

EMMS NAZARETH

(A company limited by Guarantee)

Registered Office: 151 St Vincent Street, Glasgow G2 5NJ

Israeli Office: The Nazareth Hospital EMMS, P.O. Box 11, Nazareth 16100, Israel

Company No. SC225661

Charity No. SC032510

Registered in Israel as a foreign owned Company: 560019945

**REPORT and FINANCIAL STATEMENTS
for the year ended 31 December 2009**

EMMS NAZARETH

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Reference and Administrative Information

EMMS Nazareth is a Company limited by guarantee, registered in Scotland, number 225661 and registered as a Scottish Charity number SC032510. EMMS Nazareth is also registered in Israel as a Foreign Owned Company, number 560019945. It is governed by the Memorandum and Articles of Association and is restricted to educational and health activities.

The directors of the charitable company are its trustees for the purposes of Charity Law. The directors serving during the year and since the year end were as follows:

Board of Directors:

- Chairman of the Board: Professor David J. Harrison
BSc Hons MBChB MD FRCPATH FRCPE FRCSE
- Directors: Mr. Ian J.G. Lyall MA LLB NP
(Deputy Chairman)
Reverend Michael Frew BSc BD
Mr. Rayek R. Geraisy GMSA
Mr. Iain D. Gill CA CTA - (Finance Director) *Retired June 2009*
Mr. Donald Forsyth BA CA (Trustee Finance Officer) *Started June 2009*
Dr. Darryl Landis MD MBA CPE FAAFP FACPE *Started June 2009*
Dr. Nancy Martin EdD, RN
Dr. Peter Turnpenny BSc MB ChB DRCOG DCH FRCP FRCPCH FHEA
Mr. John Vartan FSI
Mr. Douglas Callander B.Arch (Strath) *Started June 2009*
- Auditors: Samir Abu-Nassar & Co
P.O. Box 51154, Nazareth 16100, Israel
- Principal Bankers: - Mercantile Discount Bank, St. 604, Nazareth 16000
- Arab Israel Bank, Paul VI St., Nazareth 16000
- Bank of Scotland, New Uberior House, 11, Earl Grey St,
Edinburgh, EH3 9BN
- Hapoalim Bank Ltd., Hermon 1, Nazareth Elite
- Solicitors: - Adv. Zahi Abu Assal, Nazareth
- Maclay, Murray and Spens, 151 St Vincent Street,
Glasgow, G2 5NJ (Company Secretary)

Report of the Trustees for the year ending 31st December 2009

The Trustees are pleased to present this report together with the financial report of the charity for the period from 1 January 2009 to 31 December 2009. The Reference and Administrative information set out on Page 3 forms part of this report. The financial statements comply with statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005, updated in May 2008)

1. Structure, Governance and Management

1.1. Structure

The Charity is governed by a Board of Trustees of not less than 4 and not more than 20. The Board of Trustees meets quarterly. All Trustees are appointed by the Board through the processes defined in the Memorandum and Articles of Association and supplemented by the Board's Standing Orders. The Chairman of the Board is appointed from among the number of Trustees, as is the Vice Chairman. Trustees serve for a period of three years before having to submit themselves for re-election.

The Trustees' duties are; the stewardship of the Company and Charity, public accountability and ensuring an appropriate strategy for the Charity. The Trustees delegate responsibility for day to day operational management to the Chief Executive Officer. A business plan (including annual budget) is prepared and the Chief Executive Officer is charged with the delivery of this plan.

The appraisal system for Trustees is based upon a corporate appraisal model. The purpose of the appraisal system is to identify existing skills, as well as the developmental needs of the Board as a corporate body. Developmental needs are addressed through a combination of briefings and direct training provision.

The Board operates a 'Board Champion' programme allowing Trustees to make a direct and supportive contribution to work within the EMMS Nazareth operational portfolio according to the Trustee's own skill and availability. The Board Champion programme forms a qualitative part of the Board appraisal process.

1.2. Governance

As well as the full range of relevant policies and procedures there are, in place, a number of Board committees. The purpose of these committees is to involve appropriately qualified and/or experienced Trustees, senior executives and other appropriately skilled or qualified advisors in a detailed monitoring and strategic process. These committees are:

i) Finance and Audit Committee

This Committee regularly reviews the financial performance of the Charity. This is done in detail. The Committee also agrees the ongoing audit programme and receives all audit reports. The independent auditor also attends meetings of the Committee as required.

ii) Education Committee

The purpose of this Committee is to advise on and monitor the development of the educational activities of the Charity, and in particular the Nazareth School of Nursing.

iii) Governance Committee

This Committee is responsible for monitoring and reviewing the governance processes introduced by the Board and for bringing to the Board's attention any concerns regarding those processes.

iv) Hospital Committee

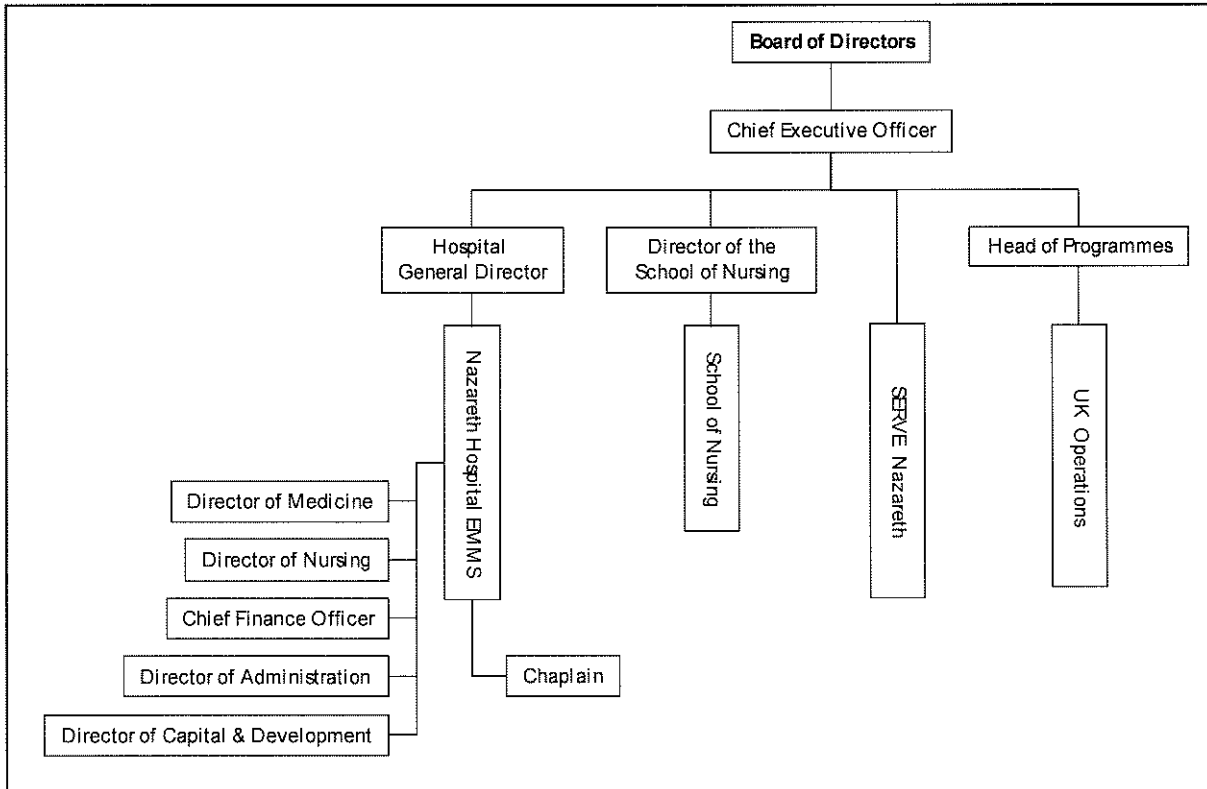
The purpose of this Committee is to monitor and provide advice on the activities of the Nazareth Hospital EMMS.

