks materialise.

i) Financial Risk Management

Internal controls over all forms of income, assets, commitment and expenditure continue to be refined to improve efficiency. Performance is monitored and appropriate management information is prepared and reviewed regularly together with proposed corrective actions by both the executive and the Trustees.

The Charity currently produces an annual budget and reports monthly against budget requiring senior management to comment on variances and outline corrective action. Updated financial forecasting is undertaken during the year to reflect changes in the operating environment and their impact on income and expenditure.

During the period to 31 March 2008 the Trustees are further strengthening the Charity's planning and reporting processes by introducing 10 year, three, two and one year plans that support the Charity's long term objectives. This will encompass both financial and non financial goals. As part of this process the Trustees and the Executives are reviewing the management information being produced and intend to refine it to ensure that the information being presented accurately reflect the key issues within the Charity.

ii) Non-Financial Risk Management

The Charity operates in a highly regulated environment and is subject to inspection by various regulatory authorities. The Charity employs a quality and risk manager whose responsibility is to review clinical risk as part of the clinical quality team whose work is monitored by the Integrated Healthcare Governance committee (IHGC) through an agreed annual plan. The membership of this committee includes a Trustee.

An annual report on IHGC activity is created by the clinical quality team for the Trustees that provides assurance that all aspects of service delivery are being monitored and reported against with actions as appropriate.

iii) Auditors

The Trustees put the audit out to tender in April 2006 and after due consideration of the proposals and presentations received, appointed Baker Tilly as auditor on 30 August 2006.

The Trustees, having been notified of the cessation of the partnership known as Baker Tilly in March 2007, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to remain in office.

In accordance with section 385 of the companies Act 1985, a resolution proposing that Baker Tilly UK Audit LLP be re-appointed as auditors of the company will be put to the annual general meeting.

The Trustees confirm that so far as they are aware, there is no relevant audit information of which the Charity's auditors are unaware. They have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Reference & Administration

Corporate Governance

Registered and principal office

114-118 Southampton Row
London WC1B 5AA

Patron

Her Majesty The Queen

Board of Trustees

	Specialism	Sub-Committee/MAG
Mr J S Oldham MSc (Chairman)	Healthcare	Trustee Recruitment Development Property International Healthcare Public Affairs
Miss J Hutton (Vice Chairman)	Healthcare	Healthcare Compliance International
Mr S Nevin MA FCA (Chairman of Finance and Audit Committee from 1 July 2007)	Finance	Finance and Audit
Mr J D F Dickson MA FCA (Chairman of Finance and Audit Committee to 1 July 2007)	Finance	Finance and Audit
Dr. A Evans MB ChB FFPHM		Healthcare Compliance
Mrs E Fradd RGN RSCN RM HV	Healthcare	Healthcare International
Mr R Hodgson FRSA FNAEA FICBA	Property	Finance and Audit Retail Fundraising Development
Reverend D Stoter	Spiritual Advisor	HR
Mrs N Smith	HR	HR Public Affairs
Mr D Stronach	IT and Accountancy	Compliance Fundraising International
Brigadier N H Thompson CBE BSc(Eng) CEng FICE (Retired 30 August 2006)		
Mr A Wilkinson	Retail	Retail
Mr G Shedden	Legal	Compliance

The Executive

Chief Executive:	Mr I R Henderson (Resigned 14 January 2007) Mr P Woodward (appointed 1 March 2007)
Deputy Chief Executive & Company Secretary	Mr P Luxford
Director of Finance	Mr D Griffiths (Resigned 31 January 2007) Mr P Fei (Appointed 1 April 2007)
Director of Fundraising	Mr E Grounds
Director of Healthcare	Mr S Collinson
Director of Human Resources	Mr S Wiggins (Resigned 10 November 2006) Ms H Butler (Acting)
Director of Marketing and Communications	Mr S Taylor
Director of Retail	Mr A Hodges

Registered Charity number 1052076
Company Number 943228

Advisors

Auditors:
Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
1st Floor, 46 Clarendon Road
Watford Herts
WD17 1JJ

Bankers:
Lloyds TSB plc
Cornhill
Ipswich IP1 1DG

Solicitors:
Willmetts & Co
34-38 Broadway
Maidenhead
Berkshire SL6 1LU
Eversheds
Cloth Hall Court
Infirmary Street
Leeds LS1 2JB

Investment Advisors:
Cazenove Capital
12 Moorgate
London EC2R 6DA

Trustees' Responsibilities

Trustees' Responsibilities

Trustees are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees, as Directors, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the group and of the financial activities of the group for that period. In preparing those financial statements, the Directors are required to:

- a) Select suitable accounting policies and apply them consistently.
- b) Make judgments and estimates that are reasonable and prudent.
- c) State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements.

d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and the group and which enable them to ensure that the financial statements comply with the Companies Act 1985. We are also responsible for safeguarding the assets of the Charity and the group and for their proper application as required by Charity law and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

Signed



Dated 19 October 2007

The Charity and subsidiaries are operating efficiently and effectively.

All assets are safeguarded against unauthorised use or disposition and are properly applied.

