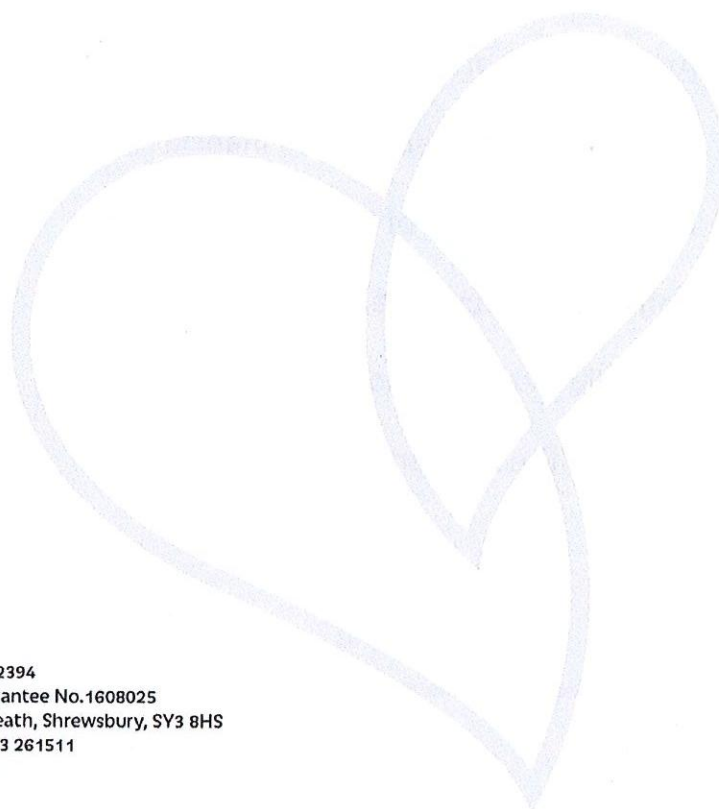




Report and Accounts

Year Ended 31 March 2020



Severn Hospice Limited
A Registered Charity No. 512394
A Company Limited by Guarantee No. 1608025
Registered Office: Bickton Heath, Shrewsbury, SY3 8HS
Tel: 01743 236565 Fax: 01743 261511
www.severnhospice.org.uk

Contents

	<i>Page</i>
Trustees' Annual Report	1-16
Auditor's Report	17-18
Consolidated Statement of Financial Activities	19
Charity Statement of Financial Activities	20
Consolidated and Charity Balance Sheet	21
Consolidated Cash Flow Statement	22
Notes to the Accounts	23-41

Trustees' Annual Report

The Trustees (the Directors for Company Law purposes) submit their annual report and the audited financial statements for the year ended 31 March 2020. The annual report and financial statements of the charity have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP - FRS 102 - effective 1 January 2015) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Objectives and Activities

Statement of Public Benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. The mission statement of Severn Hospice sets out the activities which the charity undertakes for the public benefit. These services are provided free of charge to the residents of Shropshire, Telford & Wrekin, North Powys, Ceredigion and, when appropriate, to people living outside this catchment area e.g. when their families live locally.

Mission Statement

Our mission is to provide the best care and a better life for people living with an incurable illness and for those important to them.

To achieve our mission, we will:

- Care for patients and their families as individuals and strive to meet their unique needs
- Provide appropriate choice to people in where they receive their treatment and care, whether this is in the home, as outpatients, with our day services or in our wards
- Provide high quality and timely information about conditions, treatment and the range of services available
- Provide high quality, evidence-based clinical services
- Create care environments which are welcoming, attractive and homely
- Provide care which neither hastens nor postpones death but which enables people to live as well as they can and to end their lives in peace and with dignity
- Support families through bereavement following loss of a loved one
- Nurture and support the skills, contribution and well-being of our staff and volunteers as our most valuable resource
- Provide all our services free of charge by raising sufficient income from charitable and non-charitable sources
- Share knowledge and skills with other health care professionals at home and abroad

Objectives

The general aims and objectives of the Hospice are to support and care for people living with a terminal illness within the catchment of Shropshire, Telford & Wrekin, North Powys and Ceredigion, in particular by:

- Providing a range of services that support people suffering from a terminal illness
- Conducting, promoting and encouraging research into the care and treatment of people suffering from a terminal illness and for the dissemination of the results of such research
- Promoting, encouraging and assisting in the teaching or training of doctors, nurses, physiotherapists and other professions engaged in any branch of medicine, surgery, nursing or allied services

The charity aims to meet these objectives by achieving a service provision which:

- Demonstrates a holistic, person-centred approach to the care of people with life-limiting illnesses adopting the principles stated in the accepted definitions of palliative care
- Offers a well-co-ordinated, multi-professional and 'seamless' service which integrates specialist palliative care services with primary, secondary and tertiary health care services, voluntary agencies and social services
- Offers a wide range of services that are both clinically and cost effective and are accessible to all residents in the area
- Provides support and training to all members of staff involved in the care of people with life-threatening illnesses

Activities

Our Wards

We provide 24hour care for patients with complex needs in consultant led inpatient wards at both our Shrewsbury and Telford sites. We currently have 23 beds.

Care is provided through a multi-disciplinary team which includes doctors, nurses, a range of therapists, chaplains, and social workers.

Each room has en-suite facilities to ensure and protect the privacy and dignity of patients and all rooms look out onto our tranquil gardens with direct access to the grounds. Families can visit whenever they want, and they can even bring their pets if they wish to. This is a small example that demonstrates the difference between a Hospice and Hospital setting for palliative care.

Day Services

Four out of five patients referred for Hospice support are cared for in their homes.

The Hospice has redesigned the way it delivers day services within the concept of 'Living Well'. Our day services allow people to access specialist palliative care support for information and advice, therapy sessions, consultations with a specialist doctor or nurse, or to engage in a wide range of activities. A team of palliative care specialists work with patients to identify their personal goals for living and support them to live as well as possible within the constraints of their illness. Within therapeutic environments we offer specialist medical clinics, access to medical and nursing advice, a range of therapies, counselling, and bereavement support.

In addition, the day services team organise community coffee mornings at a number of locations across our catchment area. This outreaching into the community makes Hospice care more accessible within familiar, relaxed and informal environments.

Outreach

The Hospice Outreach Service provides support to patients registered with GPs across the county. This community focused service offers specialist advice and support either on the telephone or by visiting patients at home where they can carry out specialist clinical interventions.

The two-tier service consists of Palliative Care Nurse Practitioners and Palliative Outreach Nurses who work across the whole healthcare network – in hospitals, at surgeries, and with GPs and district nurses. They are specialist practitioners who coordinate the delivery of palliative care.

Hospice at Home

The Hospice at Home service provides hands on nursing care to people in the last weeks of life choosing to remain at home. Working alongside other community health professionals including GPs, the Hospice at Home service provides end of life care for periods of time through the day and night.

Hospital Support

It is our philosophy to influence high standards of end of life care wherever that care takes place.

The Hospice currently funds one whole-time equivalent Clinical Nurse Specialist and a medical on call service. In addition, the Hospice works closely with hospital teams in supporting education to ensure high standards of Palliative and End of Life Care. The Hospice Medical Director also chairs and contributes to the county-wide End of Life Care Group supporting collaboration and the coordination of care across organisations.

Bereavement and Family Counselling Support Services

The Hospice has a social work team which supports patients and their families whether they are being cared for in the community or on a ward. A significant part of their work is the provision of a bereavement service for both adults and children.

Chaplaincy

We have a team of chaplains who direct and support the delivery of spiritual care within the Hospice on a non-denominational basis. At both Shrewsbury and Telford Hospice there is a sanctuary; a quiet, reflective space close to the wards which anyone is free to use.

Voluntary Services

The Hospice is supported by more than 1,700 volunteers. Our volunteers support us in all areas of the Hospice and within our shops and gardens, and with fundraising events. This support is estimated at an annual value in excess of £2 million but cannot be measured in purely monetary terms. Without volunteers the Hospice could not provide the services that it does. In recognition of this outstanding support, the Hospice received royal recognition with the Queen's Award for Voluntary Service.

Compassionate Communities

Our expertise in working with communities and volunteer networks has led to the development of local groups which are able to support the most frail and vulnerable. The aim of the initiative is to reduce social isolation and subjective feelings of loneliness which are directly associated with poor health.

This has been extremely successful as evidenced by reduced use of health services by those people receiving such volunteer support. There are more than 21 compassionate communities now operating in Shropshire.

