



Don't let death kill life

St Elizabeth Hospice (Suffolk)

**(A company limited by guarantee and
not having share capital)**

Annual Report and Financial Statements

Year ended
31 March 2018

Charity No: 289154
Company No: 1794927

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St Elizabeth Hospice (Suffolk)

Reference and administrative details

Hon President

Mr NA Ridley OBE JP DL

Hon Vice President

Mr T Mott

Board of Trustees

| | |
|------------------------------------|---|
| Mr W D Barnes ^{1,4,5} | - Chairman to October 2017 remains a Trustee from this date |
| Mr I J Turner ^{2,3,5} | - Chairman from October 2017 |
| Mr M D Cooper ^{1,2,5} | - Treasurer |
| Ms C Conquest ^{2,4,5} | |
| Ms G Drummond ^{2,4} | |
| Dr N Gibbons ⁴ | |
| Mrs A Hogarth ² | |
| Dr A D J Nicholl ⁴ | |
| Mr M W Nicholls ¹ | |
| Ms E Wellesley Wesley ³ | |
| Mr P Woodward ³ | |
| Mr T D Hunt ³ | - Appointed January 2018 |
| Mr E Sanyari | - Shadow Trustee from January 2018 |

Member of:

- 1 - Finance Committee
- 2 - Governance Committee
- 3 - Income Generation Committee
- 4 - Patient and Family Services Committee
- 5 - Remuneration Committee

Registered office

565 Foxhall Road, Ipswich, IP3 8LX

Registered Charity number

289154

Company number

1794927

Auditors

RSM UK Audit LLP, Abbotsgate House, Hollow Road, Bury St Edmunds, Suffolk, IP32 7FA

Solicitors

Prettys, 25 Elm Street, Ipswich, Suffolk, IP1 2AD

Bankers

Royal Bank of Scotland PLC, Princes Street, Ipswich, Suffolk, IP1 1QT

Investment advisers

Sarasin & Partners, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU

Principal officers

| | |
|----------------------------------|---|
| Mr M Millar ^{1,2,3,4,5} | - Chief Executive |
| Dr K Bengtson ⁴ | - Medical Director |
| Mr B Bolt ^{1,2,3} | - Director of Corporate Services (to August 2017) |
| Mr M Belham ^{1,2,3} | - Director of Corporate Services (from August 2017 to March 2018) |
| Ms V K Jolly ⁴ | - Director of Patient Services |
| Ms H Joshua ^{2,5} | - Director of HR (to October 2017) |
| Ms R Backshall ³ | - Director of Income & Marketing |

Chairman's report

I would like to start by thanking my fellow trustees in inviting me to assume the chair of this wonderful organisation when William Barnes decided to stand down following last year's Annual General Meeting. William has been an excellent chair for 5 years and overseen the growth and development of many of the services we provide. We are fortunate that we continue to have the benefit of his wisdom and experience on the Board of Trustees.

This is the final year that Mike Cooper will serve as a trustee and treasurer. Mike has served 13 years and his contribution has been nothing short of exceptional and we thank him most sincerely. William will assume the role of hospice treasurer after this year's AGM.

As you will see within the report, these are challenging times. We now have a formal Grant Agreement in place with the NHS for the first time. However, having been fixed in money terms for many years, the value of our core NHS grant from our CCG is due to fall as the NHS struggles with its own financial challenges. This increases the financial pressure on our charity. We know that the great clinical experts we require are not easy to find and that we need to be better at training and retaining staff to maintain our outstanding standards and to cope with the increasing demand for our services. We have worked hard to raise our profile and for people in our community to embrace what we do in a positive way. If the growth in the number of people coming to us is any indicator, that message appears to have got through. We now need to grow our resources to meet that need as well as other, as yet unmet demand.

I am delighted to report that we have been able to help 2,418 individuals and their families this year, a record. In doing so, we incurred a deficit of £164,479. This would have been a lot higher without the fabulous generosity of our supporters, whether that be with their time, benefit in kind, or money. The level of legacy income this year has been particularly high. We are so grateful for those who feel able and are willing to remember us in that way. We do have so many people who do so many fabulous things for us on a daily basis. Thank you all so much.

These are also exciting times as we look forward to our 30th Anniversary in 2019. We have already given notice that Elmer will come to Town as a follow up to our 2016 Pigs Gone Wild Art Trail and this has captured the imagination already. We are delighted that Terry Hunt has rejoined as Elmer patron and as a trustee. His experience and knowledge will be invaluable as we move forward

I want to make sure that the hospice continues to be relevant in promoting and delivering our message and so have been undertaking a listening exercise over the last few months. This helps the Board of Trustees to be clear about the support that beneficiaries need and the actions we ought to take to deliver on these. We are here to assist and supplement what the NHS and other statutory bodies do, not replace them. It is clear that we also need to work with a whole range of partners to play our complete role. We are still working through exactly what our future contribution might be, but I am delighted that these partners have agreed that improving end of life care is one of six priorities and that they have signed up to halving the number of people dying in hospital, rather than where they would prefer, usually at home. We are supporting this through our "No Place Like Home" campaign and I hope that you do too.

The Board also want to continue to develop services aiming at supporting younger adults and we are excited to launch our Zest initiative aimed at promoting this. Our first Zest shop opened in Ipswich this summer. We are also delighted to have Eli Sanyari join as a young shadow trustee, to keep us grounded in the needs of younger people.

Finally, returning to my fellow Directors and Trustees, I would like to personally thank them all for their time, dedication and diligence in matching the outstanding standards set by our staff and volunteers.



I J Turner
Chairman

Trustees' report

Governing Document

St Elizabeth Hospice (Suffolk) is a company limited by guarantee governed by its Memorandum and Articles of Association dated 24 February 1984. These were updated and amended on 19 September 2005. It is registered as a charity with the Charity Commission. Staff and volunteers are eligible for membership of the charitable company after one year's service and the Board of Trustees can invite others to become members at their discretion. At 31 March 2018 there were 77 members (2017-77), each of whom agrees to contribute £1 in the event of the Charity winding up.

Administrative details

The administrative details of the Charity are shown on page 2.

Recruitment and appointment of board of directors

The trustees are also the directors of the company for the purposes of company law and under the Company's Articles. Under the requirements of the Memorandum and Articles of Association the members of the board are elected to serve for a period of three years after which they must stand down and be re-elected at the next Annual General Meeting. New trustees are recruited to the board as required via a formal recruitment process.

Mr Barnes confirmed his intention to step down as chair after four years at the 2017 AGM. Mr Turner was subsequently elected chairman at the next meeting of the board of trustees.

Dr Gibbons, Mrs Hogarth and Dr Nicholl retired by rotation in accordance with the Articles of Association and offered themselves for re-election at the 2017 AGM and were re-appointed to the board. Mr Hunt was appointed by resolution of the trustees with effect from January 2018 and in accordance with the Articles of Association is due to be put forward for re-election at the 2018 AGM.