Proper records are maintained and financial information used within the Charity, or for publication are reliable.

Sue Ryder Care complies with relevant laws and regulations.

The Trustees are responsible for the maintenance and integrity of the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUE RYDER CARE

We have audited the financial statements on pages 33 to 55.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The responsibilities of the trustees (who are also the directors of Sue Ryder Care for the purposes of company law) 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) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Report, the Chairman's Statement and the Statement of Trustees' Responsibilities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company and group as at 31 March 2007 and of the group's incoming resources and application of resources, including its income and expenditure, for the 15 month period then ended and have been properly prepared in accordance with the Companies Act 1985; and

the information given in the Trustees' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
1st Floor
46 Clarendon Road
Watford, Herts
WD17 1JJ

9th November 2007





Accounts

Consolidated Statement of Financial Activities

15 MONTHS TO 31 MARCH 2007

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 15M	Total 2005 (12M) As restated
		£000's	£000's	£000's	£000's	£000's
Incoming resources:						
Incoming resources from generated funds						
Voluntary income	2	8,537	4,014	-	12,551	9,339
Activities for generating funds	3	33,828	-	-	33,828	25,289
Investment income	4	653	38	5	696	580
Incoming resources from charitable activities	5	34,091	843	-	34,934	25,252
Other incoming resources:						
Gains on disposal of assets	6	1,338	-	-	1,338	693
NHS Contribution to pension costs	19b	225	-	-	225	185
Total Incoming Resources		78,672	4,895	5	83,572	61,338
Resources expended:						
Cost of generating funds						
Cost of generating voluntary income						
Fundraising		4,074	-	-	4,074	1,623
Activities for generating funds						
Shops' costs		30,124	-	-	30,124	22,761
Investment management costs		36	-	-	36	33
Charitable activities						
Inpatient Palliative Care		15,431	4,080	-	19,511	12,926
Residential Neurological Care		23,960	446	5	24,411	19,483
Community based services		8,938	-	-	8,938	5,471
International	8	670	-	-	670	495
Funding and encouraging research		263	-	-	263	-
Campaigning for better services		63	-	-	63	-
Total expenditure on charitable activities	7	49,325	4,526	5	53,856	38,375
Governance costs		386	-	-	386	247
Total Resources Expended		83,945	4,526	5	88,476	63,039

Consolidated Statement of Financial Activities (continued)

15 MONTHS TO 31 MARCH 2007

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 15M	Total 2005 (12M) As restated
		£000's	£000's	£000's	£000's	£000's
Net Incoming/(Outgoing) Resources:						
Net Incoming/(Outgoing) Resources		(5,273)	369	-	(4,904)	(1,701)
Transfers between funds		(88)	-	88	-	-
Other recognised gains/(losses)						
Realised on investment assets		124	-	-	124	162
Net income/(outgoing resources)		(5,237)	369	88	(4,780)	(1,539)
Unrealised on investment assets	18	551	-	-	551	1,491
Net Movement of Funds		(4,686)	369	88	(4,229)	(48)
Reconciliation of Funds:						
Total funds brought forward						51,219
As restated at 1 January 2005						
As Previously stated at 1 January 2006		46,414	555	-	46,969	
Prior period adjustment	28	4,202	-	-	4,202	
As re-stated at 1 January 2006		50,616	555	-	51,171	
Total funds carried forward		45,930	924	88	46,942	51,171


The Statement of Financial Activities includes all gains and losses recognised in the 15 month period. All incoming resources and resources expended derive from continuing activities.

Balance sheets

31 MARCH 2007 and 31 DECEMBER 2005

	Note	Consolidated		Charity	
		2007	2005	2007	2005
		£000's	As restated £000's	£000's	As restated £000's
Fixed assets:					
Tangible assets	11	21,635	27,870	21,589	27,837
Investments	12	11,535	11,422	11,535	11,422
		33,170	39,292	33,124	39,259
Current assets:					
Programme related investments	13				
Due in less than one year		961	971	961	971
Due in more than one year		700	700	700	700
Freehold properties held for resale	11	3,061	-	3,061	-
Stocks – new goods for resale		964	739	-	8
Debtors	14	10,145	9,341	11,745	9,526
Cash at bank and in hand		1,373	4,367	1,044	4,365
		17,204	16,118	17,511	15,570
Creditors: amounts falling due within one year	15	(3,432)	(4,239)	(3,784)	(3,665)
Net current assets		13,772	11,879	13,727	11,905
Total assets less current liabilities and net assets		46,942	51,171	46,851	51,164
Income funds:					
Unrestricted funds					
Capital reserve fund	16	21,635	27,870	21,589	27,837
Investment revaluation	12	2,364	2,870	2,364	2,870
Unrestricted general fund	16	21,931	19,876	21,974	19,902
		45,930	50,616	45,927	50,609
Restricted funds	17	924	555	924	555
Endowment fund	29	88	-	-	-
		46,942	51,171	46,851	51,164

Approved and authorised for issue The Council of Trustees on 19th October 2007 and signed on its behalf by



