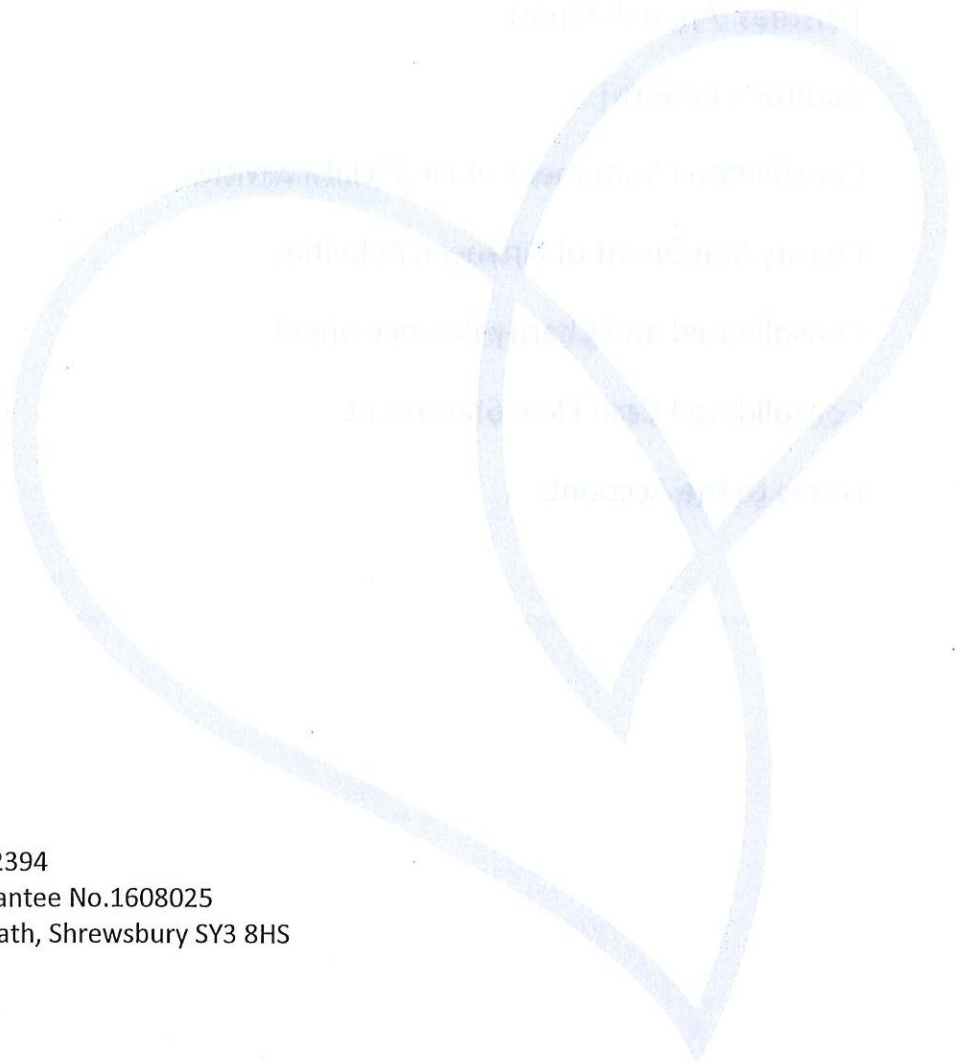




Report and Accounts

Year ended 31 March 2022



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 2022. 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 meet regulatory requirements, 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 providing palliative and end of life care for 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.

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 terminal illnesses

Activities

Our Wards

We provide 24 hour care for patients with complex needs within consultant led inpatient wards at both our Shrewsbury and Telford sites. We currently have 22 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. With the exception of pandemic restrictions, 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 patients requiring palliative care.

Day Services

Four out of five patients referred to Severn Hospice are cared for in their own homes. The Hospice prides itself in delivering day services in line with the concept of 'Living Well'. Within therapeutic environments, which includes the Community Services Centre, we offer specialist

palliative care which includes access to consultant and specialist nursing advice, a range of therapies including palliative rehabilitation, group activities, counselling, and bereavement support. Our teams work with patients to identify their specific needs and personal goals for living, and support them to live as well as possible within the constraints of their illness.

In addition, the day services team organise community coffee mornings at a number of locations across our catchment area with the aim to make Hospice care more accessible within familiar, relaxed and informal surroundings.

Outreach

The Hospice Outreach Service provides specialist support to patients registered with GPs across Shropshire and Telford & Wrekin. This community focused service offers specialist advice and support either on the telephone or by visiting patients at home where they undertake assessments, plan care, support patients to make care decisions and 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 who have chosen 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.

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 work of the Hospice is supported by a body of volunteers. Our volunteers support all areas of the Hospice including services, administration, income generation, shops, 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. During the pandemic volunteers were stepped down for their own protection. Most have returned and in some instances to newly developed roles.

Strategic Report

Achievements and Performance

What we committed to do in 2021-22	How we performed
<p>Launch our Patient Experience Project which focuses on all elements of the patient experience including hospitality, environments and patient & family feedback.</p> <p>Within this the board of trustees approved the planning of 2 capital projects.</p> <ol style="list-style-type: none"> 1) To undertake a refurbishment of Apley reception and Inpatient Unit. 2) To extend and refurbish the Inpatient Unit at Bicton and to ensure that all patient rooms have ensuite facilities and garden views. 	<p>A Housekeeping Manager and two Ward based housekeepers, funded through efficiencies, have been appointed. Planning for the two capital projects is almost complete. The detail, costs and priorities of these important projects will be presented to the board of trustees during 2022.</p>
<p>Determine the future inpatient service model, specifically the number of beds required on each site to meet demand and support choice.</p>	<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>Due to the pandemic and effects on activity we extended this pilot. Our activity data was therefore closely monitored for a full 2 years and demonstrated that demand for beds was met and patients were admitted to the site closest to their home.</p>
<p>To carefully monitor the impact of the pandemic on the hospice finances for an extended period identifying actions to reduce services and associated costs if remedial action were necessary.</p>	<p>There is no doubt that the pandemic had a significant negative impact on our ability to raise funds for a period of 2 years. Despite the successful reopening of our shops and a slower reinstatement of community fundraising activities our 3-year financial projections show significant deficits. In 2021/22 however unexpected legacies mitigated the expected deficit. We will continue to progress with caution as we balance further developments and investment with protecting a strong reserves position.</p>