Also in January 2018 the trustees appointed Mr Eli Sanyari as a shadow trustee as part of the Community Action Suffolk initiative to engage younger people in the work and governance of charities.

Trustee induction

New board members undergo an orientation programme to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the board and decision making processes, the business plan and recent financial performance of the Charity. During the induction day they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events in order to further facilitate the undertaking of their role.

Organisational structure

The board, currently consisting of 12 full and one shadow trustees, meets regularly and has five principal sub-committees; the Finance Committee, the Governance Committee, the Income Generation Committee, the Patient Services Committee and the Remuneration Committee all of which have at least three trustee members. The committees are in turn supported by a number of operational groups supporting the Charity's various activities. The Memorandum and Articles of Association allow for a minimum of three trustees but no maximum. The trustees have responsibility for the strategic direction of the Charity, ensuring that it is solvent, operating in a professional manner and delivering the outcomes for which it has been set up. The board met on seven occasions during the year.

Attendance at board and sub – committees is set out below,

| <i>Schedule of Attendance 2017/18</i> | Board of Trustees | Finance | Governance | Income Gen & Marketing | Patient & Family Services |
|---|----------------------|---------|------------|---------------------------|---------------------------------|
| Mr W D Barnes | 7/7 | 5/5 | | | 5/5 |
| Mr M D Cooper | 5/7 | 5/5 | 4/4 | | |
| Ms C Conquest | 4/7 | | 3/4 | | 5/5 |
| Ms G Drummond | 5/7 | | 2/4 | | 2/5 |
| Dr N Gibbons | 4/7 | | | | 4/5 |
| Mrs A Hogarth | 6/7 | | 4/4 | | |
| Mr T D Hunt | 2/2 | | | 0/1 | |
| Dr A D J Nicholl | 7/7 | | | | 4/5 |
| Mr M W Nicholls | 2/7 | 2/5 | | | |
| Mr I J Turner | 7/7 | 2/2 | 3/4 | 4/4 | |
| Ms E Wellesley Wesley | 5/7 | | | 4/4 | |
| Mr P Woodward | 5/7 | | | 4/4 | |
| | | | | | |
| Mr E Sanyari | 2/2 | | | | |
| | | | | | |

The Chief Executive is appointed by the trustees with delegated authority for operational matters including finance, employment and care-related activity. The Chief Executive is responsible for ensuring that the Charity delivers the services specified and key performance indicators are met. The senior management team has responsibility for the day to day operational management of the Charity, individual supervision of various groups of staff, ensuring that staff develop their skills and good working practices.

There is a hospice partnership group in place, consisting of up to 15 patient representatives. Meetings are attended by the hospice Chief Executive and a trustee to ensure that views of those we serve are taken into account in the operation and planning activities of the hospice. The partnership group chair submits an annual report to the Board of Trustees. Ian Ewers-Larose stepped down as chair of the partnership group in 2017. We thank Ian for his many years of service to the group. He was succeeded as chair by Paul Seymour.

Governance

The Governance Committee, chaired by Ann Hogarth, and comprising the Chief Executive, the Director of Corporate Services, the HR Director and four trustees, has responsibility for the operational governance of the Charity. In the latter part of the year the Governance Committee carried out a triennial review of the governance procedures, terms of reference of the Board Sub Committees and the role description of Chairman, Treasurer and other trustees. The Board of Trustees accepted the recommendations of the Governance Committee in agreeing amendments in March 2018.

The board has developed a board assurance framework (BAF) approach to risk. A BAF is in place which is reviewed by Trustees and is supported by a series of risk registers relevant to the area of responsibility and agreed with, the Board Sub Committees of Finance, Patient and Family Services, Income Generation and Marketing and Governance.

Public benefit statement

The trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006, to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'.

St Elizabeth Hospice's charitable purpose is enshrined in its objects - "to promote the relief of persons of either sex (without regard to race or creed) who are suffering from any chronic or terminal illness or from any disability or disease attributable to old age or from any other physical or mental infirmity, disability or disease and of the families of such persons". The trustees ensure that this purpose is carried out for the public benefit by delivering a range of services to the people in the area free at the point of delivery. Access to these services is based solely on assessed need without reference to sex, race or religion. The Charity offers specialist medical, physical, emotional, spiritual and practical support to people with life limiting conditions and their families.

The Charity was established to promote the relief of people who are suffering from any chronic or terminal illness and of their families without regard to their gender, race or creed.

Our core purpose is to improve life for people living with a progressive illness.

The strategy employed to achieve the Charity's aims and objectives is to provide a range of palliative care services and support free to those in need. These services are provided in a number of different settings, including an in-patient unit, day units and in patients' own homes, by dedicated and skilled staff.

The Charity offers a range of services and employs appropriate staff to meet the needs of patients and their families as well as benefitting from the support of over 1,400 volunteers. All patients receive care according to their need. These services include medical, nursing, spiritual, well-being services including family support, art and music therapy, counselling, physiotherapy, occupational therapy and complementary therapy.

Feedback through audits and surveys continues to demonstrate a high level of satisfaction. Where complaints or incidents do occur we use these experiences to learn lessons that improve quality of care. The Charity is registered with the Care Quality Commission and received an assessment of "Outstanding" at the last inspection in October 2016. The hospice did not identify any serious untoward incidents (SUI) as defined by the NHS during the year. Equally, there were no areas of concern which the Patient and Family Services Committee felt merited escalation to the Board of Trustees.

Disabled persons

The Charity has an Equal Opportunities policy. This means that we have undertaken to support disabled people employed within the Charity.

Employee Information

The Charity is committed to providing information to employees on matters of concern to them and consulting employees, or their representatives, on a regular basis so that their views can be taken in to account when making decisions. The Charity operates a staff and volunteer forum which meets on a regular basis.

The trustees present their strategic report for the year ended 31 March 2018, containing a review of achievements and performance, a financial review, plans for future periods and the principal risks they consider the Charity faces.

Achievements and performance

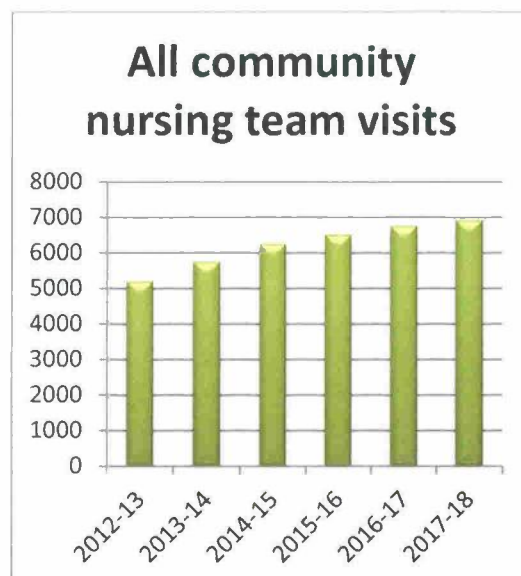
Demand for our services continues to grow. In the year ending 31 March 2018 the hospice provided support to 2,418 people compared to 2,112 in the previous year and 2,084 in the year ending 31 March 2016. Our major workload indicators for the last two years are set out below.