John Oldham Chairman

Consolidated Cash Flow Statement

15 MONTHS TO 31 MARCH 2007

	Note	2006/7 15 M £000's	2005 12 M As restated £000's
Net cash outflow from operating activities:	23	(5,862)	(2,996)
Returns on investments and servicing of finance			
Interest received		287	251
Dividends received		409	329
Net cash inflow from returns on investments and servicing of finance		696	580
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(445)	(460)
Receipts from sale of tangible fixed assets		2,055	794
Purchase of investments		(3,318)	(2,113)
Receipts from sale of investments		3,880	1,864
Net cash inflow from investment activities		2,172	85
(Decrease) in cash	24	(2,994)	(2,331)
Reconciliation of net cash flow to movement in net debt			
(Decrease) in cash in the period		(2,994)	(2,331)
Net funds at 1 January 2006		4,367	6,698
Net funds at 31 March 2007	24	1,373	4,367

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

1. Accounting Policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of listed investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" 2005, applicable accounting standards and the Companies Act 1985.

(b) Consolidated financial statements

Consolidated financial statements have been prepared in respect of Sue Ryder Care, its wholly owned trading subsidiary, Sue Ryder Care Direct Limited and Sue Ryder Care (Chantry). No Charity Statement of Financial Activity is presented as permitted by SORP paragraph 397. The Charity's deficit for the financial period is £4,225,000. The subsidiary's profits are remitted to the Charity under gift aid regulations.

(c) Restricted funds

Restricted funds are those which are subject to specific conditions imposed by donors or grant making organisations.

(d) Designated funds

Designated funds are those which have been set aside at the discretion of the Trustees for specific purposes, the Capital Fund being equivalent to the net book value of fixed assets.

(e) Unrestricted General Fund

The General Fund is comprised of accumulated surpluses and deficits in the Statement of Financial Activities after transfers to and from the Designated Funds and transfers to Restricted Funds.

(f) Income

Income for the provision of care services, principally from Primary Care Trusts and Local Authorities, is recorded on a receivable basis.

Interest receivable is accrued on a day to day basis, and other investment income is recognised on receipt. Voluntary income and legacies are included in the financial statements when the Charity is legally entitled to the income and the amount can be quantified with reasonable certainty.

Income from the Charity's wholly owned subsidiary is included under activities for generating funds. Income is accounted for on an accruals basis.

Tax rebates under Gift Aid are accrued for in accordance with the appropriate gift aid rules.

Gifts donated for resale are included as income when they are sold. No amounts are included in the financial statements for services donated by volunteers.

(g) Expenditure

All expenditure is accounted for on an accruals basis. Costs are allocated to the cost of generating funds, charitable activities and governance on the basis of direct allocation and apportionment of support costs as detailed in note 7. Governance costs include those costs associated with regulatory compliance.

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

1. Accounting Policies (continued)

(h) Fixed Assets

Tangible fixed assets are included in the financial statements at cost.

Items with a value of £1,000 or more and with a useful life of more than 1 year are capitalised. Where assets are valued at less than £1,000 but form part of a group of assets (e.g. a computer network) which totals more than £1,000 they are capitalised.

Depreciation is provided to write off assets over their estimated useful lives at the following annual rates :

- | | |
|---------------------------------------|--|
| • Freehold buildings | Building costs of care centres built or acquired by Sue Ryder Care are depreciated on a straight line basis over 40 years. |
| • Leasehold buildings | Over the lesser of the term of the lease or the life of the asset in its current use. |
| • Care centres' fixtures and fittings | 10%-25% of the reducing balance. |
| • Motor vehicles | 25% of the reducing balance. |
| • Computer equipment and software | 33.33% of the original cost. |

The value of the property contained in the financial statements is reviewed on an annual basis by the Trustees for impairment.

Profits or losses on disposal of fixed assets are calculated as proceeds after any legal and other associated costs less the net book value at time of disposal.

(i) Stock for resale

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

(j) Pension costs

A defined contribution scheme is available to eligible employees with contributions payable by both Sue Ryder Care and the members. The contributions are charged to expenditure in the year they are payable to the scheme.

Sue Ryder Care contributes to defined benefit contributory pension schemes on behalf of certain former National Health Service employees. These contributions are fixed by reference to quinquennial valuations by the Government actuary. The contributions are charged to expenditure on the basis of ensuring a level charge over the remaining service lives of employees. Information is not available to identify the surpluses or deficits that relate to Sue Ryder Care, and as a result of this, the scheme is treated as a defined contribution scheme under FRS 17.

(k) VAT

Sue Ryder Care bears Value Added Tax to the extent that there is no recovery in respect of the care centres' expenditure of a revenue or capital nature and only partial recovery in respect of administrative expenditure. Irrecoverable VAT is allocated across the expenses that give rise to the tax.

Sue Ryder Care Direct Limited, the Charity's trading subsidiary is registered for VAT under a separate registration number and all input VAT is recoverable.

(l) Investments

Investments are stated at market value at the Balance Sheet date. Unrealised surpluses are credited to a revaluation reserve. Realised profits or losses are calculated based on the market value at which the investments were recorded in the financial statements.

Freehold and leasehold properties, no longer being used are shown at NBV or realisable value, whichever is the lower, at the point the decision was made to dispose of the asset. Any properties that are on the market at the year end are transferred to current assets.