Membership of all committees is determined by the Board, with the Chairman of the Board being an ex officio member of all committees. Each committee is chaired by a Board Trustee.

A Remuneration Committee exists, albeit only meeting when required. The purpose of this Committee is to decide on the terms and conditions of employment of senior executives (as defined in the Standing Orders). The membership of the Committee is the Chairman of the Board, the Deputy Chairman and two other Trustees.

1.3. Management

The management structure is as follows:



The Chief Executive Officer is responsible for ensuring the day-to-day operation of the charity as a whole as well as providing strategic leadership and ensuring the development of the Christian Witness and non-medical activities of the charity. This role is supported by the General Director, who manages the day-to-day operations of the Nazareth Hospital EMMS.

1.4. Risk management

Formal risk management assessments are carried out on a regular basis. These assessments cover all the Charity's activities and involve the identification of the types of risk being faced, the probability of occurrence and the potential impact on the organisation should the risk actually occur. Risk Assessments also involve the identification of mitigating factors as well as the probability and impact of risks. The assessment is formally considered by the Board. The Trustees are satisfied that systems are in place and the appropriate actions are being taken to mitigate the exposure to major risks.

2. Objectives and Activities

2.1. Objectives

The objectives of EMMS Nazareth are:

- 2.1.1. The relief of sickness, poverty or suffering by the establishment, maintenance etc. of Medical Mission in accordance with Christian principles and in conformity with Christ's own example and command "Heal the sick and say unto them, 'The kingdom of God is come nigh unto you.' " in Israel and/or elsewhere.

- 2.1.2. The advancement of the Christian religion throughout the world; and
- 2.1.3. The advancement of education and in particular the education of the general public throughout the world as to the teachings, life and times of Jesus of Nazareth.
- 2.1.4. The advancement of education by the teaching of all aspects of medicine and medical sciences and the promotion of medical science and medical research.

In furtherance of these objects the Memorandum of Association also gives EMMS Nazareth, power inter alia, to:

- Provide by way of gift, loan or otherwise, resources for the institutional development, assistance, improvement and support of such mission hospitals or other medical or other establishments or facilities as the Board sees fit.
- Undertake and organise schemes for the raising of money and other forms of assistance by way of appeals both public and private and, as a result, to receive and accept such assistance by way of gifts, donations, legacies, bequests, grants and sponsorship.

2.2. Activities

The activities carried out in pursuance of the objectives are:

- 2.2.1 The operation of the Nazareth Hospital EMMS.
- 2.2.2 The operation of the School of Nursing in Nazareth.
- 2.2.3 The operation of the SERVE Nazareth Programme
- 2.2.4 Support for the Nazareth Village
- 2.2.5 Support for other individuals and organisations who have the same objectives as EMMS Nazareth. Such support is given subject to the Grant Making Policy as described in Section 2.3 of this report.
- 2.2.6 Development of new operations appropriate to the Memorandum and Articles of the organisation and the strategic intentions of the Board of Trustees.

2.3. Grant-making policy

EMMS Nazareth provides grants to individuals and partner organisations provided the criteria for such grants are met. Grants are provided under the following categories:

- 2.3.1 In certain circumstances, to employees for the study of a subject related to the business of EMMS Nazareth.
- 2.3.2 To partner organisations for specific purposes as agreed by the Board.
- 2.3.3 To other individuals and organisations for purposes related to the Memorandum and Articles of Association. These are made on an individual basis at the sole discretion of the Board.

Grants are routinely monitored to ensure funds have been used for the purpose for which they have been granted. EMMS Nazareth does not make grants of a general nature or entertain speculative requests.

3. Achievements and Performance

3.1. General

EMMS Nazareth has continued to develop the organisation throughout 2009 in order to respond to the strategic objectives of the Trustees. This work is being done in a way that safeguards the operations of the Hospital and the School of Nursing while providing for new operational opportunities for the organisation.

3.2. The Nazareth Hospital EMMS

3.2.1 PATIENT ACTIVITY

The following table indicates the patient activity in the Hospital with a comparison to 2008.

Department	Number of Visits or Days in 2008	Number of Visits or Days in 2009	Increase
Emergency Room	50,143	53,390	6%
Operating Room Procedures	5,489	5,601	2%
Admission Days	57,779	60,072	3.9%
Patients Admitted	27,881	29,633	6%
Out-Patient Visits	56,954	58,159	3.7%
Dialysis Sessions	13,604	14,476	8%
Deliveries	1,920	1,975	3%
Neonatal	73	75	2.7%

3.2.2 CAPITAL PROJECTS

i) New Theatres

This major capital project was completed in 2009 thanks to the support of ASHA (USAID), the Israeli Ministry of Health and RASHI. The facility opened in May 2009 with an opening ceremony held on the 11th June, attended by the British and American Ambassadors to Israel as well as the Israeli Deputy Minister of Health, Rabbi Yaakov Litzman. There was also a short Christian dedication service to give thanks for the new facility.

ii) Computerised Admission/Transfer/Discharge System (ATD)

This system was installed in mid 2009 and tested throughout 2009 to completion of instatement.

