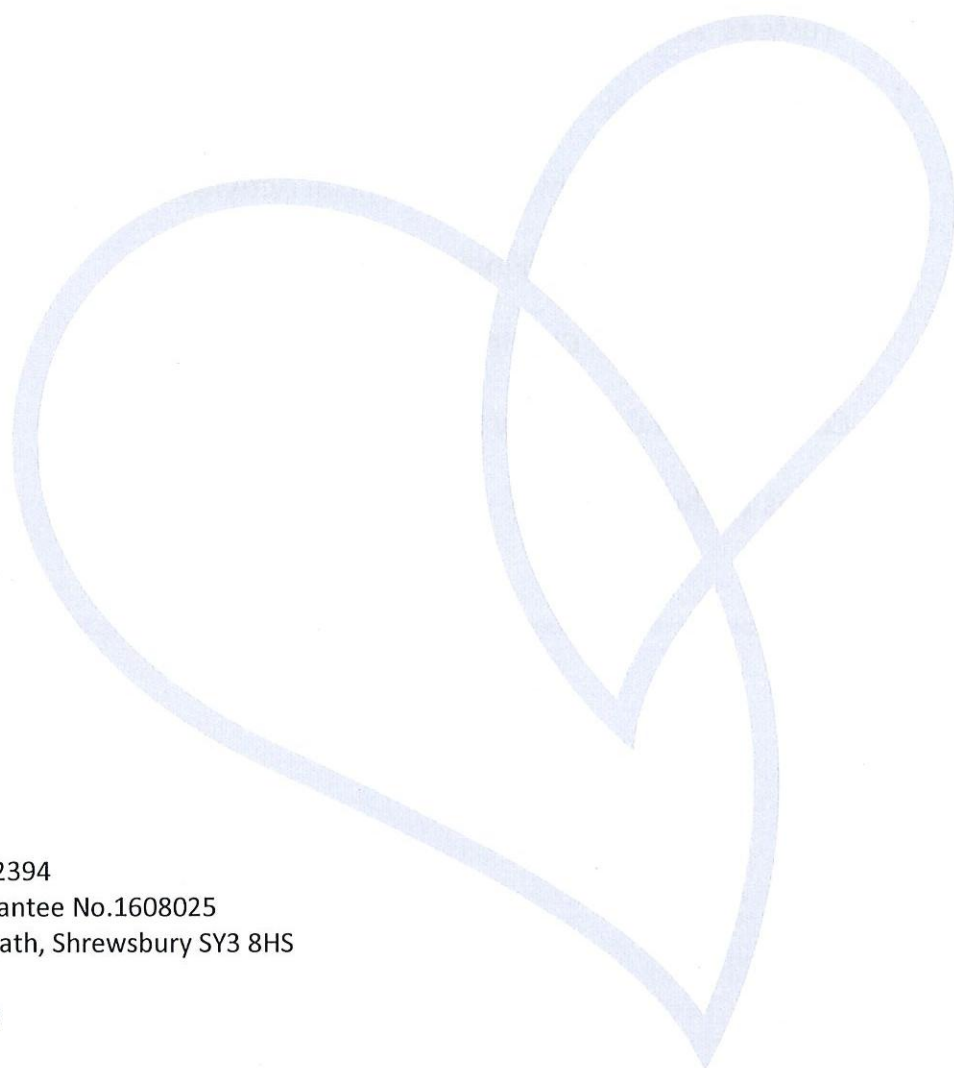




Report and Accounts

Year ended 31 March 2021



Severn Hospice Limited

A Registered Charity No. 512394

A Company Limited by Guarantee No.1608025

Registered Office: Bicton Heath, Shrewsbury SY3 8HS

Tel: 01743 236565

www.severnhospice.org.uk

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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 2021. The annual report and financial statements of the charity 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.

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.

The majority of rooms have 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. 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 volunteers. Unfortunately, due to Covid-19 we did suspend volunteer services for most of the year. During normal times, 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 would struggle to provide the level of services that it does. In recognition of this outstanding support, the Hospice received royal recognition with the Queen's Award for Voluntary Service.

Strategic Report

Achievements and Performance

What we committed to do in 2020-21	How we performed
Open our Community Services Centre at Bicton and rehabilitation centre at Apley.	<p>The Apley rehabilitation centre was successfully opened in June 2020.</p> <p>After an unsurprising Covid associated delay in completion, the new facility at Bicton opened in February 2021 and accepted its first patients in March 2021.</p> <p>Within the build is a new venture 'Refresh' our first café.</p> <p>The new facilities support our strategy for community services within the concept of 'Living Well'.</p>
Determine the future inpatient service model, specifically the number of beds required on each site to meet demand and support choice.	<p>During 2021 we piloted a more equal split of beds across the two sites. This pilot aimed to address pressures on capacity and resulting longer waiting times at Apley.</p> <p>Our activity data has been closely monitored throughout and now supports this as the model going forward.</p>
In light of Covid-19 monitor the impact of the pandemic on the hospice finances and take remedial action where necessary	<p>There is no doubt that the pandemic has had a significant negative impact on our ability to raise funds. With the closure of our 28 shops and restrictions on other fundraising activities we were predicting a significant deficit.</p> <p>Our strong reserves position and access to the range of government support schemes mitigated this and we have ended the financial year in a very positive position.</p> <p>It is important to recognise that the impact of covid will run through the current financial year and it is important to monitor income closely and protect our reserves position</p>

Secure the level of funding required to meet the demand on services and support specific service developments.	We anticipate the reinstatement of previous fundraising activities including retail. We will also be exploring new income generating ideas. To maximise our income and maintain healthy reserves we will not be progressing further capital projects in the short term.
Engage the newly formed single CCG to secure an appropriate financial contribution through robust commissioning contracts.	There is a great deal of change and uncertainty within the local CCG including the need to appoint a new CEO. We will be monitoring this to identify new contacts and establish regular engagement with the overall aim of raising the profile and understanding of the hospice and its place in the local healthcare economy.
Continue to invest in successful income streams such as retail, lottery, and legacies. In addition, explore new income generating possibilities including virtual activities	Although the impact on retail generally is still not known there are no indications to change our retail strategy for growth. We will watch this landscape closely and progress with caution. Virtual events in the fundraising area contributed welcome donations when normal activities could not be held. Research into new income streams are progressing.

