

Sue Ryder

TRUSTEES' REPORT AND ACCOUNTS 2015–16

Year ending 31 March 2016



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FOREWORD

Hello and welcome. We are pleased to present the Sue Ryder Trustees' Annual Report and Accounts for 2015–16.

We set out at the beginning of the financial year with six clear goals and objectives to achieve. These ranged from increasing our health services and our IT capability to developing our networks to grow income.

We'd like to start by saying we've achieved much this year, including:

- opening our first purpose-built hospice at Thorpe Hall in Peterborough
- increasing our healthcare services to include Community Nursing Teams, Hospice at Home services, befriending services and delivering support services from the high street
- launching our Online Community and Support – providing advice and support to people at the end of life and their families 24 hours a day, 7 days a week
- raising over £4.7m through our Morrisons partnership which has funded new healthcare services and our Online Community and Support
- upgrading the IT infrastructure in our shops, enabling retail colleagues to take advantage of new ways of working and collaborate with the wider organisation

Despite our successes we have faced some challenges in 2015–16 and this has meant our income has come in below our expectations. There are a number of reasons for this. Our shops have not been immune to tougher trading conditions on the high street. Our fundraising teams are competing in an environment of increased public scrutiny and negative press coverage into fundraising practices. And in the face of restrictions on public spending, and in spite of some success, we also struggled to grow income to reflect the costs of our neurological care.

We're confident that we've got the right measures in place to address these challenges as we journey through 2016–17. This year our goals have been simplified to ensure we focus on continuing to provide incredible care and to grow our influence. Our key priorities this year will be to increase income, focus on our core services and embed excellent performance and financial management.

There is huge ambition in Sue Ryder to ensure everyone needing hospice or neurological care lives the fullest life possible. We have a clear strategy and exciting plans and will continue to build the organisation to deliver these over the next few years. We are confident that these plans will grow income and enable the organisation to deliver its ambitions and support more people. You can keep track of our progress at www.sueryder.org or follow us on Facebook, Twitter and Instagram.

With best wishes

Heidi Travis (CEO)

Roger Paffard (Chair of Trustees)



OUR VISION AND VALUES

Sue Ryder provides incredible hospice and neurological care for people facing a frightening, life-changing diagnosis. We do whatever we can to be a safety net for our patients and their loved ones at the most difficult time of their lives. We see the person, not the condition.

Our vision

We aspire to create a world where everyone has access to personalised and compassionate care.

Our mission

To provide incredible care for people with life-changing illnesses and end of life care needs and to campaign to improve the lives of everyone living with these conditions.

Our values

At Sue Ryder, we're passionate about giving people the care they want, that's why we:

- **Push the boundaries** – constantly looking at ways to improve what we do and how we do it, with creativity and innovation.
- **Do the right thing** – working with honesty and integrity, having courage and resilience to face the challenges in delivering our goals.
- **Make the future together** – sharing our knowledge with each other and collaborating with our volunteers, supporters and people who use our services to deliver positive outcomes.

OUR YEAR IN NUMBERS

We provide

2.7 million



hours of care to thousands of people every year

82p



in every £1 spent goes towards our patient care

In the first ten months of our Online Community, we supported over **17,000 people**



1 in 4

of us is living with a life-changing condition



£100

could pay for a hospice nurse for a day

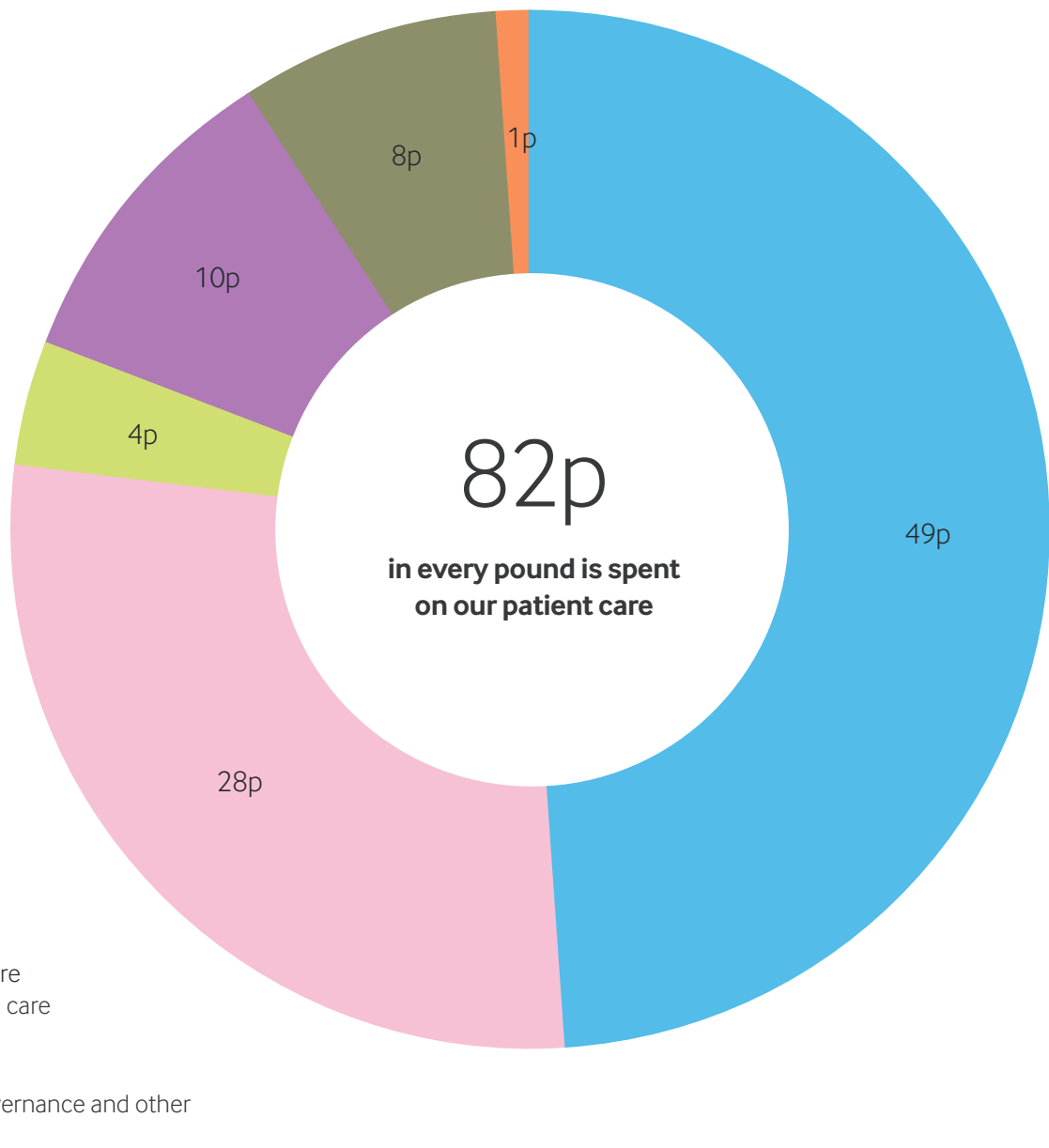


Last year our **volunteers total time** contribution to us was the equivalent of

£29.7m

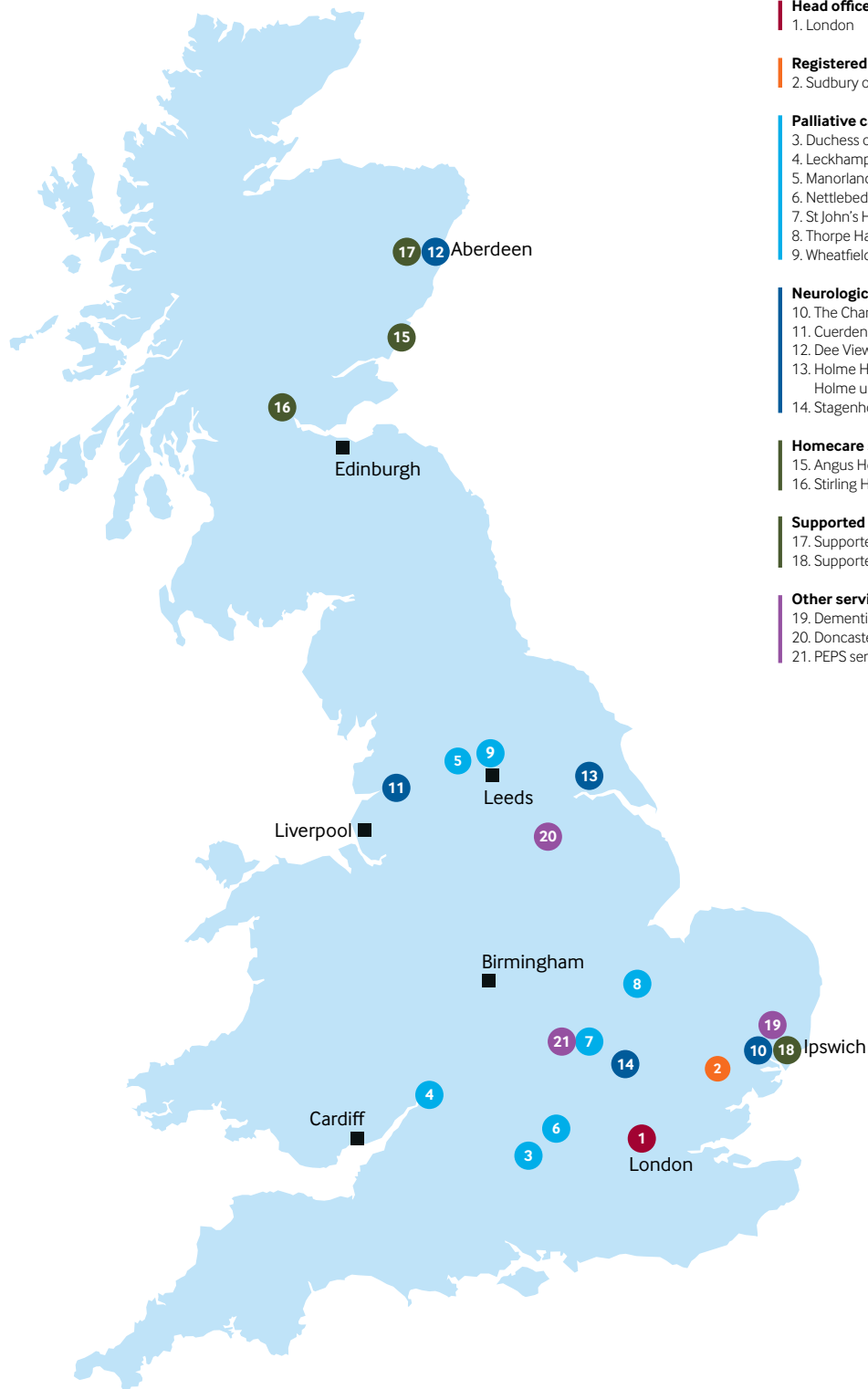
HOW OUR MONEY IS SPENT

Every year it costs us £42.5m to keep our services running – and £14.7m of that has to be raised through our shops or from our incredible supporters. For every £1 we spend, 82p is spent on delivering our incredible care in our hospices, neurological centres and out in the community.



OUR INCREDIBLE CARE

We provide 2.7 million hours of expert medical, practical and emotional support every year, in our hospices and neurological care centres, in people's homes and in the community.



Head office

- 1. London

Registered office

- 2. Sudbury office, Sudbury

Palliative care

- 3. Duchess of Kent Hospice, Reading
- 4. Leckhampton Court Hospice, Cheltenham
- 5. Manorlands Hospice, Keighley
- 6. Nettlebed Hospice, Henley-on-Thames
- 7. St John's Hospice, Bedford
- 8. Thorpe Hall Hospice, Peterborough
- 9. Wheatfields Hospice, Leeds

Neurological care

- 10. The Chantry Neurological Care Centre, Ipswich
- 11. Cuerden Hall Neurological Care Centre, Preston
- 12. Dee View Court Neurological Care Centre, Aberdeen
- 13. Holme Hall Neurological Care Centre, Holme upon Spalding Moor
- 14. Stagenhoe Neurological Care Centre, Hitchin

Homecare services

- 15. Angus Homecare, Arbroath
- 16. Stirling Homecare, Stirling

Supported living

- 17. Supported Living Unit, Aberdeen
- 18. Supported Living Unit, Ipswich

Other services

- 19. Dementia Helpline, Suffolk
- 20. Doncaster Community Services, Doncaster
- 21. PEPS service, Bedfordshire

OUR GOALS AND PRIORITIES FOR 2016–17

We have refreshed our vision and mission for 2016–17 to reflect where we are as an organisation and refocus our activity moving into the next strategic period.

Vision

Everyone in need of hospice or neurological care lives the fullest life possible.

Mission

We provide incredible hospice and neurological care to people and their families.
We also influence others so more people can access the care they need.