3.2.3. OPERATIONAL LICENCE

In 2009, the Nazareth Hospital EMMS was audited by the Israeli Ministry of Health. More than 30 officers of the Ministry attended the Hospital and examined all professional areas of service delivery. The outcome of the Ministry's report was an excellent rating and the license to continue providing medical services was awarded until the end of 2012.

This is a significant improvement to the past, when the operational license was renewed on an annual basis.

3.2.4. QUALITY AND PUBLIC RELATIONS

Quality assurance within the Hospital continues to be improved using TQM models such as Quality Circles and Quality Rounds.

Promotion of the Hospital and services continue to improve through the development of printed material and enhanced Public Relations.

3.2.5. OTHER MAJOR DEVELOPMENTS

- a) Embezzlement has been discovered in the Nazareth Hospital EMMS. The theft did not affect contractual income, grants or investments received, as the source of funds stolen were all related to cash transactions. A total of 2,752,283 NIS was stolen over a period from 1998 to 2008. The matter has now been investigated by the Chief Executive Officer and a full report has been issued to the Trustees and the Charity's regulators in Scotland. The Trustees and Regulators have indicated their satisfaction in the report.

A review of systems and procedures resulted in immediate corrective action to prevent any recurrence. In addition, the Trustees have established a series of core organisational recommendations for immediate implementation.

The thefts ended in 2008 and the person who committed the embezzlement has been identified and the matter has been reported to the police, the hospital's insurers and primary stakeholders. The individual concerned is no longer in the employ of the organisation.

- b) Organisational investment in the maternity services of the Nazareth Hospital EMMS continues, as this area of work is of considerable strategic importance to the future financial strength of the Hospital. In 2009, maternity services achieved over 200 births in one month – a peak not achieved since 2004.

3.3. The School of Nursing

2009 has been a year of major development within the School of Nursing as it continues to work towards the strategic objective of delivering BA degrees in Nursing. It continues to deliver nursing education to an excellent standard and is making good strides towards delivering community-based education for Nazareth and the surrounding area.

3.3.1. STUDENT ACTIVITY

In 2009 66 students enrolled on the course making a total student population of 190. Of the 48 submitted for final government exams, 100% of students passed.

3.3.2. CAPITAL PROJECTS

- i) Auditorium

2009 saw the completion of the auditorium level and ancillary teaching and administrative rooms in the School building. The auditorium can accommodate 119 people. This project was completed with support from BibleLands and the Israeli Ministry of Health. This facility will greatly improve the learning environment for students and provide the opportunity for innovative new community learning programmes.

- ii) Library

In addition to the completion of the auditorium a new 2-floor library facility and reading room was established in the School. The library operates as a medical library for the staff and doctors of the Hospital as well as the main library for the students of the School. This work was also supported by BibleLands, and the Israeli Ministry of Health.

- iii) Computer Facilities

As a result of a major grant from the Israeli Ministry of Health in late 2009, the School will be establishing a considerable computer and information technology centre in the building to support the education of enrolled students.

3.3.3. OTHER DEVELOPMENTS

- i) Haifa University

Throughout 2009, the School has been working to develop a partnership with Haifa University to deliver a nursing BA degree programme on the School campus. Although the degree will be awarded by Haifa, the majority of teaching and student activity will take place within the School itself. The partnership was formally approved in late 2009 by the Israeli Council for Higher Education and is a major step towards achieving the strategic objective of the School achieving academisation to deliver the BA programme in its own right.

- ii) 85th Anniversary

In December of 2009 a major reunion event was held in Nazareth to celebrate the 85th anniversary of the School. The event was extremely well attended by former students, faculty and friends, some of whom travelled Internationally to attend. A good deal of positive publicity was generated by the event which was deemed a success by all who attended.

iii) Book Publication

The Trustee of the School, Dr. Amal Khazin, published her second book on parenting skills – particularly supporting parents of teenagers. The book is written in Arabic and is designed as a text-book for professionals as well as a resource for Arab parents. The book will be distributed throughout the Arab-Israeli community and opportunities to distribute to wider Arab countries are currently being explored.

iv) Summer Camp for Girls

This year saw the first summer camp for Arab-Israeli teenage girls held in the School over the summer vacation. The camp was extremely successful and was both social and educational in nature.

3.4. The Nazareth Village

The Chief Executive Officer continues to foster a close working relationship between EMMS Nazareth and the Nazareth Village. Both the Chair of EMMS Nazareth and the Chief Executive Officer serve on the Nazareth Village board. The Chief Executive Officer continues to serve as Vice Chair of the Nazareth Village board and on the Nazareth Village Executive Committee.

The Nazareth Village has experienced a gradual improvement of visitor numbers since 2008 and work continues towards the enhancement of visitor services by the development of a custom-built Discovery Centre, intended to house resources for tourism, education, archaeological support and appropriate social enterprise activity.

3.5. International Volunteering (SERVE Nazareth)

Work continued in 2009 to develop a structured and effective programme of International Volunteering in Nazareth. Different, but in no way superseding existing volunteering and work-party opportunities, this programme is more focused on outward service delivery. The aim of the programme is to supplement volunteering in EMMS Nazareth with meaningful support for the communities in and around Nazareth with high quality individuals from across the world staying on the EMMS Nazareth campus for periods from 3 to 6 months.

An administrator of the project has now been appointed and delivery is expected to commence in 2010.

3.6. Public Awareness

Recognising the need to improve the extent of public awareness of the charity, a considerable 5-year strategy was devised and work started to implement it. New logos and the new strapline "*Healing in the name of Jesus since 1861*" has been incorporated into all corporate publicity and communications.

In addition, the operating name of the organisation outside of Israel has been changed to "The Nazareth Trust" in order to be more readily understood by a hitherto unaware public. Significant work has been undertaken throughout the year to establish a distinctive and immediately recognisable brand.

A considerable website project has been developed and is operational, on-line at www.nazarethtrust.org.

With the establishment of The Nazareth Trust operating name, printed materials such as brochures and newsletters have been designed to reflect the established brand presentation. The newsletter schedule has been set at 3 times a year (Easter, Summer and Christmas). Work is on-going to develop the mailing list.