Strategic Report

Achievements and Performance

What we committed to do in 2019-20	How we performed
<p>To build our first Living Well Centre at Bicton to house our day and community services.</p>	<p>Work on the new building commenced in early 2020. The COVID-19 Pandemic put a temporary stop to the work through April and part of May. It is now back underway with an estimated completion timeline of November.</p> <p>Generous Trust donations and overperformance on legacies meant that we could fully fund this project without the need to go out to public appeal.</p>
<p>To scope the demand for inpatient care across the two sites and assess our current ability to accommodate choice of location with the existing distribution of beds.</p> <p>Review access criteria and practices to ensure consistency across the two sites.</p>	<p>The evidence strongly suggested that the unequal distribution of beds across the two sites was not accommodating choice and the existing model of 16 beds at Bicton and 7 at Apley meant that a choice for Apley was not being met for in excess of 50 patients each year.</p> <p>From February 2020 we started to pilot an equal split of beds across the 2 sites. Early evidence shows that the capacity on each site is appropriate to the demand and that we are better supporting choice.</p> <p>Review undertaken and consistency achieved.</p>
<p>To further develop our community model of services, Hospice Outreach and Hospice @ Home services</p>	<p>Patients are now referred and triaged for assessment and care.</p> <p>Care ranges from advice and signposting to consultations, specialist clinics, clinical interventions, home visits and end of life care at home.</p>

Place the Hospice @ Home service on a more secure financial footing.	<p>Through our proof of concept initiative, we have secured additional funding from the CCGs to extend the H@H service across the whole county.</p> <p>This has secured a consistent model of hospice community care for all patients referred.</p>
Improve access for all groups and reach people earlier in their illness	<p>Access criteria reviewed for all groups. We are seeing a wider range of people accessing our day services for different levels of support.</p> <p>Being able to access the hospice for coffee and advice means people are being seen much earlier.</p>
Establish "dashboard" of quality indicators to provide assurance to the Board of Trustees and to external regulators.	Each department now has a set of quality indicators that are reported through the committees. The adoption of a new data management system will further strengthen this within services.
Further roll out Compassionate Communities in the Hospice's catchment area.	The number of compassionate communities across the county has again increased.
Expand the number of retail outlets in line with strategy	We continue our strategy of opening new stores as we find suitable opportunities for outlets in targeted population centres. Our plans for store growth are still on track long term.
Fully implement new General Data Protection Regulations (GDPR).	The Hospice adopts best practice GDPR requirements.
Ensure financial sustainability in current and future operations.	A three-year financial forecast is refreshed annually to take account of changing conditions and objectives.

Activity for 2019-20

Severn Hospice provides palliative and end of life care for a combined population of around 630,000 in Shropshire, Telford & Wrekin, North Powys and Ceredigion. Population profiles demonstrate the mix of urban and rural communities in our patch. This puts a greater emphasis on the need to be flexible in our approach and in our provision of services.

The broad focus of our service strategy is to improve access to Hospice care and to safeguard NHS capacity where we can. We aim to provide specialist palliative care both within our wards and within the community and we support patient's choice to be cared for and die at home whenever possible. Again, there has been an overall increase in activity across the range of services. We handled over 3,000 total patient referrals across our services, an increase of 3% on last year.

Our Priorities for 2020-21

- Determine the future inpatient service model, specifically the number of beds required on each site to meet demand and support choice.
- In light of Covid-19 monitor the impact of the pandemic on the hospice finances and take remedial action where necessary.
- Secure the level of funding required to meet the demand on services and support specific service developments.
- Engage the newly formed single CCG to secure an appropriate financial contribution through robust commissioning contracts.
- Continue to invest in successful income streams such as retail, lottery, and legacies. In addition, explore new income generating possibilities including virtual activities.
- Open our Living Well centre at Bicton and rehabilitation centre at Apley.

Financial Review

Annual Activity

The charity made a surplus of income over expenditure of £578,767 before investment gains/losses. The main reason was another good year for legacies, outperforming with a contribution of £1,822,001. The last quarter of the financial year saw much stock market volatility because of Covid-19. As a result, net investment losses of £702,045 were incurred giving an overall deficit for the financial year of £123,278.

Income

Total group income, before investment gains/losses, for the year ended 31 March 2020 was £12,907,260 a decrease of £104,718 on the previous year. The principle funding sources for the charity were:

- donations and legacies £4,007,136;
- charitable activities £3,714,395;
- other trading activities £4,864,430;
- investments £245,838;
- other income £75,461.

Finance Committee and the Reserves policy has also been developed to allow room for planning should the charity be left in an otherwise vulnerable position from any downward trend.

Charitable activities comprise the income received from NHS Clinical Commissioning Groups (CCGs), other health care and governmental organisations. This income is received towards the treatment and care of people diagnosed with a terminal illness, together with income towards the education and training of the professionals delivering the treatment and care. In 2019/20 this stream of income decreased by £82,110. A £250k funding cut at the start of the financial year was partially offset by additional funding for care being delivered via Hospice at Home in Shropshire. Funding pressures continue to exist in the NHS and are also being felt by the charity – inflationary cost increases are not being matched by increases in charitable activity funding.

2019-20 Sources of Group Income	Income	Cost of Raising Funds	Income Net of Costs of Generation	% of Total Net Income 2019-20	% of Total Net Income 2018-19
	£	£	£		
<i>Donations & Legacies</i>	4,007,136	761,157	3,245,979	35%	35%
<i>Shops, Projects, Lottery, Events</i>	4,864,430	2,727,277	2,137,153	22%	23%
Total Fundraising Activities	8,871,566	3,488,434	5,383,132	57%	58%
<i>Charitable Activities</i>	3,714,395	0	3,714,395	40%	40%
<i>Investment & Other</i>	321,299	41,911	279,388	3%	2%
Total	12,907,260	3,530,345	9,376,915	100%	100%

Donations and legacies fell marginally by £82,405 this financial year mainly due to slightly lower legacy income. 2019/20 was another strong year for legacies and this source of income can fluctuate from year to year. It currently represents 14% of total group income. A legacy strategy has been implemented to try to influence this unpredictable source of income which the charity is very much reliant upon. Legacy budgetary assumptions are approved by the

Other trading activities comprise income generated through the shop network, lottery operation and fundraising events. For tax purposes the sale of new goods is recognised in the group subsidiary Hospice Projects Limited, rather than the main charity. These central fundraising activities held up reasonably well, considering the impact of Covid-19 in the last quarter, and contributed in total £63,690 year on year income growth but

an overall reduced contribution of £84,434 mainly due to lower than expected retail sales.

Retail performance was not as strong as in previous years. Some delayed projects, regional flooding in February and the emergence of Covid-19 all had an impact on revenue which grew by £117,316 to £3.1m but was less than expected. The trading contribution was £980,741, a decrease of 7.3% over the prior year (£1,058,049 in 18/19). As in previous years, the growth in sales within the retail network was aided by the expansion of the shop network. At 31 March 2020 there were 27 shops, Monkmoor opened during the year, with Newtown due to open in March but deferred due to Covid-19. Discussions are still progressing about a further furniture store. The new ebay project also commenced in January 2020 and early results look promising. Subject to suitable sites, management continues to pursue an acquisition strategy to expand further.

Regarding Hospice Projects Limited, core sales come from Christmas cards and in the face of a declining market these sales have remained steady and profitable. A contribution of £89,086 will be paid over to the main Charity in the new financial year.

The Hospice lottery continues to provide a steady and predictable income source, contributing £885,126 which was in line with budget and slightly up on the previous year by £33,658. During the last month of the year, door to door canvassing was temporarily stood down because of Covid-19. This will impact future years member growth. However, relationships continue to be actively managed with the external canvassing company to ensure when the situation does improve this service can resume. The twice-yearly special draws remain popular and have also performed in line with budget this year.

Fundraising events have always been a very visible and therefore important income source. The impact of Covid-19 has decimated the future events season and has also impacted ticket and sponsorship income that would normally be received in the last quarter of the

year. This includes events such as the Colour Run and the London Marathon. The Midnight Walks have also been taken off the events calendar going forward. A strategic review of events will be undertaken to determine the type and number going forward. Events income has dropped by £76,132 to £304,972. Details of the top five events in the year are given at note 5d.

Investment markets took a severe hit in the last quarter of the financial year. Covid-19 caused a substantial stock market sell off that reversed all the gains made in the year and more. The Hospice investment portfolio suffered a net realised/unrealised loss of £702,045. Including dividends, the portfolio decreased in value by 8.67% over the year. The charity is not concerned as it has no plans to draw on its share investments in the immediate future and continues to hold a mixed portfolio of high-quality investments, with the investment strategy reviewed regularly by the Finance Committee.

Expenditure

Total group costs for the year ended 31 March 2020 were £12,328,493, an increase of £216,264 on the previous year.

Costs associated with patient care increased by only £80,403. Increases from cost of living and contractual increments in pay, together with the extension of care at home activities, and inflationary supplier cost rises, have been offset by efficiency savings in other areas such as day care, hospital services and the re-structure of the nursing team.

Costs associated with raising funds through fundraising and trading activities increased by a net £130,733; £194,624 relates to shops due to the continued expansion of the shop network, offset by £63,891 less spend in other areas, specifically due to cancellation of some events and lower lottery costs as less members were recruited through the canvassing company.

A reduction in retail contribution and events income, offset by a marginal decrease in the

costs of raising funds has resulted in the fundraising ratio remaining the same as for 2018-19 at 14p/pound. The ratio excludes costs attributed to Retail, Severn Promotions Company Limited and Hospice Projects Limited. This approach is consistent with reporting within the sector, enabling fair comparisons to be made.

Support costs apportioned within the above total £2,318,659 and include the costs of running and maintaining the Hospice buildings, vehicles and gardens; catering costs; costs of the central governance and administrative functions including HR; and finance and IT support functions. These have decreased by £11,049 and remain static at 19% of total group expenditure.

Further breakdowns of costs are given in note 9 of the accounts.

Surplus/Deficit

Overall, income exceeded expenditure excluding investment gains/losses by £578,767. The overall deficit for the year of £123,278 was stated after recognising the effect of £702,045 of net investment losses incurred because of stock market falls in the last quarter of the financial year.

Funds and Reserves Policy

The total funds of the Group at 31 March 2020 are split between:

- Restricted funds £51,740
- Designated Funds £13,244,478
- General Funds £9,922,181

Restricted Funds

During 2019-20, donations and funding totalling £2,633,643 was received to enable specific expenditure to be undertaken. At the end of the financial year, £51,740 remained unspent, largely relating to funding for IT equipment.