Activity for 2020-21

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. During the year, Covid has had an impact on activity across the range of services. We handled over 2,751 total patient referrals across our services, a decrease of 8% on last year. General access to GPs and hospital care diminished and the demand for critical (such as Covid illness) care accelerated resulting in lower referrals to the Hospice. However, within those numbers, there has been a marked shift with regards to where people received our care. Patients were more inclined to want to stay at home rather than travel to the Hospice and consequently 500 more people were treated in the community.

Our Priorities for 2021-22

- Throughout the pandemic we are proud to have maintained the hospice core services. Due to COVID restrictions however we were forced to suspend services that were deemed to be less essential and involved bringing groups of people together. In the coming months as social distancing restrictions are no longer necessary, we will be reinstating these daytime activities, inviting people to attend group activities and the wider range of support.
- We will be extending our palliative rehabilitation programmes with the opening of the new facilities at Bicton.
- We will be testing a single point of access initiative which aims to assess referrals and direct people to the range of hospice community support services.
- We aim to further explore community clinics, aiming to support people closer to home.
- We aim to reinstate our coffee mornings, encouraging self-referral.
- We aim to extend the pilot that has tested a more equal split of beds across the two sites in order to understand the impact of the pandemic on inpatient activity, further confirming the model to be right.
- We will be reviewing our social work service aiming to identify needs and structure resources to meet those needs.
- We will be working to improve our systems of reporting to better demonstrate compliance.
- We will be further developing our education programs aiming to support high standards of Palliative and End of Life Care across the health economy.
- We will be working to reinstate all previous income streams, specifically events, community fundraising and retail.
- We will be working to progress our retail strategy.
- We will be working to identify new income streams.

Financial Review

Annual Activity

The charity made a surplus of income over expenditure of £1,399,234 before investment gains/losses. Although some areas of income such as retail and events seriously suffered as a result of the Covid-19 pandemic, these shortfalls were more than offset by various grants the charity received. At the same time some internal restructuring, slippage in the completion of the new Community Services Centre, and reduction in some general operating costs resulted in expenditure outturn to be lower than expected. The financial year saw stock market recovery following the Covid related volatility seen in the previous year. As a result, net investment gains of £2,024,771 were achieved giving an overall surplus for the financial year of £3,424,005. It's important to point out that due to the pandemic impacts on income, had the charity not received the compensating Covid related grants, then it would be reporting an overall financial loss.

Income

Total group income, before investment gains/losses, for the year ended 31 March 2021 was £13,220,206 an increase of £312,946 on the previous year. The principal funding sources for the charity were:

- covid related grants £3,883,693;
- donations and legacies £2,756,419;
- charitable activities £3,950,997;
- other trading activities £2,418,968;
- investments £166,044;
- other income £44,085.

Covid related grants these consist of NHS England grants, HMRC job retention scheme grants, and council grants towards shops closures which the Charity benefitted from. The NHS England awarded £2,310,052 of funding in total to allow the Hospice to make available bed capacity and community support from April 2020 to July 2020 to provide support to people with complex needs in the context of the COVID-19 situation and to provide bed capacity and community support from November 2020 to March 2021 for the same purpose.

Donations and legacies fell significantly by £1,250,717 this financial year mainly due to lower legacy income and Trust income. Legacy income fluctuates from year to year depending on probate dates and notifications from solicitors. It currently represents 8% of total group income, a drop from 14% last year. A legacy strategy is in place to try to influence this unpredictable source of income which the charity is very much reliant upon. Legacy budgetary assumptions are approved by the 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. The pandemic has slowed communications from solicitors and the Directors are satisfied that this is the reason for the reduction in legacy income this year. Although Trust income has dropped this year, this was in line with expectations – this income stream was particularly high last year following successful applications to Trusts towards the building of the new Community Services Centre.

2020-21 Sources of Group Income	Income	Cost of Raising Funds	Income Net of Costs of Generation	% of Total Net Income 2020-21	% of Total Net Income 2019-20
	£	£	£		
<i>Donations & Legacies</i>	2,756,419	686,388	2,070,031	21%	35%
<i>Shops, Projects, Lottery, Events</i>	2,418,968	2,484,302	(65,334)	(1%)	22%
Total Fundraising Activities	5,175,387	3,170,690	2,004,697	20%	57%
<i>Charitable Activities</i>	3,950,997	0	3,950,997	39%	40%
<i>Investment & Other</i>	210,129	42,974	167,155	2%	3%
<i>Covid related grants</i>	3,883,693	0	3,883,693	39%	0%
Total	13,220,206	3,213,664	10,006,542	100%	100%

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 2020/21 this stream of income increased by £236,602. Three education grants were received at the end of the financial year, together with additional grant funding for the Hospice at Home service.

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. Although the lottery operation, and in particular the bi-annual raffles and associated donations performed very well and exceeded expectations, other activities were badly impacted by Covid-19. In total, trading income reduced by £2,445,462.

Retail was particularly badly hit by the pandemic, with most shops closed for over 6 months and most staff furloughed for this time. eBay trading was able to continue during lockdowns and the shops benefitted from large quantities of donations at the end of lockdowns. Income reduced by £2,211,108 year on year. Considering the £1,264,355 of covid related grants received relating to shops, an overall contribution to the hospice of £150,790 was made, a reduction of £829,951 year on year. Since reopening sales have been strong in some areas and the overall strategy remains under review.

Regarding Hospice Projects Limited, core sales come from Christmas cards but at the end of the financial year a café was opened in the new Bicton Community Services Centre. Initial one-off opening costs were incurred and long term this venture will diversify the income of this company. A contribution of £44,315 will be paid over to the main Charity.