Goal one

Provide and develop the best possible care

Goal two

Grow our influence

Priorities 2016–17

Retail

- Increase retail profit
- Grow our people
- Increase our digital capability

Support services (Property and IT)

- Support income generation and enhance efficiency
- Maintain safety and security of Sue Ryder assets
- Manage suppliers effectively

Fundraising

- Increase fundraised income
- Grow our supporter base
- Demonstrate our commitment to best practice, increasing supporter trust and confidence

Health and Social Care

- Embed high quality services
- Increase income from our services
- Rigorous performance management

Policy and Campaigns

- Maintain our stakeholder network to achieve our influencing goals
- Maintain our thought leadership
- Progress our 'Rewrite the future' campaign to end care inequalities for people with neurological conditions in Scotland

Marketing and Communications

- Build and maintain our brand integrity
- Market our services, expertise and products
- Drive organisational digital transformation

People

- Focus on our values, engagement and performance
- Build organisational effectiveness
- Enable sustainability and efficiency

Finance

- Develop improved financial systems and reporting
- Develop our skills and expertise
- Encourage and embed a collaborative approach

OUR PROGRESS



INCREASE PATIENT SERVICES

Throughout 2015 we have been working on our national service offer to increase our range of services and expand into new locations.

The type of support offered through each location is slightly different, reflecting our approach to personalisation and providing services which are responsive to local need.

MORRISONS FUNDED SERVICES

Community services

Our expert teams provide a variety of services out in the community which enable patients to remain in the comfort of their own homes. Our Community Nurse Specialists are a key part of this and, thanks to Morrisons, are now available seven days a week. They can help manage physical symptoms like pain, nausea or fatigue. They work closely with GPs and other health and social care teams to ensure care and support is co-ordinated. And they provide expert advice, support loved ones and, if needs be, provide a referral to our day or inpatient services.

Hospice at home

We can now provide Hospice at Home services at our St John's, Leckhampton Court and Thorpe Hall hospices.

At St John's and Thorpe Hall we can offer short-term support to people who are finding it difficult to manage at home. Our teams can step in to provide support and care until symptoms improve or other community or hospice services can be put in place. Leckhampton Court can offer a full Hospice at Home service so a patient can spend their final days in their own home if they choose.

Online Community and Support

The new Sue Ryder Online Community and Support was there for more than 17,000 people facing terminal illness and bereavement this year. Visitors used the site to read information and connect with others.

Launched in June 2015, this new service gives us the opportunity to reach and support more people than ever before, round the clock, wherever they can get online.

End of life befriending services

We were able to run a pilot end of life befriending service as part of a research project evaluating the effect of volunteer-led services in reducing social isolation for people in the last 12 months of life. The number of patients recruited to the study made it the largest end of life trial taking place in the UK at the end of November 2015. Sue Ryder represented seven of the 13 centres taking part in the project run in partnership with the Cabinet office, Hospice UK and Lancaster University. The outcomes of the pilot are expected to be released in summer 2016.

Seven day a week recreational activities

Residents at most of our neurological care centres and their families can now take part in recreational activities at the weekends. Activities specifically designed to reflect and encourage people's interests, and nurture body, mind and spirit, include arts and crafts, music and quizzes. These are delivered by our expert activity co-ordinators and dedicated volunteers.

Self-management

Our ten-week self-management programme, the '5Rs', focuses on re-ablement by relaxing, rebuilding, re-energising, re-integrating, and regenerating. The programme supports people to share information and experiences, make new friends, build confidence and get more involved with their local community. They include facilitated activities and therapies including art, creative writing and massage to boost energy levels and support people to feel mentally and physically renewed. The programme is currently available for people living with multiple sclerosis in Suffolk and Aberdeen and survivors of stroke in Suffolk.

Kerrice Cavanagh, Befriending Service Coordinator and Robert Denison at our Doncaster Shop.

Activities and support on the high street

Our Doncaster Community Friends project is a joint venture between Sue Ryder's Doncaster Community Services and the town centre shop. This innovative approach tackles social isolation amongst people affected by dementia and other long-term health conditions by offering a convenient, accessible and safe environment to deliver a range of stimulating activities, and to provide advice and information.



DEVELOP OUR NATIONAL VOICE

We've focussed on strengthening our brand and growing our influence over the last year, working in partnership to ensure the needs of our patients and service users are prioritised by the government and service providers.

Continue to promote 'Dying doesn't work 9-5'

We continued to promote co-ordination at the end of life as an issue at the highest level. Care Quality Minister in the Department of Health Ben Gummer mentioned Sue Ryder's 24/7 co-ordination service at St John's Hospice twice in parliament in 2015-16. We hosted a high-level roundtable on co-ordination at the end of life. And our campaign ambassador Stephen Lock spoke about our campaign at the Conservative Party Conference in 2015.

Improving the profile of end of life care

End of life care was included in all three of the main UK parties' manifestos with co-ordination at the end of life being particularly emphasised following our 'Dying doesn't work 9 to 5' campaign.

We worked with the End of Life Coalition, a group of seven charities, to ensure the Draft NHS Mandate setting the priorities for the NHS included end of life care. This has led to a committed programme of work from NHS England in 2016-17. We also supported the national Aims and Ambitions Partnership and sat on the CQC's inequality at end of life thematic review.

Working with the End of Life Coalition, we launched the 'On the Brink report' aimed at forcing a government response to the 'Independent Review of choice in end of life care' published in 2014. This achieved national coverage and Sue Ryder appeared on Channel 4 News.

Growing our social media reach

We grew our national Facebook page likes by more than 2,000 and our @Sue_Ryder Twitter followers by more than 1,500; increasing our Facebook total reach to over 90,000 people and Twitter reach to over 75,000 people each month, on average.

Brand development

We developed a new key messages toolkit and revised brand guidelines so the whole charity can work as one team to grow and protect our brand.

Launching the Sue Ryder Online Community and Support

We carried out research into how long it takes to begin to feel better after a bereavement which received widespread print, TV and radio coverage. This included *The Daily Telegraph*, BBC Breakfast, ITV This Morning, BBC Radio Scotland, BBC Radio London and BBC Radio Wales. Facebook content reached 47,168 users and Twitter content received 93,800 impressions. And our experiential marketing event in London Victoria Station in February saw online community sessions in the capital nearly double. This activity contributed to the community supporting more than 17,000 people in its first ten months.

Regularly placed blogs and opinion pieces

We've placed blogs and opinion pieces in trade press over the year as well as blogs on our own website, utilising our internal expertise and the compelling stories of our patients and service users to showcase our work.

We secured a blog in the *British Medical Journal* by Medical Director Dr John Hughes warning that 'The UK will slip from world leaders in palliative care if complacency replaces progress'. And a piece in *The Herald* by Assistant Director for Scottish Services Pamela Mackenzie arguing that clear, strong guidance on access to palliative and end of life care is needed for Scotland's new health and social care integration authorities.

Miriam Payne, PR and Communications Officer, being somebody's connecting thread at London Victoria Station Online Community experiential event.



DEVELOP PLANS FOR 'FIT FOR PURPOSE' CENTRES

Our focus is to deliver incredible care, wherever the setting. Our unique heritage means that Sue Ryder has hospice, neurological and community services running from buildings varying from the stately to the state of the art. In 2015-16 we've taken steps to expand and improve some of our services to meet the current and future needs of the people we support.

Expanding capacity at Dee View Court

Specialist Neurological Care Centre Dee View Court currently has 22 beds for people with complex neurological conditions. There is always a waiting list, with around 15 people waiting to be able to access the service at any given time.

The new hospice is already making a tremendous difference to people across the region. Nurses are now able to deliver incredible care in a fit-for-purpose environment including state-of-the-art single ensuite rooms with direct access to private garden space.

To meet this local need, this year we developed expansion plans to provide increased residential capacity alongside a supported living model. We are launching a capital appeal to raise funds for the £4 million expansion plan over the next three years.

Our first capital appeal and purpose built inpatient unit at Thorpe Hall

In June 2015, with the help of supporters across the country, we completed Sue Ryder's first ever Capital Appeal raising in excess of £4.7 million over two years.

Royal Patron of the Appeal, HRH The Duchess of Gloucester, officially opened the new hospice at Thorpe Hall, Peterborough and our first patients were admitted to the facility in July. This wonderful achievement was only made possible by the vision of our Trustees, the dedication of our health, fundraising and retail teams and the support of our generous donors and the local community.



Jess Bacon, a prominent supporter of the capital appeal, whose father was cared for at Thorpe Hall, meeting HRH The Duchess of Gloucester at the opening of the new hospice in June 2015.

USE OUR NETWORKS TO GROW INCOME

Last year our partnership with Morrisons supported three Hospice at Home services, extended our capacity to deliver community nursing and saw us launch our Online Community and Support which has supported 17,000 people this year. And despite a tough trading environment, Retail broke their weekly sales record twice, taking over £1m both times.

Our shops have not been immune to tougher trading conditions on the high street. Our fundraising teams are competing in an environment of increased public scrutiny into the fundraising practices of charities. We are putting plans in place and will work with colleagues and supporters to secure the success and sustainability of the charity.

Morrisons

We've raised £4.7m from the first two years of our Morrisons Partnership. This incredible achievement has only been possible thanks to the dedication, enthusiasm and generosity of Morrisons colleagues and customers across the UK.

This money is hard at work funding healthcare services and development of our Online Community and Support. Thanks to Morrisons support our specialist teams have been able to reach out beyond our hospices to provide crucial care and support to patients and their families, in the comfort of their own homes. They have helped us establish new services and to provide over 123,000 extra hours of incredible care a year to patients and their families.

The Sue Ryder Lottery

Last year saw the successful launch of the national Sue Ryder Lottery. Our lottery lets people support us financially whilst having the chance to win weekly prizes of up to £1,000 with a potential roll-over of up to £10,000. Players can choose to support a care

centre of their choice, or choose to support Sue Ryder overall. At the end of our first year we had 8,723 weekly entries in the draw. We will be promoting our lottery throughout the next year to maximise the income we can generate from the lottery for Sue Ryder.

Valuing our supporters

We undertook a review of our Hospice Fundraising, to ensure that we are maximising community efforts and set up to increase the local affection and support for each hospice, to help fund our future care.

At a time of increasing criticism of charities and fundraising practices, we renewed our commitment to our supporters, introducing "Our promise to you" setting out eight pledges we make to our supporters including asking them to let us know when something goes wrong. We looked again at all our internal processes to ensure we continue to meet the commitments made in our promise.

Increased our neurological income

One of our key objectives for 2015-16 in Neurological Services was to increase our income through renegotiating fee levels, which hadn't been reviewed with commissioners for a number of years. We had also identified that there was demand for us to care for people with more complex neurological needs, combining nursing and rehabilitation and also caring for people who exhibit challenging behaviours, involving increased costs. As a result of this work we have increased the average weekly fee level by 23% in 2015-16, which will begin to benefit the charity and those we care for, in the next financial year. This equates to £1.5m additional income compared to the previous year (2014-15).

Growing our retail chain

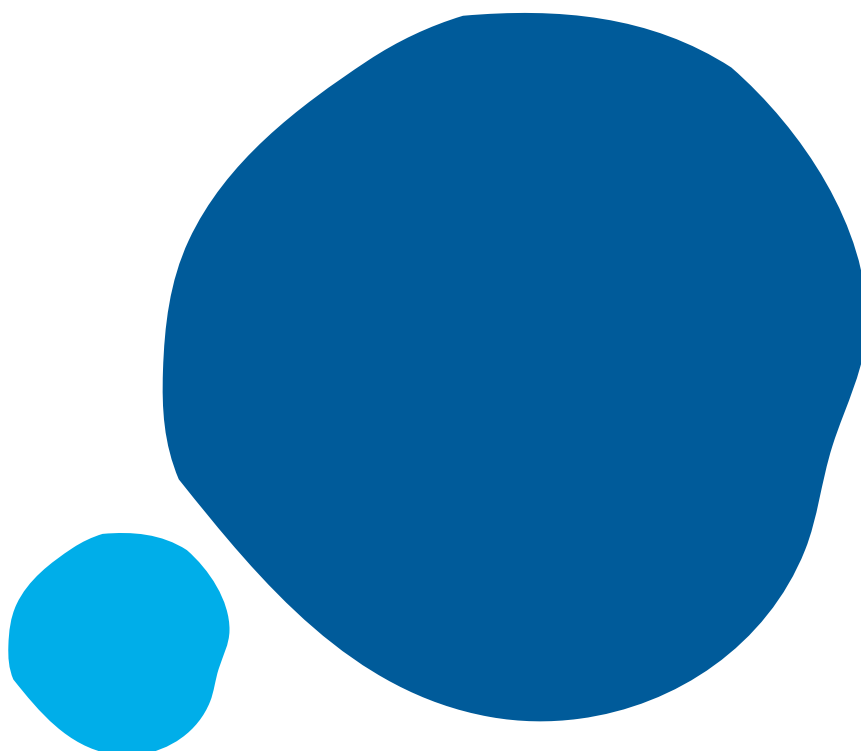
We continued to open new shops in targeted locations across the country increasing our shop chain to over 450 shops. A number of our shop openings this year are larger format shops which offer a wider range of products to our customers including furniture and white goods. We have been very pleased with the success of these shops and in particular our first shop in Bedford, trading near to our St John's hospice at Moggerhanger.