We believe that people at the end of their life should be cared for and die in the setting of their choice wherever possible. In 2017/18 we met this goal for 89% of our patients who expressed a preference.

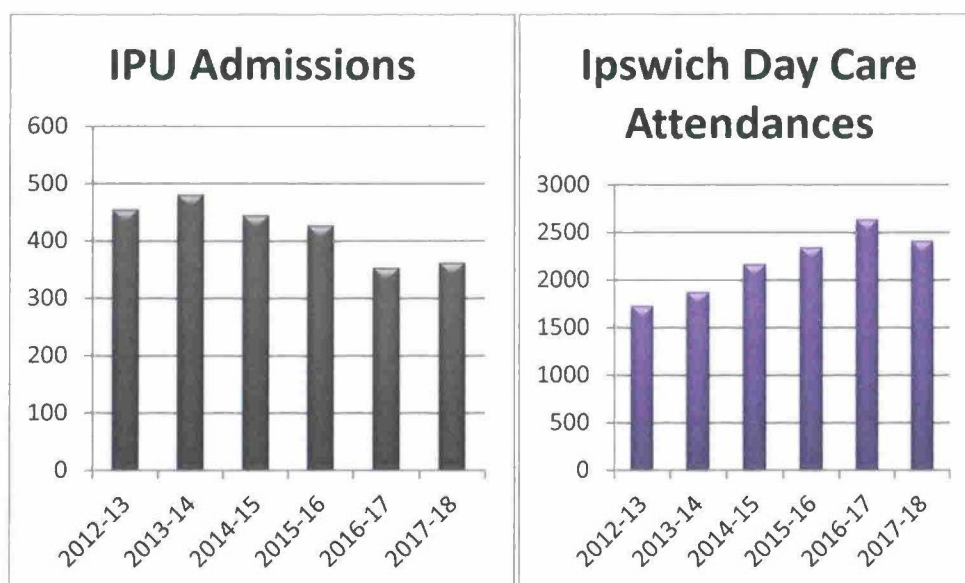
| | 2017/18 | 2016/17 | % Change |
|--------------------------|--------------|--------------|-------------|
| Total service users | 2,418 | 2,112 | 14% |
| Referrals | | | |
| General Practice | 377 | 396 | -5% |
| NHS Community Services | 119 | 149 | -20% |
| Hospital | 839 | 720 | 17% |
| Self | 131 | 106 | 24% |
| Other | 354 | 337 | 5% |
| Total | 1,820 | 1,708 | 7% |
| Hospice Admissions | 362 | 353 | 3% |
| Hospice Outpatients | 735 | 721 | 2% |
| Home Visits | 7,248 | 7,576 | -4% |
| Telephone Consultations | 1,467 | 1,326 | 11% |
| "OneCall" Helpline Calls | 16,884 | 16,968 | 0% |
| Total Deaths | 1,396 | 1,259 | 11% |
| Usual place of residence | 69% | 66% | |
| St Elizabeth Hospice | 16% | 16% | |
| Hospital | 14% | 17% | |
| Other | 1% | 1% | |

This increase in demand has to be set against a further reduction in the grant support we receive from the local NHS as part of their three year grant agreement. This puts further strain on our donors and charitable supporters to make up the difference, as well as our dedicated and devoted staff in providing care to as many people as possible.

We have had to continue to be smarter about how we deliver care without diminishing the personal contact that is a hallmark of hospice services. We have attempted to do this in a number of ways, including strengthening administrative support in the OneCall helpline service and increasing the use of telephone consultations where appropriate. In early 2018, we reorganised our two specialist community nurse teams into a single service operated across four geographical areas on a team basis, to increase the number of available hours to directly support patients.



In line with our objectives, we saw an increase in the number of admissions to the inpatient unit after a number of years of decline. 62% of admissions ended with the patients death.



We continue to review our daycare offer, and changed the balance between clinical and social daycare to enable more people to feel engaged and supported by us. Attendances at Ipswich day care have continued to rise. However, the overall reduction in numbers in total is due to the closure of Ditchingham day care in 2016.

The changes have allowed us to better deploy the skills of our clinical staff across the week.

Our volunteers continue to play a huge role across all of our activities. We now have a register of over 1,400 active individuals. They deliver on average 23,000 hours a month for us, which at a reasonable rate of pay is valued at well over £3.5m.

Some volunteers will help us with particular events. Our retail operation is dependent on their efforts, however many hours and at what frequency they are able to help us. Within the hospice building, volunteers play a vital role in supporting staff delivering for our patients and families. We aim to make volunteers feel part of the team and their representatives are strong participants in the regular staff and volunteer forum.

We were unable to progress further development of weekend breaks for younger adults due to a lack of statutory funding support. We remain committed to this group as illustrated by the very successful launch of our Zest fundraising initiative in recent months, designed to allow us to improve the lives of this group through charitable funding, whilst retaining the belief that statutory bodies continue to have responsibilities in this area. We have had two events with colleagues at East Anglia Children's Hospice (EACH) over the year, continue to work alongside them and be aware of future opportunities to support each other.

Within this challenging environment, we have been undertaking a strategic review of our purpose and what we deliver. We have concluded that we are fundamentally about supporting individuals with terminal and life limiting illnesses to minimise suffering and maximise life up to and at the moment of their death and to support their loved ones through that moment and the period of bereavement that follows. Consequently we want people to better understand that we are about life, rather than death, whilst understanding how the prospect of life ending can become a dark shadow over the life we have left.

We therefore launched our new strapline of "Don't Let Death Kill Life" in the autumn of 2017. This was overwhelmingly well received and judging by the increase in people coming to us for support since that time, we have begun to take away the fear factor people have about the "hospice" word. This is very much work in progress.

We continue to work with partners to develop palliative and end of life services which people want. We participate in the local Sustainability and Transformation Partnership and the End of Life Programme Board. We were delighted that the Programme Board supported our bid to the Integrated Bettercare Fund to provide better support to palliative care patients being discharged from hospital. This 18 month pilot also allows for an extension of our care home accreditation scheme launched last year and to provide some increased support to maintain people in their own home.

End of life has been recognised as one of six priorities for the Sustainability and Transformation Partnership, which has adopted the target of reducing hospital deaths by 50% over three years.

Our "No Place Like Home" initiative was launched in the spring of 2018, in support of this goal.

Services in the Great Yarmouth and Waveney area have not proved sustainable, but the local Clinical Commissioning Group is undertaking a procurement exercise which includes Specialist Palliative Care (SPC) in the summer and autumn of 2018. Trustees remain keen to see an improvement in SPC and End of Life services for people of the area, continuing to demonstrate a keen appetite to help, but a lower appetite for financial risk over and above the sums spent in the area over recent years.