The Hospice lottery continues to provide a steady and predictable income source, contributing £951,709 which was above budget and up on the previous year by £66,583. Attrition rates have not been as high as were feared at the start of the year, and successful raffles, together with good levels of donations, has meant a very successful year. When considering gift aided donations collected as part of the raffle, but recognised in Hospice accounts, the lottery team has raised more than £1M. During much of the year, door to door canvassing and collections were temporarily stood down because of Covid-19. However, relationships with a new canvassing company have been developed and this is progressing well.

Fundraising events have always been a very visible and therefore important income source. The impact of Covid-19 decimated the events season. However, the London Marathon and Lights of Love events were successful virtual events and Skydives also continued for some of the year. Events income has dropped by £175,744 to £129,228. Details of the top three events in the year are given at note 5d.

Investment markets made a significant recovery in the financial year meaning that previous losses were more than recovered. The Hospice investment portfolio accrued a net realised/unrealised gain of £2,009,771, with a further £15,000 being made on the investment property. Investments increased in value by 35% over the year. The charity 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 2021 were £11,820,972, a decrease of £507,521 on the previous year.

Costs associated with charitable activities decreased by £190,840 with all services showing lower costs except for Hospice at Home and Education. Increases from cost of

living and contractual increments in pay, and inflationary supplier cost rises, have been offset by efficiency and restructuring of teams.

Costs associated with raising funds through fundraising and trading activities decreased by a net £316,681; £116,802 relates to shops which benefited from lower rent charges or breaks during Covid-19 lockdowns and experienced reduced staff costs for those who were furloughed. £80,635 relates to lower events costs due to the cancellation of much of the annual programme. Lottery costs were lower by £65,746 mainly due to the canvassing company being unable to recruit during lockdowns. Staff vacancies and other general lower net fundraising costs account for the remaining £53,498.

The impact of the Covid 19 pandemic has, except for lottery, caused a reduction in fundraising income across the board. This has been compensated by some reduction in costs but as a large proportion of costs are fixed it's not possible to undertake a substantial mitigation. This has unfortunately, but not unexpectedly, resulted in the fundraising ratio increasing to 17.5p/pound (2019-20 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 £2,555,140 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 Communications; finance and IT support functions. These have increased by £236,480 and grown from 19% to 22% of total group expenditure. This reflects the costs of the new Community Building at Bicton for part of the year, together with the recategorisation of the communications team to a centralised department. Further breakdowns of costs are given in note 9 of the accounts.

Surplus/Deficit

Overall, income exceeded expenditure excluding investment gains/losses by £1,399,234. The overall surplus for the year of £3,424,005 was stated after recognising the effect of £2,024,771 of net investment gains acquired due to stock market recovery and further gains during the year.

Funds and Reserves Policy

The total funds of the Group at 31 March 2021 are split between:

- Restricted funds £230,305
- Designated Funds £12,998,516
- General Funds £13,413,583

Restricted Funds

During 2020-21, donations and funding totalling £4,696,685 was received to enable specific expenditure to be undertaken. At the end of the financial year, £230,305 remained unspent, largely relating to funding for specific education and hospice at home services by NHS.

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. At 31 March 2021 this fund stood at £12,403,447. 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 has also been used to fund the pharmacist following removal of this funding from CCG. The fund is likely to be used within a medium-term timeframe following completion of the buildings associated with Living Well. At 31 March 2021 this fund stood at £450,069.

Capital Fund

This fund represents funds set aside for capital works. The new community building at Bicton and the extension of the existing building at Apley, both to support the Living Well project, are now complete and the capital fund has been reduced to zero during the year.

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. 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 2021, the group's free reserves of £13,413,583 represented approximately 14.8 months or 123% of the following year's estimated group running costs. The recovery and further gains on the stock market together

with significant government support and continued support from donors during the pandemic has strengthened the reserves base considerably. However, there is still much uncertainty regarding the longer-term impacts of Covid 19 in respect of the economy, future outbreaks, peoples changing behaviour and government fiscal and monetary policy. Negative consequences will have an inevitable impact on free reserves. The Trustees accordingly 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 Chair, 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 principal 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 was 1 fundraising complaint during the year relating to fundraising, lottery and retail operations. The complaint, concerning a house prize draw run by a supporter, was not upheld.

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 Resolutions on 29 September 2016 and 10 December 2020.

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 and other commercial activities. 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 2021, 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 - retired 9.9.20)	(1,3,4,7,8)
Mr P Donohue	(1,6)
Mrs A Johnson	(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 (retired 10.12.20)	(6)
Mrs J Whitford (Chair from 9.9.20)	(1,4,5)
Mr F Yates	(3,5,9)

There were no further Trustee changes after the year end to the date of accounts sign off.

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 (d. 15.9.20)	Mrs H McPhail
Mr M Davis	Mr J Tancock
Dr D Griffiths	

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.

Bates Wells LLP
10 Queen Street Place
London, EC4R 1BE

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 29 July 2021 and signed on its behalf by:



J Whitford
Chair

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 2021 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 2021 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have 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 require 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with regulatory requirements of the Care Quality Commission, Charity Commission, employment law and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such the Companies Act 2006, the Charities Act 2011, payroll taxes and VAT.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to recognition of income and management bias in certain accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting trustees' meeting minutes
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and

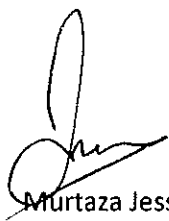
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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.