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

1. Accounting Policies – (continued)

(m) Leasing

Plant and machinery/fixtures and fittings

Rentals paid under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to expenditure as incurred.

Property

Rentals paid under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to expenditure as incurred.

Property lease premiums are expensed over the primary period of the lease.

The effect of any rent free period is spread over the primary period of the lease.

Rent received under operating leases where substantially all of the benefits and risks of ownership remain with the lessee are recognised as income when due.

(n) Taxation

The company is a Charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Section 505 of the Taxes Act 1988 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.

No tax provision is made on behalf of the Charity's trading subsidiary Sue Ryder Direct Limited as it gift aids all its taxable profit to the Charity.

(o) Grants

Grant income

Grants are recognised on a receivable basis. The Charity receives both government and 3rd party grants. These are detailed in note 25 of the accounts.

Grant expenditure

Sue Ryder Care awards grants to support the work of Sue Ryder organisations overseas. Expenditure is accrued for as soon as a legal or constructive liability exists.

(p) Foreign currency transactions

Charity

The Charity accounts for foreign currency at the rate prevailing at the time it is incurred.

Subsidiary

Sue Ryder Care Direct Limited hedges (as far as is possible) all its currency purchases. The hedge rate is used for conversion purposes. In addition Sue Ryder Care Direct Limited has a foreign currency account. This is revalued at period end rate.

(q) Deferred Tax

No provision for deferred tax is made in the subsidiary's accounts as in the view of the trustees the subsidiary will never pay tax as it gift aids its taxable profits to the Charity.

2. Voluntary Income

	Note	2006/7 15 M £000s	2005 12 M £000s
Legacies		7,096	5,508
Donations and other voluntary income		5,287	3,831
Grants	25	168	-
Total		12,551	9,339

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

3. Activities for Generating Funds

	2006/7 15 M £000s	2005 12 M £000s
Fundraising events	1,272	1,138
Shop income from selling donated and bought in goods	32,228	24,030
Property letting and licensing	328	121
Total	33,828	25,289

4. Investment Income

	2006/7 15 M £000s	2005 12 M £000s
Listed investments	409	329
Bank interest receivable	287	251
Total	696	580

5. Income from Charitable Activities

	2006/7 15 M £000s	2005 12 M £000s
Provision of inpatient Palliative Care		
From NHS and local authorities	7,657	5,335
Contributions from patients and residents	407	-
Other	95	24
Provision of Residential Neurological Care		
From NHS and local authorities	16,792	14,517
Contributions from patients and residents	1,505	-
Other	57	33
Community care		
From Local authorities and other commissioners	8,053	5,343
Contributions from users	355	-
Other	13	-
Total	34,934	25,252

6. Disposal of Fixed Assets

During the period Sue Ryder Care disposed of 2 care centres with sale proceeds of £2,126,000 (2005, £1,022,000) yielding a net surplus of £1,338,000, (2005, £693,000), after disposal costs. The costs associated with closing the care centres (such as staff redundancies) have been included under the relevant charitable activity.

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

7. Resources Expended

	Activities Undertaken Directly	Grant Funding of Activities	Support Costs	Total 15M	2005 12M
	£000's	£000's	£000's	£000's	£000's
Charitable activities					
Inpatient Palliative care	18,395	-	1,116	19,511	12,926
Residential Neurological care	22,875	-	1,536	24,411	19,483
Community based support services	8,316	-	622	8,938	5,471
Support for International	152	514	4	670	495
Funding and encouraging research	246	-	17	263	-
Campaigning for better services	58	-	5	63	-
Total charitable activities	50,042	514	3,300	53,856	38,375
Fundraising:					
On-going	2,965	-	147	3,112	1,623
Start-up	924	-	38	962	-
Retail Shops	29,054	-	1,070	30,124	22,761
Investment Management	36	-	-	36	33
Governance	361	-	25	386	247
Total Resources expended	83,382	514	4,580	88,476	63,039

Support costs allocated of £4,580,000 (2005, £2,760,000), including staff costs of £1,680,000 (2005, £1,260,000) are those costs involved in providing central administration, finance, human resource, IT, legal, payroll and property services to one or more of the Charity's activities. These costs have been allocated based upon the gross salary costs of the supported activities.

No emoluments are payable to any Trustee in their capacity as a Trustee and only directly incurred travel expenses are reimbursed, on request. During the period travel expenses of £10,000 (2005, £7,000) were reimbursed to Trustees. The Charity also incurred expenditure of £7,000 in respect of Directors' and Officers' liability insurance for the period (2005, £4,000).

During the period 4 Trustees (2005, 7) did not claim expenses.