Objectives for the coming year

In anticipation of the 30th anniversary of St Elizabeth Hospice in 2019, trustees have been undertaking their own strategic review, supported by a listening exercise undertaken by the Chairman and Chief Executive under the title Project 30.

The following statements have been developed to set out our beliefs and approach following this review. These enable us to be clear with partners what our objectives are and to check our plans against this model.

The St Elizabeth desired model for specialist palliative care and end of life services.

- *Individuals have the right to receive palliative and end of life care in the setting they choose.*
- *In most cases people would choose to receive care where they normally live or in a hospice setting.*
- *Very few people would choose to be in a busy general hospital for this care.*
- *It is appropriate for individuals to receive palliative care in hospital if they are also receiving restorative care.*

Delivered through:

- *Identification of peoples' wishes at an early stage through Electronic Palliative Care Coordination Systems/ My Care Wishes.*
- *Co-ordinated and active case management to prevent non restorative admissions.*
- *Hospice/community based specialist palliative care.*
- *Upskilling and accreditation of high quality residential and care homes.*
- *Provision of community based SPC in reach into hospitals to provide care to restorative patients and facilitate early discharge for SPC and end of life patients.*
- *Adequate hospice facilities for both SPC and end of life*
- *Adequate community specialist nurses to support general community services and primary care.*

We are checking our current offering against this model and preparing plans for future developments.

This model is applicable to all areas and would be used in any involvement we might have in Great Yarmouth and Waveney going forward.

By way of preparation, the Board agreed a planned deficit of £700k for 2018/19, excluding investment gains, primarily to invest in front line clinical staff to meet existing workload pressures, support the current programme board pilot and enable us to train the specialist palliative care staff we will need to deliver our vision for the future.

Our short term priorities are to:

- Continue to deliver high quality, holistic and compassionate services to those who approach us.
- Demonstrate the success and value of the pilot programme agreed with the End of Life Programme Board and supported by the Integrated Bettercare Fund.
- Provide support to others to provide better end of life care, through the care home accreditation scheme and other initiatives.
- Grow our own workforce to be able to continue to deliver for more people in the future.
- Continue to engage with the End of Life Programme Board and the STP to influence the agenda and deliver against the agreed objectives.
- Complete the service analysis and agree plans for the future.
- Continue to encourage the wider public to think about the hospice positively.
- Continue to grow income generation across a range of streams, including the launch of our Zest brand designed to engage with and support younger adults.
- Provide support to those in the Great Yarmouth and Waveney area to make much needed improvement to specialist palliative care and end of life services in the area.

Financial Review

A deficit of £164,479 was incurred in the year, compared with £4,192 in the previous year. This was despite total income growing by 9.7% to £10,476,045.

The growth in income was primarily delivered by an increase in legacy income, which at £2.4m was double that of the previous year. We have worked hard to explain to our community the value of legacies to us and the taxation advantage to individuals. We are very grateful for all the individuals who support us in this way.

Whilst the contribution from our lottery continues to grow (up 23% to £370k), commercial trading conditions have proven difficult on the High Street, with increased costs driving down margins. Our new "superstore" at Martlesham has proven very successful and popular and may be an indication of the type of outlet we need to look at for the future.

2016/17 saw the Pigs Gone Wild Art trail, which boosted both the level of donations and the costs of fundraising, both of which have fallen back in this year. The 2019 art trail "Elmer's Big Parade" has been announced and plans are progressing well for what we believe will be a great event for both the Hospice and the town of Ipswich.

Declared spending on charitable activities has fallen by 3.5%, despite the increase in workload. This is primarily driven by an improved staffing position which has significantly reduced the need for expensive agency staff and the re-arrangement of daycare services as outlined earlier. We have continued to invest in community services.

A major difference between the financial position in 2017/18 and the previous year is investment performance. In 2016/17 the overall financial position was supported by a total of £898k of investment gains (realised and unrealised) compared with only £12k this year. This is in line with market performance. The investment policy is set out elsewhere.

The balance sheet remains strong with fund balances sitting at £15.1m, with freehold land and buildings representing £5.4m of this total. As set out below, trustees are ambitious for the future and have undertaken a strategic review of ambition and reserves.

Reserves Policy

The Charity needs to retain reserves to support it achieving its purposes and has to plan for the longer term to support continuity of service in adverse circumstances.

The Trustees regularly review the Charity's reserves policy. In determining the appropriate level of reserves the trustees have regard to the following matters:

1. Forecasts of future expenditure on the basis of planned activity.
2. Working capital required for the day-to-day running of the hospice.
3. Risks to income continuity including:
 - a. The reliability of the various income sources.
 - b. The prospect of developing new sources of income.
 - c. An assessment, on the best evidence available, of the likelihood of each of these income sources varying adversely and the potential impact on the Charity of not being able to deal with variations.
4. Analysis of future needs which would be unlikely to be met out of the Charity's regular income.
5. Assessment of funds required to add to or replace assets.
6. Potential loss of value of the asset form in which reserves are held.
7. The need to be able to provide capital and initial revenue support for any newly developed services.

Trustees have undertaken a review of the reserves policy in recent months and agreed changes to the previous policy.

The previous policy was to maintain free reserves equivalent to approximately 12 months of expenditure. In a previous review Trustees had discussed the basis of this calculation in the light of the growth in turnover in recent years disproportionately fueled by an increase in trading activity relating to fundraising. One option would have been to set a new policy based on the number of months of charitable expenditure together with a working capital buffer for trading activities.

Trustees were mindful of the trend to move towards a more sophisticated approach to setting reserves policies around a risk based approach and, following investigation, have agreed to follow this route. This requires an assessment of the reasonably foreseeable risk of income loss and increases to current planned expenditure with the addition of a sum for contingency. Trustees resolved that, in addition, provision should be made for the risk of major unforeseeable events such as a prolonged downturn in income due to external events such as a recession. Such an additional reserve maximises the potential for the Hospice to continue to maintain services despite such occurrences.

The expenditure assessment takes into account the current five year plan assumptions of the Charity.

The calculations indicate income risk of £1,846,000 and an expenditure risk of £1,232,000. Trustees determined to add a further £1,000,000 contingency and to double the income risk for unexpected external events. This indicates a total target reserve of around £5,924,000.

At 31 March 2018 the Group's reserves stood at £15,113,668 (2017 - £15,278,147). These reserves include £61,336 of restricted reserves and designated reserves of £6,271,395 relating to the fixed assets fund which represents the value of fixed assets on the balance sheet.

Trustees have previously allocated £1,500,000 for the improvement fund to support capital expenditure and £1,500,000 for the future development of hospice services. The balance of the General Fund (unrestricted) is £5,780,937. As this is broadly comparable with the risk based target of £5,924,000 Trustees were comfortable to retain the Improvement and Service Development funds at previous levels.

This allows the Charity to continue to work with partners to determine how best we might assist in filling gaps in provision in line with our strategies and the conclusions of Project 30.