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

~~29th July 2021~~

6 September 2021

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2021

	Note	Unrestricted Funds			Total Funds 2021 £	Total Funds 2020 £
		General 2021 £	Designated 2021 £	Restricted Funds 2021 £		
Income From:						
Donations and legacies:						
Donations		1,334,292	-	139,756	1,474,048	1,543,467
Legacies		1,036,383	-	-	1,036,383	1,822,001
Grants from Charitable Trusts		128,966	-	117,022	245,988	641,668
		2,499,641	-	256,778	2,756,419	4,007,136
Charitable Activities	4a	1,909,272	-	2,041,725	3,950,997	3,714,395
Covid Related Grants	4b	1,485,511	-	2,398,182	3,883,693	-
Other trading activities:						
Lottery	5a	1,240,438	-	-	1,240,438	1,273,195
Projects	5b	145,420	-	-	145,420	171,273
Shops	5c	903,882	-	-	903,882	3,114,990
Fundraising events	5d	129,228	-	-	129,228	304,972
		2,418,968	-	-	2,418,968	4,864,430
Investments	6	166,044	-	-	166,044	245,838
Other	7	44,085	-	-	44,085	75,461
Total Income		8,523,521	-	4,696,685	13,220,206	12,907,260
Expenditure on:						
Raising Donations, Legacies and Grants	9	686,388	-	-	686,388	761,157
Other trading activities:						
Lottery	5a,9	350,540	-	-	350,540	416,286
Projects	5b,9	104,301	-	-	104,301	84,093
Shops	5c,9	2,017,447	-	-	2,017,447	2,134,249
Fundraising events	5d,9	12,014	-	-	12,014	92,649
Investment management costs		42,974	-	-	42,974	41,911
Costs of raising funds		3,213,664	-	-	3,213,664	3,530,345
In patient care	9	1,980,475	-	2,597,628	4,578,103	4,790,486
Day care	9	1,049,907	-	104,320	1,154,227	1,191,396
Hospice Outreach	9	547,179	-	410,376	957,555	965,544
Hospice at home	9	49,833	-	1,205,357	1,255,190	1,116,705
Education and research	9	101,930	-	22,430	124,360	120,400
Hospital services	9	69,612	-	57,256	126,868	156,246
Lymphoedema	9	43,237	-	70,224	113,461	123,247
Social Work & Chaplaincy	9	296,544	-	1,000	297,544	334,124
Expenditure on charitable activities		4,138,717	-	4,468,591	8,607,308	8,798,148
Total expenditure		7,352,381	-	4,468,591	11,820,972	12,328,493
Net income for the year and net movements in funds before gains and losses on investments		1,171,140	-	228,094	1,399,234	578,767
Net gains/(losses) on investments	11	2,024,771	-	-	2,024,771	(702,045)
Net Income/(expenditure) for the year		3,195,911	-	228,094	3,424,005	(123,278)
Transfers between funds	16, 17	295,491	(245,962)	(49,529)	-	-
Net movement in funds		3,491,402	(245,962)	178,565	3,424,005	(123,278)
Reconciliation of funds:						
Total funds brought forward		9,922,181	13,244,478	51,740	23,218,399	23,341,677
Total funds carried forward		13,413,583	12,998,516	230,305	26,642,404	23,218,399

CHARITY STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2021

	Note	Unrestricted Funds		Restricted Funds	Total Funds	Total Funds
		General	Designated			
		2021 £	2021 £	2021 £	2021 £	2020 £
Income From:						
Donations and legacies:						
Donations		1,288,880	-	139,756	1,428,636	1,516,600
Legacies		1,036,383	-	-	1,036,383	1,822,001
Grants from Charitable Trusts		128,966	-	117,022	245,988	641,668
		2,454,229	-	256,778	2,711,007	3,980,269
Charitable Activities	4a	1,909,272	-	2,041,725	3,950,997	3,714,395
Covid Related Grants	4b	1,467,133	-	2,398,182	3,865,315	-
Other trading activities:						
Lottery	5a	951,709	-	-	951,709	885,126
Projects	5b	44,315	-	-	44,315	89,086
Shops	5c	903,882	-	-	903,882	3,114,990
Fundraising events	5d	129,228	-	-	129,228	304,972
Total other trading activities		2,029,134	-	-	2,029,134	4,394,174
Investments	6	164,827			164,827	242,582
Other	7	44,085		-	44,085	75,461
Total Income		8,068,680	-	4,696,685	12,765,365	12,406,881
Expenditure on:						
Raising Donations, Legacies and Grants	9	686,388	-	-	686,388	761,157
Other trading activities:						
Lottery	5a,9	-	-	-	-	-
Projects	5b,9	-	-	-	-	-
Shops	5c,9	2,017,447	-	-	2,017,447	2,134,249
Fundraising events	5d,9	12,014	-	-	12,014	92,649
Investment management costs		42,974	-	-	42,974	41,911
Costs of raising funds		2,758,823	-	-	2,758,823	3,029,966
In patient care	9	1,980,475	-	2,597,628	4,578,103	4,790,486
Day care	9	1,049,907	-	104,320	1,154,227	1,191,396
Hospice Outreach	9	547,179	-	410,376	957,555	965,544
Hospice at home	9	49,833	-	1,205,357	1,255,190	1,116,705
Education and research	9	101,930	-	22,430	124,360	120,400
Hospital services	9	69,612	-	57,256	126,868	156,246
Lymphoedema	9	43,237	-	70,224	113,461	123,247
Social Work & Chaplaincy	9	296,544	-	1,000	297,544	334,124
Expenditure on charitable activities		4,138,717	-	4,468,591	8,607,308	8,798,148
Total expenditure		6,897,540	-	4,468,591	11,366,131	11,828,114
Net income for the year and net movements in funds before gains and losses on investments		1,171,140	-	228,094	1,399,234	578,767
Net gains/(losses) on Investments	11	2,024,771	-	-	2,024,771	(702,045)
Net income/(expenditure) for the year		3,195,911	-	228,094	3,424,005	(123,278)
Transfers between funds	16, 17	295,491	(245,962)	(49,529)	-	-
Net movement in funds		3,491,402	(245,962)	178,565	3,424,005	(123,278)
Reconciliation of funds:						
Total funds brought forward		9,905,155	13,244,478	51,740	23,201,373	23,324,651
Total funds carried forward		13,396,557	12,998,516	230,305	26,625,378	23,201,373