3.7. Fundraising

Most of the income of the Charity is derived from the activities of the Nazareth Hospital. The Hospital operates within the structure of the Israeli Health system. It obtains its operational income from contracts with various health and insurance companies which also operate within the same system.

The School of Nursing is supported by the BibleLands Charity in the UK which provides funds to support the income derived from student fees.

Fundraising takes place to fund all aspects of the charity's work including specific capital projects or other designated activities and recurring operational expenditure. The School also receives grants from the Israeli Ministry of Health.

The post of Head of Programmes in the UK is operating to develop new and emerging groups of supporters. These supporters will be geographically based and will assist in the promotion of the charity to the wider UK Christian population. This position is also responsible for grant applications in the UK.

The Charity has a number of supporter groups across the world. These supporters raise vitally important funds for designated purposes. Work is on-going to firm-up and enhance the Charity's relationship with its supporters in order to bring more structure and cohesion to fundraising activities.

In 2009, a total of £1,376,000 was received from a combination of £1,202,000 restricted grants and £174,000 of unrestricted donations, broken down as follows:

Details	Restricted (%)	Unrestricted (%)	Total (%)
ASHA (USAID)	15.30	0.00	13.40
Israeli Ministry of Health	30.00	0.00	26.20
Contributions and grants from outside of Israel (principally from the United Kingdom)	24.00	17.20	23.20
RASHI Foundation (Israel)	25.60	0.00	22.40
Donations from inside Israel	5.00	82.80	14.80
Total	100.00	100.00	100.00

Unrestricted donations were used to fund general and recurring expenses. In 2009, a total of £1,333,000 was released from restricted funds to be used in fixed assets investments. All capital grant funding was used to fund capital investment in accordance with grant agreements.

3.8. Christian Witness

Work to develop the Hospital Chaplaincy Service has been considerable through the year, including the development of the Chaplaincy magazine "Seeds of Hope" as a regular insertion in the organisation's newsletter and a more strategic view of Chaplaincy as a contributing element of the Christian Witness objectives of the charity as a whole.

Appreciation is given to the Anglican Bishop in Jerusalem, who made Reverend Emad Daibes available for a period in 2009 to support the work of the Chaplaincy Service full time. Rev. Daibes' effort and support made a tremendous positive difference to this area of our work.

The Board of Trustees continue to hold prayer breakfasts as part of the normal Board schedule.

An Ecumenical Prayer service is held monthly for Christian leaders in Nazareth in the Hospital Chapel, led by the Chief Executive. This is attended by most of the denominations represented in the town of Nazareth.

A new weekly e-mail based devotional newsletter is distributed from Nazareth and draws on the weekly English-speaking services held in the Hospital Chapel.

A Spiritual Care Policy has been established in the Hospital to ensure spiritual support is universally available.

The second annual Christian retreat for staff of the Hospital was held in a kibbutz between Nahariya and Akko, and the Hospital hosted the second Christian summer camp for children (in around 30 years) with an attendance almost double of that in 2008.

The organisation also held an International Day of Prayer on Sunday 13th September 2009, to promote prayer for the work in Nazareth and for all those we serve there.

3.9. Performance indicators

The Board uses two broad categories of performance indicators. These are:

3.9.1 Finance

The Board and appropriate Board committees review budgeting performance (both income and expenditure), cash flow performance and balance sheet changes. This is done by officers on a monthly basis and by the Board committees on a regular basis corresponding (but not limited) to the Board meeting schedule.

3.9.2 Activity

The Chief Executive Officer provides regular reports detailing the activities of the organisation while the Board, through the Hospital and Education committees, receive additional detailed reports from the Medical Director and Director of the School of Nursing respectively.

4. Financial Review

The details of the Financial Performance for 2009 are shown in the Financial Statements that accompany this Report. However the Trustees feel that some comment should be made about specific aspects of the Financial Performance.

4.1. Principal Funding Source

As already stated the main source of income to the Charity is that derived from the work of the Nazareth Hospital EMMS. In 2009 this amounted to £19,255K and was mainly the result of contracts with four major Israeli health insurance companies. This income was used to fund the operation of the Nazareth Hospital and to provide a subsidy to the School of Nursing.

4.2. Capital investment

EMMS invested £1,751K during 2009 including capital projects and equipment.

4.3. Reserves Policy

The Balance Sheet represents the General Fund as the organisation's reserves. This amounts to £5,162K. This figure is reached after deducting all restricted funds and land revaluation from the total net assets.

The Board acknowledges that the part of the General Funds that would be realised in the short term are those represented by the net current assets on the balance sheet and amount to £354K. This free reserve is sufficient to run the organisation for a period of one week. This isn't the same as reported in 2008. It is the view of the Board that the free reserve should be sufficient to run operations for a minimum of eight weeks.

This goal cannot be achieved in one year. It is the aim of the Board, therefore, to increase the period to 2 weeks in 2010.

4.4 Investment Policy

In accordance with the Memorandum and Articles of Association the Trustees have the power to invest in such stocks, funds, shares, securities or other investments as they see fit. For ease of operational use the funds held in the United Kingdom are held in interest bearing, easily accessible bank accounts.

4.5 Charitable and Political Donations

EMMS Nazareth made no charitable donations during the year outside the scope of its own objectives. No donations were made for political purposes.

5. Future Developments

5.1. Nazareth Hospital EMMS

The Hospital will develop the surgical department to ensure that the new surgical facility is operating at maximum efficiency.

More effective and coherent publicity and promotion of the Hospital will be undertaken, including the development of a new web-site, further journal publications, the development and distribution of a professionally produced magazine to the local region, and various other means such as community health promotion, better research through the use of patient surveys and questionnaires and encouraging the promotion of the Hospital by the staff-members themselves.

Work will commence to develop integrated health care services in Nazareth by developing partnership opportunities and co-ordination with the other hospitals in the district.

In 2010, the Hospital will begin work to establish a cafeteria and retail space for the use of the public, patients and their families. It will be developed as a profit centre within Hospital operations.

Also in 2010, the organisation will commence an internal audit of the Hospital following an internal audit plan established by the Finance & Audit Committee. The internal audit will be conducted by an external and qualified agency, yet to be chosen.

Throughout 2010, the Hospital will establish a capital and property strategy to accommodate the growth of departments within the clinical and support infrastructure.

5.2. School of Nursing

The School of Nursing will work to bring negotiations with Haifa University to a conclusion, thereby enabling the delivery of Nursing BA degrees from the School Campus.