Secure the level of funding required to meet our ambitions and strategic objectives.	We saw a positive reinstatement of the retail and events income streams as restrictions eased. As well as working to increase income from Trusts our Director of Income Generation is beginning to explore potential of new income streams. Our primary aim during the year was to maximise our income and maintain healthy reserves. Whilst we undertake the planning of projects, progressing these is dependent on our financial position and board approval.
Our challenge is to maintain engagement with our commissioners as the local Clinical Commissioning Group (CCG) makes the transition to Integrated Care System (ICS). To secure appropriate NHS funding and ensure that our service strategy is aligned with our partners we commit to establish engagement and mechanisms that ensure that the contribution of the hospice is evident and understood.	Fundamental changes within local commissioning including two restructures in management have made it difficult to identify key leads with whom to engage. Fortunately, during the pandemic this did not hinder our ability to maintain our core services and therefore support the NHS in very difficult times. This was clearly recognised and although engagement at a very senior level has yet to be made, we are working to advise and support key initiatives raising our profile further.
To address the warning notice issued by the CQC in the previous year.	A complaint by the Hospice regarding the report was not upheld. Aside from this, the matters raised were promptly dealt with and a follow up audit across both sites undertaken in January 2022 resulted in the notice being removed and the rating upgraded to good.
Completion of our Community Service Centre	Severn Hospice First Contact was initiated to ensure that anyone who needs our care, support or advice can easily navigate access to services through a single-entry point. Specialist support led clinics commenced. The new building has supported seamless transition of care, with all the community services, now in one place. The café has proved to be the conduit to reaching out to our communities to build valuable relations.

Activity for 2021-22

Severn Hospice provides palliative and end of life care for a combined population of around 713,000 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.

Our service strategy is designed to reflect the diversity of the communities it serves to improve access to Hospice care and to support our NHS partners through the delivery of specialist palliative and end of life care both within our wards and within the community. We aim to support the patient choice and personal goals. During the year we have received over 2,967 patient referrals across our services, an increase of 8% on last year. General access to GPs and hospital care continues to be impacted by the pandemic and ways of working which has led to delays in referral to hospital, treatment and diagnosis. As a result, referral for hospice care is also delayed meaning that some patients are dying more quickly. The demand for home care increased throughout the pandemic but has plateaued since. A gradual reinstatement of day services is now complete which is now being seen in our activity data.

Our Priorities for 2022-23

- Throughout the pandemic we were proud to have maintained the hospice core services to patients and in turn support our NHS partners. This resulted in greater recognition of our contribution and our profile within the local health economy. As we work to maintain levels of engagement we will take opportunities to lead on initiatives that improve palliative and end of life care services within the county of Shropshire, Telford & Wrekin, Ceredigion and North Powys.
- To engage to evolving ICS in discussions that maximise the opportunity for further investment in hospice services.
- With the reinstatement of the range of community services we will now focus on the development of programs for palliative rehabilitation.
- To work with the ICS to improve access to palliative and end of life care advice for patients through a single point of access. This has the potential to secure addition funding to support increased referrals of patients assessed as being in the last year of life.
- To secure approval and funding to support the 'Patient Experience Project' as we work to improve care environments.
- To increase our community reach by securing a community bus as an approach to providing information advice and a route for referral to the range of hospice services.
- Working further to improve our systems of reporting to demonstrate activity, quality, effectiveness and compliance.
- To further develop the monitoring of clinical governance and clinical standards through the establishment of a dedicated clinical governance team.
- To maximise existing and explore new income streams.

Financial Review

Annual Activity

The charity made a surplus of income over expenditure of £758K before investment gains/losses. A better than anticipated recovery of shops and events income streams have been experienced since Covid-19 pandemic lockdowns, together with the realisation of a significant legacy. At the same time job vacancy levels in some areas of the Hospice resulted in expenditure outturn being lower than expected. These factors have resulted in a much-improved outturn to that budgeted. The financial year saw significant fluctuations in the stock markets linked to global events. At 31st March 2022, net investment gains of £185K were achieved giving an overall surplus for the financial year of £943K. Since then there has been a fall in the value of our portfolio in line with stock market trends.

Income

Total group income, before investment gains/losses, for the year ended 31 March 2022 was £13,609K an increase of £389K on the previous year. The principal funding sources for the charity were:

- donations and legacies £4,078K
- charitable activities £3,895K
- other trading activities £5,260K
- investments £188K
- other income £87K
- Covid grants £101K

Covid grants these consist of HMRC job retention scheme grants, and government grants to help mitigate the impact of shop closures. The Charity did not apply for NHS England Covid related funding for bed capacity or community support this financial year.

Donations and legacy income rose significantly by £1,322K in 21/22 mainly due to higher legacy income. Legacy income fluctuates from year to year depending on number of legacies, probate dates and notifications from solicitors. In 21/22 this represents 18% of total group income, compared to 8% in the previous year. A legacy strategy is in place to try to influence this unpredictable source of income which the charity is very much reliant upon. Budgetary assumptions for legacy income are approved by the Finance Committee and the Reserves policy has also been developed to mitigate any short-term risk from any downward trend. The realisation of one large legacy has contributed significantly to the increase in legacy income.

Charitable activities comprise the income received from NHS Clinical Commissioning Groups (CCGs), health care bodies and other 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.

2021-22 Sources of Group Income	Income £000	Cost of Raising Funds £000	Income Net of Costs of Generation £000	% of Total Net Income 2021-22	% of Total Net Income 2020-21
<i>Donations & Legacies</i>	4,078	705	3,373	35%	21%
<i>Shops, Projects, Lottery, Events</i>	5,260	3,158	2,102	22%	(1%)
Total Fundraising Activities	9,338	3,863	5,475	57%	20%
<i>Charitable Activities</i>	3,895	0	3,895	40%	39%
<i>Investment & Other</i>	275	50	225	2%	2%
<i>Covid related grants</i>	101	0	101	1%	39%
Total	13,609	3,913	9,696	100%	100%

Other trading activities comprise income generated through the shop network, lottery operation and fundraising events. Trading income has recovered well from lockdowns and has been bolstered this year by the opening of an on-site café in the new Community Services Centre. Net attrition continues to erode our lottery membership and strategies to increase recruitment are in place. In total, trading income increased by £2,842K.

Retail was particularly badly hit during the pandemic period, with most shops closed for over 6 months and most staff furloughed for this time. Since the end of lockdowns, recovery has been strong with income increasing by £2,611K year on year and with the opening of the Arleston shop in September 21 (the 29th shop), income has been at the highest level ever.

Regarding Hospice Projects Limited, core sales come from Christmas cards and Refresh café sales. Card sales have yet again been very strong and although the café is not yet profit making, strategies are in place to improve on its loss-making position in 2022

The Hospice Lottery continues to provide a predictable income source, contributing £787K in respect of plays and donations, down on the previous year by £165K. The restarting of recruitment by the canvassing company has resulted in increased costs to invest in players for the future.