Investment Policy

The overall objective of the Charity's investment policy is to create sufficient income and capital growth to enable the Charity to carry out its purposes consistently year by year. This objective is achieved by investing prudently in a broad range of fixed interest securities and equities which are quoted on a recognised investment exchange and unit trusts and Open Ended Investment Companies (OEICs) which are authorised under the Financial Services and Markets Act 2000. The Charity's investments are managed by Sarasin & Partners, specialists in charity investment. The Finance Committee meets regularly with Sarasin & Partners to review and discuss investment policy and performance against agreed benchmarks.

The portfolio was invested mainly in UK and overseas equities, fixed interest securities, specialised charity equity funds, unit trusts and cash deposits. The target portfolio asset allocation is along the following lines:

| | |
|-----------------------|-----|
| Equities | 70% |
| Fixed interest / cash | 18% |
| Property / other | 12% |

The Charity also holds cash deposits to cover short to medium term working capital and expenditure requirements.

The Trustees endeavour to exclude exposure to any investments in companies that draw a major part of their income from tobacco or related products.

Fundraising policies

St Elizabeth Hospice has signed up to the Fundraising Regulator and complies with its voluntary regulation scheme. We are entitled to display the Fundraising Regulator badge on our website and all fundraising resources which will give confidence to our supporters that we comply with best fundraising practices.

We take pride in keeping all fundraising activities in house. Although we use high quality partners to help deliver a wide range of events and giving opportunities, all fundraising aspects are undertaken by our own staff. We do not outsource any fundraising. This direct control enables us to ensure a high quality and ethical approach and ensure vulnerable people are protected in line with industry best practice as set out in the regulatory scheme.

Our lottery members also will have confidence that we are members of the Gambling Commission, Gamble Aware and the Lotteries Council.

No complaints have been logged regarding our fundraising activities and we are not aware of any failures against the scheme standards.

St Elizabeth Hospice takes the protection of individuals' information seriously. It is committed to ensuring that it complies with principles of good practice within GDPR 2018. We only obtain personal information with the individuals' consent and will only use this in a fair and lawful way to further the objects of the Charity. We store personal details securely and will only use them to provide the individual with the service that they have requested, and communicate with them in the ways that they have agreed to. Individuals' data may also be used for analysis purposes to help us to provide the best service possible. We will only allow information to be used by suppliers working on our behalf and we'll only share it if required to do so by law. We do not share data with third parties.

Strategic report (continued)

Going concern

The Charity has a wide range of income generating activities supported by a three year Grant Agreement with Ipswich and East Suffolk NHS Clinical Commissioning Group, which runs to 31 March 2020. The notes on the previous pages set out the Charity's objectives and policies for managing its financial risks, its investments and the free reserves it holds.

The trustees have considered the financial position of the Charity, its investment portfolio, its free reserves, as well as its cash flow and liquid resources and believe that the Charity is well placed to manage its business risks successfully.

There are no material uncertainties that may cast doubt on the Charity's ability to continue as a going concern; the trustees therefore have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Remuneration policy

In order to achieve its objectives, the Charity needs to employ people with the necessary skills and experience across the whole organisation. To that end, it offers a level of pay reflecting individual performance and responsibilities to attract and retain appropriately trained and skilled staff. The pay structure and levels of pay are reviewed by the Remuneration Committee (which comprises the chairman and three trustees) and is validated objectively against market comparators including salary survey data and guidance from professional advisors as appropriate. Particularly reference is made to NHS pay scales for clinical and medical staff. The pay framework sets out pay bands and is available to all staff. The Charity operates an annual salary review with increases awarded for individual performance. The Charity does not operate a bonus scheme.

Pay for the senior management team is managed through the same process. The number of staff in receipt of £60,000 and above is shown (in bands of £10,000) in note 3 to the accounts. The pension provisions for the Chief Executive and the senior management team are on the same terms as other employees.

All trustees give their time freely and are unremunerated.

Principal risks and uncertainties

The Trustees have a board assurance framework in place to support the risk management strategy which comprises:

- maintaining risk registers that cover all parts of the organisation,
- an annual review of the risks the Charity may face,
- the establishment of systems and procedures to mitigate those risks identified in the plan,
- the implementation of procedures designed to minimise any potential impact on the Charity should those risks materialise.
- Maintaining adequate insurance cover.

A key element in the management of financial risk is the setting of a reserves policy and its regular review by the Finance Committee.

The Board of Trustees and senior management regularly consider the major risks to which the Charity is exposed.

The Governance Committee reviews the risk registers and checks that management implement appropriate procedures and controls and obtains appropriate insurance cover.

The major risks St Elizabeth Hospice faces are as follows:

- **NHS funding:** NHS support for our work fell from 33.1% of expenditure on charitable activities in 2016/17 to 30.9% in 2017/18. Our security of NHS support is in the form of a Grant Agreement which runs to March 2020. Under that agreement the level of support will continue to fall as the NHS finances continue to be under pressure.

Initiatives such as the recently agreed pilot referred to above, give the Hospice the opportunity to demonstrate that the value of our contribution for NHS mandated services far exceeds the level of support we receive. It

may be, however, that to harvest that greater level of support, the Hospice will become subject to the NHS contractual regime which whilst representing an opportunity, is not without risk.

- **Generated income shortfall:** The Charity needs to offset NHS income risk by ensuring it has a diverse range of activities for generating funds that is independent of income from the NHS. The Charity develops and maintains a wide range of income sources and is always seeking new potential income streams to support its charitable activities.

Some of the Charity's income is quite volatile and unpredictable, particularly legacies. The Charity maintains a level of reserves that enables it to handle these fluctuations in income without impacting service delivery in the short term.

- **Patient care quality:** The Charity is registered with the Care Quality Commission (CQC), the sector's care regulator. The quality of patient care is key to meeting the care standards required and maintaining the high reputation of the Charity in its local community which also, in turn, affects the ability to raise funds. The Charity takes considerable care to ensure it maintains high patient care standards and that these are regularly monitored and improved. This risk is mitigated by ensuring that suitably qualified staff are recruited, rewarded and are appropriately skilled and trained.
- **Staff knowledge and skills:** Key to an effective organisation and especially to the delivery of high quality care is the knowledge and skills of the Charity's staff. Our education department oversees the arrangement, delivery and monitoring of all staff training and development.

Trustees' responsibilities in relation to the financial statements

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom accounting regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view. In preparing those financial statements, the trustees are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. observe the methods and principles in the Charities SORP;
- c. state whether FRS 102 (The Financial Reporting Standard applicable) has been followed subject to any material departures disclosed and explained in the financial statements;
- d. make judgments and estimates that are reasonable and prudent;
- e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The trustees are responsible for ensuring the Charity keeps adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to the auditors

In accordance with company law the trustees, as the company's directors, certify that:-

- So far as we are aware, there is no relevant audit information of which the charitable company's auditor is unaware.

Strategic report (continued)

- As the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Auditors

A resolution to reappoint RSM UK Audit LLP, Chartered Accountants, as auditor will be put to the members at the annual general meeting.