Designated Funds

The Trustees have established four designated funds which are explained as follows:

Fixed Assets Fund

The Fixed Assets Fund represents the book value of the charity's tangible fixed assets. As at 31 March 2020 this fund stood at £10,218,668. Although these funds are unrestricted, they cannot be realised for other use without undermining the charity's work. In order to fulfil its charitable objectives, the organisation needs several properties, fixtures and fittings, other contents of the properties and motor vehicles.

Service Development Fund

This was established in 2017-18. The charity is developing a model for its services based on the concept of Living Well to help its patients achieve as high a quality of life as they can, with an emphasis of them achieving this in their own homes. The fund has been established to finance this development before it can become self-sustaining. It is likely to be used within a short-term timeframe after completion of the buildings associated with this project. As at 31 March 2020 this fund stood at £482,269.

Capital Fund

This fund represents funds set aside for capital works, which at present is for a new building at Bicton and the extension of the existing building at Apley, both to support the Living Well project. The fund is progressively reducing as spend on the capital projects proceed. As at 31st March 2020 the total now stands at £2,398,541

Energy Sustainability Fund

Due to the 365 days a year in-house services it provides, the charity uses a significant amount of energy. This fund was established in 2017-18 to reduce reliance on third party suppliers and become more self-sustainable, with the view to capping future energy bills. The fund is likely to be used to install alternative energy schemes as part of Living Well building works. This fund stands at £145,000.

General Fund

The Trustees consider that in order to fulfil the charity's obligations to the communities it

serves, to existing and future patients and their families and to the paid staff, it is a desirable objective for there to be unrestricted funds available at any time equivalent to at least 12 months of the following year's estimated group running costs, and for such funds to be in cash or investments. This decision was made following considerable consideration by the Trustees of Charity Commission papers (CC19), and independent scrutiny of this approach by a consultant. Sufficient funds are held in cash to cover our immediate working capital requirements and any other short to medium term committed expenditure. The remainder is invested in accordance with the reserves and investments policy.

At 31 March 2020, the group's free reserves of £9,922,181 represented approximately 11 months or 91% of the following year's estimated group running costs. The volatility of the stock market and the impact of Covid-19 on fundraising has temporarily reduce the level of reserves held. The longer-term impacts of an expected recession will have an inevitable impact on free reserves. Three scenario outcomes have been calculated and will be used to monitor against actual performance. Government support has been very welcome and along with the current strength in free reserves, the Trustees remain vigilant but are not unduly concerned at this stage and so remain confident that the Hospice will continue as a going concern for the foreseeable future.

Investment Policy

The charity's main investment portfolio is professionally managed by external fund managers with the objective of balancing capital growth and income within risk profiles defined by the Trustees and operational requirements.

The investment portfolios consist of a mixture of equities, bonds and property assets. Individual investments within each category of the portfolio will vary according to market

conditions and the portfolios are actively managed with quarterly reporting and annual presentations to the Finance Committee. The Trustees regularly monitor the ethical basis of the charity investments and, as a result of this, tobacco companies are specifically excluded from the portfolio. No highly speculative investments, investments in derivatives markets, hedging or forward investments are included in the portfolios.

The practice of holding portfolios of investments with different and diversifying performance characteristics leaves the portfolio less exposed to movements in any particular asset class and the income generated continues to compare very favourably with the interest which would have been earned had the portfolio been invested in bank and building society accounts. Overall the portfolios continue to be sufficiently diversified and are producing good returns and no major change in strategy is contemplated soon.

Risk Management – Principal Risks and Uncertainties

The Trustees have a formal risk management process to assess the major risks to which the charity is exposed. This involves identifying the types of risks, prioritising them in terms of potential impact and likelihood of occurrence, and reviewing the systems established to mitigate the risks. The major risks, as identified by the Trustees, have been reviewed in accordance with this process and are identified as follows:

- The Covid-19 pandemic has created significant uncertainty in many areas. Raising voluntary income, volunteer numbers, maintaining services in light of potential pressure on staff resources, operating services safely. **Mitigation:** Obtaining enough PPE has been a challenge but has been overcome. Staff are using PPE to safely provide the service. Risk assessments have guided high standards of operating procedures. Home working has been effective in certain areas. Strong

reserves and government support through grants are helping to support income shortfalls. Scenario planning is ongoing to monitor financial impact and make informed decisions.

- The charity receives income from local NHS Clinical Commissioning Groups in Telford and Wrekin and in Shropshire, and from NHS Health Boards in Wales. Overall, this contribution amounts to approximately one-third of the charity's income. Such income has not been increased in line with inflation over the last 10 years and there has been a funding cut in 2019 due to pressure on the NHS. **Mitigation:** relationship management with key influencers, a clear communications strategy to express the charity position. Closure of beds, vacancy freezes, efficiency projects to model allocating current beds numbers equally across two sites.
- Legacy income which the charity is increasingly reliant on, but which is difficult to predict and control. **Mitigation:** a legacy officer is in post, together with an increased marketing and promotion strategy. Budgetary assumptions on legacies are approved by the Trustees and reserves policy ensures that the Hospice is protected from the volatility of this income stream.
- Failure to meet staff requirements due to national shortage of nurses and need for suitably trained specialist palliative care workforce. **Mitigation:** a continuous review of skill mix, together with the consideration of national advertising.
- Reputational damage arising from data protection breaches. **Mitigation:** regular staff training regarding best practice when dealing with information and working online. Ongoing IT infrastructure and security improvements.
- The charity relies on over 1,400 volunteers within mainstream operations, some who may be vulnerable. **Mitigation:** monitoring of staffing levels to ensure that supervision is available and that any concerns are monitored and outcomes from actions assessed for continuous

learning and development. Recruit more volunteers in light of Covid-19 impact

Structure, Governance and Management

The roles, responsibilities and accountability of the Chairman, Trustees and the senior managers are defined in a Scheme of Corporate Governance.

The Board of Trustees is the custodian of the aims and objects of the charity as set out in the Articles of Association. It is responsible for guiding and shaping policies by which these aims and objects are achieved, and of establishing the philosophy of care, which is at the heart of the work of the Hospice. The Trustees are responsible for taking decisions on the strategic direction of the charity, approving major developments and monitoring the work of its committees, advisory groups, the managers and its subsidiary companies.

In addition to the boards of the subsidiary companies, there are six formally constituted committees:

- Finance
- Retail
- Clinical Governance
- Corporate Governance & Human Resources
- Fundraising
- Nominations

and three formally constituted sub-committees:

- Property & Estates Strategy Group
- Communications & Marketing Sub Committee
- Health and Safety Committee

Each committee has its major decisions ratified by the full Board. The Finance Committee also acts as an audit committee. All committees operate under specific terms of reference

which delegate certain functions from the Board. There is a clear delegated authority framework in place which defines how decisions are ratified by Board, committees and management. Various management working groups such as Clinical Audit report into the appropriate formal sub-committees.

The charity subscribes to the Fundraising Regulator and will receive and act on notifications regarding the Fundraising Preference Service. The Fundraising Committee ensures compliance with Charity Commission guidelines and the Fundraising Regulators Code of Practice (CC20), including a comprehensive risk management framework about income generation. The Charity has always recognised the importance of maintaining a high level of public trust through responsible fundraising and has actively recruited suitable expert representation at all levels. It benefits from having a Trustee Board member with senior fundraising experience.

The Fundraising Committee has principle responsibilities to:

- Assure a range of fundraising activity that is appropriate, has due regard for the reputation of the Hospice, meets voluntary income needs and includes donations, legacies, in memoriam, events, collections, corporate donations and website promotion.
- Ensure that the Executive is performing efficiently, in accordance with legal and other relevant requirements.
- Agree the fundraising strategy.

In order to fulfil these responsibilities, the Fundraising Committee:

- Ensures that appropriate policies and processes are in place, and that reporting on these and any changes or developments are in place.
- Maintains a strategic approach in the development of existing and new income

streams and monitors actions to achieve these.

- Receives performance information on finance, activity and efficiency.
- Considers any proposals or changes that require formal approval in line with delegated authorities.

There were 14 fundraising complaints during the year relating to fundraising, lottery and retail operations. Eight of these were upheld, three were not upheld and there was no further action required in the three remaining complaints. Of the complaints upheld, four related to customer service in our shops, two were about the way a donation was acknowledged, one related to a mailing to a deceased supporter as not all data files had been updated (new processes have been introduced since this incident), and one was about a lost Retail Gift Aid form.

The charity has not engaged any professional fundraising or external fundraising agents in the year, although Severn Promotions Limited uses the services of a canvassing company for recruiting lottery members.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan and an annual budget approved by the Trustees.
- Regular consideration by the Trustees of financial results, variance from budgets, non-financial performance indicators and internal audit.

Trustees are appointed to provide specific skills required by the Board as determined by Trustee annual reviews and the Nominations Committee. Applications are considered by the Nominations Committee who undertake formal interviews of suitable candidates. Formal induction is then arranged for successful candidates in conjunction with the

Chief Executive and other members of the senior management team. Trustees are encouraged to attend ongoing training.

Strategic plans and operating budgets are considered and approved by the Board of Trustees. These set the context and limits on management decision making at the operational level. The Board and its committees review compliance and performance in respect of these plans and budgets on a quarterly basis.

Pay and remuneration of the senior management team is determined by the Nominations Committee, a formal committee of the Board, after considering benchmark information from other Hospices and local employment market conditions.

Statement of Trustees' Responsibilities

The Trustees are responsible 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).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the net movement in funds, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements 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; and

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable company 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as we are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

Directors' Interests

As the company is limited by guarantee, the Directors do not hold any shares.

A register of all Directors' interests is kept at the Hospice headquarters and declarations of general or related interests are made before commencing each formal meeting of the Directors.

The charity uses the services of Wace Morgan LLP Solicitors for employment advice. Zara Oliver, a Trustee of the charity, is a partner in that firm.