Fundraising events have always been a very visible and therefore important income source. The London Marathon, Lights of Love Annual Memorial Service and skydives have been very successful together with the Wrekin Rowers Atlantic Challenge. Events income increased by £70K primarily due to the Atlantic Challenge income. Details of the top four events in the year are given at note 5d.

Investment markets fluctuated significantly in the financial year resulting in an investment gain of £185K. Investments increased in value by 4% 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 2022 were £12,851K, an increase of £1,030K on the previous year. Inflationary cost pressures across all areas are already evident and there is an expectation that this will continue in the medium term.

Costs associated with charitable activities increased by £331K with all services showing increased costs except Hospital Services. The Hospital Services nurse posts based at the hospitals but partially funded by the Hospice were transferred over to the NHS towards the end of the financial year.

Costs associated with raising funds through fundraising and trading activities increased by a net £692K; £391K relates to shops which had benefited from lower rent charges or breaks during Covid-19 lockdowns and reduced staff costs for those who were furloughed in the previous financial year. Hospice Projects costs increased by £200K mostly attributable to the new Refresh café. Lottery costs were higher by £77K mainly due to increased activity by the canvassing company following lockdowns.

Post the Covid-19 lockdowns, fundraising income has seen a substantial recovery. Driven mainly by higher legacy and shops income. As a large proportion of costs are fixed, a significant swing in income, especially when attributable to legacies, can cause a significant impact on the fundraising cost ratio. This financial year we are pleased to report that it has decreased to 12 pence in the pound (2020-21 at 17.5p/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 total expenditure costs, total £2,964K 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 £409K. £129K of this increase relates to the full year of running the new community services building. However, overall support costs have stayed steady as a proportion of total group expenditure at 23%. Further breakdowns of costs are given in note 9 of the accounts.

Surplus/Deficit

Overall, income exceeded expenditure excluding investment gains/losses by £758K. The overall surplus for the year of £943K was stated after recognising the effect of £185K of net investment gains.

Funds and Reserves Policy

The total funds of the Group at 31 March 2022 are split between:

- Restricted funds £281K
- Designated Funds £15,213K
- General Funds £12,091K

Restricted Funds

During 2020-21, donations and funding totalling £1,551K was received to enable specific expenditure to be undertaken. At the end of the financial year, £281K remained unspent. £100K of this relates to Trust funding for future improvements at the Apley Hospice.

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 – money already spent but to be charged through the Statement of Financial Activities in future years. At 31 March 2022 this fund stood at £12,151K. 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 continues to develop 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 a pharmacist following removal of this funding from the CCG. The fund is likely to be used within a medium-term timeframe. At 31 March 2022 this fund stood at £417K.

Capital Fund

This fund represents funds set aside for capital works. Several projects have been identified, including refurbishment to the ward and reception area at Telford and major works to the Perry ward in Shrewsbury to extend and improve some rooms to include provision of en-suite facilities. In total for this, and other smaller capital projects, £2.5M has been designated into the capital fund due to future forecast deficits.

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 £145K and consideration is currently being given to the use of this fund as part of recommendations arising from a recent energy efficient audit.

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 reserves available at

any time between 75% and 125% of the following year's estimated group running costs. 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 Investment policy.

At 31 March 2022, the group's reserves were £12,091K representing approximately 11.4 months or 95% of the following year's estimated group running costs. Even though income has recovered well post Covid-lockdowns, there is new uncertainty in respect of the economic inflationary cost pressures, the Russian war with Ukraine, future Covid 19 outbreaks, peoples changing behaviour and government fiscal and monetary policy. Negative consequences will have an inevitable impact on reserves. The Trustees accordingly remain vigilant but 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 instruction 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 over the medium term 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 is well into the recovery phase. However, there is still a risk the pandemic could spike again and bring a reduction to the maintenance of core services. **Mitigation:** Continue to source and utilise PPE and lateral flow test kits. Home working can be re-introduced in certain areas.
- The Covid- 19 pandemic impacts on fundraising income are receding, however other economic and global challenges are now evident bringing different challenges that could affect income and costs. Significant inflation levels causing cost pressures for the hospice and its donors, changes to fiscal and monetary policy such as higher interest rates and reduced quantitative easing, the war in Ukraine all of which is creating enormous uncertainty. **Mitigation:** Holding sufficient reserves will help to support income shortfalls and cost pressures in the medium term. Regular

quarterly income and cost forecasting continues to monitor financial impacts to enable informed decisions. Cost reduction measures could be introduced but may have a service impact.

- The charity receives income from local NHS organisations in England, 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 12 years and there was 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's position. Closure of beds if required, vacancy freezes, efficiency projects.
- A fall in 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 a marketing and promotion strategy. Budgetary assumptions on legacies are approved by the Trustees and the Funds policy provides short term protection from the volatility of this income stream.
- Failure to meet staff numbers 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. IT infrastructure and security improvements continue.
- 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.

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. This was reviewed and updated during 2021 and the revised version approved by the Board of Trustees.

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 two formally constituted sub-committees:

- Property & Estates Strategy Group
- Health and Safety Committee

Each committee is chaired by a Trustee and 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 were 11 formal fundraising complaints during the year relating to the retail operation. 5 were upheld, 5 not upheld or no further action required and 1 is still being investigated.

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 and carry out background checks. Formal induction is then arranged for successful candidates in conjunction with the Chair, Chief Executive and members of the senior management team. Trustees are required to undertake certain aspects of mandatory training and encouraged to attend other ongoing training. This includes safeguarding, data protection and diversity 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 programmed 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.

Stakeholders and Employees

The Trustees set out to define discrete stakeholder groups and recognise that in many cases they have complementary interests and shared priorities. Stakeholders identified include patients receiving palliative care, their families, donors, staff, volunteers, the Integrated Commissioning Board, local communities, contractors and suppliers.

There is a strategy in place for regular and effective communication with these stakeholders about the charity's purposes, values, work and achievements. Examples of this includes communication methods such as the Yearbook and information leaflets.

The Trustees communicate how the charity is governed and who they are through the Severn Hospice website and the Trustee Annual Report. The Trustees ensure that stakeholders have an opportunity to hold the Board to account through agreed processes and routes such as patient feedback questionnaires, complaints procedures and employee satisfaction surveys.

The Trustees also make sure that there is suitable consultation with stakeholders about significant changes to the charity's services or policies. Staff forums are an example of this.

The charity is committed to the principle of equal opportunities of employment and recognises its obligations under the Equality Act 2010. The charity declares its opposition to any form of less favourable treatment whether

through direct or indirect, associated or perceived discrimination accorded to charity staff or job applicants on the grounds of their race/nationality or ethnic origin, disability, sex, age, sexual orientation or gender reassignment, marital and civil partnership status, pregnancy and maternity, religion or belief (otherwise known as protected characteristics as defined by the Equality Act 2010), including human rights.