Protecting the environment

We recycle over 18,000 tonnes of goods that may have been discarded into landfill every year. We have continued to work with selected partners to develop our refurbished and repaired products, driving innovation and offering our customers greater choice whilst helping to protect the environment.

Upgrading our infrastructure

We have begun the process of upgrading the IT capabilities of our shops, giving our shop teams greater access to communications and information aimed at improving our commercial performance. These upgrades will assist in the planned roll out of an electronic point of sale (EPOS) system in 2016-17 designed to provide our buying, merchandising and shop teams with relevant information to help to drive our financial contribution.



ACT AS ONE TEAM

In 2010, we defined a five-year people strategy and set out how we intended to make a real step change to the organisation in terms of its culture – being person centred, focusing on values and performance led – with the aspiration to create a great place to work.

Delivering our people strategy

In 2015-16 we completed delivery of our five year people strategy with its associated investment, and can report that we have achieved real progress, seen in some of our key metrics. We've seen significant improvement in our engagement score and response rate over the five year period. There's also evidence of high levels of engagement leading to high service user satisfaction, increased profits and reduced turnover in that time. We've seen a major improvement in the employee relations climate and therefore reduction in distraction from management time, measured by the reduction in our key employee relations climate KPI measures. Absence has reduced by 42%, staff turnover by 26% and employee relations cases by 85%.

Growing our volunteer work force

We have achieved growth in volunteer volume and value, with increased use of volunteering across the charity and specifically growth into hospices. In 2015/16 we had around 11,000 volunteers and their support was worth £29.7m.

Performance management

We want to make sure we manage our people effectively and that everyone is clear what is expected of them and the ways we can support them. To enable this and ensure everyone receives a consistent experience across the organisation, there was a clear focus on performance management this year.

The performance training and development for all people managers across Sue Ryder, has proved hugely successful with positive feedback throughout. This has made a real difference to people's attitudes, skills and capabilities towards performance management, helping us to embed it across the organisation.

Engagement

It's incredibly important to us to ensure we gather our people's feedback to understand whether we are realising this ambition and where we may need to make improvements. Over the past five years we have asked our people to share their views on what it is like to work at Sue Ryder and used that information to make some real changes. This has included establishing over 70 engagement champions to help listen and learn from the organisation. We've also refreshed and added to our PeoplePerks staff benefits package.

This year we moved away from Best Companies to introduce a new survey called 'Let's Talk'. This has allowed us to ask relevant questions and better address some of the feedback we receive. Our engagement champions played a key role encouraging our people to share their thoughts. We achieved a 55% response rate to this which was our largest, clearest voice from our people to date – providing clarity on our strengths as well as some weaker areas to work on.

We have also decided to use the Investors in People (IIP) framework as a structure to help us achieve our ambitions. IIP concentrates on the human factor of an organisation. As organisations succeed by realising the potential of their people, this structure will help us in our efforts to perform more strongly.

Incredible colleagues

In October 2015 we ran our second Incredible Colleagues and Volunteers Awards to recognise those who live and breathe our values, go above and beyond to help us deliver incredible care and deserved to be recognised. We received over 240 nominations and over 500 votes were cast in the

public vote for the overall winner. Manorlands Staff Nurse De-Anne Morris was named this year's Incredible Colleague, with Ian Fletcher from The Chantry receiving the Incredible Volunteer accolade. There were also volunteer and colleague winners in seven other categories who also demonstrated their immense contribution to Sue Ryder.

James Wright, Senior Events Manager, and Will Satterthwaite, Website Manager, at a team building event.



INCREASE OUR IT CAPABILITY

Last year we successfully increased our IT capability in a number of areas, benefitting not just our patients and service users but our colleagues too.

Bringing shops into the digital world

The project to install new IT equipment and broadband connections is well under way with over 130 shops already completed and all shops completed by the end of July 2016. Shops now have access to all Sue Ryder systems, and this will pave the way for the new EPoS system which will begin roll-out in August 2016.

Real time feedback, real time improvements

All of our centres in England can now capture service user feedback electronically and review reports almost immediately. With this 'real time' information, our centres are able to process feedback in a much shorter timeframe and improvements for our service users have been quickly identified and acted upon.

Gift Aid scanning

We have completed a project to scan and electronically store the archive of 1 million paper Gift Aid forms, freeing up considerable space in our Northampton warehouse. The new electronic images can be searched by Donor ID, surname, postcode, or originating shop etc. It has also demonstrated that compliance since 2008 with the Gift Aid sign up process has been very good. New donor forms are now being scanned on a monthly basis.

Video conferencing

Each Sue Ryder care centre, hospice and office now has equipment for Google Hangouts (video conferencing). All these sites were equipped at a total cost of £15,000, which was the cost of the previous videoconferencing unit in the London office alone. Laptop users can also use Hangout, allowing home and field-based workers to link into multi-site meetings without travelling to a Sue Ryder site. This technology has improved communication while quickly resulting in significant reductions in travel costs.

Cyber security

Recent work to improve cyber security within Sue Ryder has helped us avoid issues that have significantly impacted many other organisations. We focused on virus, spoofing and ransomware attacks, which are moving targets with the threat challenges continually changing. Since conducting this work we have seen a significant reduction in cyber attacks to our network.



Michael Whitton, Volunteer Key Holder using the new computer at the Twydall Shop in Kent.

OUR PERFORMANCE

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Sue Phillips, Team Leader and Mari Pitman, Ward Sister at Leckhampton Court Hospice in Gloucestershire.

FINANCIAL SUMMARY

Despite a challenging year financially we have spent £3m (7%) more on our charitable activities than in the previous year. Our plans for 2016–17 maintain this by focussing our resources on our front line services.

Our main financial challenges, which were not unique to Sue Ryder, were:

- Growing our statutory income to more closely reflect the true costs of our care is taking longer than anticipated. This is despite the personal benefits to patients and to the NHS and local government financially of providing care outside of a hospital setting.
- Our shops deliver crucial income, supporting the gap between the costs of our care and government funding. In common with the wider retail sector, in the second half of the year we saw a drop in sales and despite reorganising our operation, this has had a direct impact on the net return.
- Negative publicity surrounding charity fundraising practices has had an effect on our fundraising activities. We welcome the arrival of the Fundraising Regulator to help improve practices across the sector.
- Our cost base has continued to grow to meet demands, despite our ongoing efforts to improve efficiency and derive maximum value from our income.

The result of these factors is that we posted a substantial deficit for the year of £5.8m. Despite this, our balance sheet now more accurately reflects the current value of our freehold care centres, with an uplift in their values of some £16.2m. We have also maintained our free reserves of c£10m.

Whilst the underlying financial position of the charity is secure, the above financial challenges must be addressed, they are also likely to persist well into the coming year. Furthermore the introduction of the National Living Wage is adding some £0.3m of costs in 2016-17 and this will build to over £1m by 2020. The Apprenticeship levy in 2017 will add a further £0.3m.

We are responding as follows:

- **Retail** – Investing £4m over the next five years in a warehousing and Electronic Point of Sale (EPoS) system to improve our retail operation. We expect to see a positive return in year two of the project.
- **Fundraising** – Continuing to develop our lottery which will be a major net contributor of funds in the future (£0.4m in 2017–18 and in excess of £1m pa by 2018-19). In 2015–16, the first year of this initiative, we invested £0.6m, whilst generating income of £0.2m. We plan to make substantial further investment in 2016-17, and 2017-18 when the annual net return becomes positive.
- **Fundraising** – Investing in our local hospice based fundraising operations to reduce the current gap between income and expenditure.
- **Organisational Efficiency** – Reviewing our structures to ensure we can most effectively deliver and support our core services
- **Process Improvement** – Investing in our financial and HR systems to help us better manage our human and financial resources

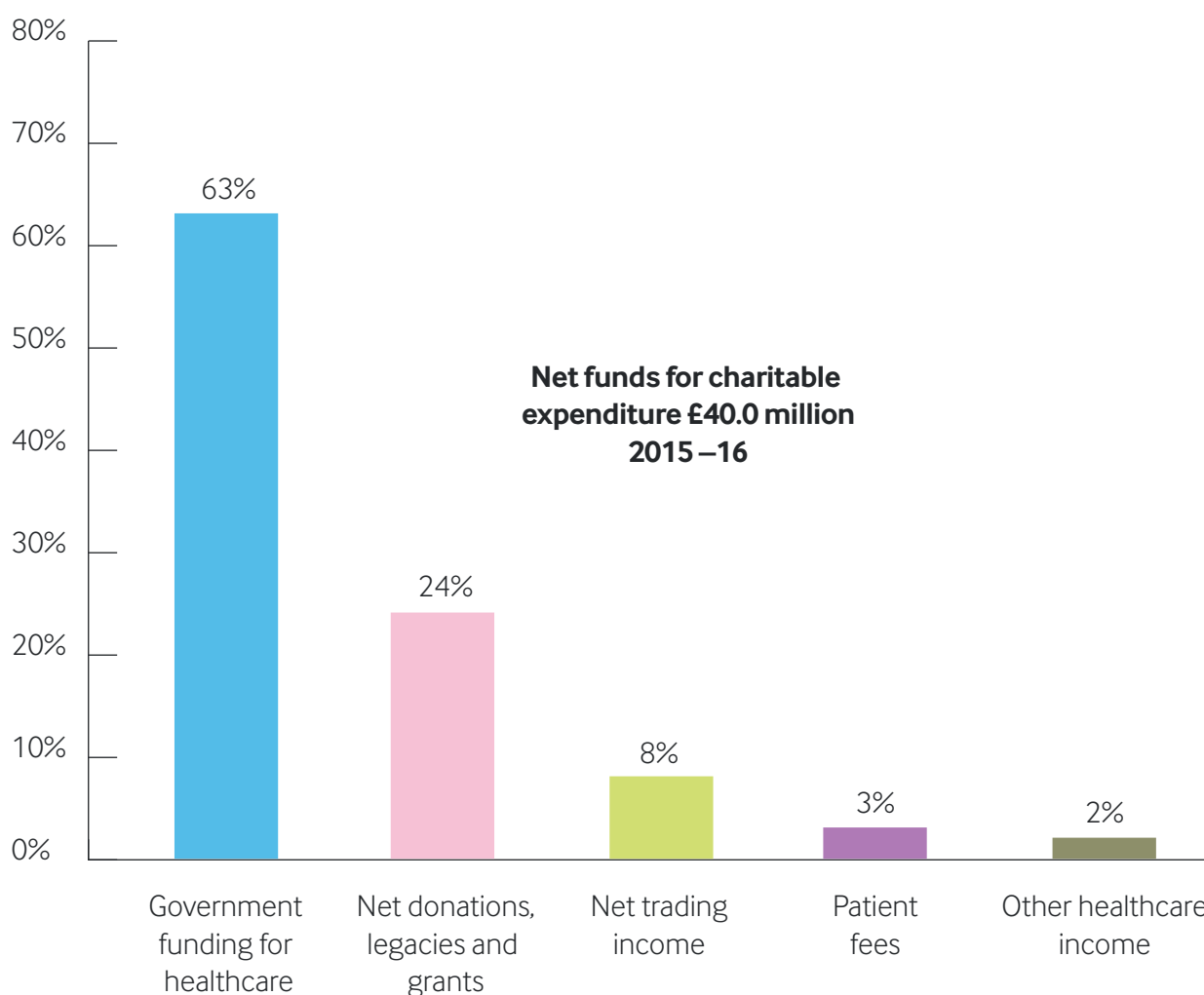
Financial highlights

Our main sources of income are:

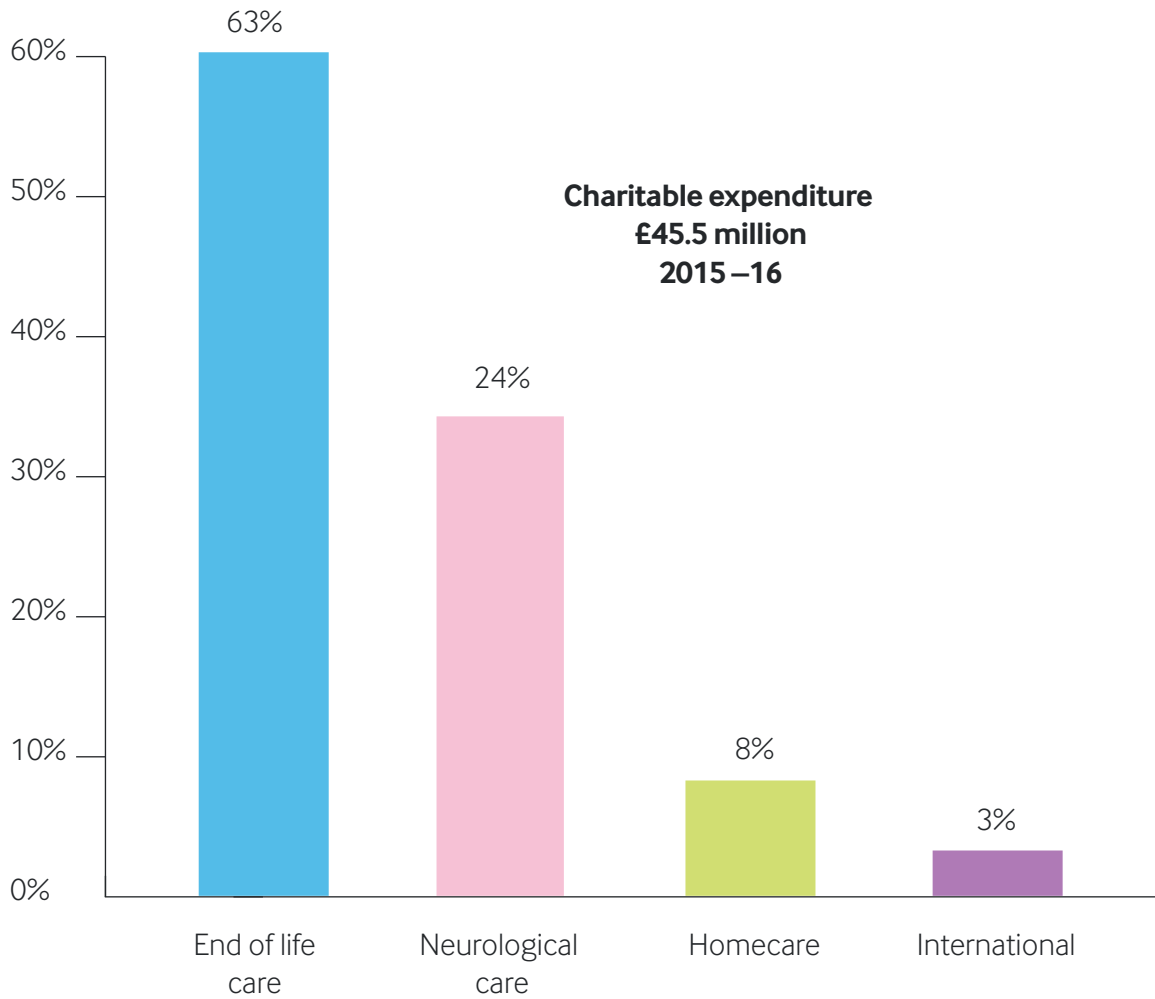
- Legacies and donations (£14.0m)
- Trading activities from our shops and fundraising events (£58.7m)
- Direct payments for our charitable activities from the NHS and local authorities, and patients (£27.0m)

We grew our gross income from these sources by 5% to just under £100m in 2015–16, and the net amount available for our charitable activities (after allowing for the costs of our retail operation and fundraising) amounted to £40.0m.

This net funding position was £4.1m lower than the prior year, primarily due to the drop in net retail returns and a fall in legacy income more than offsetting the 3% growth in the income we receive directly for our care services from government and patients.



FINANCIAL SUMMARY (CONT.)



Despite this challenging funding position we maintained our commitment to growing our front-line services, increasing expenditure on end of life care by 10% and neurological care by 8% with overall charitable activities spending increasing by 7% to £45.5m.

We have been able to do this because we have a sufficiently strong balance sheet, including reserves, to withstand such short-term challenges. This has provided us with time to identify and implement a number of steps to improve the operational cost efficiency in the year ahead.

Reserves

At 31 March 2016 total funds were £57.8m, of which £0.3m were restricted funds for specific purposes, property revaluation reserves (representing the estimated increase in the current values of our freehold care centre assets over their historic values) were £16.2m and the investment revaluation reserve £1.4m. Of the remaining £39.9m of general funds, £11.6m was held as liquid cash and investments.

During the year the Trustees undertook a risk based review of reserves. Taking into account the diversity and stable nature of our income streams, the levels of asset backing, current and future investment and borrowing projections, the growing demand for the services which we provide, and the general and specific market conditions in which we operate, they are of the opinion that an appropriate level of liquid free reserves (held as cash and investments) would be £10m.

The excess of £1.6m on the £10m liquid free reserve level arose due to the short term pattern of receipts and payments at year end and the Trustees believe this excess will rebalance over the coming year.

Investments

The Council of Trustees sets the overall performance and ethical parameters under which our investment managers Cazenove operate.

The investment managers report regularly to the Finance and Audit Sub-Committee and meet at least annually to review performance and outlook. The primary objectives of our investment portfolio are:

- Generate long-term income
- Provide capital growth to fund new activities
- Maintain an appropriate balance between equities, bonds, other investments and cash in order to spread and manage risk.

The total return on our portfolio over the financial year was -0.4% (2014-15 6.9%)

As of March 2016 our distribution of investments was:

UK equities	38%
Overseas equities	28%
UK fixed interest and gilts	8%
Overseas fixed interest and gilts	10%
Others	16%

Investment restrictions

The Trustees have declared that the charity will not directly invest in armaments, tobacco or pornography.

FINANCIAL SUMMARY (CONT.)

Our most significant risks and mitigating actions are set out in the following table

Principal Risks	Management of Risks
<p>There is a risk that the End of Life Care Strategy will not be delivered in full because of an inability to develop sustainable funding. This could lead to limited or no increases in services around our hospices which will impact on the choice for patients in their care at the end of life.</p>	<p>Up to three key controls in place now:</p> <ul style="list-style-type: none"> • Continuing discussions with Commissioners around each of our hospices • No expansion of services until money is in place • Monitoring of corporate funding
<p>There is a risk to the delivery of neurological care if the organisation is unable to secure the fee levels required to fully recover costs or is unable to meet occupancy targets. This could lead to a failure to sustain centres.</p>	<p>Up to four key controls in place now:</p> <ul style="list-style-type: none"> • Budgetary control • Occupancy rate targets • New patient fees signed off by Executive Leadership Team (ELT) to ensure consistency with strategy • KPI £ per patient on performance report
<p>Centres will become unfit for delivery of care because of a lack of investment leading to low quality environment and rooms.</p>	<p>Up to two key controls in place now:</p> <ul style="list-style-type: none"> • All centres have planned and reactive maintenance budget • Property budget for unexpected jobs and projects
<p>There is a risk to the financial sustainability of the organisation's plan. This is due to insufficient financial resources to mitigate changes, delays in key elements of the capital and income programmes. This could lead to an unsustainable depletion of reserves.</p>	<p>Up to four key controls in place now:</p> <ul style="list-style-type: none"> • Current level of reserves and reserves policy • On-going restructure to drive out costs and the creation of a sustainable base • More regular reviews by ELT of performance against financial targets • Business cases for all developments

Going concern

The Trustees have reviewed our financial position and financial forecasts, taking into account the levels of investment reserves and cash, and the systems of financial control and risk management. The Trustees believe that we are well placed to

manage operational and financial risks successfully. Accordingly, they consider that the charity has adequate resources to continue in operational existence for the foreseeable future. They continue to support the going concern basis in accounting in preparing the annual accounts.

Principal Risks	Management of Risks
<p>There is a risk that the organisation does not provide full IT facilities to all operating units. This could lead to operating issues across the organisation, affecting patient care, regulatory compliance, revenue generation and a lack of robust infrastructure preventing consistent data capture.</p>	<p>Up to three key controls in place now:</p> <ul style="list-style-type: none"> • Budget in place for audit and inventory of all IT infrastructure assets • Budget in place for desktop estate refresh programme and remediation of IT issues • New ELT governance forum in place to validate priorities
<p>There is a risk to the implementation of the transformational and cultural change required to deliver the five year plan. This is due to the large scale of the change, leadership capacity and capability. There's also the possibility of change fatigue leading to failure to deliver key components of the strategy to timescales.</p>	<p>Up to three key controls in place now:</p> <ul style="list-style-type: none"> • Involvement of Senior Leadership Team (SLT) in budgeting and planning raising awareness and buy-in to change levels • Focused uplift of capability via Sue Ryder Leadership Development Programme which is ongoing. • Leadership event to ensure understanding and progress on plans which took place in May 2016
<p>There is a risk that we don't have a high level project development plan agreed which will lead to poorly prioritised projects that do not have total organisational commitment.</p>	<p>Up to three key controls in place now:</p> <ul style="list-style-type: none"> • Defined annual plan and budget • Clear sequencing of major projects • Project management capability, tools and monitoring
<p>There is a risk that we are not consistently proactive as a multi-site organisation on fundraising governance. This leaves us vulnerable to sanctions from the Fundraising Regulator, negative media reporting, a downturn in support and risks to our reputation.</p>	<p>Up to three key controls in place now:</p> <ul style="list-style-type: none"> • Fundraising supporter pledge • Monthly SLT review • Compliance manager recruited

Our processes for managing these risks are set out in the governance section over the page.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Objects of the charity

1. To provide or assist in the provision of care for persons suffering from any serious or permanent disability, incapacity or illness.
2. To relieve the needs of those people potentially excluded from society by reason of old age, ill health (physical or mental), disability, poverty, or criminal history, and to assist their integration into society for the public benefit.
3. To relieve the consequences of old age through the provision of facilities of any kind for the care of the elderly.
4. To provide education relating to the causes of and the means of relief of ill-health, disability and old age.

Council of Trustees

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. Trustees are appointed by Council for three years and can be reappointed 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 supported 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. An induction programme is offered to all new trustees to ensure they are briefed on the charity's objects, strategy and

activities. Trustees are also offered training if a need is identified.

The Trustees, in Council, meet four times a year to review the performance of the charity both financially and in meeting its charitable objectives. To discharge its governance responsibilities effectively, Council has created a number of Sub Committees (Trustees form the membership with managers in attendance) which have delegated powers from the main Council of Trustees.

These committees and their remits are:

- Finance and Audit Sub Committee (quarterly) — reviews and approves financial results, budgets and other financial governance matters. This committee also oversees risk, other than clinical risk.
- Health and Social Care Sub Committee (quarterly) - supports and develops a sustainable healthcare strategy and oversees clinical risk.
- Commercial Sub Committee (quarterly) - oversees fundraising strategy; reviews and approves major property acquisitions and developments; and reviews the strategic development of retail and business cases.
- Nominations Sub Committee (as required) - selects new members of Council.
- Remuneration Sub Committee (as required) - reviews and agrees changes to terms and conditions of executive management team.
- Ethics Sub Committee (as required) — considers ethical issues.

Management Advisory Groups

Management Advisory Groups (MAG) have been set up to enable Trustees to offer their skills and expertise to managers in the day-to-day delivery and organisation of services.

- People MAG - The group reviews, evaluates and advises on the People Strategy and business plans, ensuring that these support the charity to achieve its objectives.

Governance, risk management and internal controls

The Trustees regularly review the risks faced by the charity to develop proportionate controls and deliver on the charity's strategic aims.

The main risks being monitored include:

- Delivery of safe, effective and personalised care to the people we support.
- Sustainable and stable income streams to support our service delivery and development

Trustees receive regular performance information by way of financial reports and analysis, cash flow forecasts and key performance indicators.

Trustees receive assurance from internal assurance providers which have been assessed as fit for purpose. These are the Clinical Quality team, which reports to the Healthcare Governance Committee, and Internal Audit which reports to the Finance and Audit Sub Committee. Regular audits are undertaken from a risk-based annual audit plan as approved by Finance and Audit Sub Committee. Progress on audit and risk activity and implementation of management action plans are reported on quarterly to Trustees.

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 Chief Executive and the Trustees.

The charity currently produces an annual budget and reports monthly against that 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONT.)

During the period to 31 March 2016, the charity's planning and reporting processes were represented through the charity's five year rolling planning process which supports the charity's long-term strategic goals.

Internal Audit

The Internal Audit service has been operating since November 2010 and carries out a programme of internal audits to cover the major risks identified by the Trustees and management. The Finance and Audit Sub Committee has approved the internal audit plan. Audit reports are regularly presented to the Finance and Audit Sub Committee, together with progress on the implementation of recommendations.

MANAGEMENT AND POLICIES

Grant making

Sue Ryder currently provides grant funding to support the ongoing work of independent Sue Ryder organisations in Malawi and Albania.

Foreign exchange

The charity's trading subsidiary, Sue Ryder Direct Limited, purchases new goods from overseas suppliers that require payment in US Dollars. These US Dollars are purchased at the spot rate to satisfy short term contractual commitments.

Policy and practice on the payment of creditors

The charity complies with best practice and always endeavours to meet the payment terms agreed with suppliers through our procurement and tendering process.

The ratio of amounts owed to trade creditors at the year end to purchases during the year was 6% (2014–15: 4%).

Remuneration policy

As a charity we are careful to pay remuneration levels necessary to ensure that we attract and retain the right calibre of relevantly experienced people who we need to build and run a successful and efficient charity.

The Remuneration Committee reviews Executive salaries annually. The Remuneration Committee is comprised of Trustees, who have been given delegated authority by the Council of Trustees to review, agree and propose changes to the remuneration, benefits and terms and conditions of employment of the Executive Leadership Team.