Reference & Administrative Details

Name & Address

The full name of the charity is Severn Hospice Limited. It is a company limited by guarantee, No. 1608025. It is registered with the Charity Commissioners of England & Wales, No. 512394. The address of the registered office is Bicton Heath, Shrewsbury, SY3 8HS.

Governing Document

This is the Articles of Association adopted by Special Resolution on 26 September 2013 and altered by Special Resolution on 29 September 2016.

Group Accounts

The group accounts within these financial statements include the results of Severn Hospice Limited, the Charity, and the results of its wholly owned subsidiary companies, Severn Promotions Company Limited which operates a fund-raising lottery and Hospice Projects Limited which trades in new goods. Both companies donate their profits to the Charity.

President

Sir Algernon Heber-Percy (Lord Lieutenant of Shropshire until January 2019).

Board of Trustees

The current Trustees, and those who held office during the financial year to 31 March 2020, are listed below, together with their committee membership (see key).

Mrs J Beard (Vice-Chair)	(6,3,8)
Mrs S Broomhead	(5)
Mr P Coackley	(1, 5)
Mr A Cordery (Chair)	(1,3,4,7,8)
Mr P Donohue	(1,6)
Mr J Fairclough (Vice Chair)	
– deceased 2.7.19	(5)
Mrs A Johnson (appointed 14.11.19)	(5)
Mrs Z Oliver	(1,5,7)
Dr D Ryan	(2,4)
Mrs B-A Tweedie	(2,4)
Dr W-J Walton	(2,4)
Mr J Wardle	(1,3)
Mrs G de Wet	(6)
Mrs J Whitford (appointed 12.3.20)	
Mr F Yates	(3,5,9)

Key to Committee Membership: (1) Finance; (2) Clinical Governance; (3) Retail; (4) Nominations; (5) Corporate Governance & Human Resources; (6) Fundraising; (7) Property & Estates Strategy Group (Advisory); (8) Communications & Marketing Sub Committee (Advisory); (9) Health & Safety Committee

Senior Management Team (Key Management Personnel)

Chief Executive
Mrs H Tudor

Director of Care
Mrs R Richardson

Director of Finance & Information
Miss K Davies

Director of Income Generation
Mrs N Ross

Medical Director
Professor D Willis

Vice Presidents

Miss S Astbury	Mrs J Jenkinson
Mr P Bevan	Mrs H McPhail
Mr M Davis	Mr P Paulson
Dr D Griffiths	Mr J Tancock

Bankers

Santander, Bridle Road, Bootle, Merseyside, L30 4GB
National Westminster Bank PLC, 8 Mardol Head, Shrewsbury.

Solicitors

Lanyon Bowdler LLP, Chapter House North, Abbey Lawn, Abbey Foregate, Shrewsbury, SY2 5DE.

Investment Managers

Smith & Williamson LLP, 9 Colmore Row, Birmingham, B3 2BJ.
Brewin Dolphin Limited, Mutual House, Sitka Drive, Shrewsbury Business Park, Shrewsbury SY2 6LG.

Auditors

Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG.

Membership of the Company

A Member may be an individual or a body corporate. Applications for Membership are determined by the Board of Directors.

Appointment of Trustees

The Board of Trustees shall consist of not less than three or more than 20 Members of the company. It may appoint any Member of the company as a Trustee either to fill a casual vacancy or by way of addition to the Board of Trustees, provided that the prescribed maximum be not thereby exceeded. Any member so appointed shall retain office only until the next Annual General Meeting but he or she shall then be eligible for re-election.

Severn Hospice seeks to ensure that an appropriate range of professional skills are maintained at Board level to fulfil both the governance and business requirements of the Hospice. New Trustees are appointed following regular analysis of skill requirements and sympathy to the charity's principles undertaken by the Nominations Committee, a formal committee of the Board. Prospective Trustees may apply to the Hospice or may be identified by the Board, and they are interviewed by the Nominations Committee which then makes its recommendations to the Board. New Trustees are prepared for their role through supply of key documents and through a formal process of induction during which they meet key staff and sit as observers at meetings at the Hospice. Ongoing training is provided on an ad hoc basis through external and in-house training programmes.

Reappointment of Auditors

A proposal to re-appoint Haysmacintyre LLP as auditors for the forthcoming year will be put forward at the Annual General Meeting.

In approving this Trustees Annual Report, the Trustees are also approving the Strategic Report included here in their capacity as Company Directors.

This report was approved by the Board of Trustees on 6th August 2020 and signed on its behalf by:



A Cordery
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SEVERN HOSPICE LIMITED

Opinion

We have audited the financial statements of Severn Hospice Limited for the year ended 31 March 2020 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31st March 2020 and of the group's and parent charitable company's net movement in funds, including the 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity/group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement, set out on pages 14 to 15, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt

about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (which incorporates the strategic report and the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- Trustees' Annual Report (which incorporates the strategic report and the Directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the Directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company or returns adequate 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 and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Murtaza Jessa (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP
Statutory Auditors
10 Queen Street
London
EC4R 1AG

6th August 2020

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2020

		Unrestricted Funds			Total Funds	Total Funds
		General	Designated	Restricted	2020	2019
		2020	2020	2020	2020	2019
		£	£	£	£	£
Income From:	Note					
Donations and legacies:						
Donations		1,398,991	-	144,476	1,543,467	1,434,817
Legacies		1,733,663	-	88,338	1,822,001	2,367,008
Grants from Charitable Trusts		46,500	-	595,168	641,668	287,716
		3,179,154	-	827,982	4,007,136	4,089,541
Charitable Activities	4	1,939,484	-	1,774,911	3,714,395	3,796,505
Other trading activities:						
Lottery	5a	1,273,195	-	-	1,273,195	1,263,224
Projects	5b	171,273	-	-	171,273	158,738
Shops	5c	3,114,990	-	-	3,114,990	2,997,674
Fundraising events	5d	304,972	-	-	304,972	381,104
		4,864,430	-	-	4,864,430	4,800,740
Investments	6	245,838			245,838	221,051
Other income	7	44,711	-	30,750	75,461	104,141
Total Income		10,273,617	-	2,633,643	12,907,260	13,011,978
Expenditure on:						
Raising Donations, Legacies and Grants	9	761,157	-	-	761,157	778,548
Other trading activities:						
Lottery	5a,9	416,286	-	-	416,286	434,263
Projects	5b,9	84,093	-	-	84,093	72,877
Shops	5c,9	2,134,249	-	-	2,134,249	1,939,625
Fundraising events	5d,9	92,649	-	-	92,649	132,388
Investment management costs		41,911	-	-	41,911	36,783
Costs of raising funds		3,530,345	-	-	3,530,345	3,394,484
In patient care	9	4,566,306	-	224,180	4,790,486	4,808,456
Day care	9	1,038,833	-	152,563	1,191,396	1,232,061
Hospice Outreach	9	555,166	-	410,378	965,544	942,097
Hospice at home	9	43,440	-	1,073,265	1,116,705	975,340
Education and research	9	44,839	-	75,561	120,400	140,465
Hospital services	9	93,720	-	62,526	156,246	176,183
Lymphoedema	9	53,022	-	70,225	123,247	108,912
Social Work & Chaplaincy	9	334,124	-	-	334,124	334,231
Expenditure on charitable activities		6,729,450	-	2,068,698	8,798,148	8,717,745
Total expenditure		10,259,795	-	2,068,698	12,328,493	12,112,229
Net income for the year and net movements in funds before gains and losses on investments		13,822	-	564,945	578,767	899,749
Net (losses)/gains on investments	11	(702,045)	-	-	(702,045)	267,119
Net (expenditure)/income for the year		(688,223)	-	564,945	(123,278)	1,166,868
Transfers between funds	16, 17	227,744	523,886	(751,630)	-	-
Net movement in funds		(460,479)	523,886	(186,685)	(123,278)	1,166,868
Reconciliation of funds:						
Total funds brought forward		10,382,660	12,720,592	238,425	23,341,677	22,174,809
Total funds carried forward		9,922,181	13,244,478	51,740	23,218,399	23,341,677