The charity is committed to creating a positive culture of respect for all its staff and to promote positive practice and to value the diversity of all individuals and communities. It embraces and recognises the importance of diversity, and that different people bring different perspectives, ideas, knowledge and culture.

Continued attention is paid to the health and safety of employees while at work.

Employee views are sought at team meetings, staff forums, and through staff surveys.

Memberships

To assist in its decision making and ensure current and best practice is always followed, the charity is an active participant in the membership of several not-for-profit organisations. These include:

- Hospice UK
- Health and Care Professions Council
- ICS End of Life Clinical Group
- Institute of Fundraising
- Charity Retail Association
- Hospice Lottery Association
- Gambling Commission
- Charity Finance Group

Energy audit

The charity engaged an independent firm of consultants to demonstrate compliance under the Energy Savings and Opportunities Scheme (ESOS). This work was completed in September 2021 and involved assessing the

organisation's current energy usage including business, transport, and process and suggesting energy efficiency opportunities.

Data was evaluated for the period 2019 and the organisation's annual usage for gas and electricity was 2,609,320 kWh and for transport was 1,052,163 kWh. This equates to 853,638 CO₂e.

When assessed against the organisation's charitable spend of £8,798K gives an intensity ratio of 1 CO₂e : £10.30 charitable spend.

The report suggested the top five energy opportunities which are currently being considered by the senior management team and Trustees are:

- Upgrade to LED lighting
- Hybrid boilers
- Additional ground source heat pumps (new Community Services Centre already has one installed)
- Better controls to govern air conditioning use
- Intelligent power strips

A further ESOS audit will be conducted in the Autumn of 2022. There is not expected to be a material difference in data.

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's 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 until her retirement 16.2.22, 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 Commission 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, and 30 September 2021.

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 undertakes other commercial activities. Both companies donate their profits to the Charity.

President

Sir Algernon Heber-Percy

Board of Trustees

The current Trustees, and those who held office during the financial year to 31 March

2022, are listed below, together with their committee membership (see key).

Mrs J Beard (Vice-Chair)	(3,4,6)
Mr S Bleakley (appointed 27.1.22)	(1,8)
Mrs S Broomhead	(5)
Mr A Clarkson (appointed 29.3.22)	(3,6)
Mr P Coackley	(1,4,5)
Mr P Donohue	(1,6)
Dr A Fraser (appointed 27.1.22)	(2,5)
Mr P Gold (appointed 29.3.22)	(1)
Mrs A Johnson	(5)
Mrs Z Oliver (retired 16.2.22)	(1,5,7)
Dr D Ryan	(2,4)
Prof. D Towse (appointed 27.1.22)	(2)
Mrs B-A Tweedie	(2,4)
Dr W-J Walton	(2,4)
Mr J Wardle	(1,3)
Mrs J Whitford (Chair)	(1,4,5)
Mr F Yates	(3,5,8)

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) 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 (retired 18.2.22)

Miss T Harrison (appointed 7.3.22)

Medical Director

Professor D Willis

Vice Presidents

Miss S Astbury

Mrs J Jenkinson

Mr M Davis

Mrs H McPhail

Dr D Griffiths

Mr J Tancock

Bankers

Santander, Bridle Road, Bootle, Merseyside, L30 4GB

National Westminster Bank PLC, 8 Mardol Head, Shrewsbury.

Solicitors

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

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

Investment Managers

Evelyn Partners Investment Management LLP, 103 Colmore Row, Birmingham, B3 3AG.
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 in accordance with the Governing Document. It is the future intention, and in line with best practice, that all trustees will serve a maximum of nine years in office.

The Board hold four formal Board meetings each year plus an Annual General Meeting to which Hospice members are also invited.

Severn Hospice seeks to ensure that an appropriate range of professional skills are

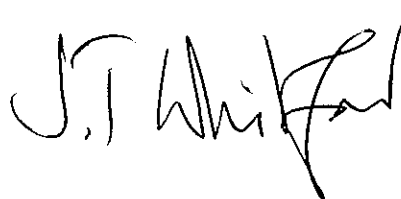
maintained at Board level to fulfil both the governance and business requirements of the Hospice. New Trustees are appointed following regular analysis of skill requirements and sympathy to the charity's principles undertaken by the Nominations Committee, a formal committee of the Board. Prospective 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 Auditor

A proposal to re-appoint Haysmacintyre LLP as auditor 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 28 July 2022 and signed on its behalf by:



Jeanette 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 2022 which comprise the Consolidated and Parent Charitable Company Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated 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 2022 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 page 14, 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 at year end or with unusual descriptions; and

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation

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.



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

13 August 2022

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2022

		Unrestricted Funds 2022 £000	Restricted Funds 2022 £000	Total Funds 2022 £000	Total Funds 2021 £000
Income From:	Note				
Donations and legacies:					
Donations		1,183	178	1,361	1,474
Legacies		2,371	22	2,393	1,036
Grants from Charitable Trusts		204	120	324	246
		3,758	320	4,078	2,756
Charitable Activities	4a	2,664	1,231	3,895	3,961
Covid Related Grants	4b	101	-	101	3,884
Other trading activities:					
Lottery	5a	1,176	-	1,176	1,240
Projects	5b	370	-	370	145
Shops	5c	3,515	-	3,515	904
Fundraising events	5d	199	-	199	129
		5,260	-	5,260	2,418
Investments	6	188	-	188	166
Other	7	87	-	87	45
Total Income		12,058	1,551	13,609	13,220
Expenditure on:					
Raising Donations, Legacies and Grants	9	705	-	705	687
Other trading activities:					
Lottery	5a,9	428	-	428	351
Projects	5b,9	304	-	304	104
Shops	5c,9	2,408	-	2,408	2,017
Fundraising events	5d,9	18	-	18	12
Investment management costs		50	-	50	43
Costs of raising funds		3,913	-	3,913	3,214
In patient care	9	4,427	173	4,600	4,578
Day care	9	1,041	148	1,189	1,154
Hospice Outreach	9	837	205	1,042	958
Hospice at home	9	600	685	1,285	1,265
Education and research	9	88	186	274	124
Hospital services	9	53	56	109	127
Lymphoedema	9	93	35	128	113
Social Work & Chaplaincy	9	311	-	311	298
Expenditure on charitable activities		7,450	1,488	8,938	8,607
Total expenditure		11,363	1,488	12,851	11,821
Net Income for the year and net movements in funds before gains on investments		695	63	758	1,399
Net gains on Investments	11	185	-	185	2,025
Net Income for the year		880	63	943	3,424
Transfers between funds	16, 17	12	-12	-	-
Net movement in funds		892	51	943	3,424
Reconciliation of funds:					
Total funds brought forward		26,412	230	26,642	23,218
Total funds carried forward		27,304	281	27,585	26,642