Analysis of Support Costs allocated	Central Management and Administration	Finance	Human Resources	Legal and Property Services	IT	Marketing and Communications
	£'000	£'000	£'000	£'000	£'000	£'000
For 15 month period to 31 March 2007						
Activity						
Inpatient Palliative care	325	148	159	220	82	182
Residential Neurological care	447	204	219	303	113	250
Community based support services	181	82	89	123	46	101
Support for International	1	1	-	1	-	1
Funding and encouraging research	5	2	3	3	1	3
Campaigning for better services	1	1	1	1	-	1
Fundraising	55	24	25	37	15	29
Retail Shops	312	142	153	211	79	173
Governance	7	3	4	5	2	4
Total Support Costs Allocated	1,334	607	653	904	338	744

Allocation Basis: Proportionate to the gross salary costs of the supported activities

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

7. Resources Expended (continued)

Analysis of Support Costs allocated

For 12 months to 31 December 2005

Activity

	Central Management and Administration	Finance	Human Resources	Legal and Property Services	IT	Marketing and Communications
	£'000	£'000	£'000	£'000	£'000	£'000
Inpatient Palliative care	183	125	108	146	62	76
Residential Neurological care	250	173	149	201	84	105
Community based support services	101	70	60	81	34	42
Support for International	1	1	1	1	-	1
Funding and encouraging research	-	-	-	-	-	-
Campaigning for better services	-	-	-	-	-	-
Fundraising	14	9	8	10	5	5
Retail Shops	167	114	98	133	56	69
Governance	4	3	3	4	1	2

Total Support Costs Allocated	720	495	427	576	242	300
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Allocation Basis: Proportionate to the gross salary costs of the supported activities

Resources Expended includes:

Auditor's remuneration:

	2006/7 15M	2005 12M
	£000's	£000's
Audit	65	69
Tax	-	-
Other advice	7	13

Depreciation:

Owned assets	1,253	985
Leased assets	1,010	806

Other consultancy services

	275	133
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Operating Leases

Land and buildings	5,253	4,060
Plant and machinery	-	-
Motor Vehicles	264	224
Other	-	-
Loss on foreign exchange	40	-
Loss on disposal of fixed assets	5	-

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

8. International Grant Expenditure

An independent Sue Ryder Charity operates in each of the countries shown below. The programmes are independent of Sue Ryder Care but bear the name Sue Ryder.

	2006/7 15 M	2005 12 M
	£000s	£000s
Grants		
Albania	124	119
Czech Republic	154	100
FYR Macedonia	23	15
Malawi	125	74
Poland	29	35
Kosovo	59	22
Total Grants	514	365
General Support, Monitoring & Administration Expenditure	156	130
Total Expenditure	670	495

Grants made to Albania, Kosovo and Malawi represent grants in respect of service provision only. Grants to all other programmes represent revenue support for ongoing services and a small element of administrative support. Grants are notified to prospective recipient programmes in January of each year.

9. Taxation

The Charity is registered for VAT but only £1,345,000 out of £2,866,000 incurred (2005, £1,076,000 out of £2,031,000) was recoverable. Sue Ryder Care Direct, the wholly owned subsidiary of the Charity is registered for VAT separately and input VAT is fully recoverable.

10. Staff Costs

	2006/7 15 M	2005 12 M
	£000s	£000s
Wages and salaries	50,394	37,046
Social security costs	3,711	2,610
Pension costs	955	731
Total Staff Costs	55,060	40,387

Included within the wages and salaries figure above are the cost of employing agency and contract staff and redundancy costs of £460,000 associated with the closure of three care centres.

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

10. Staff Costs (continued)

During the period higher paid employees comprised the following:

	2006/7 15 M	2005 12 M
	No.	No.
£ 60,001 - £ 70,000	4	3
£ 70,001 - £ 80,000	-	-
£ 80,001 - £ 90,000	1	1
£ 90,001 - £ 100,000	1	1

Contributions to pension schemes for these employees amounted to £17,268 (2005, £27,481).

The average number of employees during the period, as adjusted to reflect full-time equivalents, comprised the following:

	2006/7 15 M	2005 12 M
	No.	No.
Care services	1,726	1,501
Retail	597	619
Support services	124	62
Total	2,447	2,182

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

11. Tangible Fixed Assets

	Leasehold Properties	Freehold Properties	Fixtures, Fittings & Plant	Motor Vehicles	Total
	£000's	£000's	£000's	£000's	£000's
Consolidated					
Cost					
At 1 January 2006	7,917	30,335	3,846	637	42,735
Additions	9	-	400	36	445
Disposals	-	(997)	(410)	(118)	(1,525)
Transfer to current assets	-	(5,631)	-	-	(5,631)
At 31 March 2007	7,926	23,707	3,836	555	36,024
Depreciation					
At 1 January 2006	3,633	7,746	2,995	491	14,865
On disposals	-	(359)	(348)	(96)	(803)
Charge for the period	1,010	814	387	52	2,263
Transfer to current assets	-	(1,936)	-	-	(1,936)
At 31 March 2007	4,643	6,265	3,034	447	14,389
Net book value					
At 31 March 2007	3,283	17,442	802	108	21,635
At 31 December 2005	4,284	22,589	851	146	27,870

Of leasehold properties a net book value of £2,042,000 (2005, £2,926,000) relates to property leases with more than 50 years to run.