Setting remuneration appropriately is a difficult task and we focus on getting the balance right between being competitive and paying appropriately for a charity.

Like many organisations of our size we aim to:

- Pay the median range for similar organisations in the UK charity and not-for-profit sector.
- Ensure performance is formally reviewed and reported to the Remuneration Committee on an annual basis.
- Monitor charity and wider sector trends through appropriate surveys and market reports.
- Ensure that Executive pay increases are consistent with the pay increases awarded in the wider staff pay review.

Pensions

Sue Ryder operates the following pension schemes:

- **The Sue Ryder Care Pension Scheme (1992)**
This defined contribution group pension scheme with Equitable Life is now closed to new members and Sue Ryder no longer makes contributions to this scheme.
- **Group personal pension plan**
Sue Ryder contributes to individual personal pension plans under a group personal pension operated by Zurich.
- **People's Pension**
Sue Ryder provides an auto-enrolment scheme through the People's Pension.

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

Employment of disabled persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without negative discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retaining of employees who become disabled whilst employed by the charity.

Where a current employee or volunteer becomes disabled due to illness or injury the charity, wherever possible and reasonable, will provide assistance with rehabilitation, adaptation to premises, modification of equipment, provision of special aids, job restructuring, retraining and/or redeployment opportunities.

Employee/volunteer involvement

Information about aims and activities is disseminated to all staff and volunteers through management briefings, extended use of our intranet, email and printed publications.

Auditors

BDO LLP were automatically reappointed as auditors of the charity.

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONT.)

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.

Trustees' responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The Trustees are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The Trustees are responsible for keeping adequate accounting records that show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the

charity, and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

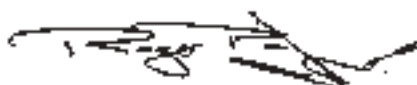
Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Public benefit

The Council of Trustees has given regard to the legislative and regulatory requirements for disclosing how its charitable objectives have provided benefit to the public. The Council of Trustees has complied with the duties set out in section 4 of the Charities Act 2006 (and under the equivalent Charities regulatory regime in Scotland). This report outlines how our achievements during 2015–16 have benefited the public, either directly or indirectly.

Approved on behalf of the Council of Trustees

Signed



Roger Paffard
Chairman
19 July 2016



Members of the public leaving messages of support, at our Experiential Event in London's Victoria Station.



OUR ACCOUNTS

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LEGAL AND ADMINISTRATIVE DETAILS AND FINANCIAL STATEMENTS

For the year ending 31 March 2016

Status

Sue Ryder is a charitable company limited by guarantee, incorporated on 28 November 1968 (last amended on 12 September 2012) and registered as a charity in England and Wales on 17 January 1996 and in Scotland on 14 May 2008.

Governing document

Sue Ryder was established under a memorandum of association and is governed under its articles of association, which establish the objects and powers of the organisation.

Company number	943228
Charity number	1052076
Scottish charity number	SC039578

Registered office

King's House, King Street, Sudbury, Suffolk
CO10 2ED

Principal office

16 Upper Woburn Place, London WC1H 0AF

Royal patron

Her Majesty The Queen

Subsidiary Companies

Sue Ryder has five subsidiary undertakings:

- Sue Ryder Direct Limited
- Sue Ryder Care (Chantry).
- Woburn Property Investment Company Ltd
- Duchess of Kent House Charity
- Sue Ryder Lottery Limited

Sue Ryder Direct Limited is the charity's trading arm for new goods sold in the shops and via the internet to raise funds for Sue Ryder. Over the trading period to 31 March 2016 its net contribution to the charity was £2.4 million (2014 – 15: £1.8 million).

Sue Ryder Care (Chantry) was set up in 2000 as a subsidiary linked charity with the same charity number as Sue Ryder (1052076). The purpose of this charity is to hold money from a defunct Suffolk charity that closed in 2000. This is referred to in Note 25.

Woburn Property Investment Company Ltd was set up in 2012 as a vehicle for the purchase, sale and leaseback of Sue Ryder charity shops.

Duchess of Kent House Charity became a subsidiary of Sue Ryder on 4 March 2013. This charity is a fundraising charity for the Duchess of Kent House hospice.

Sue Ryder Lottery Limited was set up as a subsidiary of Sue Ryder in March 2015 to promote the Charity's lotteries and raffles.

Council of Trustees

Unless otherwise indicated the Trustees below were in post from 1 April 2015 to the date of the Trustees' Report. Membership of Sub Committees and/or Management Advisory Groups (MAG) is also indicated.

Roger Paffard

Chair of Trustees

Chair of Nominations Sub Committee

Roger Paffard's career has spanned the business, public and voluntary sectors in a variety of chief executive and non-executive roles. He has been a chief executive of Alberto toiletries, Staples office superstores and Thornton's chocolates. In the last decade he has worked in the public and voluntary sectors - initially as chief executive of Remploy and then as chief executive of United Lincolnshire NHS Trust. Over this period Roger has also been a trustee and policy advisor for Marie Curie Cancer Care, a trustee for RVS, a strategy consultant and trustee for a number of educational and funding charities.

Roger is Chair of the South London & Maudsley Mental Health NHS trust and non-executive Vice-Chair for Newark & Sherwood NHS Clinical Commissioning Group.

Sub Committees/MAGs: Health and Social Care, Commercial, Remuneration, Nominations

Christina Edwards CBE

Vice Chair of Trustees

Chair of Health & Social Care Sub Committee

Christina Edwards has a wide experience in the NHS and Department of Health. She qualified and worked for many years as an Acute Nurse and then as a Health Visitor. She moved into management in the 1980s and worked in various areas of the NHS including acute, community and learning disabilities becoming a Director of Business Development and Nursing for a trust in North Essex in 1992. She has served as a Director in the NHS on other Trusts, Health Authorities and led a Scrutiny into unnecessary bureaucracy for the Department of Health.

Christina was formerly a Regional Director of Training, Education and Nursing, working closely with deaneries, universities and trusts to develop training and development for all health staff across the Northern and Yorkshire Region of the DH. For five years until 2010 she led multidisciplinary teams to help, support and drive through improvement in challenged NHS organisations. Since then she has worked as an independent consultant leading enquiries or projects mainly in health related organisations. She worked part time as a Clinical Director at a London Hospice and is presently the Lay Vice Chairman of a Clinical Commissioning Group.

Sub Committees/MAGs: Health and Social Care

LEGAL AND ADMINISTRATIVE DETAILS AND FINANCIAL STATEMENTS

For the year ending 31 March 2016

Michael Attwood

Mike has spent over 25 years as an NHS leader. He took on the leadership of the Total Place Programme for Coventry, Solihull and Warwickshire in December 2009 and from there was asked to lead the wider collaborative “better for less” transformation programme across 15 public sector organisations on the patch. Mike joined Coventry PCT as Joint Chief Executive in June 2005 and was previously Chief Executive at Slough Teaching Primary Care Trust from 2001 to 2005. At Coventry PCT Mike took the organisation through financial turn around and worked closely with Coventry City Council to establish a newly funded, innovative Health Improvement Partnership, as well as agreement on plans for a major city centre health facility.

Mike is an Associate of the Centre for Innovation in Health Management at Leeds University Business School, a leadership coach and public service Organisational Development consultant

Sub Committees/MAGs: Health and Social Care, Finance and Audit, Commercial, Ethics, Nominations, Remuneration, People

Keith Cameron

Chair Commercial Sub Committee
Chair Remuneration Sub Committee
Director of Sue Ryder Direct Limited
Director of Sue Ryder Lottery Limited

Keith Cameron brings a wealth of experience in high level, high street retail management to the Council of Trustees. Keith has previously been the CEO for The Burton Group plc/Arcadia Group plc and latterly HR Director for Marks and Spencer plc.

Keith is currently a non-executive director of Work

Group plc, Affinity Trust Ltd, Professional Pilots Union Ltd, a Director of Imperial War Museum Trading Co Ltd, and a Trustee of Young Epilepsy.

Sub Committees/MAGs: Finance and Audit, Commercial, Nominations, Remuneration, People

Murray Duncanson

Murray Duncanson began his NHS career as a fast track graduate trainee with spells in London teaching hospitals followed by further management posts in London and Essex. In 2007 Murray left the NHS after 30 years’ service. For the previous 16 years, Murray had been Chief Executive of three different Trusts in Colchester, Barnet and latterly Lothian in Scotland, with a year at the Department of Health on a Prison Health Task Force. Outside of the NHS he was a Trustee of Elizabeth Fitzroy Support, a national charity for people with learning disabilities, Vice Chair of NHS Education Scotland, and chairman of the Company of Chemists Association.

Murray currently runs his own coaching and consultancy company based in North Berwick in Scotland.

Sub Committees/MAGs: Health and Social Care, People

James Dunmore

(Appointed 1 September 2015)

During his career James has worked with stakeholders raising finance for a range of organisations as they developed or reshaped their business in line with long term strategy. James currently works with Carillion. James has experience of raising and investing equity, debt finance and advising on bonds as well as social bonds and more innovative forms of corporate and project finance. James previously set up a community

healthcare business at Interserve, working with NHS Trusts, charities and social enterprises. He is currently Chair of Trustees at a mental health charity, Leeds Counselling.

Sub Committees/MAGs: Finance and Audit

Neil Goulden

Chair of Finance & Audit Sub Committee

Director of Sue Ryder Direct Limited

Director of Sue Ryder Lottery Limited

Neil spent 13 years as Group MD, Chief Executive, Chairman and Chairman Emeritus of the Gala Coral Group, who were a major corporate sponsor of Sue Ryder. He stepped down from the company in 2014. Neil was formerly Chief Executive of Allied Leisure plc and has also held board positions at Compass Group and Ladbrokes.

Neil's key interests are health, housing and social care. He is the Chairman of Affinity Sutton Housing Association. He is a Non-Executive Director at Marston's plc and is a Companion of the Institute of Management. He is Chairman of Governors at Nottingham Trent University and a trustee of Ambitious about Autism. He is also a government appointed member of the Horserace Betting Levy Board.

Sub Committees/MAGs: Commercial, Finance and Audit

Stuart Hudson

(Appointed 1 September 2015)

Stuart is a Partner at Brunswick Group LLP where he advises companies on how to engage with stakeholders including regulators, investors and the media. He previously served as a Special Adviser at 10 Downing Street and over the years has worked on a

wide range of local and national election and referendum campaigns.

Stuart was educated at the universities of Oxford and London where his postgraduate study was in economic policy and corporate finance. He trained in competition policy at Britain's main anti-trust authority and worked for the energy regulator on several high profile investigations.

Sub Committees/MAGs: Commercial

Margaret Moore

Director of Duchess of Kent House Charity

Margaret Moore was a partner at city law firm Travers Smith LLP for 22 years. She established, and was Head of, the Commercial and Competition Departments, with responsibility for the management, strategic planning and development of the departments. Alongside her legal practice, Margaret was very involved in mentoring, coaching and recruitment at Travers Smith, working particularly with the trainee solicitors.

Margaret is Vice-Chair of the Fundraising Regulator the independent regulator of charitable fundraising. She is also a trustee of Great Britain Wheelchair Rugby, the governing body of the sport in Great Britain, and a governor of the Royal High School, Bath (a member of the Girls' Day School Trust) where she has particular responsibility for boarding and the sixth form, as well as modern foreign and classical languages. She has a close personal interest in the health and social care sector.

Sub Committees/MAGs: Health and Social Care, Finance and Audit, Commercial, Ethics

LEGAL AND ADMINISTRATIVE DETAILS AND FINANCIAL STATEMENTS

For the year ending 31 March 2016

Lucinda Riches

Lucinda Riches was formerly an investment banker, beginning her career at Chase Manhattan Bank. Lucinda worked at UBS and its predecessor firms for 21 years. At UBS, she was a Managing Director, Global Head of Equity Capital Markets and a member of the Board of the Investment Bank.

Lucinda is currently a non-executive director of UK Financial Investments Limited, the Diverse Income Trust plc, ICG Enterprise Trust PLC, CRH plc and the Board of The British Standards Institution. She is also a non-executive member of the European Partnership Board of King & Wood Mallesons LLP. As of 1 June 2016, Lucinda was appointed non-executive Director of Ashtead Group PLC.

Sub Committee/MAG: Finance and Audit, Commercial

Dr Diana Walford CBE

Dr Diana Walford was Principal of Mansfield College, Oxford University, from 2002 to 2011. After qualifying in medicine in 1968, Diana trained as a clinical haematologist before moving to the Department of Health in 1976. After holding a number of senior posts in the Department, she was appointed a Deputy Chief Medical Officer for England and Director of Healthcare on the NHS Management Executive in 1989. Between 1993 and 2002 she was Director (CEO) of the Public Health Laboratory Service, a non-departmental public body with responsibility for the surveillance and prevention of infections in England and Wales.