CHARITY STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2022

		Unrestricted Funds 2022 £000	Restricted Funds 2022 £000	Total Funds 2022 £000	Total Funds 2021 £000
Income From:	Note				
Donations and legacies:					
Donations		1,144	178	1,322	1,429
Legacies		2,371	22	2,393	1,036
Grants from Charitable Trusts		204	120	324	246
		3,719	320	4,039	2,711
Charitable Activities	4a	2,664	1,231	3,895	3,951
Covid Related Grants	4b	100	-	100	3,866
Other trading activities:					
Lottery	5a	787	-	787	952
Projects	5b	68	-	68	44
Shops	5c	3,515	-	3,515	904
Fundraising events	5d	199	-	199	129
Total other trading activities		4,569	-	4,569	2,029
Investments	6	188	-	188	165
Other	7	87	-	87	44
Total Income		11,327	1,551	12,878	12,765
Expenditure on:					
Raising Donations, Legacies and Grants	9	705	-	705	687
Other trading activities:					
Lottery	5a,9	-	-	-	-
Projects	5b,9	-	-	-	-
Shops	5c,9	2,408	-	2,408	2,017
Fundraising events	5d,9	18	-	18	12
Investment management costs		51	-	51	43
Costs of raising funds		3,182	-	3,182	2,759
In patient care	9	4,427	173	4,600	4,578
Day care	9	1,041	148	1,189	1,154
Hospice Outreach	9	837	205	1,042	958
Hospice at home	9	600	685	1,285	1,255
Education and research	9	88	186	274	124
Hospital services	9	53	56	109	127
Lymphoedema	9	93	35	128	113
Social Work & Chaplaincy	9	311	-	311	298
Expenditure on charitable activities		7,450	1,488	8,938	8,607
Total expenditure		10,632	1,488	12,120	11,366
Net Income for the year and net movements in funds before gains on investments		695	63	758	1,399
Net gains on Investments	11	185	-	185	2,025
Net Income for the year		880	63	943	3,424
Transfers between funds	16, 17	12	-12	-	-
Net movement in funds		892	51	943	3,424
Reconciliation of funds:					
Total funds brought forward		26,395	230	26,625	23,201
Total funds carried forward		27,287	281	27,568	26,625

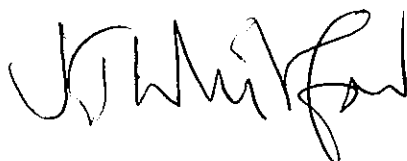
CONSOLIDATED AND CHARITY BALANCE SHEET
As at 31 March 2022

		Group		Charity	
	Note	2022	2021	2022	2021
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	10	12,151	12,403	12,151	12,403
Investments	11	8,495	8,169	8,545	8,219
		<u>20,646</u>	<u>20,572</u>	<u>20,696</u>	<u>20,622</u>
Current Assets					
Stock	12	11	17	-	-
Debtors	13	1,384	1,538	1,534	1,663
Cash at bank & in hand		6,598	5,813	6,164	5,415
		<u>7,993</u>	<u>7,368</u>	<u>7,698</u>	<u>7,078</u>
Creditors: amounts falling due within one year	14	(1,054)	(1,291)	(826)	(1,068)
Net current assets		<u>6,939</u>	<u>6,077</u>	<u>6,872</u>	<u>6,010</u>
Total assets less current liabilities		<u>27,585</u>	<u>26,649</u>	<u>27,568</u>	<u>26,632</u>
Creditors: amounts falling due greater than one year	14	-	(7)	-	(7)
Total Net assets		<u>27,585</u>	<u>26,642</u>	<u>27,568</u>	<u>26,625</u>
The funds of the charity:					
Restricted funds	15	281	230	281	230
Unrestricted funds:					
Designated funds	16	15,213	12,999	15,213	12,999
General funds	17	12,091	13,413	12,074	13,396
Total funds		<u>27,585</u>	<u>26,642</u>	<u>27,568</u>	<u>26,625</u>

The net result of the charity's own accounts for 2021/22 was a surplus of £943K (2020/21: surplus of £3,424K).

These accounts were approved and authorised for issue by the Board of Trustees on 28 July 2022.

Jeanette Whitford
Chair
Severn Hospice Limited
Registered No. 1608025



CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2022

	Note	2022	2021
		£000	£000
Cash flows from operating activities:			
Net cash provided by operating activities	23	<u>1,058</u>	<u>2,112</u>
Cash flows from investing activities:			
Dividends and interest from Investments		188	166
Purchase of property, plant and equipment		(320)	(2,697)
Proceeds from sale of investments		1,504	1,620
Purchase of Investments		(1,506)	(1,967)
(Increase)/decrease in investment cash		<u>(139)</u>	<u>238</u>
Net cash used in investing activities		<u>(273)</u>	<u>(2,640)</u>
Change in cash and cash equivalents in the reporting period		<u>785</u>	<u>(528)</u>
Cash and cash equivalents at the beginning of the reporting period		5,813	6,341
Cash and cash equivalents at the end of the reporting period		<u>6,598</u>	<u>5,813</u>

1. Accounting Policies

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

(a) Basis of Accounting

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

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

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

(b) Going Concern

The Trustees consider that there are no material uncertainties about the Hospice's ability to continue as a going concern. The most significant area of uncertainty is the level of income which needs to be raised every year and is covered in more detail in the performance and risk sections of the Trustees' report. Covid-19 impacts have subsided but new factors have since emerged that can directly and indirectly impact the Hospice such as changes to fiscal and monetary policy, the Ukraine war and high inflation. 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 2022. 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.

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 amounts 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 funds.

Designated funds represent amounts which have been put aside for particular projects. The designation does not legally restrict the Trustees' discretion to apply these funds. The Hospice has the following designated funds:

Capital Fund: funds set aside for future capital works.

Fixed Asset Fund: represents expenditure on fixed assets that has not been charged to the Statement of financial Activities as depreciation. A large part of this represents the three 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 part suppliers, being more self-sustainable and capping its future energy bills.

Service Development Fund: this is for the Hospice to continue to develop the 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 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. These also include amounts to be retained by the Hospice's Funds Policy.

(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 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 Statement of Financial Activities 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 is held at fair value. 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 held within current and deposit accounts.

(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 13 official active Support Groups operating bank accounts in the name of the Hospice at 31 March 2022. 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.

(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 Limited.