The newly completed Auditorium will be used in 2010 to deliver community based education, available to the wider population in Nazareth and surrounding districts.

The library facility will be completed and will operate as a medical library for the staff and doctors of the Hospital as well as the main library for the students of the School.

5.3. Christian Witness

The Chaplaincy service will be developed further by providing on-going Continuous Professional Development opportunities to the Chaplain.

In 2010 work will also begin to develop Chaplaincy volunteers from the local Christian communities in Nazareth.

Financial, and professional development support for the Chaplaincy Service will continue to be sought throughout 2010.

With the development of the **SERVE Nazareth** programme additional devotional services will be held on the Nazareth Trust campus and in the Chapel. This will be facilitated by both the co-ordinators and the participants of the programme and be open to the wider Hospital community and members of the public.

The Spiritual Care Policy written for the Hospital will be rolled out and assessed for effectiveness throughout 2010.

5.4. Nazareth Village

The work to develop stronger ties between EMMS Nazareth and the Nazareth Village will continue in 2010, including further development of joint promotional and fundraising activities.

5.5. Fundraising

Fundraising will remain a high priority for the organisation, despite the continuation of unsettling forecasts in respect of the global economy.

Work to increase donor numbers and subsequent support will continue in earnest, as will fundraising through grants.

Development of social enterprise principles as a means of raising reserves and achieving operational sustainability will feature prominently in 2010.

5.6. Public Profile

Work will continue on the development of the public profile and brand identity of the charity.

The Charity website will be further developed to promote on-line donations and fundraising by individuals. In 2010, the Nazareth Hospital EMMS will develop a brand new multi-lingual web-site which will be community focused and informative on a localised level. The SERVE Nazareth Programme will also develop a web-site throughout 2010 to encourage participation and develop an alumni community.

Developing the public profile through social networking sites will also be developed throughout 2010. These will be used to promote individual services of the organisation as well as develop the international profile of the charity to a new demographic of interested parties.

6. People

It is with sincerity that the Trustees express appreciation for the work of staff and volunteers during the year. It is unreservedly acknowledged that without the dedication and commitment of the 500+ staff and volunteers EMMS Nazareth (The Nazareth Trust) would simply not be able to achieve all it does.

The Trustees also wish to thank the supporters of EMMS Nazareth (The Nazareth Trust) across the world for their continued support and encouragement. The Trustees give warm thanks to all those who support the work of EMMS Nazareth in the manner best suited to them.

Sincere appreciation is given to Iain Gill, who retired from the Board in 2009. The Trustees warmly applaud Mr. Gill's commitment to the work of EMMS Nazareth and in particular his unceasing work as Treasurer of the Charity.

During 2009, the Board welcomed three new Trustees, Mr. Donald Forsyth, Dr. Darryl Landis and Mr. Douglas Callander.

Special mention is made of Gwen Green, who passed away through the year. Ms. Green served in Nazareth twice, first as a nurse in the Hospital from 1950 to 1958 and then as a nursing tutor in our School from 1974 to 1982. She was universally considered a warm and true follower of Jesus, supporting and finding the very best in all those around her.

7. Trustees' responsibilities in relation to financial statements

The trustees (who are also directors of EMMS Nazareth for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 EMMS Nazareth will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of EMMS Nazareth and enables them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of EMMS Nazareth and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

8. Auditors

Auditing services will be subject to tender in 2010 as required by the organisation's Standing Instructions.

This report has been prepared and issued by order of the EMMS Nazareth Board of Trustees.


Joseph R. Main M.St (Cantab)
Chief Executive Officer

December 2009

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF EMMS NAZARETH

We have audited the financial statements of EMMS Nazareth for the year ended 31 December 2009, which comprise the Statement of Financial Activities & Changes in Funds (Including Income and Expenditure Account), the Balance Sheet, Statement of Cash Flows and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of the charity for the purposes of company law) for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

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

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

We report to you our opinion as to whether the financial statements give a true and fair view have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate and proper accounting records, if the charity's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report, and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

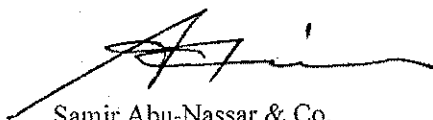
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs at 31 December 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.



Samir Abu-Nassar & Co.
Certified Public Accountants (Isr.) -
Authorized Auditor DTI England

Nazareth, 17 September 2010

EMMS NAZARETH


**BALANCE SHEET
AS AT 31 DECEMBER 2009**

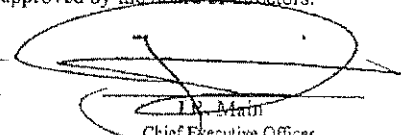
In £ Thousands

	<i>Notes</i>	<u>2009</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>
<u>Tangible fixed assets</u>			
Heritable Land	(3)	6,766	6,766
Buildings, machinery and equipment		<u>7,077</u>	<u>5,814</u>
		<u>13,843</u>	<u>12,580</u>
<u>Current assets</u>			
Stocks		239	239
Debtors	(4)	5,898	6,284
Cash at bank and in hand	(5)	<u>290</u>	<u>543</u>
		<u>6,427</u>	<u>7,066</u>
<u>Current liabilities (amounts falling due within one year)</u>			
Bank overdraft	(6)	2,366	2,744
Current maturities of long term loans		91	68
Creditors	(7)	<u>3,616</u>	<u>3,043</u>
		<u>6,073</u>	<u>5,855</u>
Net current assets		<u>354</u>	<u>1,211</u>
Total assets less current liabilities		<u>14,197</u>	<u>13,791</u>
<u>Long term liabilities (amounts falling due after more than one year)</u>			
Bank loans less current maturities (maturing two to five years)		202	214
Provision for professional liability	(8)	791	1,031
Severance pay liability	(9)	<u>827</u>	<u>1,086</u>
		<u>1,820</u>	<u>2,331</u>
Total net assets		<u>12,377</u>	<u>11,460</u>
<u>Funds</u>			
Restricted funds	(10)	487	618
<u>Unrestricted funds</u>			
General fund		5,162	4,114
Designated revaluation fund		<u>6,728</u>	<u>6,728</u>
		<u>11,890</u>	<u>10,842</u>
Total funds		<u>12,377</u>	<u>11,460</u>

The notes to the financial statements are an integral part thereof.

The annual accounts were approved by the board of directors.