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line extending to the right.

By order of the trustees.
I J Turner (Chairman)

12 July 2018

Opinion

We have audited the financial statements of St Elizabeth Hospice (Suffolk) (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Consolidated Statement of Financial Activities, the Group and 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 FRS 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 the parent charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources, including its 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

Basis for opinion

We have been appointed auditors under the Companies Act 2006 and Section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 group and parent charitable company 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

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. 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' Report and the Strategic Report prepared for the purpose of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of St Elizabeth Hospice (Suffolk) (continued)

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 their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report or the Strategic Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, 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 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 parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://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.

RSM UK Audit LLP

CLAIRE SUTHERLAND (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

20 August 2018

St Elizabeth Hospice (Suffolk)

Consolidated Statement of Financial Activities incorporating the Income and Expenditure Account For the year ended 31 March 2018

| | | Unrestricted Funds £ | Restricted Funds £ | 2018 £ | Unrestricted Funds £ | Restricted Funds £ | 2017 £ |
|---|------|----------------------------|--------------------------|------------|----------------------------|--------------------------|------------|
| | Note | | | | | | |
| Income from donations and legacies | | | | | | | |
| Donations | | 1,813,463 | 72,005 | 1,885,468 | 2,142,701 | - | 2,142,701 |
| Legacies | | 2,367,924 | - | 2,367,924 | 1,177,059 | - | 1,177,059 |
| | 5 | 4,181,387 | 72,005 | 4,253,392 | 3,319,760 | - | 3,319,760 |
| Income from charitable activities | 6 | 1,873,177 | - | 1,873,177 | 2,092,189 | - | 2,092,189 |
| Income from trading activities | | | | | | | |
| Commercial trading | | 3,365,613 | - | 3,365,613 | 3,225,783 | - | 3,225,783 |
| Lottery subscriptions | | 570,737 | - | 570,737 | 483,940 | - | 483,940 |
| Other income | | 129,662 | - | 129,662 | 100,063 | - | 100,063 |
| | | 4,066,012 | - | 4,066,012 | 3,809,786 | - | 3,809,786 |
| Investment income | 7 | 283,464 | - | 283,464 | 328,677 | - | 328,677 |
| Total income | | 10,404,040 | 72,005 | 10,476,045 | 9,550,412 | - | 9,550,412 |
| Expenditure on: | | | | | | | |
| Raising funds: | | | | | | | |
| Fundraising and publicity | | 1,109,845 | - | 1,109,845 | 1,153,409 | - | 1,153,409 |
| Commercial trading | | 3,195,013 | - | 3,195,013 | 2,728,095 | - | 2,728,095 |
| Lottery prizes and administration | | 200,575 | - | 200,575 | 184,092 | - | 184,092 |
| Investment management costs | | 42,389 | - | 42,389 | 58,559 | - | 58,559 |
| | | 4,547,822 | - | 4,547,822 | 4,124,155 | - | 4,124,155 |
| Charitable activities: | | | | | | | |
| Inpatients | | 3,413,299 | 5,800 | 3,419,099 | 3,524,108 | 200 | 3,524,308 |
| Daycare | | 392,571 | 35,051 | 427,622 | 531,573 | - | 531,573 |
| Community | | 1,651,330 | 750 | 1,652,080 | 1,578,708 | - | 1,578,708 |
| Therapies and wellbeing | | 602,713 | 3,153 | 605,866 | 694,424 | - | 694,424 |
| | | 6,059,913 | 44,754 | 6,104,667 | 6,328,813 | 200 | 6,329,013 |
| Total expenditure | 8 | 10,607,735 | 44,754 | 10,652,489 | 10,452,968 | 200 | 10,453,168 |
| Net (deficit)/income from operational activities | | (203,695) | 27,251 | (176,444) | (902,556) | (200) | (902,756) |
| Realised investment gains | 11 | - | - | - | 754,224 | - | 754,224 |
| | | (203,695) | 27,251 | (176,444) | (148,332) | (200) | (148,532) |
| Unrealised investment gains | 11 | 11,965 | - | 11,965 | 144,340 | - | 144,340 |
| Net movement in funds before transfers | | (191,730) | 27,251 | (164,479) | (3,992) | (200) | (4,192) |
| Transfers | 17 | 18,915 | (18,915) | - | - | - | - |
| Net movement in funds after transfers | | (172,815) | 8,336 | (164,479) | (3,992) | (200) | (4,192) |
| Reconciliation of funds | | | | | | | |
| Fund balances brought forward | | 15,225,147 | 53,000 | 15,278,147 | 15,229,139 | 53,200 | 15,282,339 |
| Fund balances carried forward | 17 | 15,052,332 | 61,336 | 15,113,668 | 15,225,147 | 53,000 | 15,278,147 |

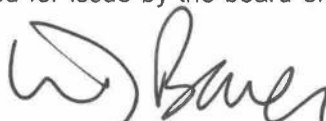
| | | Group | | Charity | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | Note | 2018 £ | 2017 £ | 2018 £ | 2017 £ |
| Fixed assets | | | | | |
| Tangible assets | 10 | 6,271,395 | 6,436,139 | 6,271,395 | 6,436,139 |
| Investments | 11 | 6,831,928 | 6,824,714 | 6,861,928 | 6,854,714 |
| | | <u>13,103,323</u> | <u>13,260,853</u> | <u>13,133,323</u> | <u>13,290,853</u> |
| Current assets | | | | | |
| Stocks | 13 | 37,022 | 45,282 | 10,209 | 11,317 |
| Debtors | 14 | 2,030,086 | 1,672,478 | 2,162,178 | 1,763,116 |
| Cash at bank and in hand | 15 | 896,678 | 1,336,667 | 880,060 | 1,333,047 |
| | | <u>2,963,786</u> | <u>3,054,427</u> | <u>3,052,447</u> | <u>3,107,480</u> |
| Creditors: amounts falling due within one year | 16 | 953,441 | 1,037,133 | 1,004,368 | 1,131,506 |
| Net current assets | | <u>2,010,345</u> | <u>2,017,294</u> | <u>2,048,079</u> | <u>1,975,974</u> |
| Net assets | | <u>15,113,668</u> | <u>15,278,147</u> | <u>15,181,402</u> | <u>15,266,827</u> |
| General fund (unrestricted) | | 5,780,937 | 5,789,008 | 5,848,671 | 5,777,688 |
| Designated funds (unrestricted) | | | | | |
| Fixed assets fund | | 6,271,395 | 6,436,139 | 6,271,395 | 6,436,139 |
| Improvement fund | | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Service development fund | | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Restricted fund | | <u>61,336</u> | <u>53,000</u> | <u>61,336</u> | <u>53,000</u> |
| Total funds | 17 | <u>15,113,668</u> | <u>15,278,147</u> | <u>15,181,402</u> | <u>15,266,827</u> |

No separate Statement of Financial Activities has been presented for the Charity alone as permitted by section 408 of the Companies Act 2006. The unconsolidated figure for the net expenditure of the Charity, including donations from its subsidiaries, would have been £85,425 (2017: net expenditure of £141,504).