4a Charitable Activities	2022	2021
	£000	£000
NHS income	3,712	3,807
Education income	183	144
	<u>3,895</u>	<u>3,951</u>

4b Covid Related Grants	2022	2021
	£000	£000
NHS England grants	-	2,310
NHS Wales grants	-	88
HMRC Furlough grants	16	745
Council grants	85	741
	<u>101</u>	<u>3,884</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 2022.

	2022	2021
	£000	£000
Lottery income	1,176	1,240
Donations	37	44
Investment income	1	1
Covid Related grants	1	18
Total income	<u>1,215</u>	<u>1,303</u>
Prizes awarded	(146)	(146)
Staff costs	(118)	(105)
Other costs	(164)	(100)
Total expenditure	<u>(428)</u>	<u>(351)</u>
Net lottery income	787	952
Gift Aid payments to Severn Hospice Limited	(787)	(952)
Retained in subsidiary	-	-
Total assets	295	297
Total liabilities	(289)	(291)
Funds (representing share capital and reserves)	<u>6</u>	<u>6</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. A café was opened in 2021 in the new Community Services 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 2022.

	2022 £000	2021 £000
Projects income	370	145
Donations	1	2
Interest	1	1
Total income	<u>372</u>	<u>148</u>
Cost of goods sold	(253)	(51)
Operating costs	(51)	(53)
Total expenditure	<u>(304)</u>	<u>(104)</u>
Net trading profit	68	44
Gift Aid payments to Severn Hospice Limited- provisional amount due for year	(68)	(44)
Retained in subsidiary	<u>-</u>	<u>-</u>
Total assets	159	118
Total liabilities	(98)	(57)
Funds (representing share capital and reserves)	<u>61</u>	<u>61</u>

5c Hospice Shops

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

	2022 £000	2021 £000
Covid related grants	99	1,264
Kickstart grants	36	-
Non gift –aided donated goods income	2,011	622
Gift-aided donated goods income	1,052	118
Gift Aid on donated goods income	221	80
Rag income	132	36
Donations	38	29
Other income	25	19
Total income	<u>3,614</u>	<u>2,168</u>
Staff Costs	(1,381)	(1,219)
Premises maintenance and rent	(511)	(378)
Other costs	(516)	(420)
Total expenditure	<u>(2,408)</u>	<u>(2,017)</u>
Net shops income	1,206	151

5d Fundraising Events

Income and direct expenditure from the top fundraising events in 2021/22, together with comparatives for 2020/21, is as follows:

	2022			2021		
	Income	Expenditure	Net Income	Income	Expenditure	Net Income
	£000	£000	£	£	£	£
Wrekin Rowers	61	-	61	-	-	-
Lights of Love Annual	48	(7)	41	52	(5)	47
London Marathon	38	(1)	37	43	(5)	38
Skydives	16	(3)	13	18	(2)	16
	163	(11)	152	113	(12)	101

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

	2022	2021
	£000	£000
Dividends receivable on shares held	177	150
Interest receivable on cash balances	11	16
	<u>188</u>	<u>166</u>

7 Other Income

	2022	2021
	£000	£000
Miscellaneous items of income received for catering, insurance receipts, property rental, wayleaves etc.	87	45

8 Staff Costs & Pensions (Group)

	2022 £000	2021 £000
Salaries	7,774	7,402
Social security costs	633	610
Pension costs	489	489
Redundancy and Settlement Agreement costs	5	6
	<u>8,901</u>	<u>8,507</u>

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

Pension costs typically increase 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:

	2022		2021	
	Headcount	FTE	Headcount	FTE
Admin	32	20	32	20
Income Generation	25	15	18	12
Care	301	173	309	164
Shops	84	52	86	52
	<u>442</u>	<u>260</u>	<u>445</u>	<u>248</u>

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

	2022	2021
£60,000 to £70,000	1	3
£70,000 to £80,000	3	1
£80,000 to £90,000	-	1
£90,000 to £100,000	1	-
	<u>5</u>	<u>5</u>

Pension contributions relating to those staff earning over £60,000 £42,417 £36,473

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 £544K (prior year £523K).

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 £5K (prior year £6K)

9 Total Expenditure (Group) 2022

	Direct Costs £000	Support Costs £000	Total 2022 £000	Total 2021 £000
Charitable Activities:				
In Patient Care	3,239	1,361	4,600	4,578
Day Care	640	549	1,189	1,154
Hospice Outreach	913	129	1,042	958
Hospice at Home	1,077	208	1,285	1,255
Education & Research	120	154	274	124
Hospital & Community Services	109	-	109	127
Lymphoedema	98	30	128	113
Social Work & Chaplaincy	260	51	311	298
Costs of Raising Funds:				
Donations, Legacies and Grants	340	365	705	687
Other trading activities				
Hospice Shops	2,328	80	2,408	2,017
Lottery	403	25	428	351
Projects	292	12	304	104
Fundraising Events	18	-	18	12
Investment Management	50	-	50	43
Total Expenditure	9,887	2,964	12,851	11,821

Support costs include:	Basis of Allocation	£000	£000
Premises & Catering	Floor area, estimated time, and cost	1,579	1,289
Central Services	Estimated time	685	647
Finance	Estimated time	240	231
IT Support	Workstations and estimated time	339	270
Vehicles	Estimated time & specific costings	11	10
Governance	Estimated time	110	108
		2,964	2,555

Included within group expenditure are:

Amounts paid or payable to Auditors:		
External annual audit of accounts	19	18
Other fees payable to the Auditors	6	4
Depreciation	572	506
Lease payments	427	331

9 Total Expenditure (Group) 2021

	Direct Costs £000	Support Costs £000	Total 2021 £000	Total 2020 £000
Charitable Activities:				
In Patient Care	3,272	1,306	4,578	4,790
Day Care	684	470	1,154	1,191
Hospice Outreach	845	113	958	966
Hospice at Home	1,076	179	1,255	1,117
Education & Research	85	39	124	121
Hospital & Community Services	127	-	127	156
Lymphoedema	88	25	113	123
Social Work & Chaplaincy	255	43	298	334
Costs of Raising Funds:				
Donations, Legacies and Grants	375	312	687	761
Other trading activities				
Hospice Shops	1,977	40	2,017	2,134
Lottery	325	26	351	416
Projects	102	2	104	84
Fundraising Events	12	-	12	93
Investment Management	43	-	43	42
Total Expenditure	9,266	2,555	11,821	12,328

Support costs include:	Basis of Allocation	£000	£000
Premises & Catering	Floor area, estimated time, and cost	1,289	1,159
Central Services	Estimated time	647	514
Finance	Estimated time	231	264
IT Support	Workstations and estimated time	270	281
Vehicles	Estimated time & specific costings	10	18
Governance	Estimated time	108	82
		2,555	2,318