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

11. Tangible Fixed Assets (continued):

	Leasehold Properties	Freehold Properties	Fixtures, Fittings & Plant	Motor Vehicles	Total
	£000's	£000's	£000's	£000's	£000's
Charity					
Cost					
At 1 January 2006	7,917	30,335	3,795	637	42,684
Additions	9	-	362	36	407
Disposals	-	(997)	(410)	(118)	(1,525)
Transfer to current assets	-	(5,631)	-	-	(5,631)
At 31 March 2007	7,926	23,707	3,747	555	35,935
Depreciation					
At 1 January 2006	3,633	7,746	2,977	491	14,847
On disposals	-	(359)	(348)	(96)	(803)
Charge for the period	1,010	814	362	52	2,238
Transfer to current assets	-	(1,936)	-	-	(1,936)
At 31 March 2007	4,643	6,265	2,991	447	14,346
Net book value					
At 31 March 2007	3,283	17,442	756	108	21,589
At 31 December 2005	4,284	22,589	818	146	27,837

Included in Freehold properties is an amount of £480,000 (2005, £480,000) relating to freehold land.

The Charity rents out surplus accommodation at its freehold and rented properties, mainly accommodation above retail shops. It is not possible to separate the values out from the main asset and in the opinion of the Trustees the value is unlikely to be significant.

The transfer of £3,695,000 NBV of assets represents the value of care centres that are either in the process of being sold or are on the market. Provision of £634,000 has been made within current assets to reflect the net realisable value of £3,061,000 at 31 March 2007.

Contingent liability

A charge of £481,000 exists against the care centre in Aberdeen. This stems from a grant from Scottish Homes for the purchase of land. This becomes repayable in the event of Sue Ryder Care ceasing to provide neurological care from the site before 6 November 2011.

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

12. Investments

	Consolidated		Charity	
	2006/7 15M £000's	2005 12M £000's	2006/7 15M £000's	2005 12M £000's
Opening Balance at 1 January	11,422	9,520	11,422	9,520
Less:				
Disposals at book value	(3,756)	(1,702)	(3,756)	(1,702)
Add:				
Acquisitions at cost	3,318	2,113	3,318	2,113
Net gains on revaluation at 31 March 2007	551	1,491	551	1,491
Market value at 31 March 2007	11,535	11,422	11,535	11,422

The investments are made up as follows:

	Consolidated		Charity	
	31 March 2007 £000s	31 Dec 2005 £000s	31 March 2007 £000s	31 Dec 2005 £000s
UK Equities	4,869	5,693	4,869	5,698
Overseas Equities	1,678	2,155	1,678	2,155
UK Fixed Interest and Gilts	1,216	1,200	1,216	1,200
Overseas Fixed Interest and Gilts	669	-	669	-
Other	3,103	2,374	3,103	2,374
Total	11,535	11,422	11,535	11,422

The investments shown above include an investment of £5 held by the Charity in its subsidiary undertaking. The excess of market value over cost of £2,364,000 (2005, £2,870,000) is accounted for as an unrestricted designated fund as shown in note 18.

No individual investment exceeded 5% of the total value as at 31 March 2007 (2005, None).

13. Programme Related Investments

	Consolidated		Charity	
	31 March 2007 £000s	31 Dec 2005 £000s	31 March 2007 £000s	31 Dec 2005 £000s
Due within one year				
Due from The Sue Ryder Foundation (Ireland) Limited (interest free, secured)	869	869	869	869
Due from The Sue Ryder Prayer Fellowship	92	102	92	102
Total	961	971	961	971
Due after one year				
Due from The Sue Ryder Foundation (Ireland) Limited (interest free, secured)	700	700	700	700
Total	700	700	700	700

Sue Ryder Foundation (Ireland)

£869,000 of the Sue Ryder foundation (Ireland) Limited Loan was due on 1 January 2006. The balance of £700,000 is due on 31 December 2015. The Full amount of the loan is secured against one of their freehold properties. Negotiations are currently underway regarding their repayment.

The Sue Ryder Prayer Fellowship

The Sue Ryder Prayer Fellowship has repaid £92,000 on 30 May 2007 in full settlement of the outstanding amount.

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

14. Debtors

	Consolidated		Charity	
	2006/7 15M £000's	2005 12M As restated £000's	2006/7 15M £000's	2005 12M £000's
Amounts owed by group undertakings	-	-	1,701	221
Debtors for Care services	2,850	3,118	2,850	3,118
Accrued income (Legacies)	4,423	4,202	4,423	4,202
Other debtors	1,169	677	1,148	641
Prepayments	1,703	1,344	1,623	1,344
Total Debtors	10,145	9,341	11,745	9,526

In addition to the £4,423,000 of legacy accrued income, there were 5 legacies that have been notified to the Charity that have not been valued due to the uncertainty of the amount due.