CONSOLIDATED AND CHARITY BALANCE SHEET
As at 31 March 2021

		Group		Charity	
	Note	2021	2020	2021	2020
		£	£	£	£
Fixed Assets					
Tangible assets	10	12,403,447	10,218,668	12,403,447	10,218,668
Investments	11	8,168,569	6,034,537	8,218,669	6,084,637
		<u>20,572,016</u>	<u>16,253,205</u>	<u>20,622,116</u>	<u>16,303,305</u>
Current Assets					
Stock	12	16,484	14,909	-	-
Debtors	13	1,537,674	1,807,112	1,662,721	1,971,464
Cash at bank & in hand		5,813,342	6,341,319	5,415,097	5,904,110
		<u>7,367,500</u>	<u>8,163,340</u>	<u>7,077,818</u>	<u>7,875,574</u>
Creditors: amounts falling due within one year	14	(1,290,652)	(1,189,646)	(1,068,096)	(969,006)
Net current assets		<u>6,076,848</u>	<u>6,973,694</u>	<u>6,009,722</u>	<u>6,906,568</u>
Total assets less current liabilities	14	<u>26,648,864</u>	<u>23,226,899</u>	<u>26,631,838</u>	<u>23,209,873</u>
Creditors: amounts falling due greater than one year	14	(6,460)	(8,500)	(6,460)	(8,500)
Total Net assets		<u>26,642,404</u>	<u>23,218,399</u>	<u>26,625,378</u>	<u>23,201,373</u>
The funds of the charity:					
Restricted funds	15	230,305	51,740	230,305	51,740
Unrestricted funds:					
Designated funds	16	12,998,516	13,244,478	12,998,516	13,244,478
General funds	17	13,413,583	9,922,181	13,396,557	9,905,155
Total funds		<u>26,642,404</u>	<u>23,218,399</u>	<u>26,625,378</u>	<u>23,201,373</u>

The net result of the charity's own accounts for 2020/21 was a surplus of £3,424,005 (2019-20: deficit of £123,278)

These accounts were approved and authorised for issue by the Board of Trustees on 29 July 2021.

J Whitford
Chair
Severn Hospice Limited
Registered No. 1608025

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2021

	Note	2021	2020
		£	£
Cash flows from operating activities:			
Net cash provided by operating activities	23	<u>2,111,807</u>	<u>1,549,207</u>
Cash flows from Investing activities:			
Dividends and interest from Investments		166,044	245,838
Purchase of property, plant and equipment		(2,696,568)	(1,996,921)
Proceeds from sale of Investments		1,620,322	1,653,275
Purchase of investments		(1,967,496)	(1,507,481)
(Increase)/decrease in investment cash		<u>237,914</u>	<u>(291,983)</u>
Net cash used in investing activities		<u>(2,639,784)</u>	<u>(1,897,272)</u>
Change in cash and cash equivalents in the reporting period		<u>(527,977)</u>	<u>(348,065)</u>
Cash and cash equivalents at the beginning of the reporting period		6,341,319	6,689,384
Cash and cash equivalents at the end of the reporting period		<u>5,813,342</u>	<u>6,341,319</u>

Notes to the Accounts
Year ended 31 March 2021

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 2021. 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. HMRC furlough grants represent the total amount claimed from HM Revenue and Customs under the Coronavirus Job Retention Scheme (CJRS). The income is accounted for in the period in which the salary payments are made to furloughed staff.

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 was fully drawn on 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 three 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 31st

March 2021 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 2021. 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.

4a Charitable Activities	2021	2020
	£	£
NHS income	3,806,527	3,630,441
Education income	144,470	83,954
	<u>3,950,997</u>	<u>3,714,395</u>

4b Covid related Grants	2021	2020
	£	£
NHS England grants	2,310,052	-
NHS Wales grants	88,130	-
HMRC Furlough grants	745,183	-
Council grants	740,328	-
	<u>3,883,693</u>	<u>-</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 2021.

	2021	2020
	£	£
Lottery income	1,240,438	1,273,195
Donations	42,404	25,857
Investment income	1,029	2,360
Covid Related grants	18,378	-
Total income	<u>1,302,249</u>	<u>1,301,412</u>
Prizes awarded	(146,400)	(146,400)
Staff costs	(105,042)	(108,349)
Other costs	(99,098)	(161,537)
Total expenditure	<u>(350,540)</u>	<u>(416,286)</u>
Net lottery income	951,709	885,126
Gift Aid payments to Severn Hospice Limited	(951,709)	(885,126)
Retained in subsidiary	<u>-</u>	<u>-</u>
 Total assets	 296,746	 297,071
Total liabilities	(290,560)	(290,885)
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 house clearance service also operates through the company. In February a café was opened in the new community building and its income and costs are now included. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2021.

	2021 £	2020 £
Projects income	145,420	171,273
Donations	3,008	1,010
Interest	188	896
Total income	<u>148,616</u>	<u>173,179</u>
Cost of goods sold	(50,711)	(59,831)
Operating costs	(53,590)	(24,262)
Total expenditure	<u>(104,301)</u>	<u>(84,093)</u>
Net trading profit	44,315	89,086
Gift Aid payments to Severn Hospice Limited- provisional amount due for year	(44,315)	(89,086)
Retained in subsidiary	<u>-</u>	<u>-</u>
Total assets	155,889	155,889
Total liabilities	(94,947)	(94,947)
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.