Included within group expenditure are:

Amounts paid or payable to Auditors:		
External annual audit of accounts	18	20
Other fees payable to the Auditors	4	3
Depreciation	506	486
Lease payments	331	408

10 Fixed Assets

Charity	Freehold Property £000	Furnishings & Equipment £000	Vehicles £000	Total £000
Cost				
At 1 April 2021	14,818	3,106	124	18,048
Additions	110	189	21	320
Disposals	-	-	(13)	(13)
At 31 March 2022	14,928	3,295	132	18,355
Depreciation				
At 1 April 2021	3,142	2,379	124	5,645
Charge for year	293	276	3	572
Disposals	-	-	(13)	(13)
At 31 March 2022	3,435	2,655	114	6,204
Net Book Value				
At 1 April 2021	11,676	727	-	12,403
At 31 March 2022	11,493	640	18	12,151
Group				
Cost				
At 1 April 2021	14,818	3,127	124	18,069
Additions	110	189	21	320
Disposals	-	-	(13)	(13)
At 31 March 2022	14,928	3,316	132	18,376
Depreciation				
At 1 April 2021	3,142	2,400	124	5,666
Charge for year	293	276	3	572
Disposals	-	-	(13)	(13)
At 31 March 2022	3,435	2,676	114	6,225
Net Book Value				
At 1 April 2021	11,676	727	-	12,403
At 31 March 2022	11,493	640	18	12,151

11 Investments

	The Group		The Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Listed UK Stock Exchange Investments	8,310	7,984	8,310	7,984
Shares in subsidiary companies	-	-	50	50
Investment Properties	185	185	185	185
	<u>8,495</u>	<u>8,169</u>	<u>8,545</u>	<u>8,219</u>

The investment property was revalued on 31st March 2021 at open market value by Zaza Johnson and Bath Estate Agents. The Trustees believe the value has not significantly changed since that date.

	Group and Charity	
	2022	2021
	£000	£000
(a) Listed UK Stock Exchange Investments		
Market Value 1 April 2021	7,772	5,415
Disposals	(1,504)	(1,620)
Acquisitions	1,506	1,967
Unrealised gains	432	157
Realised (losses)/gains	(247)	1,853
Market value at 31 March 2022	7,959	7,772
Cash held for investment	351	212
	<u>8,310</u>	<u>7,984</u>

(b) Analysis of Listed/Discretionary Fund Investments

	2022	2021
	£000	£000
Discretionary Fund managed by Evelyn Partners	4,079	3,802
Discretionary Fund managed by Brewin Dolphin	4,231	4,182
	<u>8,310</u>	<u>7,984</u>

	Charity	
	2022	2021
	£000	£000
(c) Shares in subsidiary companies at cost		
Hospice Projects Limited	50	50
Severn Promotions Limited	-	-
	<u>50</u>	<u>50</u>

12 Stocks

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Goods purchased for resale through Hospice Projects Limited	11	17	-	-
	<u>11</u>	<u>17</u>	<u>-</u>	<u>-</u>

13 Debtors

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade debtors	49	232	49	232
Sundry debtors	20	20	20	20
Amounts due from subsidiary undertakings	-	-	151	125
Legacies & Covid grants	964	986	964	986
Prepayments	181	151	180	151
Income tax recoverable	54	-	54	-
VAT recoverable	116	149	116	149
	<u>1,384</u>	<u>1,538</u>	<u>1,534</u>	<u>1,663</u>

14 Creditors: Amounts Falling Due Within One Year

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade creditors	228	267	220	267
Taxation & social security costs	145	142	145	142
Accruals	355	430	337	418
Amounts due to subsidiary undertakings	-	-	9	1
Deferred income	13	149	13	149
Other creditors	313	303	102	91
	<u>1,054</u>	<u>1,291</u>	<u>826</u>	<u>1,068</u>

Creditors: Amounts Falling Due Greater Than One Year

	Group		Charity	
	2022	2021	2022	2021
	£000	£000	£000	£000
Deferred income	-	7	-	7
	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>

Deferred income of £13k mostly relates to two hospital and community funds. This is money received in advance for services to be carried out in the future.

Creditors: Deferred Income

	Balance b/fwd 1.4.21 £000	Released £000	New Deferred £000	Amounts Falling Due	
				Within One Year Balance c/fwd 31.3.22 £000	Greater Than One Year Balance c/fwd 31.3.22 £000
Amounts Falling Due Within One Year					
Events income	2	2	-	-	-
Complementary Therapy	5	5	-	-	-
Training Income	132	132	-	-	-
Men's Health project	1	-	-	1	-
Compassionate Communities fund	12	3	-	9	-
Hospital Development Fund	3	-	-	3	-
	<u>155</u>	<u>142</u>	<u>-</u>	<u>13</u>	<u>-</u>

15 Restricted Funds

The Group and Charity Funds for **2021/22** include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

	Balance at 1.4.21 £000	Income £000	Expenditure £000	Transfer to General Funds £000	Balance at 31.3.22 £000
Donations received for In Patient Care and Bereavement	7	219	(95)	(12)	119
Donations received for the Day Units	-	44	(44)	-	-
Donations received for Care at Home Services	5	56	(61)	-	-
CCG funding for specifically negotiated services	218	1,231	(1,287)	-	162
Hospice Garden	-	1	(1)	-	-
	<u>230</u>	<u>1,551</u>	<u>(1,488)</u>	<u>(12)</u>	<u>281</u>

The transfer to general funds of £12K represents the release of funds for the purchase of assets because the restriction placed on the funding has been met in the year.

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 £000	Income £000	Expenditure £000	Transfer to General Funds £000	Balance at 31.3.21 £000
Donations received for In Patient Care and Bereavement	3	129	(125)	-	7
Donations received for the Day Units	-	49	-	(49)	-
Donations received for Living Well	-	3	(3)	-	-
Donations received for Care at Home Services	-	76	(71)	-	5
CCG funding for specifically negotiated services	48	4,440	(4,270)	-	218
Hospice Garden	-	1	(1)	-	-
	<u>51</u>	<u>4,698</u>	<u>(4,470)</u>	<u>(49)</u>	<u>230</u>

16 Unrestricted Funds

The Group and Charity Funds for **2021/22** include the following designated and general funds:

	Balance at 1.4.21 £	New Designations £	Utilised/ Released £	Resources To/From General Funds £	Balance at 31.3.22 £
Group:					
Designated Funds:					
Capital Fund	-	2,500	-	-	2,500
Fixed Asset Fund	12,403	320	(572)	-	12,151
Energy Sustainability Fund	145	-	-	-	145
Service Development Fund	451	-	(34)	-	417
Total Designated Funds	<u>12,999</u>	<u>2,820</u>	<u>(606)</u>	<u>-</u>	<u>15,213</u>
Group General Funds	<u>13,413</u>	<u>9,423</u>	<u>(10,757)</u>	<u>12</u>	<u>12,091</u>
Total Group Unrestricted	<u>26,412</u>	<u>12,243</u>	<u>(11,363)</u>	<u>12</u>	<u>27,304</u>
Charity:					
Total Designated Funds	12,999	2,820	(606)	-	15,213
Charity General Funds	13,396	8,692	(10,026)	12	12,074
Total Charity Unrestricted	<u>26,395</u>	<u>11,512</u>	<u>(10,632)</u>	<u>12</u>	<u>27,287</u>

See page 10 for more detail on the explanation of the various funds. The £2,214K net movement on designated funds on the SOFA represents the net new designations and releases from these funds. The releases include revenue movements for depreciation and Hospice funding of pharmacist post. The new designation of £2,500K is for various capital improvement projects.