CHARITY STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2020


		Unrestricted Funds		Restricted	Total Funds	Total Funds
		General	Designated	2020	2020	2019
		2020	2020	2020	2020	2019
		£	£	£	£	£
Income From:	Note					
Donations and legacies:						
Donations		1,372,124	-	144,476	1,516,600	1,413,520
Legacies		1,733,663	-	88,338	1,822,001	2,367,008
Grants from Charitable Trusts		46,500	-	595,168	641,668	287,716
		3,152,287	-	827,982	3,980,269	4,068,244
Charitable Activities	4	1,939,484	-	1,774,911	3,714,395	3,796,505
Other trading activities:						
Lottery	5a	885,126	-	-	885,126	851,468
Projects	5b	89,086	-	-	89,086	87,764
Shops	5c	3,114,990	-	-	3,114,990	2,997,674
Fundraising events	5d	304,972	-	-	304,972	381,104
Total other trading activities		4,394,174	-	-	4,394,174	4,318,010
Investments	6	242,582	-	-	242,582	217,938
Other income	7	44,711	-	30,750	75,461	104,141
Total Income		9,773,238	-	2,633,643	12,406,881	12,504,838
Expenditure on:						
Raising Donations, Legacies and Grants	9	761,157	-	-	761,157	778,548
Other trading activities:						
Lottery	5a,9	-	-	-	-	-
Projects	5b,9	-	-	-	-	-
Shops	5c,9	2,134,249	-	-	2,134,249	1,939,625
Fundraising events	5d,9	92,649	-	-	92,649	132,388
Investment management costs		41,911	-	-	41,911	36,783
Costs of raising funds		3,029,966	-	-	3,029,966	2,887,344
In patient care	9	4,566,306	-	224,180	4,790,486	4,808,456
Day care	9	1,038,833	-	152,563	1,191,396	1,232,061
Hospice Outreach	9	555,166	-	410,378	965,544	942,097
Hospice at home	9	43,440	-	1,073,265	1,116,705	975,340
Education and research	9	44,839	-	75,561	120,400	140,465
Hospital services	9	93,720	-	62,526	156,246	176,183
Lymphoedema	9	53,022	-	70,225	123,247	108,912
Social Work & Chaplaincy	9	334,124	-	-	334,124	334,231
Expenditure on charitable activities		6,729,450	-	2,068,698	8,798,148	8,717,745
Total expenditure		9,759,416	-	2,068,698	11,828,114	11,605,089
Net income for the year and net movements in funds before gains and losses on investments		13,822	-	564,945	578,767	899,749
Net (losses)/gains on investments	11	(702,045)	-	-	(702,045)	267,119
Net (expenditure)/income for the year		(688,223)	-	564,945	(123,278)	1,166,868
Transfers between funds	16, 17	227,744	523,886	(751,630)	-	-
Net movement in funds		(460,479)	523,886	(186,685)	(123,278)	1,166,868
Reconciliation of funds:						
Total funds brought forward		10,365,634	12,720,592	238,425	23,324,651	22,157,783
Total funds carried forward		9,905,155	13,244,478	51,740	23,201,373	23,324,651

CONSOLIDATED AND CHARITY BALANCE SHEET
As at 31 March 2020

		Group		Charity	
	Note	2020	2019	2020	2019
		£	£	£	£
Fixed Assets					
Tangible assets	10	10,218,668	8,708,054	10,218,668	8,708,054
Investments	11	6,034,537	6,590,392	6,084,637	6,640,492
		16,253,205	15,298,446	16,303,305	15,348,546
Current Assets					
Stock	12	14,909	11,104	-	-
Debtors	13	1,807,112	2,345,273	1,971,464	2,524,507
Cash at bank & In hand		6,341,319	6,689,384	5,904,110	6,237,631
		8,163,340	9,045,761	7,875,574	8,762,138
Creditors: amounts falling due within one year	14	(1,189,646)	(987,030)	(969,006)	(770,533)
Net current assets		6,973,694	8,058,731	6,906,568	7,991,605
Total assets less current liabilities	14	23,226,899	23,357,177	23,209,873	23,340,151
Creditors: amounts falling due greater than one year	14	(8,500)	(15,500)	(8,500)	(15,500)
Total Net assets		23,218,399	23,341,677	23,201,373	23,324,651
The funds of the charity:					
Restricted funds	15	51,740	238,425	51,740	238,425
Unrestricted funds:					
Designated funds	16	13,244,478	12,720,592	13,244,478	12,720,592
General funds	17	9,922,181	10,382,660	9,905,155	10,365,634
Total funds		23,218,399	23,341,677	23,201,373	23,324,651

The net result of the charity's own accounts for 2019/20 was a loss of £ 123,278 (2018-19: gain of £1,166,868)

These accounts were approved and authorised for issue by the Board of Trustees on 6 August 2020.


A Cordery
Chairman
Severn Hospice Limited
Registered No. 1608025

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2020

	Note	2020	2019
		£	£
Cash flows from operating activities:			
Net cash provided by operating activities	23	<u>1,549,207</u>	<u>1,428,833</u>
Cash flows from investing activities:			
Dividends and interest from Investments		245,838	221,051
Purchase of property, plant and equipment		(1,996,921)	(975,699)
Proceeds from sale of investments		1,653,275	935,726
Purchase of investments		(1,507,481)	(1,154,312)
(Increase)/decrease in Investment cash		<u>(291,983)</u>	<u>80,996</u>
Net cash used in investing activities		<u>(1,897,272)</u>	<u>(892,238)</u>
Change in cash and cash equivalents in the reporting period		<u>(348,065)</u>	<u>536,595</u>
Cash and cash equivalents at the beginning of the reporting period		<u>6,689,384</u>	<u>6,152,789</u>
Cash and cash equivalents at the end of the reporting period		<u>6,341,319</u>	<u>6,689,384</u>

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation or uncertainty in the preparation of the financial statements are as follows:

(a) Basis of Accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective January 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Hospice meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared under the historical cost convention with the exception of fixed asset investments, which are included at market value.

(b) Going Concern

The Trustees consider that there are no material uncertainties about the Hospice's ability to continue as a going concern. The most significant area of uncertainty is the level of income which needs to be raised every year and is covered in more detail in the performance and risk sections of the Trustee's report. Covid-19 has impacted several revenue streams especially retail and events. However, the review of the Hospice's financial position, reserves levels and future plans gives Trustees confidence that it remains a going concern for the foreseeable future.

(c) Basis of Consolidation

The statement of financial activities ("the SOFA") and balance sheet consolidate the financial statements of the charitable company and its subsidiary companies, Hospice Projects Limited and Severn Promotions Limited, for the financial year ended 31 March 2020. The results of the subsidiary companies are consolidated on a line by line basis.

(d) Estimation Uncertainty and Judgements

In the application of the accounting policies, Trustees are required to make judgement, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period and future periods.

The most significant area of judgement and key assumptions that affects items in the accounts is the estimation of income from legacies. The estimated value of each outstanding legacy at 31 March is calculated in accordance with the principles set out in the Income section below. Another significant area of assumption is in respect of depreciation of fixed assets. The rates of write down are shown in the Tangible Fixed Assets note below. The Trustees are satisfied that these write down rates are a reasonable reflection of the expected useful life of the assets in each class.

(e) Income

The Hospice recognises income when all of the following criteria are met: it has entitlement to the funds and any conditions attached to the items of income have been met; it is probable that the income will be received; and an economic benefit can be reasonably measured. This is applied as follows to these streams of income:

Donations are included in income when they are received.

Legacies are recognised when it is probable that they will be received. Receipt is probable when there has been grant of probate; the executors have established that there are sufficient assets in the estate, after settling any liabilities; and any conditions attached to the legacy are either within the control of the Hospice or have been met. If the legacy is in the form of an asset other than cash or shares listed on a recognised stock exchange, recognition is subject to the value of the asset being able to be reliably measured and title to the asset being transferred to the Hospice. Where legacies have been notified to the Hospice and the Hospice is aware of

granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed in the notes to the accounts.

Grants received from health authorities and other bodies are recognised when the Hospice has entitlement to the funds, any conditions around the grant have been met, and in the year to which it relates.

Lottery income is recognised in respect of those draws which have taken place in the year.

Other Trading income is recognised on the point of sale for both donated and new goods and at point of collection for fundraising events.

(f) Expenditure

Expenditure is accounted for on an accruals basis once there is an obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Where possible costs are allocated directly to main expenditure categories of the SOFA, but where this is not possible these are allocated on the bases set out in the note to the accounts. Expenditure is classified under the following headings:

Costs of Raising Funds comprise direct fundraising costs incurred in seeking donations, legacies and grants from trusts, together with direct costs associated with trading income together with an allocation of indirect support costs.

Expenditure on charitable activities includes the direct costs of providing specialist palliative care and support community services, research and other educational activities undertaken to further the purposes of the charity, together with an allocation of indirect support costs.

Support costs are those costs which are necessary to the delivery of Hospice services but are not part of the direct costs of the expenditure categories in the SOFA. These relate to governance, premises, catering, central administration, finance, IT and HR and Vehicles.

(g) Operating Leases

Rental costs under operating leases are charged to the SOFA over the period of the lease.

A review of new leases entered this year was undertaken and an adjustment has been made for lease incentives to be accounted for over the full term of the lease.

(h) Fund Accounting

The Hospice maintains various types of funds as follows:

Restricted Funds: these are funds subject to specific conditions laid down by the donor or fundraiser. The restriction is released once conditions relating to these have been met, and funds then become unrestricted.

Unrestricted Funds: these fall into two categories: designated funds and general unrestricted funds.

Designated funds represent amounts which have been put aside out of unrestricted funds at the discretion of the Trustees for particular projects. The designation is for administrative purposes only and does not legally restrict the Trustees' discretion to apply these funds. The Hospice has the following designated funds:

Capital Fund: funds set aside for capital works which at present is for a new building at Bicton and the extension of the building at Apley.

Fixed Asset Fund: represents reserves tied up in fixed assets equivalent to the net book value of these. A large part of this represents the two Hospice buildings which the Hospice cannot operate without and which cannot therefore be realised in the normal way of business.

Energy Sustainability Fund: funds set aside to reduce the Hospice's reliance on third party suppliers, being more self-sustainable and capping its future energy bills.

Service Development Fund: this is for the Hospice developing a new model for its services based on a concept of Living Well to help its patients achieve as high a quality of life as they can.

General unrestricted funds: funds that are expendable at the discretion of the Trustees in the furtherance of the objects of the Charity.

Such funds may be held in order to finance both working capital and capital investment.

(i) Tangible Fixed Assets

Freehold properties are stated in the Balance Sheet at the cost or value at the date of receipt, less depreciation.

Tangible fixed assets are stated at cost less depreciation. Any expenditure on individual assets with a value below £3,000 is written off directly to revenue. Depreciation is provided in equal instalments over the estimated lives of the assets.

The useful lives assigned to other assets are:

Freehold property	50 years
Leasehold premises	5 to 10 years
Furnishings & equipment	4 to 7 years
Motor vehicles	3 to 4 years

(j) Investments

Investments include listed investments, investments in group undertakings, and an investment property.