Currently Diana holds non-executive posts as Pro-Chancellor and Chair of the Board of Trustees of Regent's University London; Deputy Chairman of the Council of the London School of Hygiene and

Tropical Medicine; Non-Executive Director of University College London Hospitals NHS Foundation Trust; member of the State Honours Committee; Governor of the Ditchley Foundation; and is an Honorary Fellow of Mansfield College and Fellow of the RSA, RCP, RCPPath and FPH.

Sub Committees/MAGs: Health and Social Care, Ethics

Peta Wilkinson

(Appointed 1 September 2015)

Peta has spent a large part of her career influencing and improving life outcomes, independence, choice and control for disabled and vulnerable people. Her focus has been on finding innovative ways of ensuring that the voice of the people we support is both heard, and a fundamental part of the design and development of the organisation and the services it delivers. The key driver in making this happen lies in shaping the organisation and its services such that they are personalised and tailored to meet the needs of individuals. We also need to ensure that everything we do with and for the people we support is done in a co-productive manner to ensure that we deliver the outcomes they want for their lives.

Peta has driven forward personalisation in her current role as CEO at Enham Trust through a fundamental service and organisational re-design process. This has included establishing a partnership board to engage clients, residents and customers in the work of the charity, to ensure that their voice shapes the organisation, its development and the services Enham offer. Peta has previously held Executive Director and CEO roles within the NHS and the Charitable Sectors.

Sub Committees/MAGs: Health and Social Care

John Wythe BSc FRICS

John Wythe has over 35 years' experience in the property industry and spent the whole of his executive career with Prudential Corporation's property investment management subsidiary, PRUPIM, retiring from the Board and as Head of Fund Management in 2010.

In 2007, John was appointed as a Church Commissioner and continues to serve on the Board of Governors, the Assets Committee and as Chairman of the Property Group. More recently he has been appointed to serve on Boards or Committees by Norges Bank, DTZ, The Portman Estate and Pollen Estate and is an adviser to AIA.

Sub Committees/MAGs: Finance and Audit, Commercial

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Bankers

Lloyds TSB plc, Cornhill, Ipswich IP1 1DG

Solicitors

Eversheds, Bridgewater Place, Water Lane, Leeds LS11 5DR

Willans, 28 Imperial Square, Cheltenham, Gloucestershire, GL50 1RH

Investment Advisers

Cazenove Capital, 12 Moorgate, London EC2R 6DA

The Executive Leadership Team

Chief Executive

Heidi Travis

Company Secretary and Legal Counsel

Helen Organ

Director of Finance

Philip Oldfield (to September 2015)

Director of Finance (interim)

Rod Morgan (from October 2015)

Director of Health and Social Care

Mike Smeeton (to June 2016)

Director of People

Sally Smith

Director of Retail, Marketing and Communications

David Borrett

Director of Fundraising

Holly Spiers

Director of Property

Stephen Brimfield (retired May 2015)

Medical Director

Dr John Hughes

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of Sue Ryder for the year ending 31 March 2016, which comprise the Consolidated Statement of Financial Activities (incorporating the Consolidated Summary Income and Expenditure Account), the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's Trustees and 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 charity and the charity's Trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

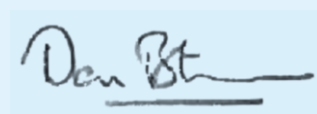
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, which includes the strategic report for the financial year for which the financial statements are prepared, is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Don Bawtree

Senior Statutory Auditor

for and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom

Date: 13 September 2016

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

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Incorporating Consolidated Income and Expenditure Account to 31 March 2016

	Note	Unrestricted funds £000s	Restricted funds £000s	Total 2015–16 £000s	Unrestricted 2014–15 £000s	Restricted 2014–15 £000s	Total 2014–15 £000s
Income:							
Donations and Legacies	3	1,168	12,778	13,946	9,775	4,572	14,347
Charitable activities	4	27,046	–	27,046	26,283	–	26,283
Other trading activities	5	58,629	52	58,681	53,582	774	54,356
Investment income	6	203	–	203	233	1	234
Other income							
NHS contribution to pension costs	20	–	–	–	209	–	209
Total Income		87,046	12,830	99,876	90,082	5,347	95,429
Expenditure:							
Raising funds							
Fundraising costs		5,400	–	5,400	4,438	–	4,438
Retail costs		54,191	52	54,243	46,864	–	46,864
Investment management costs		24	–	24	25	–	25
		59,615	52	59,667	51,327	–	51,327
Charitable activities							
End of life care		15,053	12,547	27,600	21,972	3,139	25,111
Long-term neurological care		15,311	84	15,395	14,033	193	14,226
Homecare		2,131	–	2,131	2,563	–	2,563
International	8	260	123	383	398	104	502
Campaigning for better services		–	–	–	55	–	55
Total expenditure on charitable activities		32,755	12,754	45,509	39,021	3,436	42,457
Other Expenditure							
Loss of disposal of assets		202	–	202	–	–	–
Total Expenditure	7	92,572	12,806	105,378	90,348	3,436	93,784

	Note	Unrestricted funds £000s	Restricted funds £000s	Total 2015–16 £000s	Unrestricted 2014–15 £000s	Restricted 2014–15 £000s	Total 2014–15 £000s
Other recognised gains							
Gains/(loss) on investment assets	12	(279)	–	(279)	372	–	372
Net income/(expenditure) for the year before transfers		(5,805)	24	(5,781)	106	1,911	2,017
Taxation Charge	8	(4)	–	(4)	(14)	–	(14)
Net income/(expenditure) for the year after taxation		(5,809)	24	(5,785)	92	1,911	2,003
Transfer between funds	17	1,240	(1,240)	–	2,681	(2,681)	–
Net movement of funds		(4,569)	(1,216)	(5,785)	2,773	(770)	2,003
Reconciliation of funds:							
Total funds brought forward		62,077	1,507	63,584	59,304	2,277	61,581
Net movement of funds		(4,569)	(1,216)	(5,785)	2,773	(770)	2,003
Total funds carried forward as at 31 March 2016		57,508	291	57,799	62,077	1,507	63,584

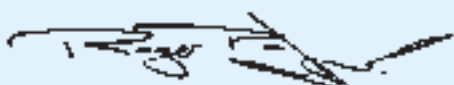
The Statement of Financial Activities includes all gains and losses recognised in the 12 month period.
All amounts relate to continuing activities.

BALANCE SHEET

as at 31 March 2016

	Note	2016 £000s	Consolidated 31 March 2015 £000s	2016 £000s	Charity 31 March 2015 £000s
Fixed assets					
Tangible assets	11	40,343	41,182	40,318	41,121
Investments	12	8,283	8,513	8,283	8,513
		<u>48,626</u>	<u>49,695</u>	<u>48,601</u>	<u>49,634</u>
Current assets					
Programme related investments – due within one year	13	700	700	700	700
Freehold properties held for resale	14	1,065	1,971	1,065	1,971
Stocks – new goods for resale		2,076	1,728	–	–
Debtors	15	10,705	11,871	12,008	13,331
Cash at bank and in hand		3,291	7,009	3,129	6,723
		<u>17,837</u>	<u>23,279</u>	<u>16,902</u>	<u>22,725</u>
Creditors: amounts falling due within one year	16	(8,664)	(9,390)	(7,711)	(9,120)
Net current assets		<u>9,173</u>	<u>13,889</u>	<u>9,191</u>	<u>13,605</u>
Total assets		<u>57,799</u>	<u>63,584</u>	<u>57,792</u>	<u>63,239</u>
Income funds					
Unrestricted funds:					
Property revaluation reserve	17	16,240	16,240	16,240	16,240
Investment revaluation reserve	17	1,390	2,585	1,390	2,585
Unrestricted general fund	17	39,878	43,252	39,871	43,326
		<u>57,508</u>	<u>62,077</u>	<u>57,501</u>	<u>62,151</u>
Restricted funds	18	291	1,507	291	1,088
		<u>57,799</u>	<u>63,584</u>	<u>57,792</u>	<u>63,239</u>

Approved and authorised for issue by the Council of Trustees on 19 July 2016 and signed on its behalf by



Roger Paffard
Chair of Trustees
19 July 2016

CONSOLIDATED CASH FLOW STATEMENT

to 31 March 2016

		Consolidated	
	Note	2015–16 £000s	2014–15 £000s
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	24	(1,007)	4,974
Cash flows from Investing Activities			
Investment income received		203	234
Net receipts from sales of fixed assets/held for sale		734	–
Payments to acquire tangible fixed assets	11	(3,629)	(5,880)
Receipts from sale of investments		3,716	895
Purchase of investments	12	(3,766)	(870)
Net cash used in / (provided by) investing activities		(2,742)	(5,621)
Change in cash and cash equivalents during the year		(3,749)	(647)
Cash and cash equivalents at the beginning of the reporting period		7,009	7,645
Change in cash and cash equivalents due to exchange rate movements		31	11
Cash and cash equivalents as at the end of the reporting period		3,291	7,009

NOTES TO THE ACCOUNTS

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with the accounting policies set out below, Charities Act 2011, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and republic of Ireland (FRS102) (Effective January 2015) - Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

Sue Ryder meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The trustees consider the parent charity to be a going concern.

(b) Reconciliation with Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, and any other changes of accounting policy, whether the restatement of comparative items was required.

At the date of transition Trustees have taken the opportunity to restate the value the freehold property portfolio as at the transition date of 1.4.14. There are no other changes arising from the introduction of FRS102 or the Charities SORP FRS 102.

In accordance with the requirements of FRS102 a reconciliation of opening balances is provided.

Reconciliation of group funds and balances

At the date of transition	1 April 2014 £000s	31 March 2015 £000s
Fund balances as previously stated	45,341	47,756
Capital reserve: uplift in deemed cost	16,240	16,240
Depreciation change in respect of applying deemed cost		(412)
Fund balance as restated	61,581	63,584

Reconciliation of funds for the year

	31 March 2015 £000s
Surplus for the year as previously stated	2,415
Depreciation change in respect of applying deemed cost	(412)
Surplus for the year as restated	2,003

(c) Consolidated financial statements

Consolidated financial statements have been prepared in respect of Sue Ryder, its wholly owned trading subsidiaries, Sue Ryder Direct Limited, Woburn Property Investment Company Ltd and Sue Ryder Lottery Ltd and subsidiary charities Sue Ryder Care (Chantry) and Duchess of Kent House Charity. No charity Statement of Financial Activity is presented as permitted by section 408 of the Companies Act 2006.

The charity's deficit for the financial period is £5,447,000 and its income is £93,382,256
The subsidiaries' profits are remitted to the charity under Corporate Gift Aid regulations.

(d) Restricted funds

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

(e) Unrestricted General Fund

The General Fund is comprised of accumulated surpluses and deficits in the Statement of Financial Activities after any transfers between funds and any allocations to and from designated funds are approved by the trustees.

(f) Income

Income for the provision of care services, principally from Clinical Commissioning Groups and Local Authorities, is recorded on a receivable basis in respect of the services provided.

Interest receivable is accrued on a day to day basis, and other investment income is recognised on receipt.

Donations are shown as income on receipt, unless there is earlier evidence of entitlement and the amount can be measured reliably. Legacy income is recognised when there is legal entitlement (from date of probate, or from receipt if earlier), receipt is probable (there are no material uncertainties on the estate) and the amount can be measured reliably (financial information in respect of the estate has been received). A 10% provision is made as an estimate to allow for legal costs and diminution in estate assets. Where legacies have been notified to the charity but these criteria are not fully met, the legacy is treated as a contingent asset and disclosed if material (see note 15).

Income from the charity's wholly owned subsidiaries is included under other trading income. Income is accounted for on an accruals basis.

New Goods income represents the value of new goods sold after trade discounts and net of value added tax.

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 and recognised when a constructive obligation arises.

Costs are allocated to the Cost of Raising Funds and Charitable Activities on the basis of direct allocation and apportionment of support costs as detailed in note 7. Costs of Generating Funds include fundraising, all retail and property trading activities and the costs of managing the investment portfolio.

Charitable Activities include the costs of care provided, grants to the independent Sue Ryder charities abroad and funding for research and service improvement.

(h) Fixed assets

Tangible fixed assets are included in the financial statements at cost less depreciation with the exception of freehold land and buildings.

Items with a value of £1,000 or more and with a useful life of more than one 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: Management undertake a review of useful economic lives where appropriate.

NOTES TO THE ACCOUNTS

Asset Category	Depreciation rate
Freehold Land	Not depreciated
Freehold buildings	2.5% per annum
Leasehold buildings	Over the lesser of the term of the lease or the life of the asset in its current use.
Care Centre fixtures & fittings	10% - 25% of the reducing balance.
Retail shops fixtures and fittings	20% of the original cost.
Computer equipment and software	33.33% of the original cost.

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.

Freehold and leasehold properties no longer being used are shown at net book values 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.

(i) Stocks – new goods for resale

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

No value is attributed in the balance sheet to stocks of goods for sale acquired by gift. This is due primarily to the impracticality of doing so without a detailed stock system.

(j) Pension costs

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

Sue Ryder contributes to defined benefit contributory pension schemes on behalf of certain former NHS 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, and as a result of this, the scheme is treated as a defined contribution scheme under the provisions of FRS 102.