15. Creditors: Amounts Falling Due Within One Year

	Consolidated		Charity	
	2006/7 15M £000's	2005 12M £000's	2006/7 15M £000's	2005 12M £000's
Trade creditors	1,188	1,471	1,070	1,173
Other creditors	420	838	508	838
Accruals	883	1,711	847	1,639
Other taxes and social security	941	219	863	15
Amounts due to group undertakings	-	-	496	-
Total Creditors	3,432	4,239	3,784	3,665

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

16. Designated Funds

The income funds of the Charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

Designated Funds	Surplus/(deficit) for the period after transfers & investment gains			Balance 31 March 2005 £000's
	Balance 31 Dec 2005 £000's	Utilised/ Released £000's	£000's	
Capital Reserve Fund				
Charity	27,837	(6,248)	-	21,589
Subsidiary	33	13	-	46
Total Capital Reserve Fund	27,870	(6,235)	-	21,635
Investment revaluation reserve				
Charity	2,870	(1,057)	551	2,364
Total Designated Funds	30,740	(7,292)	551	23,999
General funds				
Charity	19,902	7,305	(5,233)	21,974
Subsidiary's retained funds	(26)	(13)	(4)	(43)
Total General Funds	19,876	7,292	(5,237)	21,931
Total Unrestricted Funds	50,616	(4,686)	-	45,930

The Capital reserve fund represents the net book value of the fixed assets of the Charity. These are designated for replacing existing assets and expanding the Charity.

The investment revaluation reserve is part of the investment funds (being the difference of historical cost and market value) and reflects the unrealised element of the Charity's investments.

17. Restricted Funds

The income funds of the Charity include restricted funds comprising the following unexpended balances of donations and grants held on trusts to be applied for specific purposes:

Consolidated and Charity	Balance 31 Dec 2005 £000's	Movement in funds		Balance 31 March 2005 £000's
		Incoming Resources £000's	Expenditure & Transfers £000's	
Funds held at care centres	555	4,895	(4,526)	924
Endowment Fund (Consolidated only)	-	5	83	88

The Endowment fund was not shown separately in prior periods. More details on this fund is shown on note 29 to the accounts.

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

18. Analysis of Net Assets Between Funds

Consolidated

**Fund balances at 31 March 2007
Are represented by:**

	Unrestricted Funds £000's	Restricted Funds £000's	Endowment Funds £000's	Total Funds £000's
Tangible fixed assets	21,635	-		21,635
Investments	11,535	-		11,535
Programme related investments	1,661	-		1,661
Current assets	14,531	924	88	15,543
Current liabilities	(3,432)	-		(3,432)

Total net assets	45,930	924	88	46,942
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Unrealised gains included above On investment assets (see note below)	2,364	-	-	2,364
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Reconciliation of movements in unrealised gains on investment assets

Unrealised gains at 31 December 2005	2,870	-	-	2,870
Less: On disposal of investments	(1,057)	-	-	(1,057)
Add: Net gains arising on revaluations in period	551	-	-	551

Unrealised gains at 31 March 2007	2,364	-	-	2,364
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Charity

**Fund balances at 31 March 2007
are represented by:**

	Unrestricted Funds £000's	Restricted Funds £000's	Total Funds £000's
Tangible fixed assets	21,589	-	21,589
Investments	11,535	-	11,535
Programme related investments	1,661	-	1,661
Current assets	14,926	924	15,850
Current liabilities	(3,784)	-	(3,784)

Total net assets	45,927	924	46,851
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Unrealised gains included above

On investment assets	2,364	-	2,364
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Reconciliation of movements in unrealised gains on investment assets

Unrealised gains at 31 December 2005	2,870	-	2,870
Less: On disposal of investments	(1,057)	-	(1,057)
Add: Net gain arising on revaluations in period	551	-	551

Unrealised gains at 31 March 2007	2,364	-	2,364
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Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

19. Pension Costs

(a) Defined Contribution Schemes of Sue Ryder Care

A defined contribution group pension scheme was introduced with effect from 1 December 1992, administered by Equitable Life. This scheme is now closed although some members have opted to leave their benefits with Equitable Life.

Following the closure of the Equitable Life scheme in October 2001, personal pension plan facilities were arranged with pension providers, currently Norwich Union, into which the Charity pays matched contributions up to a maximum of 5% of pensionable pay for eligible employees who choose to join.

(b) National Health Service Pension Scheme

Sue Ryder Care also contributes to a defined benefit contributory pension scheme on behalf of certain former National Health Service employees. These contributions are fixed by reference to quinquennial valuations by the Government actuary which is currently 14% of earnings. The latest available report relates to the period from 1994-1999.

It is not possible to identify the surpluses or deficits that relate to Sue Ryder Care and therefore this scheme is treated as a defined contribution scheme under FRS 17, with costs recognised in accordance with contributions payable.

The Charity received £225,000 (2005, £185,000) from the National Health Service as a contribution towards the Charity's National Health Service pension contributions.

The National Health Service Superannuation Scheme provides benefits based on final pensionable salary. The pension costs under the scheme are valued under a projected benefits valuation method. The assumptions and other data which have the most significant effect on the determination of the contribution levels are as follows:

Latest Actuarial Valuation (for which a report is available)	31 March 1999
Investment Returns per annum	8%
Salary scale increases per annum	6%
Pension increases per annum	4.5%
Proportion of members accrued benefits covered by the actuarial value of the assets	80.65%

The total pension cost for Sue Ryder Care for the period ended 31 March 2007 was £730,000 (2005, £548,000).