Prof. D.J. Harrison
Chairman of the Board


J.R. Main
Chief Executive Officer


D.C. Forsyth
Trustee Finance Officer

Nazareth, 17 September 2010

EMMS NAZARETH

STATEMENT OF FINANCIAL ACTIVITIES & CHANGES IN FUNDS
(Including Income and Expenditure Account)
For The Year Ended 31 December 2009

<i>In £ Thousands</i>					
	<i>Notes</i>	<i>Unrestricted Funds £'000</i>	<i>Restricted Funds £'000</i>	<i>Total 2009 £'000</i>	<i>Total 2008 £'000</i>
Incoming Resources					
Incoming resources from generated funds					
Voluntary income		174	1,202	1,376	1,953
Activities for generating funds	(11a)	64		64	49
Incoming resources from charitable activities	(11b)	<u>19,255</u>		<u>19,255</u>	<u>17,018</u>
Total incoming resources		<u>19,493</u>	<u>1,202</u>	<u>20,695</u>	<u>19,020</u>
Resources Expended					
Cost of charitable activities					
Salaries & employment benefits	(12)	13,598		13,598	11,967
Non salary expenses	(13)	5,592		5,592	4,482
Depreciation Charges	(3)	494		494	436
Financing cost	(14)	<u>173</u>		<u>173</u>	<u>225</u>
		19,857		19,857	17,110
Governance costs	(16)	<u>118</u>		<u>118</u>	<u>72</u>
Total resources expended		<u>19,975</u>		<u>19,975</u>	<u>17,182</u>
Net incoming (outgoing) resources before transfer		(482)	1,202	720	1,838
Transfer					
Amounts released from restricted Funds to fixed assets		<u>1,333</u>	<u>(1,333)</u>	-	-
Net incoming (outgoing) resources after transfer		851	(131)	720	1,838
Gain (Loss) from foreign currency translation		<u>(47)</u>		<u>(47)</u>	<u>(352)</u>
		804	(131)	673	1,486
Other changes during the period					
Retroactive severance pay		(15)		(15)	(57)
Decrease (Increase) in severance pay liability		<u>259</u>		<u>259</u>	<u>(321)</u>
Net movement in funds		1,048	(131)	917	1,108
Total Funds at 01.01.2009		<u>10,842</u>	<u>618</u>	<u>11,460</u>	<u>10,352</u>
Fund Balances at 31.12.2009		<u>11,890</u>	<u>487</u>	<u>12,377</u>	<u>11,460</u>

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

The notes to the financial statements are an integral part thereof.

EMMS NAZARETH**STATEMENT OF CASH FLOWS
For The Year Ended 31 December 2009***In £ Thousands*

	<u>2009</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>
<u>Cash flows from operating activities :</u>		
(Deficit) Surplus from activities	(482)	54
Restricted surplus	<u>1,202</u>	<u>1,784</u>
Balance of surplus	720	1,838
Retroactive severance pay	(15)	(57)
Loss from currency translation	<u>(47)</u>	<u>(352)</u>
	658	1,429
Adjustments required to reflect the cash flows from operating activities <i>(Schedule – 1)</i>	<u>1,213</u>	<u>(205)</u>
Net cash inflow from operating activities	<u>1,871</u> -----	<u>1,224</u> -----
<u>Cash flows from investing activities :</u>		
Purchase of fixed assets	(760)	(299)
Investments in buildings	<u>(997)</u>	<u>(1,606)</u>
Net cash outflow from investing activities	<u>(1,757)</u> -----	<u>(1,905)</u> -----
<u>Cash flows from financing activities :</u>		
Increase (Decrease) in bank credit	(378)	839
Long term bank loans received (paid) – net	<u>11</u>	<u>34</u>
Net cash inflow (outflow) from financing activities	<u>(367)</u> -----	<u>873</u> -----
Increase (Decrease) in cash	(253)	192
Cash at bank and in hand at beginning of the year	<u>543</u>	<u>351</u>
Cash at bank and in hand at end of the year	<u>290</u> ====	<u>543</u> ====

**STATEMENT OF CASH FLOWS
For The Year Ended 31 December 2009**

In £ Thousands

(Schedule - 1)

Adjustments required to reflect the cash flows from operating activities

	<u>2 0 0 9</u> <u>£'000</u>	<u>2 0 0 8</u> <u>£'000</u>
<u>Expenses not involving cash flows :</u>		
Depreciation charges	494 -----	436 -----
<u>Changes in operating asset and liability items :</u>		
Decrease in stocks	-	3
Increase in severance pay liability	259	321
Decrease in severance pay provision	(259)	(321)
Increase (Decrease) in professional liability provision	(240)	418
Decrease (Increase) in debtors	386	(2,204)
Increase in creditors	<u>573</u>	<u>1,142</u>
	719 -----	(641) -----
	<u>1,213</u> =====	<u>(205)</u> =====

**NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 2009**

In £ Thousands

1 - General

The Company's name is "EMMS Nazareth" and shall hereinafter be referred to as "the Company".

The Company was incorporated in Scotland on 23 November 2001 as a private company limited by guarantee and not having a share Capital.

EMMS Nazareth was also registered in Israel on 25 December 2001 as a foreign Company under file No. 560019945. The activities of the Company in Israel started on 1st September 2002.

The main objectives and activities for which the Company is established are wholly charitable, mainly health and education as described in the Trustees' Report, item 2 page 5.

The Company was recognised by the tax authorities in Israel as a charity, being exempted from tax on income.

In addition the Company was approved as a public institution, in accordance with section 46 of the Israeli income tax ordinance (New Version), 1964 which allows tax refund on donations to the Company.

2 - Principal accounting policies

a) Accounting convention

The financial statements of EMMS Nazareth have been prepared under the historic cost convention except as modified by the valuation of land and in accordance with the Companies Act 2006, UK Accounting Standards and follow the recommendations in Accounting and Reporting by Charities (SORP) Statement of Recommended Practice issued in October 2005.

b) Incoming resources

Income is recognised and accounted for in the period in which the service is provided. The major sources of income are: Sick funds, Insurance companies, National insurance and other statutory agencies.

The fees received for services are stated after deducting allowances based on specific contracts.

c) Resources expended

All expenditure is accounted for on an accrual basis and has been classified under headings relating to functional categories. Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure.

d) Donations and fund accounting

Donations received for the general purposes of the Company are included as unrestricted funds. Donations for purposes restricted by the wishes of the donors are taken to restricted funds.