(k) Value Added Tax (VAT)

Sue Ryder bears VAT 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.

(l) Investments

Investments are stated at market value at the Balance Sheet date. Unrealised surpluses are credited to a revaluation reserve and shown in the Statement of Financial Activities (SOFA). Realised profits or losses are calculated based on the market value at which the investments were recorded in the financial statements at the point of sale and are shown in the SOFA.

(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 or other lease incentives received 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.

(o) Grants

Grants are recognised on a received basis.

Grant expenditure – Sue Ryder awards grants to support the work of Sue Ryder organisations overseas. These are recognised when there is a valid expectation by the grantee that the amount will be paid.

(p) Foreign currency transactions

Charity – the charity accounts for foreign currency at the rate prevailing at the time the currency is purchased.

(q) Deferred tax

No provision for deferred tax is made in the subsidiaries' accounts, as in the view of the trustees the subsidiaries will never pay tax as they gift their taxable profits to the parent charity.

(r) Debtors and prepayments

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(s) Creditors and provisions

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

NOTES TO THE ACCOUNTS

2. Accounting estimates and judgements

a) Accounting estimates and judgements

In preparing these financial statements within the accounting frameworks set out in Note 1(a), the trustees are required to adopt those accounting policies most appropriate to the charity's circumstances with a view to presenting fairly the charity's financial position. In determining and applying accounting policies trustees make estimates and judgements and the matters set out below are considered to be the most important in understanding the judgements that have been involved in preparing the financial statements and the uncertainties that could impact the amounts reported.

b) Fair value of tangible assets

FRS 102 requires that property is held at cost or valuation. The trustees obtained valuations for property at 1 April 2014 to ensure carrying value is a reliable estimate. In determining the value of the charity's freehold properties, trustees have relied on estimates provided by professionally qualified advisers as described in note 11. Trustees considered that historic cost was the most appropriate basis to state the fair value of Thorpe Hall

c) Estimation of assets' useful lives

The charge in respect of periodic depreciation is derived from determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. These estimates of lives by asset category are set out in Note 1(h). The useful lives and residual values of the charity's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. Following the detailed inspections of our properties to establish their fair value, trustees determined that the main freehold properties lives needed to be increased in order to better reflect their anticipated useful lives taking into account their physical condition, the services being provided from them and the planned maintenance programme. Increasing an asset's expected life results in a reduced depreciation charge in the consolidated SOFA statement. The impact of the revision of asset lives in the current year is to reduce annual depreciation charge by £618,000.

d) Provision for doubtful debts

Provisions have been made against specific invoiced debts where the collectability of these debts is uncertain taking into account their age, activity on the account, and any correspondence.

e) Cost allocations

Support costs not directly attributable to a single activity, such as IT, Finance and HR are allocated to activities using suitable cost drivers for that cost category. Examples of cost drivers used include head count, floor space, numbers of properties and project activity, and judgement is exercised in applying cost drivers to cost categories. These cost drivers more appropriately allocate costs than the previous basis of allocating costs solely on the basis of gross salaries.

3. Income from grants, donations and legacies

	2015–16 £000s	2014–15 £000s
Legacies	4,369	4,929
Donations and other voluntary income	9,578	9,367
Government grants	–	51
Total	13,947	14,347

No government grants have been received in the year. The amount received in 2014–15 was the balance of funding received from the Department of Health for upgrading clinical facilities.

4. Income from charitable activities

	2015–16 £000s	2014–15 £000s
Provision of end of life care:		
NHS and local authorities	11,404	11,897
Private care	17	(139)
Other	911	308
Provision of long-term neurological care:		
NHS and local authorities	11,537	10,039
Private care	1,071	1,515
Other	(37)	148
Homecare:		
Local authorities and other commissioners	2,117	2,453
Private care	–	–
Other	26	62
Total	27,046	26,283

5. Income from other trading activities

	2015–16 £000s	2014–15 £000s
Income:		
Fundraising events	922	1,335
Shop income from selling donated and bought in goods	57,607	53,013
Income from Sue Ryder Lottery	123	0
Property letting and licensing	29	8
Total	58,681	54,356

6. Investment income

	2015–16 £000s	2014–15 £000s
Dividends	193	214
Bank interest received	12	21
Property investment income	(2)	(1)
Total	203	234

NOTES TO THE ACCOUNTS

7. Expenditure

	Activities undertaken directly £000s	Grant funding of activities £000s	Support costs £000s	Total 2015–16 £000s	Total 2014–15 £000s
Charitable activities					
End of life care	25,052	–	2,548	27,600	25,111
Long-term neurological care	14,239	–	1,156	15,395	14,226
Homecare	1,892	–	239	2,131	2,563
Support for International	4	379	–	383	502
Campaigning for better services	–	–	–	–	55
Total charitable activities	41,187	379	3,943	45,509	42,457
Raising Funds					
Raising Funds - fundraising costs	5,271	–	129	5,400	4,438
Raising Funds - retail costs	48,144	–	6,099	54,243	46,878
Investment management costs	24	–	–	24	25
Total cost of generating funds	53,439	–	6,228	59,667	51,341
Other Expenditure					
Loss on disposal of fixed assets	202	–	–	202	–
Total expenditure	94,828	379	10,171	105,378	93,798

No emoluments are payable to any Trustee and only directly incurred travel expenses are reimbursed. During the period, travel expenses of £6,210 (2014–15: £8,655) were reimbursed to Trustees. The charity also incurred expenditure of £3,504 in respect of Directors' and Officers' liability insurance for the period (2014–15: £6,373).

Trustee donations in aggregate were £2,171 (2014–15: £739)

During the period seven Trustees claimed expenses (2014–15: 6)

During the period £1,878 was reimbursed to the Chief Executive in expenses claimed (2014–15 £2,246)

Analysis of support costs allocated

2015–16	Total £000s	Central management and admin £000s	Finance £000s	Human resources £000s	IT £000s	Legal and property services £000s	Marketing & communi- cations £000s
Activity							
End of life care	2,548	309	496	489	637	282	335
Long-term neurological care	1,156	140	225	222	289	128	152
Homecare	239	29	47	46	60	26	31
Retail shops	6,099	740	1,187	1,171	1,524	676	801
Fundraising	129	16	25	25	32	14	17
Total support costs allocated 2015–16	10,171	1,234	1,980	1,953	2,542	1,126	1,336

Analysis of support costs allocated

2014–15

Activity	Total €000s	Central management and admin €000s	Finance €000s	Human resources €000s	IT €000s	Legal and property services €000s	Marketing & commu- nications €000s
End of life care	2,130	261	400	395	557	283	234
Long-term neurological care	968	119	182	179	252	129	107
Homecare	200	24	38	37	52	27	22
Retail shops	5,095	625	958	943	1,330	678	561
Fundraising	107	13	20	20	28	14	12
Total support costs allocated 2014–15	8,500	1,042	1,598	1,574	2,219	1,131	936

Support costs have been allocated on the basis of the accounting policy set out in note 2 (e). The principle bases of allocation are as follows:

Support Service	Allocation basis
Central Management and Admin	Turnover; budget cost base
Finance	Job roles; Non-Pay spend (irrecoverable VAT); budget cost base
Human Resources	Job roles; budget cost base
Legal and Property	Number of properties; job roles; budget cost base
IT Services	Project allocation; Computer applications and suppliers; budget cost base
Marketing & Communications	Types of marketing/PR; job roles; budget cost base;

Included within central management and admin costs are governance costs of €318,891 (2014–15: €284,813). These are detailed below

Expenditure includes:

	2015–16 €000s	2014–15 €000s
Depreciation	4,438	4,582
Operating leases:	10,410	9,191
Land and buildings	9,915	8,729
Motor vehicles	430	417
Other	65	45
Auditor's remuneration		
Audit	69	61
Charity	55	49
Trading subsidiaries	14	12
Other services	26	13
Tax compliance	15	5
Tax advisory	6	6
Other	5	2
Governance		
Staff Costs	151	187
Auditors fees	76	57
Legal and professional fees	42	1
Meeting, travel and associated costs	23	24
Training costs	16	6
Other costs	11	10
Total	319	285

NOTES TO THE ACCOUNTS

8. International grant expenditure

An independent Sue Ryder charity operates in each of the countries shown below. The organisations are independent of Sue Ryder but bear the name Sue Ryder.

	2015–16 £000s	2014–15 £000
Grants awarded		
Albania	80	80
Malawi	180	161
Total grants	260	241
Donations / legacies paid in line with restrictions	119	254
General support, monitoring and administration expenditure	4	7
Total international	383	502

9. Taxation

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the period.

The subsidiary companies make qualifying donations of taxable profits to Sue Ryder. No corporation tax liability on the subsidiaries, other than for Sue Ryder Direct Ltd, arises in the accounts. A corporation taxation charge of £4,371 (2014–15 £14,593) arose in Sue Ryder Direct Limited during the year.

The charity is registered for VAT and £4,412,000 out of £5,532,000 incurred (2014–15: £3,808,000 out of £4,997,000) was recoverable. All VAT incurred by Sue Ryder Direct Ltd, the wholly owned subsidiary of the charity is fully recoverable.

10. Staff costs

	2015–16 £000s	2014–15 £000s
Wages and salaries	52,288	50,298
Social security costs	3,513	2,652
Pension costs	1,365	1,299
Total	57,166	54,249

Included within the wages and salaries figure above are the costs of £3,245,000 (2014–15: £3,470,000) for employing agency and contract staff. No remuneration was paid to any Trustee during the period (2014–15: Nil). No employee received benefits above £60,000 in the year.

Included in wages and salaries are redundancy and termination payments made in period of £374,653 (2014–15 £539,045) there were no outstanding amounts as at 31st March 2016. Sue Ryder's policy is to make redundancy payments in line with minimum statutory requirements unless the employee has protected rights from a previous employer.

During the period higher paid employees comprised the following:

	2015–16 No.	2014–15 No.
£60,001 – £70,000pa	16	9
£70,001 – £80,000pa	8	4
£80,001 – £90,000pa	5	5
£90,001 – £100,000pa	2	2
£100,001 – £110,000pa	1	1
£110,001 – £120,000pa	1	1
£120,001 – £130,000pa	–	–
£130,001 – £140,000pa	1	1

Contributions to pension schemes for these employees amounted to £131,743 (2014–15 £96,158).

Included in the above figures are members of the Executive Leadership team as follows:

	2015–16 No.	2014–15 No.
£60,001 – £70,000pa	1	–
£70,001 – £80,000pa	2	1
£80,001 – £90,000pa	2	3
£90,001 – £100,000pa	1	2
£100,001 – £110,000pa	1	1
£110,001 – £120,000pa	1	1
£120,001 – £130,000pa	–	–
£130,001 – £140,000pa	1	1

The total remuneration for members of the ELT during the year was £842,213 (2014–15 : £858,622)

The average number of employees during the period comprised the following:

	Total number of employees		Adjusted for full-time equivalent	
	2015–16 No.	2014–15 No.	2015–16 No.	2014–15 No.
Care services	1,648	1,623	955	1,083
Retail	1,471	1,388	937	985
Support services	147	135	138	128
Total	3,266	3,146	2,030	2,196

During the year the number of volunteers donating their services to the Charity were:

	Total number of volunteers		Estimation of time donated	
	2015–16 No.	2014–15 No.	2015–16 Hours '000	2014–15 Hours '000
Care services	2,995	2,825	559	505
Retail	12,153	12,806	3,746	3,661
Support services	81	94	35	40
Total	15,229	15,725	4,340	4,206

NOTES TO THE ACCOUNTS

11. Tangible fixed assets

	Leasehold property £000s	Freehold property £000s	Fixtures fittings & equipment £000s	Motor vehicles £000s	Total £000s
Consolidated					
Cost					
At 1 April 2015	3,594	34,082	20,867	540	59,083
Additions	25	1,134	2,230	40	3,629
Disposals	–	–	(273)	(74)	(347)
At 31 March 2016	3,619	35,416	22,824	506	62,365
Depreciation					
At 1 April 2015	2,670	2,415	12,351	466	17,902
Charge for the year	667	630	3,129	12	4,438
Eliminated on disposal	–	–	(238)	(72)	(310)
Transfer	–	(8)	–	–	(8)
At 31 March 2016	3,337	3,037	15,242	406	22,022
	Leasehold property £000s	Freehold property £000s	Fixtures fittings & equipment £000s	Motor vehicles £000s	Total £000s
NBV					
At 31 March 2016	282	32,379	7,582	100	40,343
At 31 March 2015	924	31,667	8,516	74	41,181

Of leasehold properties a net book value of £nil (31 March 2014: £nil) relates to property leases with more than 50 years to run.