	2021 £	2020 £
Covid related grants	1,264,355	-
Non gift –aided donated goods income	622,061	1,750,720
Gift-aided donated goods income	118,239	890,058
Gift Aid on donated goods income	79,608	200,855
Rag income	35,841	182,722
Donations	29,583	60,222
Other income	18,550	30,413
Total income	<u>2,168,237</u>	<u>3,114,990</u>
Staff Costs	(1,218,867)	(1,252,341)
Premises maintenance and rent	(378,037)	(465,635)
Other costs	(420,543)	(416,273)
Total expenditure	<u>2,017,447</u>	<u>(2,134,249)</u>
Net shops income	150,790	980,741

5d Fundraising Events

Income and direct expenditure from the top fundraising events in 2020/21, together with comparatives for 2019/20, is as follows:

	2021			2020		
	Income	Expenditure	Net Income	Income	Expenditure	Net Income
	£	£	£	£	£	£
Lights of Love	51,823	(4,615)	47,208	62,766	(6,945)	55,821
Dragon Boats	-	-	-	57,104	(21,346)	35,758
Shropshire Colour Run	-	-	-	31,678	(11,073)	20,605
London Marathon	43,388	(4,860)	38,528	25,399	(3,960)	21,439
Pontesbury Potter	-	-	-	14,577	(1,790)	12,787
Skydives	18,241	(2,070)	16,171	-	-	-
	113,452	(11,545)	101,907	191,524	(45,114)	146,410

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	2021	2020
		£	£
	Dividends receivable on shares held	149,998	187,612
	Interest receivable on cash balances	16,046	58,226
		<u>166,044</u>	<u>245,838</u>

7	Other Income	2021	2020
		£	£
	Miscellaneous items of income received for catering, insurance receipts, property rental, wayleaves etc.	44,085	75,461

8 Staff Costs & Pensions (Group)

	2021 £	2020 £
Salaries	7,401,618	7,439,983
Social security costs	610,163	607,196
Pension costs	488,642	482,613
Redundancy and Settlement Agreement costs	6,500	6,926
	<u>8,506,923</u>	<u>8,536,718</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:

	2021		2020	
	Headcount	FTE	Headcount	FTE
Admin	25	15	24	14
Income Generation	18	12	25	18
Care	316	169	307	180
Shops	86	52	85	58
	<u>445</u>	<u>248</u>	<u>441</u>	<u>270</u>

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

	2021	2020
£60,000 to £70,000	3	3
£70,000 to £80,000	1	1
£80,000 to £90,000	<u>1</u>	<u>1</u>
	5	5

Pension contributions relating to those staff earning over £60,000 £36,473 £34,951

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 £522,558 (prior year £502,737).

During the year, the Hospice did not pay out any redundancy payments (prior year £Nil). Two members of staff left the Hospice from the Retail operation under settlement agreements totalling £6,500 (prior year £6,926)

9 Total Expenditure (Group) 2021

	Direct Costs £	Support Costs £	Total 2021 £	Total 2020 £
Charitable Activities:				
In Patient Care	3,272,215	1,305,888	4,578,103	4,790,486
Day Care	684,183	470,044	1,154,227	1,191,396
Hospice Outreach	844,608	112,947	957,555	965,544
Hospice at Home	1,076,345	178,845	1,255,190	1,116,705
Education & Research	85,136	39,224	124,360	120,400
Hospital & Community Services	126,868	-	126,868	156,246
Lymphoedema	88,099	25,362	113,461	123,247
Social Work & Chaplaincy	254,147	43,397	297,544	334,124
Costs of Raising Funds:				
Donations, Legacies and Grants	374,736	311,652	686,388	761,157
Other trading activities				
Hospice Shops	1,977,331	40,116	2,017,447	2,134,249
Lottery	324,632	25,908	350,540	416,286
Projects	102,544	1,757	104,301	84,093
Fundraising Events	12,014	-	12,014	92,649
Investment Management	42,974	-	42,974	41,911
Total Expenditure	9,265,832	2,555,140	11,820,972	12,328,493

Support costs include:	Basis of Allocation	£	£
Premises & Catering	Floor area, estimated time, and cost	1,289,249	1,158,930
Central Services	Estimated time	647,354	514,230
Finance	Estimated time	231,434	264,350
IT Support	Workstations and estimated time	269,770	281,293
Vehicles	Estimated time & specific costings	9,591	17,696
Governance	Estimated time	107,742	82,161
		2,555,140	2,318,660

Included within group expenditure are:

Amounts paid or payable to Auditors:		
External annual audit of accounts	18,300	20,850
Other fees payable to the Auditors	4,393	2,400
Depreciation	505,563	486,306
Lease payments	330,557	407,951

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 & Community 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

10 Fixed Assets

	Freehold Property £	Assets Under Construction £	Furnishings & Equipment £	Vehicles £	Total £
Charity					
Cost					
At 1 April 2020	10,365,612	2,096,095	2,772,094	141,921	15,375,722
Transfer	2,096,095	(2,096,095)			-
Additions	2,362,800	-	333,768		2,696,568
Disposals	(6,267)	-		(18,120)	(24,387)
At 31 March 2021	14,818,240	-	3,105,862	123,801	18,047,903
Depreciation					
At 1 April 2020	2,909,536	-	2,109,929	137,589	5,157,054
Charge for year	232,463	-	268,768	4,332	505,563
Disposals	(41)	-	-	(18,120)	(18,161)
At 31 March 2021	3,141,958	-	2,378,697	123,801	5,644,456
Net Book Value					
At 1 April 2020	7,456,076	2,096,095	662,165	4,332	10,218,668
At 31 March 2021	11,676,282	-	727,165	-	12,403,447
Group					
Cost					
At 1 April 2020	10,365,612	2,096,095	2,793,423	141,921	15,397,051
Transfer	2,096,095	(2,096,095)	-	-	-
Additions	2,362,800	-	333,768	-	2,696,568
Disposals	(6,267)	-	-	(18,120)	(24,387)
At 31 March 2021	14,818,240	-	3,127,191	123,801	18,069,232
Depreciation					
At 1 April 2020	2,909,536	-	2,131,258	137,589	5,178,383
Charge for year	232,463	-	268,768	4,332	505,563
Disposals	(41)	-	-	(18,120)	(18,161)
At 31 March 2021	3,141,958	-	2,400,026	123,801	5,665,785
Net Book Value					
At 1 April 2020	7,456,076	2,096,095	662,165	4,332	10,218,668
At 31 March 2021	11,676,282	-	727,165	-	12,403,447

11 Investments

	The Group		The Charity	
	2021	2020	2021	2020
	£	£	£	£
Listed UK Stock Exchange Investments	7,983,569	5,864,537	7,983,569	5,864,537
Shares in subsidiary companies	-	-	50,100	50,100
Investment Properties	185,000	170,000	185,000	170,000
	8,168,569	6,034,537	8,218,669	6,084,637

The investment property was revalued on 31st March 2021 at open market value by Zaza Johnson and Bath Estate Agents.