Listed investments are a form of basic financial instrument and are initially shown in the financial statements at market value. They are subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Net gains and losses on the SOFA represent realised and unrealised gains on investments. Realised gains or losses are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains or losses are calculated as the difference between the fair value at the year-end and their carrying value.

Investments in group undertakings are the shares of the subsidiary companies which are carried at cost.

Investment property is a property received as part of a legacy in 2009. It was revalued at 31/3/18 balance sheet date. It is not depreciated.

(k) Stocks

Stocks, which comprise goods for resale, are stated at the lower of cost and net realisable value.

(l) Goods Donated for Resale

Donated items of goods for resale are not included in the financial statements because the Trustees consider it impractical to be able to assess the amount of donated stocks. This is because there are no systems in place to record these goods until they are sold. A stocktake would incur costs to the Charity which would far outweigh the benefits.

(m) Debtors

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.

(n) Cash at Bank and in Hand

Cash at bank and in hand includes cash and short term highly liquid investments.

(o) 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 normally recognised at their settlement amount after allowing for any trade discounts due.

(p) Volunteers

The value of the services provided by the volunteers is not incorporated into these financial statements. Further details of their contribution are given in the Trustees report.

(q) Support Groups

There were 14 official active Support Groups operating bank accounts in the name of the Hospice at 31 March 2020. The majority of these prepare accounts to 31 March. Fundraising income includes gross income raised by these groups, and the expenses they incur are included within fundraising costs.

(r) Pension Costs

The majority of staff are members of either the National Health Service Pension Scheme ("the NHS scheme") or defined contribution schemes operated by the Charity. Contributions are made by both employees and employer. Although the NHS scheme is a defined benefit scheme, the nature of the scheme is such that the Charity cannot identify its share of the

scheme's underlying assets and liabilities. In accordance with FRS102, payments to the NHS scheme have been treated in the same way as contributions to the defined contribution schemes and the payments made by the Charity are charged against the profits of the year in which they become payable.

The Hospice's employer contribution to the NHS Pension Scheme is 14.38%, a rate set by the Government Actuary. The Hospice's employer contribution to defined contribution schemes is in accordance with the rules of the schemes and where applicable auto-enrolment rules.

(s) Financial Instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are recognised at transaction value and subsequently measured at their settlement value.

2 Company Status and Members' Liability

The Charity is a private company limited by guarantee and does not have share capital. The extent of the liability of the members to the Charity on a winding up is limited to a maximum of £1 each.

3 Taxation

The company is said to pass the tests carried out in paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income and capital gains received within categories covered by Chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of the Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively for charitable purposes. No tax charges have arisen in the year.

No tax charge has arisen in the trading subsidiaries, Severn Promotions Limited and Hospice Projects Ltd due to their policy of gifting all their taxable profits to Severn Hospice Ltd.

4 Charitable Activities	2020	2019
	£	£
NHS income	3,630,441	3,711,233
Education income	83,954	85,272
	<u>3,714,395</u>	<u>3,796,505</u>

5a Lottery

Severn Promotions Company Limited, a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2973920, operates raffles and a weekly lottery. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2020.

	2020	2019
	£	£
Lottery income	1,273,195	1,263,224
Donations	25,857	20,173
Investment income	2,360	2,334
Total income	<u>1,301,412</u>	<u>1,285,731</u>
Prizes awarded	(146,400)	(146,400)
Staff costs	(108,349)	(104,651)
Other costs	(161,537)	(183,212)
Total expenditure	<u>(416,286)</u>	<u>(434,263)</u>
Net lottery income	885,126	851,468
Gift Aid payments to Severn Hospice Limited	<u>(885,126)</u>	<u>(851,468)</u>
Retained in subsidiary	<u>-</u>	<u>-</u>
 Total assets	 297,071	 310,035
Total liabilities	<u>(290,885)</u>	<u>(303,849)</u>
Funds (representing share capital and reserves)	<u>6,186</u>	<u>6,186</u>

5b Hospice Projects Limited

This is a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2229635. All new goods are sold through this company via the Hospice shops or website. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2020.

	2020 £	2019 £
Projects income	171,273	158,738
Donations	1,010	1,124
Interest	896	779
Total income	<u>173,179</u>	<u>160,641</u>
Cost of goods sold	(59,831)	(50,982)
Operating costs	(24,262)	(21,895)
Total expenditure	<u>(84,093)</u>	<u>(72,877)</u>
Net trading profit	89,086	87,764
Gift Aid payments to Severn Hospice Limited- provisional amount due for year	(89,086)	(87,764)
Retained in subsidiary	<u>-</u>	<u>-</u>
Total assets	155,889	157,003
Total liabilities	(94,947)	(96,061)
Funds (representing share capital and reserves)	<u>60,942</u>	<u>60,942</u>

5c Hospice Shops

This is the trading arm of Severn Hospice Limited – it is not a separate trading subsidiary company.

	2020 £	2019 £
Non gift –aided donated goods income	1,750,720	1,655,798
Gift-aided donated goods income	890,058	864,747
Gift Aid on donated goods income	200,855	185,616
Rag income	182,722	202,128
Donations	60,222	56,575
Other income	30,413	32,810
Total income	<u>3,114,990</u>	<u>2,997,674</u>
Staff Costs	(1,252,341)	(1,117,509)
Premises maintenance and rent	(465,635)	(428,882)
Other costs	(416,273)	(393,234)
Total expenditure	<u>(2,134,249)</u>	<u>(1,939,625)</u>
Net shops income	980,741	1,058,049

5d Fundraising Events

Income and direct expenditure from the top five fundraising events in 2019/20, together with comparatives for 2018/19, is as follows:

	2020			2019		
	Income	Expenditure	Net Income	Income	Expenditure	Net Income
	£	£	£	£	£	£
Lights of Love	62,766	(6,945)	55,821	53,417	(5,800)	47,617
Dragon Boats	57,104	(21,346)	35,758	60,542	(26,271)	34,271
Shropshire Colour Run	31,678	(11,073)	20,605	59,409	(29,593)	29,816
London Marathon	25,399	(3,960)	21,439	45,501	(3,960)	41,541
Pontesbury Potter	14,577	(1,790)	12,787	-	-	-
Kapow	-	-	-	34,100	(12,480)	21,620
	<u>191,524</u>	<u>(45,114)</u>	<u>146,410</u>	<u>252,969</u>	<u>(78,104)</u>	<u>174,865</u>

The income and expenditure for certain events can straddle the financial year end causing fluctuations from year to year in the net income position.

6	Investment Income	2020 £	2019 £
	Dividends receivable on shares held	187,612	178,962
	Interest receivable on cash balances	58,226	42,089
		<u>245,838</u>	<u>221,051</u>

7	Other Income	2020 £	2019 £
	Miscellaneous items of income received for catering, insurance receipts, property rental, wayleaves etc.	75,461	104,141

8 Staff Costs & Pensions (Group)

	2020 £	2019 £
Salaries	7,439,983	7,293,006
Social security costs	607,196	578,908
Pension costs	482,613	452,733
Redundancy and Settlement Agreement costs	6,926	33,373
	<u>8,536,718</u>	<u>8,358,020</u>

(Note 1(r) and Note 20 give further information on the pension schemes.)

Pension costs are increasing as a result of a combination of salary increases, and statutory employer contribution rate rises for both the NHS and auto enrolment schemes.

The Charity Trustees received no remuneration or any other benefits from employment with the Hospice or its subsidiaries in the year (Prior year: £nil). A note on related party transactions is given at note 21.

The average monthly headcount and full-time equivalent during the year is shown below:

	2020		2019	
	Headcount	FTE	Headcount	FTE
Admin	24	14	22	14
Income Generation	25	18	21	17
Care	307	180	317	180
Shops	85	58	75	54
	<u>441</u>	<u>270</u>	<u>435</u>	<u>265</u>

The number of employees whose emoluments for the year were greater than £60,000 were as follows:

	2020	2019
£60,000 to £70,000	3	1
£70,000 to £80,000	1	1
£80,000 to £90,000	1	1
	<u>5</u>	<u>3</u>

Pension contributions relating to those staff earning over £60,000	£34,951	£16,601
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For the key employed and seconded management personnel, also comprising the Senior Management Team as set out on page 16, the total employee benefits were £502,737 (prior year £522,128).