	Leasehold property £000s	Freehold property £000s	Fixtures fittings & equipment £000s	Motor vehicles £000s	Total £000s
Charity					
Cost					
At 1 April 2015	3,594	34,082	20,476	540	58,692
Additions	25	1,334	2,230	40	3,629
Disposals	–	–	(219)	(74)	(293)
At 1 April 2016	3,619	35,416	22,487	506	62,028
Depreciation					
At 31 March 2015	2,670	2,415	12,023	466	17,574
Charge for the year	667	630	3,100	12	4,409
Eliminated on disposal	–	–	(193)	(72)	(265)
Transfer to current assets	–	(8)	–	–	(8)
At 31 March 2016	3,337	3,037	14,930	406	21,710
NBV					
At 31 March 2016	282	32,379	7,557	100	40,318
At 31 March 2015	924	31,667	8,453	74	41,118

Included in Freehold properties is a value of £7,610,000 (31 March 2015: £7,610,000) 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.

CBRE Ltd carried out the valuations of freehold land and buildings in accordance with UK Generally Accepted Accounting Principles (GAAP) and reported on Fair Values for all 12 properties. Underlying this basis of value are two principal approaches. First, to value the property as a trading entity assuming continued use as a care facility. Second, where it was deemed there would be limited or no demand CBRE valued the property for alternative use assuming vacant possession.

These values have been applied at the transition date of 1.4.14 for all the freehold properties except for the buildings at Thorpe Hall and become the deemed cost of these properties. Thorpe has been stated at historic cost (plus subsequent additions) which reflects its value in use to the charity and its beneficiaries.

NOTES TO THE ACCOUNTS

12. Investments

	Consolidated & Charity	
	31 March 2016 £000s	31 March 2015 £000s
Opening balance at 1 April	8,513	8,163
Less:		
Disposals at carrying value	(3,656)	(895)
Add:		
Acquisitions at cost	3,766	870
Unrealised net gains on revaluation at 31 March	340	375
Market value at 31 March	<u>8,283</u>	<u>8,513</u>

The investments are made up as follows:

	Consolidated & Charity	
	31 March 2016 £000s	31 March 2015 £000s
UK equities	3,172	3,129
Overseas equities	2,314	2,229
UK fixed interest and gilts	685	696
Overseas fixed interest and gilts	800	839
Others	1,312	1,550
Total	<u>8,283</u>	<u>8,513</u>

The investment shown above includes an investment of £5 held by the charity in its subsidiary undertaking Sue Ryder and £1 held by the charity in its subsidiary undertaking Woburn Property Investment Company Ltd.

The excess of market value over cost of £1,049,922 (31 March 2015: £2,585,000) is accounted for in an unrestricted designated fund as shown in note 17.

13. Programme related investments

	Consolidated & Charity	
	31 March 2015–16 £000s	31 March 2014–15 £000s
Due within one year		
Due from The Sue Ryder Foundation (Ireland) Limited (interest free, secured)	<u>700</u>	<u>700</u>

Sue Ryder Foundation (Ireland)

The balance of £700,000 is due on 30 September 2016. The full amount of the loan is secured against one of their freehold properties.

14. Freehold Properties held for resale

	Consolidated & Charity	
	2015–2016 £000s	2014–15 £000s
Freehold Properties held for resale	1,065	1,971

There one property which the selling process is at such a position that the Charity considers that they should be held as current assets rather than fixed assets. This is Hickleton Hall which has a net book value of £1,064,703 (31 March 15: £1,092,594).

15. Debtors

	Consolidated		Charity	
	2016 £000s	31 March 2015 £000s	2016 £000s	2015 £000s
Amounts owed by group undertakings	–	–	1,701	1,821
Debtors for care services	2,592	2,616	2,592	2,616
Accrued income – legacies	2,919	3,071	2,919	3,071
Other debtors	3,370	4,323	3,205	4,096
Prepayments	1,824	1,859	1,591	1,727
	<u>10,705</u>	<u>11,869</u>	<u>12,008</u>	<u>13,331</u>

In addition to the £2.923m of legacy accrued income, there were 19 (31 March 2015: 15) legacies that have been notified to the charity in the year that have not been valued due to the uncertainty of the amount due. There were also 25 reversionary legacies notified to the charity valued at £1.1m which were not recognised in the financial statements due to life tenants.

16. Creditors: amounts falling due within one year

	Consolidated		Charity	
	2016 £000s	31 March 2015 £000s	2016 £000s	2015 £000s
Trade creditors	3,189	3,939	2,723	3,814
Other creditors	426	389	176	354
Accruals	4,093	4,180	3,861	4,084
Other taxes and social security	956	882	951	868
	<u>8,664</u>	<u>9,390</u>	<u>7,711</u>	<u>9,120</u>

NOTES TO THE ACCOUNTS

17. Unrestricted funds

	Balance at 31 March 2015 £000s	Surplus/(deficit) for the period after investment gains £000s	Transferred between funds and from the unrestricted £000s	Balance at 31 March 2016 £000s
Unrestricted funds				
General funds				
Capital reserve	16,240	–	–	16,240
Investment revaluation reserve	2,585	–	(1,195)	(1,390)
Charity retained funds	43,237	(5,803)	2,435	39,869
Subsidiary's retained funds	15	(6)	–	9
Total General funds	62,077	(5,809)	1,240	57,508
Total unrestricted funds	62,077	(5,809)	1,240	57,508

The capital reserve represents the movement in the net book values to deemed costs of the freehold properties as at 1 April 2014.

The transfer from restricted funds is with respect to capital expenditure carried out on Cuerden Hall, Stagenhoe and Duchess of Kent and Thorpe Hall where the restrictions for constructing these assets have now been met. The total transferred to unrestricted funds is £1,240,000.

Previously the charity has shown the retained funds as a capital asset fund and a general fund. With the formation of a capital reserve, this has now been shown as one general retained fund.

18. Restricted funds

The income funds of the group and charity include restricted funds comprising the following:

	Balance at 31 March 2015 £000s	Incoming resources £000s	Movement in funds Expenditure resources £000s	Transfers Note 17 £000s	Balance at 31 March 2016 £000s
Funds held at care centres and centrally	1,037	12,605	(12,287)	(1,189)	166
Big Lottery 5R's Programme Dee View & Chantry	–	42	(15)	–	27
Awards for All Rehabilitation Kitchen	–	10	–	–	10
Big Lottery Prison Volunteer Programme	–	18	(18)	–	–
Cabinet Office Social End of Life Action Programme	–	155	(155)	–	–
Department of Health	51	–	–	(51)	–
Endowment	88	–	–	–	88
Charity	1,176	12,830	(12,475)	(1,240)	291
Duchess of Kent House Charity	331	–	(331)	–	–
Total group restricted funds	1,507	12,830	(12,806)	(1,240)	291

The funds held at Care Centres and Centrally comprise the unexpended balances of donations and grants held on trust for specific projects.

19. Analysis of net assets across funds

	Unrestricted funds £000s	Restricted funds £000s	Total funds £000s
Consolidated			
Fund balances at 31 March 2016 are represented by:			
Tangible fixed assets	40,343	–	40,343
Investments	8,283	–	8,283
Programme related investments	700	–	700
Current assets	16,846	291	17,137
Current liabilities	(8,664)	–	(8,664)
Total net assets	57,508	291	57,799

	Unrestricted funds £000s	Restricted funds £000s	Total funds £000s
Charity			
Fund balances at 31 March 2016 are represented by:			
Tangible fixed assets	40,318	–	40,318
Investments	8,283	–	8,283
Programme related investments	700	–	700
Current assets	15,911	291	16,202
Current liabilities	(7,711)	–	(7,711)
Total net assets	57,501	291	57,792

The parent charity's gross income for the year was £93.4 million (2014–15, £90.1m) and its expenditure was £98.6 million (2014–15, £87.7 million).

NOTES TO THE ACCOUNTS

20. Pension costs

(a) Defined contribution schemes of Sue Ryder

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 Zurich, into which the charity pays matched contributions up to a maximum of 5% of pensionable pay for eligible employees who choose to join.

From 1 August 2013, eligible Sue Ryder staff not already enrolled in a pension scheme were automatically enrolled into The People's Pension provided by B&CE. The Charity pays a matched contribution into the scheme accordance with the auto-enrolment requirements.

(b) National Health Service pension scheme

Sue Ryder 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 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 £nil (2014–15, £208,692) from the NHS as a contribution towards our NHS pension contributions.

21. Lease obligations

	31 March 2016 £000s	31 March 2015 £000s
Consolidated		
Operating leases:		
Land and buildings		
<i>Total minimum commitments which expire:</i>		
Within one year	8,310	8,009
In the second to fifth years inclusive	16,861	20,833
After more than five years	2,878	4,311
Total minimum commitment	28,049	33,153
Other		
<i>Total minimum commitments with expire:</i>		
Within one year	311	245
In the second to fifth years inclusive	476	392
Total minimum commitment	787	637
Total	28,836	33,790

22. Capital and other commitments

Sue Ryder Direct Limited has outstanding foreign currency commitments of USD \$477,861 (31 March 2015: \$99,957) which are due to mature within 12 months.

23. Related party disclosures

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

The financial statements of the group consolidate the results of its 100% subsidiary companies, Sue Ryder Direct Limited, Sue Ryder Lottery Ltd and Woburn Property Investment Limited, and subsidiary charity Duchess of Kent House Charity.

During the year the following transactions took place between the charity and its subsidiary undertakings:

The transfer under gift aid of the trading profits of Sue Ryder Direct Limited to the charity of £1,165,864 (2015: £513,035) and Sue Ryder Lottery Limited to the charity of £66,179 (2015: £nil).

The recharge of costs associated to the use of the charity's shops to Sue Ryder Direct Limited of £1,261,523 (2015: £1,197,273) and commission charged of £357,320 (2015: £427,542) to the charity by Sue Ryder Direct Limited as agent in regards the Retail Gift Aid scheme.

A grant of resources held by Duchess of Kent House Charity of £331,380 (2015: £nil) to the charity.

Balances outstanding as at 31 March 2016 between the charity and its subsidiary undertakings are:

Sue Ryder Direct Limited owes £1,610,932 to the charity (2015: £1,779,368).

Sue Ryder Lottery Limited owes £73,051 to the charity (2015: £nil).

Woburn Property Investment Company Limited owes £7,334 to the charity (2015: £4,903).

Duchess of Kent House Charity owes £10,000 to the charity (2015: £33,390).

Trustee donations in aggregate were £2,171 (2015: £739) in addition to unsold donations of retail goods for resale which have not been valued.

24. Cash flows from operating activities Net cash provided by (used in) operating activities

	2015–16 £000s	Consolidated 2014–15 £000s
Net income / expenditure	(5,785)	2,003
Add back depreciation (note 11)	4,438	4,582
Loss on sale of assets	202	–
Gain / (Loss) on sales of investment assets	279	(375)
Decrease/(increase) in stocks	(348)	(357)
Increase in debtors	1,167	(273)
Increase/(decrease) in creditors	(726)	(361)
Investment income	(203)	(234)
Gains on foreign currency held	(31)	(11)
Net cash inflow from operating activities	1,007	4,974

NOTES TO THE ACCOUNTS

25. Net Income from trading activities of subsidiary

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

The results for the year ended 31 March were:

	Sue Ryder Direct Ltd	Sue Ryder Lottery Ltd	Woburn Property Investment Company Ltd	Duchess of Kent House Charity
	2015–16 £000s	2015–16 £000s	2015–16 £000s	2015–16 £000s
Company number	889743	9479300	8277229	4032552
Registered charity number				1085912
Turnover	9,198	123	–	–
Cost of sales	(6,770)	(57)	(2)	(331)
Gross profit	2,428	66	(2)	(331)
Other expenses	(1,262)	–	–	–
Net profit before covenant	1,166	66	(2)	(331)
Amount covenanted to Sue Ryder	1,166	66	–	–
	–	–	(2)	(331)
Taxation	(4)	–	–	–
Retained profit for the period	(4)	0	(2)	(331)
Tangible fixed assets	26	–	–	–
Net current assets/(liabilities)	(10)	–	(7)	–
Total Net Assets	16	–	(7)	–
Share capital (£5)	–	–	–	–
Profit and loss account	16	–	(7)	–
Shareholder's funds	16	–	(7)	–

A subsidiary charity exists, Sue Ryder Care (Chantry), to administer a permanent endowment passed to Sue Ryder by the Charity Commission.

Sue Ryder Lottery Ltd became a subsidiary of Sue Ryder on formation on 9 March 2015.

Sue Ryder provides incredible hospice and neurological care for people facing a frightening, life-changing diagnosis. It's not just expert medical care we provide. It's the emotional support and practical things we take care of too. We do whatever we can to be a safety net for our patients and their loved ones at the most difficult time of their lives.

Not only do we treat more conditions than any other UK charity in our hospices, neurological care centres and out in the community; we also campaign to improve the lives of people living with them. We see the person, not the condition, taking time to understand the small things that help that person live the fullest life they can.

For more information about Sue Ryder

Sue Ryder

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This document is available in alternative formats on request.

incredible hospice
and neurological care

*Calls cost 5p per minute plus your telephone company's network access charge.

Sue Ryder is a charity registered in England and Wales (1052076) and in Scotland (SC039578). Ref. No. 05169 © Sue Ryder. September 2016.