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MANAGING FLUCTUATIONS IN LEGACY INCOMEJane Jackson *Finance, Douglas Macmillan Hospice, Stoke-on-Trent, England*

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Introduction Recognising the unpredictability of legacy income, and as a result of a risk assessment of the hospice's financial structure and framework, the Trustees and Chief Executive of the hospice introduced a Designated Reserve - the Legacy Equalisation Fund.

Aim The aim of this Fund is to enable the hospice to dampen the effect of annual fluctuations in the flow of legacy income and forms part of the hospice reserves. The Fund is used at the discretion of the Trustees for revenue or capital expenditure in future years when a shortfall in income from other sources occurs.

Method The annual budget for legacy income is calculated on the basis of the average received in the previous 5 years. Management accounts and reporting reflect this figure while the Financial Accounts, in line with SORP, reflect the actual amount receivable in the SOFA. A Balance Sheet transfer between Funds reflects the surplus/deficit legacy monies receivable compared to budget.

Results The level of legacies received over the last 5 years has enabled the Hospice to budget and plan with confidence in the knowledge that there are adequate reserve resources available to cover any shortfall in other sources of income.

Discussion During an unprecedented period of economic turbulence, the hospice has continued to manage its finances with a view to long term viability, while retaining the flexibility to take advantage of opportunities for new service development which meets its core objectives.

Conclusion The value of having the Legacy Equalisation Fund is particularly apparent in current financial circumstances as it will allow the hospice to continue to support capital and revenue service development projects in a period when traditional sources of finance may not be available due to likely cuts in government expenditure and the general economic climate.