During the year, the Hospice did not pay out any redundancy payments (prior year £14,293). Two members of staff left the Hospice under settlement agreements totalling £6,926 (prior year £19,080)

9 Total Expenditure (Group) 2020

	Direct Costs £	Support Costs £	Total 2020 £	Total 2019 £
Charitable Activities:				
In Patient Care	3,433,216	1,357,270	4,790,486	4,808,456
Day Care	769,755	421,641	1,191,396	1,232,061
Hospice Outreach	885,688	79,856	965,544	942,097
Hospice at Home	1,044,612	72,093	1,116,705	975,340
Education & Research	80,170	40,230	120,400	140,465
Hospital Services	156,246	-	156,246	176,183
Lymphoedema	93,594	29,653	123,247	108,912
Social Work & Chaplaincy	293,158	40,966	334,124	334,231
Costs of Raising Funds:				
Donations, Legacies and Grants	525,671	235,486	761,157	778,548
Other trading activities				
Hospice Shops	2,119,706	14,543	2,134,249	1,939,625
Lottery	390,378	25,908	416,286	434,263
Projects	83,079	1,014	84,093	72,877
Fundraising Events	92,649	-	92,649	132,388
Investment Management	41,911	-	41,911	36,783
Total Expenditure	10,009,833	2,318,660	12,328,493	12,112,229

Support costs include:	Basis of Allocation	£	£
Premises & Catering	Floor area, estimated time, and cost	1,158,930	1,140,744
Central Services	Estimated time	514,230	565,760
Finance	Estimated time	264,350	283,993
IT Support	Workstations and estimated time	281,293	226,966
Vehicles	Estimated time & specific costings	17,696	20,796
Governance	Estimated time	82,161	91,449
		2,318,660	2,329,708

Included within group expenditure are:

Amounts paid or payable to Auditors:		
External annual audit of accounts	20,850	20,850
Other fees payable to the Auditors	2,400	7,685
Depreciation	486,306	498,970
Lease payments	407,951	385,909

Total Expenditure (Group) 2019

	Direct Costs £	Support Costs £	Total 2019 £	Total 2018 £
Charitable Activities:				
In Patient Care	3,440,593	1,367,863	4,808,456	4,636,212
Day Care	807,610	424,451	1,232,061	1,161,249
Hospice Outreach	861,930	80,167	942,097	866,121
Hospice at Home	902,530	72,810	975,340	912,920
Education & Research	102,235	38,230	140,465	130,320
Hospital Services	176,183	-	176,183	188,165
Lymphoedema	80,309	28,603	108,912	101,928
Social Work & Chaplaincy	294,009	40,222	334,231	304,870
Costs of Raising Funds:				
Donations, Legacies and Grants	535,444	243,104	778,548	664,649
Other trading activities				
Hospice Shops	1,925,723	13,902	1,939,625	1,750,667
Lottery	414,921	19,342	434,263	382,796
Projects	71,863	1,014	72,877	86,149
Fundraising Events	132,388	-	132,388	125,364
Investment Management	36,783	-	36,783	42,092
Total Expenditure	9,782,521	2,329,708	12,112,229	11,353,502

Support costs include:

	Basis of Allocation	£	£
Premises & Catering	Floor area, estimated time and cost	1,140,744	1,106,243
Central Services	Estimated time	565,760	482,420
Finance	Estimated time	283,993	291,255
IT Support	Workstations and estimated time	226,966	225,715
Vehicles	Estimated time & specific costings	20,796	31,574
Governance	Estimated time	91,449	70,943
		2,329,708	2,208,150

Included within group expenditure are:

Amounts paid or payable to Auditors:		
External annual audit of accounts	20,850	19,350
Other fees payable to the Auditors	7,685	1,060
Depreciation	498,970	471,968
Lease payments	385,909	348,877

10 Fixed Assets

	Freehold Property £	Assets Under Construction £	Furnishings & Equipment £	Vehicles £	Total £
Charity					
Cost					
At 1 April 2019	10,353,511	396,888	2,486,482	141,921	13,378,802
Additions	12,101	1,699,207	285,612	-	1,996,920
Disposals	-	-	-	-	-
At 31 March 2020	10,365,612	2,096,095	2,772,094	141,921	15,375,722
Depreciation					
At 1 April 2019	2,695,395	-	1,846,554	128,799	4,670,748
Charge for year	214,141	-	263,375	8,790	486,306
Disposals	-	-	-	-	-
At 31 March 2020	2,909,536	-	2,109,929	137,589	5,157,054
Net Book Value					
At 1 April 2019	7,658,116	396,888	639,928	13,122	8,708,054
At 31 March 2020	7,456,076	2,096,095	662,165	4,332	10,218,668
Group					
Cost					
At 1 April 2019	10,353,511	396,888	2,507,811	141,921	13,400,131
Additions	12,101	1,699,207	285,612	-	1,996,920
Disposals	-	-	-	-	-
At 31 March 2020	10,365,612	2,096,095	2,793,423	141,921	15,397,051
Depreciation					
At 1 April 2019	2,695,395	-	1,867,883	128,799	4,692,077
Charge for year	214,141	-	263,375	8,790	486,306
Disposals	-	-	-	-	-
At 31 March 2020	2,909,536	-	2,131,258	137,589	5,178,383
Net Book Value					
At 1 April 2019	7,658,116	396,888	639,928	13,122	8,708,054
At 31 March 2020	7,456,076	2,096,095	662,165	4,332	10,218,668

11 Investments

	The Group		The Charity	
	2020	2019	2020	2019
	£	£	£	£
Listed UK Stock Exchange Investments	5,864,537	6,420,392	5,864,537	6,420,392
Shares in subsidiary companies			50,100	50,100
Investment Properties	170,000	170,000	170,000	170,000
	<u>6,034,537</u>	<u>6,590,392</u>	<u>6,084,637</u>	<u>6,640,492</u>

Group and Charity

(a) Listed UK Stock Exchange Investments

	2020	2019
	£	£
Market Value 1 April 2019	6,262,942	5,777,237
Disposals	(1,653,275)	(935,726)
Acquisitions	1,507,481	1,154,312
Unrealised (losses)/gains	(994,910)	82,510
Realised gains	292,865	184,609
Market value at 31 March 2020	<u>5,415,103</u>	<u>6,262,942</u>
Cash held for investment	<u>449,434</u>	<u>157,450</u>
	<u>5,864,537</u>	<u>6,420,392</u>

(b) Analysis of Listed/Discretionary Fund Investments

	2020	2019
	£	£
Discretionary Fund managed by Smith & Williamson	2,971,320	3,187,398
Discretionary Fund managed by Brewin Dolphin	2,893,217	3,232,994
	<u>5,864,537</u>	<u>6,420,392</u>

Charity

(c) Shares in subsidiary companies at cost

	2020	2019
	£	£
Hospice Projects Limited	50,000	50,000
Severn Promotions Limited	100	100
	<u>50,100</u>	<u>50,100</u>

12 Stocks

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Goods purchased for resale through Hospice Projects Limited	14,909	11,104	-	-
Consumable stores	-	-	-	-
	<u>14,909</u>	<u>11,104</u>	<u>-</u>	<u>-</u>

13 Debtors

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	257,839	207,446	257,052	207,446
Sundry debtors	19,987	51,830	19,987	51,357
Amounts due from subsidiary undertakings	-	-	164,221	178,020
Legacies & grants	1,303,326	1,854,706	1,303,326	1,854,706
Prepayments	112,553	129,063	112,553	129,063
VAT recoverable	113,407	102,228	114,325	103,915
	<u>1,807,112</u>	<u>2,345,273</u>	<u>1,971,464</u>	<u>2,524,507</u>

14 Creditors: Amounts Falling Due Within One Year

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	270,937	302,682	270,922	301,926
Taxation & social security costs	144,354	137,103	144,354	137,103
Accruals	300,091	262,724	288,654	249,577
Amounts due to subsidiary undertakings	-	-	54	3,708
Deferred income	186,811	9,303	186,811	9,303
Other creditors	287,453	275,218	78,211	68,916
	<u>1,189,646</u>	<u>987,030</u>	<u>969,006</u>	<u>770,533</u>

Creditors: Amounts Falling Due Greater Than One Year

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Deferred income	8,500	15,500	8,500	15,500
	<u>8,500</u>	<u>15,000</u>	<u>8,500</u>	<u>15,500</u>

Creditors: Deferred Income

	Balance b/fwd 1.4.19 £	Released £	New Deferred £	Amounts Falling Due	
				Within One Year Balance c/fwd 31.3.20 £	Greater Than One Year Balance c/fwd 31.3.20 £
Amounts Falling Due Within One Year					
Events income	-	-	39,258	39,258	-
Complementary Therapy	-	-	5,500	5,500	-
Training Income	-	-	132,000	132,000	-
Men's Health project	510	-	-	510	-
Compassionate Communities fund	20,750	6,250	-	6,000	8,500
Hospital Development Fund	3,543	-	-	3,543	-
	<u>24,803</u>	<u>6,250</u>	<u>176,758</u>	<u>186,811</u>	<u>8,500</u>

15 Restricted Funds

The Group and Charity Funds for **2019/20** include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

	Balance at 1.4.19 £	Income £	Expenditure £	Transfer to General Funds £	Balance at 31.3.20 £
Donations received for In Patient Care and Bereavement	10,950	136,740	(142,491)	(1,709)	3,490
Donations received for the Day Units	-	44,976	(44,976)	-	-
Donations received for Living Well	188,005	552,100	-	(740,105)	-
Donations received for Care at Home Services	-	86,960	(86,960)	-	-
CCG funding for specifically negotiated services	32,367	1,805,662	(1,789,779)	-	48,250
Hospice Garden	7,103	7,205	(4,492)	(9,816)	-
	<u>238,425</u>	<u>2,633,643</u>	<u>(2,068,698)</u>	<u>(751,630)</u>	<u>51,740</u>

The main element of the transfer to general funds of £740,105 represents the release of funds for the new building because the restriction placed on the funding has been met in the year.