Restricted funds are released to unrestricted funds when their purpose has been fulfilled, unless otherwise specified.

e) Stock

Stock is included at the lower of cost or net realisable value.

**NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER 2009**

In £ Thousands

f) Pension and severance pay

The Company operates a defined contribution scheme for the benefit of all its employees in severance pay and pension.

The assets of the scheme are administrated by pension schemes which are independent from the Company.

The cost providing pension and severance pay is based on a constant percentage of the salary as follows:

Employee	5.50%	pension
Employer	6.00%	pension and 8.33% severance pay

There are no other commitments for pension scheme that are not included in the accounts.

g) Heritable Land

The land was transferred to the Company during the year 2002 without consideration. The value of the Land was estimated on the basis of open market value on 29.8.2001 at eleven million U.S. dollars by a qualified real estate assessor Mr. Samir Ka'war. A designated revaluation fund was created of 6,728 thousands pounds. No revaluation was made in 2009.

h) Depreciation

All tangible assets that are not recurring are capitalized and depreciated. Depreciation of fixed assets is calculated on the straight-line basis at the following annual rates:

Buildings	4	%
Improvements and renovations	4 - 10	%
Furniture and equipment	10	%
Computers	33	%

i) Foreign currencies

The accounts of the Company are kept in New Israeli Shekel. Transactions in local currency are translated into Pound Sterling using the average rate of exchange on the day of transaction.

Balances at the end of the year are translated at the rate of exchange prevailing at the year end.

NOTES TO THE FINANCIAL STATEMENTS
31st DECEMBER 2009

In £ Thousands

3 - **Tangible fixed assets**

	<i>Heritable land (revaluation)</i> £'000	<i>Buildings</i> £'000	<i>Furniture & Furnishings</i> £'000	<i>Machinery</i> £'000	<i>Fixed Assets in</i>		<i>Total</i>	
					<i>Medical equipment</i> £'000	<i>Scotland</i> £'000	<i>2009</i> £'000	<i>2008</i> £'000
Assets cost, valuation or revalued amount								
Balance brought forward	6,766	6,410	942	526	2,426	9	17,079	15,174
Investments during the year	-	997	145	11	604	-	1,757	1,905
Reductions during the year	-	-	-	-	-	-	-	-
Balance carried forward	6,766	7,407	1,087	537	3,030	9	18,836	17,079
Accumulated depreciation								
Balance brought forward	-	1,570	723	451	1,752	3	4,499	4,063
Depreciation charges for the year	-	234	77	17	163	3	494	436
Balance carried forward	-	1,804	800	468	1,915	6	4,993	4,499
Net Book Value								
Balance carried forward	6,766	5,603	287	69	1,115	3	13,843	12,580

Sources of the investments

	<i>2009</i> £'000	<i>2008</i> £'000
Amounts released from restricted funds	1,333	1,714
Transfer from own sources	424	191
	1,757	1,905

4 - **Debtors** (amounts falling due within one year)

	<i>2009</i> £'000	<i>2008</i> £'000
Sick funds	3,752	3,879
Statutory agencies	280	419
Insurance companies	1,606	1,660
EMMS International	1	19
Others	259	307
Total	5,898	6,284

5 - **Cash at Bank and in hand**

	<i>2009</i> £'000	<i>2008</i> £'000
Cash in hand	1	49
Cheques for Collection	161	184
Postal Bank – 2054542	5	3
Mercantile Bank – 5142	30	-
Mercantile Bank – Deposits	-	-
Hapoalim Bank – 265596	9	144
Bank of Scotland	84	163
Total	290	543

NOTES TO THE FINANCIAL STATEMENTS
31st DECEMBER 2009

In £ Thousands

6 - a) Collateral

Irrecoverable letters of instruction were sent to "Sick Funds" instructing them to transfer payments directly to the corresponding bank accounts in order to guarantee the refund of obligations to the banks. No other guarantees or commitments were granted to the banks.

	<u>2009</u>	<u>2008</u>
	<u>£'000</u>	<u>£'000</u>
b) Bank overdraft		
Arab Israel Bank – 607700/69	1,641	1,799
Mercantile Bank – 112666	<u>725</u>	<u>945</u>
Total	<u>2,366</u>	<u>2,744</u>

	<u>2009</u>	<u>2008</u>
	<u>£'000</u>	<u>£'000</u>
7 - Creditors		
Suppliers	382	780
Employees and taxation	1,089	1,313
Post dated cheques payable	2,126	931
Other creditors	<u>19</u>	<u>19</u>
Total	<u>3,616</u>	<u>3,043</u>

No security is given to any of the creditors.

8 - Professional and contingent liabilities

The Company holds an insurance cover for Medical negligence. The provision includes the deductible (in the UK "excess") amounts of \$300,000 each policy year as from 2004.

In the year 2003, the Company had a contingent liability of \$300,000 as a deductible, for which no provision has been made. The years before 2003 the policy did not require any participation.

The liability will be payable in a case that the insurer ask the Company to refund amounts paid by the insurer in case of negligence. The decision when this obligation should be paid, depends on the date of finalizing the case.

	<u>2009</u>	<u>2008</u>
	<u>£'000</u>	<u>£'000</u>
Balance at 01.01.2009	1,031	613
Additional provisions made	<u>(240)</u>	<u>418</u>
Balance at 31.12.2009	<u>791</u>	<u>1,031</u>

9 - Severance pay

The liability of the Company for severance pay to its employees, based on the customary one month's salary for each year of employment is not fully covered for the period prior to 1996.

The policy of the Company is to cover progressively this liability by transferring amounts to the severance pay fund. Since 1996 this liability has been reduced by 36%.

	<u>2009</u>	<u>2008</u>
	<u>£'000</u>	<u>£'000</u>
Value of accrued liabilities	935	1,168
Market value of assets	<u>108</u>	<u>82</u>
Deficit	<u>827</u>	<u>1,086</u>

NOTES TO THE FINANCIAL STATEMENTS
31st DECEMBER 2009

In £ Thousands

10 - Restricted funds

The Company holds funds restricted for the departments, for scholarships and for the purchase of equipment.