	Group and Charity	
	2021	2020
	£	£
(a) Listed UK Stock Exchange Investments		
Market Value 1 April 2020	5,415,103	6,262,942
Disposals	(1,620,322)	(1,653,275)
Acquisitions	1,967,496	1,507,481
Unrealised gains/(losses)	156,366	(994,910)
Realised gains	1,853,406	292,865
Market value at 31 March 2021	7,772,049	5,415,103
Cash held for investment	211,520	449,434
	7,983,569	5,864,537

(b) Analysis of Listed/Discretionary Fund Investments	2021	2020
	£	£
Discretionary Fund managed by Smith & Williamson	3,802,349	2,971,320
Discretionary Fund managed by Brewin Dolphin	4,181,220	2,893,217
	7,983,569	5,864,537

	Charity	
	2021	2020
	£	£
(c) Shares in subsidiary companies at cost		
Hospice Projects Limited	50,000	50,000
Severn Promotions Limited	100	100
	50,100	50,100

12 Stocks

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Goods purchased for resale through Hospice Projects Limited	16,484	14,909	-	-
Consumable stores	-	-	-	-
	<u>16,484</u>	<u>14,909</u>	<u>-</u>	<u>-</u>

13 Debtors

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	231,862	257,839	231,862	257,052
Sundry debtors	19,946	19,987	19,946	19,987
Amounts due from subsidiary undertakings	-	-	125,047	164,221
Legacies & Covid grants	985,236	1,303,326	985,236	1,303,326
Prepayments	151,473	112,553	151,473	112,553
VAT recoverable	149,157	113,407	149,157	114,325
	<u>1,537,674</u>	<u>1,807,112</u>	<u>1,662,721</u>	<u>1,971,464</u>

14 Creditors: Amounts Falling Due Within One Year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	267,196	270,937	267,180	270,922
Taxation & social security costs	141,963	144,354	141,963	144,354
Accruals	429,741	300,091	418,516	288,654
Amounts due to subsidiary undertakings	-	-	57	54
Deferred income	149,444	186,811	149,444	186,811
Other creditors	302,308	287,453	90,936	78,211
	<u>1,290,652</u>	<u>1,189,646</u>	<u>1,068,096</u>	<u>969,006</u>

Creditors: Amounts Falling Due Greater Than One Year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Deferred income	6,460	8,500	6,460	8,500
	<u>6,460</u>	<u>8,500</u>	<u>6,460</u>	<u>8,500</u>

Deferred income of £149,444 mostly relates to an education grant of which the delivery of the services were not confirmed due to Covid-19 impacts. It will be utilised during 2021/22

Creditors: Deferred Income

	Balance b/fwd 1.4.20 £	Released £	New Deferred £	Amounts Falling Due Within One Year	
				Balance c/fwd 31.3.21 £	Greater Than One Year Balance c/fwd 31.3.21 £
Amounts Falling Due Within One Year					
Events income	39,258	37,368	-	1,890	-
Complementary Therapy	5,500	-	-	5,500	-
Training Income	132,000	-	-	132,000	-
Men's Health project	510	-	-	510	-
Compassionate Communities fund	14,500	2,039	-	6,001	6,460
Hospital Development Fund	3,543	-	-	3,543	-
	<u>195,311</u>	<u>39,407</u>	<u>-</u>	<u>149,444</u>	<u>6,460</u>

15 Restricted Funds

The Group and Charity Funds for **2020/21** include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

	Balance at 1.4.20 £	Income £	Expenditure £	Transfer to General Funds £	Balance at 31.3.21 £
Donations received for In Patient Care and Bereavement	3,490	128,055	124,845	-	6,700
Donations received for the Day Units	-	49,529	-	(49,529)	-
Donations received for Living Well	-	2,900	2,900	-	-
Donations received for Care at Home Services	-	75,991	70,591	-	5,400
CCG funding for specifically negotiated services	48,250	4,439,905	4,269,950	-	218,205
Hospice Garden	-	305	305	-	-
	<u>51,740</u>	<u>4,696,685</u>	<u>4,468,591</u>	<u>(49,529)</u>	<u>230,305</u>

The main element of the transfer to general funds of £49,529 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 **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>

16 Unrestricted Funds

The Group and Charity Funds for **2020/21** include the following designated and general funds:

	Balance at 1.4.20 £	New Designations £	Utilised/ Released £	Resources To/From General Funds £	Balance at 31.3.21 £
Group:					
Designated Funds:					
Capital Fund	2,398,541	-	2,398,541	-	-
Fixed Asset Fund	10,218,668	2,672,182	487,402	-	12,403,447
Energy Sustainability Fund	145,000	-	0	-	145,000
Service Development Fund	482,269	-	32,200	-	450,069
Total Designated Funds	<u>13,244,478</u>	<u>2,672,182</u>	<u>2,918,143</u>	<u>-</u>	<u>12,998,516</u>
Group General Funds	<u>9,922,181</u>	<u>10,548,292</u>	<u>7,352,381</u>	<u>295,491</u>	<u>13,413,583</u>
Total Group Unrestricted	<u>23,166,659</u>	<u>13,220,474</u>	<u>10,270,524</u>	<u>295,491</u>	<u>26,412,099</u>
Charity:					
Total Designated Funds	13,244,478	2,672,182	2,918,143		12,998,516
Charity General Funds	9,905,155	10,093,451	6,897,540	295,491	13,396,557
Total Charity Unrestricted	<u>23,149,633</u>	<u>12,765,633</u>	<u>9,815,683</u>	<u>295,491</u>	<u>26,395,074</u>

See page 10 for more detail on the explanation of the various funds. The (£245,962) 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.