The Group and Charity Funds for **2018/19** include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

	Balance at 1.4.18 £	Income £	Expenditure £	Transfer to General Funds £	Balance at 31.3.19 £
Donations received for In Patient Care and Bereavement	60,442	148,218	(121,478)	(76,232)	10,950
Donations received for the Day Units	-	5,844	(5,844)	-	-
Donations received for Care at Home Services	39,778	67,429	(107,207)	-	-
CCG funding for specifically negotiated services	-	1,392,058	(1,359,691)	-	32,367
Hospice Garden	7,103	8,637	(8,637)	-	7,103
Donations for Education	-	3,266	(3,266)	-	-
Donations Received for Living well	-	188,005	-	-	188,005
	<u>107,323</u>	<u>1,813,457</u>	<u>(1,606,123)</u>	<u>(76,232)</u>	<u>238,425</u>

16 Unrestricted Funds

The Group and Charity Funds for **2019/20** include the following designated and general funds:

	Balance at 1.4.19 £	New Designations £	Utilised/ Released £	Resources To/From General Funds £	Balance at 31.3.20 £
Group:					
Designated Funds:					
Capital Fund	3,367,538	-	(968,997)	-	2,398,541
Fixed Asset Fund	8,708,054	1,996,921	(486,307)	-	10,218,668
Energy Sustainability Fund	145,000	-	-	-	145,000
Service Development Fund	500,000	-	(17,731)	-	482,269
Total Designated Funds	<u>12,720,592</u>	<u>1,996,921</u>	<u>(1,473,035)</u>	<u>-</u>	<u>13,244,478</u>
Group General Funds	<u>10,382,660</u>	<u>9,571,572</u>	<u>(10,259,795)</u>	<u>227,744</u>	<u>9,922,181</u>
Total Group Unrestricted	<u>23,103,252</u>	<u>11,568,493</u>	<u>(11,732,830)</u>	<u>227,744</u>	<u>23,166,659</u>
Charity:					
Total Designated Funds	12,720,592	1,996,921	(1,473,035)	-	13,244,478
Charity General Funds	10,365,634	9,071,193	(9,759,416)	227,744	9,905,155
Total Charity Unrestricted	<u>23,086,226</u>	<u>11,068,114</u>	<u>(11,232,451)</u>	<u>227,744</u>	<u>23,149,633</u>

See page 10 for more detail on the explanation of the various funds. The £523,886 net movement on designated funds on the SOFA represents the net new designations and releases from these funds. The releases include revenue movements for depreciation and Hospice funding of pharmacist post.

The Group and Charity Funds for **2018/19** include the following designated and general funds:

	Balance at 1.4.18 £	New Designations £	Utilised/ Released £	Resources To/From General Funds £	Balance at 31.3.19 £
Group:					
Designated Funds:					
Capital Fund	2,900,000	467,538	-	-	3,367,538
Fixed Asset Fund	8,237,418	975,698	(505,062)	-	8,708,054
Energy Sustainability Fund	145,000	-	-	-	145,000
Service Development Fund	500,000	-	-	-	500,000
Total Designated Funds	11,782,418	1,443,236	(505,062)	-	12,720,592
Group General Funds	10,285,068	11,465,640	(10,506,106)	(861,942)	10,382,660
Total Group Unrestricted	22,067,486	12,908,876	(11,011,168)	(861,942)	23,103,252
Charity:					
Total Designated Funds	11,782,418	1,443,236	(505,062)	-	12,720,592
Charity General Funds	10,268,042	10,958,500	(9,998,966)	(861,942)	10,365,634
Total Charity Unrestricted	22,050,460	12,401,736	(10,504,028)	(861,942)	23,086,226

17 Allocation of Group Net Assets between Funds

	2020		2019			
	Unrestricted Funds £	Restricted Funds £	Total £	Unrestricted Funds £	Restricted Funds £	Total £
Fund balances at 31 March are represented by:						
Tangible fixed assets	10,218,668	-	10,218,668	8,708,054	-	8,708,054
Investments	6,034,537	-	6,034,537	6,590,392	-	6,590,392
Current assets	8,111,600	51,740	8,163,340	8,807,336	238,425	9,045,761
Creditors due within one year	(1,189,646)	-	(1,189,646)	(987,030)	-	(987,030)
Creditors due greater than one year	(8,500)	-	(8,500)	(15,500)	-	(15,500)
Total Net Assets	23,166,659	51,740	23,218,399	23,103,252	238,425	23,341,677

18 Operating Lease Commitments

At March 2020, the charity had future minimum lease payments under non-cancellable operating leases in respect of Hospice shops as follows:

	2020	2019
	£	£
Within 1 year	303,008	270,057
Between 2 and 5 years	669,978	578,837
Over 5 years to end of lease term	78,000	168,500
	<u>1,050,986</u>	<u>1,017,394</u>

2019 figures have been restated to show future minimum lease payments to break clause at 31/3/19.

19 Controlling Party

The Company, having no share capital, is under the control of the Directors who also act as Trustees.

20 Pension Commitments

The Company and its subsidiaries operate a defined contribution scheme available to all permanent employees. Pension auto-enrolment legislation came into force for the Hospice in February 2014 and has been complied with from that date. The Company and its subsidiaries also make contributions to the National Health Service Pension Scheme for certain employees.

Contributions are charged in the financial statements as they are incurred and there were no outstanding contributions as at the balance sheet date. Pension costs charged in the year were £487,796 consisting of £312,164 paid to the NHS Scheme, and £175,632 paid to the defined contribution schemes (2019: £323,738 and £128,995 respectively).

21 Related Party Transactions

The charity paid a total of £9,000 in the year to Wace Morgan LLP, Solicitors for employment advice (£16,470 2018/19) for employment advice and insurance). Zara Oliver, a Trustee of the charity, is a partner in Wace Morgan LLP. There were no amounts owed or owing at the year-end.

22 Contingent Assets and Liabilities

As at 31 March 2020 the Hospice had been notified of several residuary, pecuniary and specific legacies, some of which have life interests, where the timing of realisation or value of these estates was uncertain. Therefore, no amounts have been accrued in respect of these legacies which are estimated to be in excess of £2,165,000 (2018/19 also £2,165,000).

Due to operational issues around the closure of shops due to Covid-19, the Hospice has in excess of £50,000 to claim in respect of Retail gift aid. As the timing of realisation is unclear no amounts have been accrued in respect of this gift aid.

23 Reconciliation of Net Income/(Expenditure) to Net Cash Flow from Operating Activities

	Group 2020 £	Group 2019 £
Net Income/(expenditure) for the reporting period (as per the statement of financial activities)	(123,278)	1,166,868
Adjustments for:		
Depreciation charges	486,306	498,970
Dividends, interest, and rents from investments	(245,838)	(221,051)
(Gains)/losses on investments	702,045	(267,119)
Loss/(profit) on sale of fixed assets	-	-
(Increase)/decrease in stocks	(3,805)	22,368
(Increase)/decrease in debtors	538,161	146,176
Increase/(decrease) in creditors	195,616	82,621
Net cash provided by/ (used in) operating activities	<u>1,549,207</u>	<u>1,428,833</u>

24 Capital Commitments

As at 31 March 2020 Severn Hospice Limited had capital commitments outstanding for:

- The new Living Well centre at Bicton totalling in the region of £2,400,000 (2018/19 £3,910,000)
- The rehabilitation centre at Apley for £246,000 (2018/19 Nil)

25 2018/19 Comparative information

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)

For the Year Ended 31 March 2019

		Unrestricted Funds		Restricted	Total Funds	Total Funds
		General	Designated	2019	2019	2018
		2019	2019	2019	2019	2018
		£	£	£	£	£
Income From:	Note					
Donations and legacies:						
Donations		1,267,939	-	166,878	1,434,817	1,383,917
Legacies		1,832,954	467,538	66,516	2,367,008	2,855,740
Grants from Charitable Trusts		100,271	-	187,445	287,716	125,842
		3,201,164	467,538	420,839	4,089,541	4,365,499
Charitable Activities	4	2,421,947	-	1,374,558	3,796,505	3,652,415
Other trading activities:						
Lottery	5a	1,263,224	-	-	1,263,224	1,254,870
Projects	5b	158,738	-	-	158,738	177,930
Shops	5c	2,997,674	-	-	2,997,674	2,765,045
Fundraising events	5d	380,544	-	560	381,104	421,556
		4,800,180	-	560	4,800,740	4,619,401
Investments	6	221,051	-	-	221,051	205,092
Other income	7	86,641	-	17,500	104,141	65,473
Total Income		10,730,983	467,538	1,813,457	13,011,978	12,907,880
Expenditure on:						
Raising Donations, Legacies and Grants	9	778,548	-	-	778,548	664,649
Other trading activities:						
Lottery	5a,9	434,263	-	-	434,263	382,796
Projects	5b,9	72,877	-	-	72,877	86,149
Shops	5c,9	1,939,625	-	-	1,939,625	1,750,667
Fundraising events	5d,9	132,388	-	-	132,388	125,364
Investment management costs		36,783	-	-	36,783	42,092
Costs of raising funds		3,394,484	-	-	3,394,484	3,051,717
In patient care	9	4,671,414	-	137,042	4,808,456	4,636,212
Day care	9	1,226,217	-	5,844	1,232,061	1,161,249
Hospice Outreach	9	530,438	-	411,659	942,097	866,121
Hospice at home	9	164,379	-	810,961	975,340	912,920
Education and research	9	55,193	-	85,272	140,465	130,320
Hospital services	9	91,060	-	85,123	176,183	188,165
Lymphoedema	9	38,690	-	70,222	108,912	101,928
Social Work & Chaplaincy	9	334,231	-	-	334,231	304,870
Expenditure on charitable activities		7,111,622	-	1,606,123	8,717,745	8,301,785
Total expenditure		10,506,106	-	1,606,123	12,112,229	11,353,502
Net income/(expenditure) for the year and net movements in funds before gains and losses on investments		224,877	467,538	207,334	899,749	1,554,378
Net gains on investments	11	267,119	-	-	267,119	186,854
Net income/(expenditure) for the year		491,996	467,538	207,334	1,166,868	1,741,232
Transfers between funds	16, 17	(394,404)	470,636	(76,232)	-	-
Net movement in funds		97,592	938,174	131,102	1,166,868	1,741,232
Reconciliation of funds:						
Total funds brought forward		10,285,068	11,782,418	107,323	22,174,809	20,433,577
Total funds carried forward		10,382,660	12,720,592	238,425	23,341,677	22,174,809