The financial statements were approved and authorised for issue by the board on 12 July 2018, and signed on their behalf by



I J Turner
Director



W D Barnes
Director

The notes on pages 22 to 36 form part of these financial statements.

St Elizabeth Hospice (Suffolk)

Consolidated cash flow statement for the year ended 31 March 2018

| | Note | 2018 £ | 2017 £ |
|---|------|------------------|--------------------|
| Net cash used in operating activities | A | (585,116) | (1,599,238) |
| Cashflows from investing activities | | | |
| Interest received | | 2,875 | 2,284 |
| Income from fixed asset investments | | 284,729 | 326,393 |
| Purchase of tangible fixed assets | | (147,228) | (161,674) |
| Decrease / (increase) in investment cash | | 4,751 | (12,228) |
| Proceeds from sale of fixed asset investments | | - | 1,800,000 |
| Net cash provided by investing activities | | 145,127 | 1,954,775 |
| Change in cash and cash equivalents in the reporting period | B | (439,989) | 355,537 |
| Cash and cash equivalents at the beginning of the reporting period | | 1,336,667 | 981,130 |
| Cash and cash equivalents at the end of the reporting period | | 896,678 | 1,336,667 |

A Reconciliation of net expenditure to net cash flow from operating activities

| | 2018 £ | 2017 £ |
|--|------------------|--------------------|
| Net expenditure for the reporting period | (176,444) | (902,756) |
| Investment income | (283,464) | (328,677) |
| Depreciation | 311,972 | 310,679 |
| Decrease / (increase) in stocks | 8,260 | (6,488) |
| (Increase) / decrease in debtors | (361,748) | (672,051) |
| (Decrease) / increase in creditors | (83,692) | 55 |
| Net cash used in operating activities | (585,116) | (1,599,238) |

B Analysis of changes in net funds

| | At 1 April 2017 £ | Cash flows £ | At 31 March 2018 £ |
|--------------------------|-------------------------|-----------------|--------------------------|
| Cash at bank and in hand | 1,336,667 | (439,989) | 896,678 |

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, with the exception of investments which are stated at market value and certain donated assets which have been valued by the trustees. The financial statements have been prepared in accordance with the Companies Act 2006 and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 and the Charities SORP (FRS 102).

The trustees, having considered the financial risks as outlined in the trustees' report, are satisfied that there are no material uncertainties and that the Charity will be able to meet all its financial commitments and accordingly have adopted the going concern basis in preparing these accounts.

St Elizabeth Hospice (Suffolk) is a charitable company limited by guarantee, incorporated in the UK which meets the definition of a public benefit entity under FRS102.

Group accounts

The consolidated financial statements incorporate the accounts of the Charity and those of its trading subsidiaries, Hospice Trading (Ipswich) Limited and St Elizabeth Care Agency Limited, for the year ended 31 March 2018. A separate Statement of Financial Activities (SOFA) is not presented as the Charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

Income

Income is included in the Statement of Financial Activities when the Charity is entitled to the income, the amount can be quantified with reasonable accuracy and there is probability of receipt.

The following specific policies apply to categories of income:

- Income for the provision of care services in the St Elizabeth Care Agency is included on a receivable basis.
- Legacies are included on the earlier of the estate being finalised and notification of value or the receipt of cash.
- Gifts donated for resale are included when sold at the price they were sold for. No amounts are included in the financial statements for services donated by volunteers.
- Lottery income is accounted for in respect of those draws that have taken place during the year.
- Government grants are credited to income in the period in which the Charity becomes entitled to them unless the grant carries pre-conditions that require the income to be deferred into a future period.

Expenditure

All expenditure is accounted for on an accruals basis and liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Charity to the expenditure. Expenditure has been classified under headings that aggregate all costs related to the category.

- Costs of raising funds are those costs incurred in attracting grants and donations, and those incurred in trading activities that raise funds.
- Charitable activities include expenditure associated with the provision of hospice services and include both the direct costs and support costs relating to these activities.
- Support costs include central functions and have been allocated to activity cost categories on a headcount basis.

Volunteers and donated services and facilities

The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution made by volunteers can be found in the trustees' report.

Where services or goods are provided to the Charity as a donation they are included in the financial statements at an estimate based on the value of the contribution to the Charity.

1 Accounting policies (*continued*)

Tangible fixed assets and depreciation

Fixed assets costing more than £1,000 are capitalised or where their total cost exceeds this value when they form part of a capital project. Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. A full year's depreciation is charged in the year of acquisition and no charge in the year of disposal. No charge is made in the year for assets under construction. Depreciation is calculated at the following rates:-

| | |
|---------------------------|------------------|
| Freehold buildings | - over 50 years |
| Plant and equipment | - over 20 years |
| Fixtures and fittings | - over 7 years |
| Motor vehicles | - over 5 years |
| Computer / EPOS equipment | - over 3-5 years |

Impairment of fixed assets

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of net realisable value and value in use.

Investments

Investments are stated at market value at the balance sheet date except investments in subsidiary undertakings which are held at cost. The SOFA includes gains and losses arising on revaluations and disposals throughout the year.

Realised gains and losses represent the difference between the market value at the date of acquisition and the eventual sale proceeds. Unrealised gains and losses represent the difference between market value at the previous balance sheet date, or cost of any purchases during the year, and the market value at the balance sheet date.

Stocks

Stocks are included at the lower of cost and net realisable value.

Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value, apart from listed investments which are held at fair value derived as noted within the investments accounting policy.

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors or 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.

Pension costs

A number of employees contribute to the NHS Superannuation scheme and certain other employees participate in personal pension plans. Whilst the NHS Superannuation scheme is a Defined Benefit Scheme, it is a multi-employer scheme for which the Charity's share of the underlying assets and liabilities cannot be identified; it is therefore accounted for as a Defined Contribution Scheme in accordance with FRS 102. The Charity's contributions to these schemes are therefore charged to the statement of financial activity when due.

1 Accounting policies (*continued*)

Operating leases

Rentals paid under operating leases are charged evenly to the SOFA over the period in which the related asset is utilised.

Taxation

St Elizabeth Hospice (Suffolk) is a registered Charity and as such its income and gains are exempt from corporation tax to the extent that they are applied to its charitable objectives. The trading subsidiaries are liable to taxation but there is no provision for corporation tax in the financial statements of these entities as advantage is taken of the Gift Aid scheme in donating all taxable profits to its charitable parent, St Elizabeth Hospice (Suffolk).

Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on the general fund and designated funds. They are available for use at the discretion of the Trustees in furtherance of the charitable company's objectives.

Designated funds are those funds designated for particular purposes or projects at the discretion of the trustees.