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

	Balance at 1.4.20 £000	New Designations £000	Utilised/ Released £000	Resources To/From General Funds £000	Balance at 31.3.21 £000
Group:					
Designated Funds:					
Capital Fund	2,400	-	2,400	-	-
Fixed Asset Fund	10,218	2,672	487	-	12,403
Energy Sustainability Fund	145	-	-	-	145
Service Development Fund	482	-	31	-	451
Total Designated Funds	13,245	2,672	2,918	-	12,999
Group General Funds	9,922	10,548	7,352	295	13,413
Total Group Unrestricted	23,167	13,220	10,270	295	26,412
Charity:					
Total Designated Funds	13,245	2,673	2,919		12,999
Charity General Funds	9,905	10,092	6,896	295	13,396
Total Charity Unrestricted	23,150	12,765	9,815	295	26,395

17 Allocation of Group Net Assets between Funds

	2022			2021		
	Unrestricted Funds £000	Restricted Funds £000	Total £000	Unrestricted Funds £000	Restricted Funds £000	Total £000
Fund balances at 31 March are represented by:						
Tangible fixed assets	12,151	-	12,151	12,403	-	12,403
Investments	8,495	-	8,495	8,169	-	8,169
Current assets	7,712	281	7,993	7,138	230	7,368
Creditors due within one year	(1,054)	-	(1,054)	(1,291)	-	(1,291)
Creditors due greater than one year	-	-	-	(7)	-	(7)
Total Net Assets	27,304	281	27,585	26,412	230	26,642

18 Operating Lease Commitments

At March 2022, the charity had future minimum lease payments under non-cancellable operating leases in respect of Hospice shops due as follows:

	2022	2021
	£000	£000
Within 1 year	215	241
Between 2 and 5 years	319	325
Over 5 years to end of lease term	-	-
	<u>534</u>	<u>566</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 £489K consisting of £288K paid to the NHS Scheme, and £201K paid to the defined contribution schemes (2021: £309K and £180K respectively).

21 Related Party Transactions

The charity paid a total of £10K in the year to Wace Morgan LLP, Solicitors for employment advice (£10K 2020/21 for employment advice and insurance). Zara Oliver, a Trustee of the charity (retired 16.2.22), is a partner in Wace Morgan LLP. There were no amounts owed or owing at the year-end. Mike Tudor is the husband of the Chief Executive and is employed by Thornton Firkin who provide Quantity Surveyor services to the Hospice. The charity paid a total of £1K in the year to Thornton Firkin. There were no other related party transactions in either the current or previous year.

22 Contingent Assets and Liabilities

As at 31 March 2022 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 £1,650K (2020/21 in excess of £2,000K).

23 Reconciliation of Net Income to Net Cash Flow from Operating Activities

	Group 2022 £000	Group 2021 £000
Net Income for the reporting period (as per the statement of financial activities)	943	3,424
Adjustments for:		
Depreciation charges	572	506
Dividends, interest, and rents from investments	(188)	(166)
(Gains) on investments	(185)	(2,025)
Decrease/(increase) in stocks	6	(2)
Decrease in debtors	154	269
(Decrease)/increase in creditors	(244)	106
Net cash provided by operating activities	1,058	2,112

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Analysis of changes in net funds

	Balance at 1.4.21 £000	Cash flows £000	Other non-cash changes £000	Balance at 31.3.22 £000
Cash and bank	5,813	785	-	6,598

25 Capital Commitments

As at 31 March 2022 Severn Hospice Limited had capital commitments outstanding for the new Community Services centre at Bicton totalling in the region of £90,000 (2021: £180,000).

26 2020/21 Comparative information

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account) For the Year Ended 31 March 2022

	Unrestricted 2021 £000	Restricted 2021 £000	Total Funds 2021 £000	Total Funds 2020 £000
Income From:				
Donations and Legacies:				
Donations	1,334	140	1,474	1,543
Legacies	1,036	0	1,036	1,822
Grants from Charitable Trusts	129	117	246	642
	2,499	257	2,756	4,007
Charitable Activities	1,909	2,042	3,951	3,714
Covid Related Grants	1,486	2,398	3,884	0
Other trading activities:				
Lottery	1,240	0	1,240	1,273
Projects	145	0	145	171
Shops	904	0	904	3,115
Fundraising Events	129	0	129	305
	2,418	0	2,418	4,864
Investments	166	0	166	246
Other Income	45	0	45	76
Total Income	8,523	4,697	13,220	19,907
Expenditure on:				
Raising Donations, Legacies and Grants	687	0	687	761
Other trading activities:				
Lottery	351	0	351	416
Projects	104	0	104	84
Shops	2,017	0	2,017	2,134
Fundraising Events	12	0	12	93
Investment Management Costs	43	0	43	42
Costs of raising funds	3,214	0	3,214	3,530
In patient care	1,980	2,598	4,578	4,790
Day care	1,050	104	1,154	1,191
Hospice outreach	547	410	957	966
Hospice at home	50	1,205	1,255	1,117
Education	102	22	124	121
Hospital & Community services	70	57	127	156
Lymphoedema	43	70	113	123
Social Work & Chaplaincy	297	1	298	334
Expenditure on charitable activities	4,139	4,468	8,607	8,798
Total Expenditure	7,353	4,468	11,821	12,328
Net income for the year and net movements in funds before gains and losses on investments	1,171	228	1,399	579
Net gains/(losses) on Investments	2,025	0	2,025	-702
Net income/(expenditure) for the year	3,196	228	3,424	-123
Transfers between funds	49	-49	0	0
Net movement in funds	3,245	179	3,424	-123
Reconciliation of funds:				
Total funds brought forward	23,167	51	23,218	23,341
Total funds carried forward	26,412	230	26,642	23,218