The followings are the analysis of the restricted funds:

	<u>£'000</u>
a) Departmental Funds – Nazareth Hospital	
The amount was raised by the departments for the use of education and small equipment purchase.	539
b) Scholarship Fund	
The amount was donated by G.E.R.E. (Japan) for the educational support for the school of nursing staff.	10
c) Christian Witness Fund	
The amount was raised through a bike-ride fund-raising event for the support of Christian Witness of the organization.	67
d) Ahli Arab Hospital	
The amount was raised through bike-ride fund-raising for the purpose of supporting the Ahli Arab Hospital in Gaza.	14
e) Education Fund	
The amount was raised through bike-ride fund-raising for the purpose of staff education.	100
f) New theatre Fund	
The amount was raised through different sources, including ASHA & the Ministry of Health for the purpose of the operating theatre project.	<u>(243)</u>
T o t a l	<u>487</u>

The movements on the above funds are as follows:

	<u>At 01.01.2009</u>	<u>Income</u>	<u>Expenditure</u>	<u>At 31.12.2009</u>
a) Departmental Funds–Nazareth Hospital	528	771	760	539
b) Scholarship Fund	11	-	1	10
c) Christian Witness Fund	72	2	7	67
d) Ahli Arab Hospital	24	-	10	14
e) Education Fund	91	10	1	100
f) New theatre Fund	<u>(108)</u>	<u>668</u>	<u>803</u>	<u>(243)</u>
T o t a l	<u>618</u>	<u>1,451</u>	<u>1,582</u>	<u>487</u>

The income and the expenditure each includes transfers between funds.

* The new theatre project was completed in 2009. The remaining grants to cover the investments were received during 2010.

NOTES TO THE FINANCIAL STATEMENTS
31st DECEMBER 2009

In £ Thousands

11- <u>I n c o m e</u>	<u>2 0 0 9</u>	<u>2 0 0 8</u>
	<u>£'000</u>	<u>£'000</u>
a) <u>Incoming resources from activities for generating funds</u>		
Donations in kind	46	34
Lodging & Rent	<u>18</u>	<u>15</u>
T o t a l	64	49
	=====	=====
b) <u>Incoming resources from charitable activities</u>		
In-patient	12,516	12,136
Out-patient	6,132	4,157
Nursing school	482	559
Other income	<u>125</u>	<u>166</u>
T o t a l	19,255	17,018
	=====	=====
12 - <u>Staff costs</u>	<u>2 0 0 9</u>	<u>2 0 0 8</u>
	<u>£'000</u>	<u>£'000</u>
Wages and salaries	10,556	9,217
Social security costs	1,985	1,861
Pension costs	914	741
Pensioners	<u>143</u>	<u>148</u>
T o t a l	13,598	11,967
	=====	=====

Employees whose emoluments, including pension contributions, were equal or greater than £ 60,000 per annum:

3	Employees between	60,000	-	69,999
4	Employees between	70,000	-	79,999
7	Employees between	80,000	-	89,999
3	Employees between	90,000	-	99,999
2	Employees between	100,000	-	109,999
2	Employees between	110,000	-	119,999
1	Employee between	120,000	-	129,999
3	Employees between	130,000	-	139,999
1	Employee between	150,000	-	160,000

The average number of employees throughout the year was 533, equivalent to 422 full-time basis analyzed by the following categories:

	<u>2 0 0 9</u>	<u>2 0 0 8</u>
Physicians	76	73
Nurses	199	189
Para – medical	27	27
Non – medical	<u>120</u>	<u>118</u>
T o t a l	422	407
	=====	=====

EMMS NAZARETH**NOTES TO THE FINANCIAL STATEMENTS
31st DECEMBER 2009***In £ Thousands*

13 - <u>Non salary expenses</u>	<u>2009</u>	<u>2008</u>
	<u>£'000</u>	<u>£'000</u>
Direct clinical expenses	2,654	2,104
Hotel services	951	754
Maintenance & utilities	540	538
Insurance & professional fees	974	710
Transport & communications	121	115
General expenses	<u>352</u>	<u>261</u>
T o t a l	<u>5,592</u>	<u>4,482</u>

14 - <u>Financing cost</u>	<u>2009</u>	<u>2008</u>
	<u>£'000</u>	<u>£'000</u>
Interest	123	180
Bank charges	<u>50</u>	<u>45</u>
T o t a l	<u>173</u>	<u>225</u>

15 - Trustee remuneration

No Board members received any remuneration during the year.

The amount of £14,978 was paid for directors' expenses and travel.

The Company maintains liability insurance covering board members in their capacity as directors.

16 - Governance Costs

	<u>2009</u>	<u>2008</u>
	<u>£'000</u>	<u>£'000</u>
Office costs	55	26
Audit fees for audit services	18	19
Legal fees	20	3
Costs of board meetings	20	22
Recruitment cost	<u>5</u>	<u>2</u>
T o t a l	<u>118</u>	<u>72</u>

EMMS NAZARETH

**NOTES TO THE FINANCIAL STATEMENTS
31st DECEMBER 2009**

In £ Thousands

17 - Related parties

The Company has a relationship with the Nazareth Village and two of the Board members of the Company serve on the Board of the Nazareth Village. The Village operates on a part of the Company's land.

The Company had a service agreement with EMMS International upon which EMMS International handles all administrative and banking activities in Scotland. In addition EMMS International runs a yearly bike-ride fund-raising event for the benefit of EMMS Nazareth.

The following transactions were registered in EMMS International accounts:

	<u>£'000</u>
Balance 1.1.2009	19
Receipts	-
	19
Transfer	<u>18</u>
Balance 31.12.2009	<u>1</u>

18 - Analysis of net assets between funds

	<u>General Funds</u>	<u>Designated Funds</u>	<u>Restricted Funds</u>	<u>Total Funds</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Tangible fixed assets	7,115	6,728		13,843
Current assets	5,940		487	6,427
Current liabilities	(6,073)			(6,073)
Long term liabilities	<u>(1,820)</u>			<u>(1,820)</u>
Net assets at 31 December 2009	<u>5,162</u>	<u>6,728</u>	<u>487</u>	<u>12,377</u>

19 - Special events

As mentioned in note 3.2.5 of the Trustees' report, embezzlement has been detected in the Hospital related to cash transactions. The theft ended in 2008, and the individual concerned is no longer an employee of the Hospital. The Hospital was compensated through the Hospital's insurer and the employee's accumulations in severance pay.

20 - Rate of exchange

	<u>31.12.2009</u>	<u>31.12.2008</u>	<u>% Changes</u>
	<i>New Israeli shekel</i>	<i>New Israeli Shekel</i>	
£ 1	6.1112	5.5481	10.1%
\$ 1	3.775	3.8020	-0.7%
Euro 1	5.4417	5.2973	2.7%