20. Lease Obligations

	2006/7 15 M £000s	2005 12 M £000s
Consolidated and Charity		
Operating leases:		
Land and Buildings		
Annual commitments which expire :		
Within one year	214	431
In the second to fifth years inclusive	2,678	1,569
After more than five years	754	1,439
Total Land and Buildings	3,646	3,439
Other		
Annual commitments which expire:		
Within one year	10	121
In the second to fifth years inclusive	342	79
After more than five years	-	-
Total Other	352	200
Total Lease Obligations	3,998	3,639

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

21. Capital Commitments

Consolidated and Charity

At 31 March 2007 capital expenditure commitments were as follows:

Contracted but not provided for in the financial statements

Authorised by the Trustees but not contracted for

2006/7 15 M £000s	2005 12 M £000s
-	-
3,900	-

Other Commitments

Sue Ryder Care Direct limited has outstanding foreign currency commitments of USD \$580,000 (2005, £nil) which are due to mature within 12 months which are hedged at varying rates giving a value of £291,000 (2005, £nil).

22. Related Party Disclosures

The company has a wholly owned subsidiary, Sue Ryder Care Direct Limited, incorporated in the UK, as disclosed in Note 26 to these financial statements.

There are a number of independent foundations operating in various countries and which share the main objectives of Sue Ryder Care. The Charity awards grants to these entities and the amounts for the year are shown in Note 8.

The financial statements of the group consolidate the results of its 100% subsidiary company, Sue Ryder Care Direct Limited, and exemption has therefore been claimed under FRS 8 not to disclose transactions between the Charity and the subsidiary company.

23. Reconciliation of Deficit to Net Cash Outflow from Operating Activities

	Note	Consolidated	
		2006/7 15 M £000s	2005 12 M As restated
Changes in resources before revaluations		(4,780)	(1,539)
Depreciation	11	2,263	1,791
Gain on sale of assets		(1,333)	(693)
Write down of value of care home		634	-
Net gain on sale of shares		(124)	(162)
Increase in stocks		(225)	(158)
Increase in debtors		(794)	(1,986)
(Decrease)/Increase in creditors		(807)	331
Investment income		(696)	(580)
Net cash outflow from operating activities		(5,862)	(2,996)

24. Analysis of Changes in Net Funds

	2006/7 15 M	2005 12 M
Consolidated		
Opening cash balances	4,367	6,698
Movement	(2,994)	(2,331)
Cash at bank and in hand 31 March 2007 and 31 December 2005	1,373	4,367

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

25. Grant Income

During the period the Charity received £168,000 in grant income both from Government and other donors:

	Total £000	Unrestricted £'000	Restricted £'000	Purpose
Government	158	158	-	Community support and NVQ training
Other: Rayne Foundation	10	10	-	Aberdeen - Therapy service

26. Net Income from Trading Activities of Subsidiary

Sue Ryder Care has one wholly owned subsidiary which is incorporated in the UK. The principal activities of the subsidiary, Sue Ryder Care Direct Limited, are the sale of new goods, the running of the donated goods gift aid scheme and the running of coffee shops. The company gifts its taxable profits to Sue Ryder Care.

The results for the 15 months ended 31 March 2007 were:

	2006/7 15 M £000s	2005 12 M £000s
Turnover	6,106	4,593
Cost of sales	(3,218)	(2,100)
Gross profit	2,888	2,493
Other expenses	(1,191)	(1,059)
Net profit before covenant	1,697	1,434
Amount covenanted to Sue Ryder Care	(1,701)	(1,450)
Retained (Loss)/Profit for the period	(4)	(16)
Tangible fixed assets	45	33
Net current assets/(liabilities)	(42)	(26)
Net assets	3	7
Share capital (£5)	-	-
Profit and loss account	3	7
Net Equity	3	7

A subsidiary Charity exists, Sue Ryder Care (Chantry), to administer a permanent endowment passed to Sue Ryder Care by the Charity Commission as disclosed in Note 29.

Notes to the Accounts

15 MONTHS ENDED 31 MARCH 2007

27. Ultimate Controlling Party

The ultimate controlling party is the Board of Trustees collectively.

28. Prior Period Adjustment

During the 15 month period the Charity changed its accounting treatment regarding the recognition of legacy income.

Previously the Charity accounted for legacies on a receipts basis with any receipts in the first three months of the new financial periods over £100,000 being accrued for in the previous financial period.

Improved controls over the recording of legacies revealed that the above approach materially misstated the value of legacies advised to the Charity but not yet received at the period end. These legacies met the income recognition requirements of entitlement, measurement and certainty and have therefore been accrued. This approach is the appropriate accounting treatment.

The impact on the financial statements of the under recording of legacies was as follows:

12 months to 31 December 2004
12 months to 31 December 2005

	Debtors £'000	Income £'000
	3,866	3,866
	4,202	336

29. Endowment Funds

Sue Ryder Care received an endowment fund of £88,000 for the general benefit of the Chantry care centre. As Sue Ryder Care cannot hold this money as it is a limited company, it is held in trust by a separate Charity set up for the purpose called Sue Ryder Care (Chantry) but is administered by Sue Ryder Care.

Sue Ryder Care 

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