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	12,720,592	1,996,921	(1,473,035)	-	13,244,478
Group General Funds	10,382,660	9,571,572	(10,259,795)	227,744	9,922,181
Total Group Unrestricted	23,103,252	11,568,493	(11,732,830)	227,744	23,166,659
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	23,086,226	11,068,114	(11,232,451)	227,744	23,149,633

17 Allocation of Group Net Assets between Funds

	2021			2020		
	Unrestricted Funds £	Restricted Funds £	Total £	Unrestricted Funds £	Restricted Funds £	Total £
Fund balances at 31 March are represented by:						
Tangible fixed assets	12,403,447		12,403,447	10,218,668	-	10,218,668
Investments	8,168,569		8,168,569	6,034,537	-	6,034,537
Current assets	7,137,195	230,305	7,367,500	8,111,600	51,740	8,163,340
Creditors due within one year	(1,290,652)		(1,290,652)	(1,189,646)	-	(1,189,646)
Creditors due greater than one year	(6,460)		(6,460)	(8,500)	-	(8,500)
Total Net Assets	26,412,099	230,305	26,642,404	23,166,659	51,740	23,218,399

18 Operating Lease Commitments

At March 2021, the charity had future minimum lease payments under non-cancellable operating leases in respect of Hospice shops due as follows:

	2021	2020
	£	£
Within 1 year	240,600	303,008
Between 2 and 5 years	325,575	669,978
Over 5 years to end of lease term	-	78,000
	<u>566,175</u>	<u>1,050,986</u>

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 £488,642 consisting of £308,672 paid to the NHS Scheme, and £179,970 paid to the defined contribution schemes (2020: £312,164 and £175,632 respectively).

21 Related Party Transactions

The charity paid a total of £9,900 in the year to Wace Morgan LLP, Solicitors for employment advice (£9,000 2019/20 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. There were no other related party transactions in either current or previous year.

22 Contingent Assets and Liabilities

As at 31 March 2021 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 £2,170,000 (2019/20 also £2,165,000).

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

	Group 2021 £	Group 2020 £
Net Income/(expenditure) for the reporting period (as per the statement of financial activities)	3,424,005	(123,278)
Adjustments for:		
Depreciation charges	505,563	486,306
Dividends, interest, and rents from investments	(166,044)	(245,838)
(Gains)/losses on investments	(2,024,771)	702,045
Loss/(profit) on sale of fixed assets	-	-
(Increase) in stocks	(1,575)	(3,805)
Decrease in debtors	269,438	538,161
Increase in creditors	105,191	195,616
Net cash provided by operating activities	2,111,807	1,549,207

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Analysis of changes in net funds

	Balance at 1.4.20 £	Cash flows £	Other non-cash changes £	Balance at 31.3.20 £
Cash and bank	<u>6,341,319</u>	<u>(527,977)</u>	<u>-</u>	<u>5,813,342</u>

25 Capital Commitments

As at 31 March 2021 Severn Hospice Limited had capital commitments outstanding for the new Community Services centre at Bicton totalling in the region of £180,000.

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

	Unrestricted Funds		Restricted	Total Funds
	General	Designated	2020	2020
	2020	2020	2020	2020
	£	£	£	£
Income From:				
Donations and legacies:				
Donations	1,398,991	-	144,476	1,543,467
Legacies	1,733,663	-	88,338	1,822,001
Grants from Charitable Trusts	46,500	-	595,168	641,668
	3,179,154	-	827,982	4,007,136
Charitable Activities	1,939,484	-	1,774,911	3,714,395
Other trading activities:				
Lottery	1,273,195	-	-	1,273,195
Projects	171,273	-	-	171,273
Shops	3,114,990	-	-	3,114,990
Fundraising events	304,972	-	-	304,972
	4,864,430	-	-	4,864,430
Investments	245,838			245,838
Other income	44,711	-	30,750	75,461
Total Income	10,273,617	-	2,633,643	12,907,260
Expenditure on:				
Raising Donations, Legacies and Grants	761,157	-	-	761,157
Other trading activities:				
Lottery	416,286	-	-	416,286
Projects	84,093	-	-	84,093
Shops	2,134,249	-	-	2,134,249
Fundraising events	92,649	-	-	92,649
Investment management costs	41,911	-	-	41,911
Costs of raising funds	3,530,345	-	-	3,530,345
In patient care	4,566,306	-	224,180	4,790,486
Day care	1,038,833	-	152,563	1,191,396
Hospice Outreach	555,166	-	410,378	965,544
Hospice at home	43,440	-	1,073,265	1,116,705
Education and research	44,839	-	75,561	120,400
Hospital services	93,720	-	62,526	156,246
Lymphoedema	53,022	-	70,225	123,247
Social Work & Chaplaincy	334,124	-	-	334,124
Expenditure on charitable activities	6,729,450	-	2,068,698	8,798,148
Total expenditure	10,259,795	-	2,068,698	12,328,493
Net income for the year and net movements in funds before gains and losses on investments	13,822	-	564,945	578,767
Net (losses)/gains on investments	(702,045)	-	-	(702,045)
Net (expenditure)/income for the year	(688,223)	-	564,945	(123,278)
Transfers between funds	227,744	523,886	(751,630)	-
Net movement in funds	(460,479)	523,886	(186,685)	(123,278)
Reconciliation of funds:				
Total funds brought forward	10,382,660	12,720,592	238,425	23,341,677
Total funds carried forward	9,922,181	13,244,478	51,740	23,218,399