Restricted funds are created when grants, donations or legacies are made, which have a restriction placed on them by the donor, as to their use.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The assessment of the useful economic lives, residual values and the method of depreciating fixed assets requires management estimation. Depreciation is charged to the statement of financial activities based on the useful economic life selected, which requires an estimation of the period and profile over which the group expects to consume the future economic benefits embodied in the assets. Useful economic lives and residual values are re-assessed, and amended as necessary, when changes in their circumstances are identified.

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee, or the lessee, where the company is a lessor.

2 Net movement in funds

| | 2018 £ | 2017 £ |
|---|-------------------|-------------------|
| This has been arrived at after charging: | | |
| Depreciation | 311,972 | 310,679 |
| Operating lease payments - equipment | 4,025 | - |
| Operating lease payments - land and buildings | 395,454 | 354,400 |
| Auditor's remuneration - Charity | 12,250 | 11,895 |
| Auditor's remuneration – subsidiaries | 5,990 | 5,950 |
| Auditor's remuneration – other | 4,335 | 4,115 |
| | <u> </u> | <u> </u> |

3 Staff costs

| | 2018 | 2017 |
|-----------------------|-------------------------|-------------------------|
| | £ | £ |
| Salaries | 6,792,134 | 6,512,290 |
| Social security costs | 561,031 | 544,435 |
| Pension costs | 471,999 | 466,961 |
| | <u>7,825,164</u> | <u>7,523,686</u> |

The number of employees whose emoluments, as defined for taxation purposes, amounted to over £60,000 in the year was as follows:

| | 2018 | 2017 |
|---------------------|-----------------|-----------------|
| | Number | Number |
| £60,001 - £70,000 | 5 | 5 |
| £130,001 – £140,000 | 1 | 1 |
| | <u>6</u> | <u>6</u> |

Four of the employees (2017 - four) earning more than £60,000 are medical staff paid in accordance with NHS standard remuneration terms and who accrued benefits within the NHS Superannuation pension scheme, a defined benefit scheme. The other two (2017 - two) accrued benefits under the company's group defined contribution scheme.

The average monthly head count was 311 staff (2017: 319 staff) and the average monthly number of full-time equivalent employees during the year were as follows:

| | 2018 | 2017 |
|-------------------------------|-----------------------------|-----------------------------|
| | Full time equivalent | Full time equivalent |
| Hospice services | 103 | 104 |
| Fundraising and publicity | 27 | 24 |
| Shops | 53 | 46 |
| Management and administration | 40 | 36 |
| | <u>223</u> | <u>210</u> |

None (2017 – none) of the trustees or connected persons received any remuneration during the year. Trustees are entitled to the reimbursement of expenses necessarily incurred on company business. During the year to 31 March 2018, no such expenses were claimed (2017 - none).

The Charity considers that the key management personnel comprises the trustees and the senior management team, which consists of the Chief Executive and five other directors. The total employment benefits, including employer pension contributions of the key management personnel were £547,704 (2017 - £451,257). The Charity had an arrangement with another local charity for sharing the HR and finance directors and their costs. This sharing arrangement ceased during the financial year resulting in an increase in costs.

The Charity has made payments of £32,462 (2017 - £14,120) under redundancy and settlement agreements, of which £7,500 (2017: nil) was non-contractual.

4 Taxation

The company is a registered charity and is not liable to taxation on its income to the extent that it is applied to its charitable objectives. Income tax deducted at source from income is recovered from HM Revenue and Customs whenever possible.

5 Income from donations and legacies

| | 2018 | | 2017 | |
|---------------------------------------|---------------|------------------|-----------|------------------|
| | £ | £ | £ | £ |
| Unrestricted income: | | | | |
| In memoriam | | 449,793 | | 390,953 |
| Trusts | | 75,446 | | 150,053 |
| Fundraising donations and other gifts | | 1,288,224 | | 1,601,689 |
| | | <u>1,813,463</u> | | <u>2,142,701</u> |
| Restricted income: | | | | |
| Trusts | 32,852 | | - | |
| Fundraising donations and other gifts | 39,153 | | - | |
| | <u>72,005</u> | | | <u>-</u> |
| | | | | <u>2,142,701</u> |
| Legacies-unrestricted | 2,367,924 | | 1,177,059 | |
| | | <u>2,367,924</u> | | <u>1,177,059</u> |
| | | <u>4,253,392</u> | | <u>3,319,760</u> |

6 Income from charitable activities

| | 2018 | 2017 |
|---|------------------|------------------|
| | £ | £ |
| Unrestricted income: Grants (Core funding: NHS Suffolk) | <u>1,873,177</u> | <u>2,092,189</u> |

During the year ended 31 March 2018 drugs to the value of £101,765 (2017 - £106,049) were provided by NHS Suffolk without charge out of central Government funds specifically allocated for voluntary hospices. The NHS also contributes to the cost of salaries of certain medical staff. These amounts have been introduced into the accounts as a grant received in kind and are included in the NHS Suffolk figure above.

7 Investment income

| | 2018 | 2017 |
|--|----------------|----------------|
| | £ | £ |
| Bank deposit and building society interest | 2,875 | 2,284 |
| Interest and dividends on listed investments | <u>280,589</u> | <u>326,393</u> |
| | <u>283,464</u> | <u>328,677</u> |

8 Analysis of expenditure

Costs of raising funds

Fundraising

| | 2018 £ | 2017 £ |
|----------------------|-----------|-----------|
| Salaries | 617,601 | 534,210 |
| Fundraising expenses | 266,118 | 418,894 |
| Support costs | 226,126 | 200,305 |

| | | |
|--|------------------|------------------|
| | <u>1,109,845</u> | <u>1,153,409</u> |
|--|------------------|------------------|

Commercial trading

| | | |
|----------------------|-----------|-----------|
| Salaries | 1,646,970 | 1,421,077 |
| Costs of merchandise | 115,911 | 76,992 |
| Overheads | 842,864 | 739,722 |
| Support costs | 589,268 | 490,304 |

| | | |
|--|------------------|------------------|
| | <u>3,195,013</u> | <u>2,728,095</u> |
|--|------------------|------------------|

Lottery prizes and administration

| | | |
|---------------------------|---------|---------|
| Salaries | 32,334 | 50,417 |
| Prizes and administration | 153,760 | 119,891 |
| Support costs | 14,481 | 13,784 |

| | | |
|--|----------------|----------------|
| | <u>200,575</u> | <u>184,092</u> |
|--|----------------|----------------|

Investment management costs

| | | |
|--|---------------|---------------|
| | <u>42,389</u> | <u>58,559</u> |
|--|---------------|---------------|

Costs of Charitable activities

Inpatient Unit

| | | |
|---------------------------------------|-----------|-----------|
| Salaries | 2,307,035 | 2,444,561 |
| Drugs and dressings | 187,525 | 222,629 |
| Other costs | 75,951 | 110,616 |
| Catering including wages and salaries | 247,068 | 260,072 |
| Support costs | 601,520 | 486,430 |

| | | |
|--|------------------|------------------|
| | <u>3,419,099</u> | <u>3,524,308</u> |
|--|------------------|------------------|

Day Services

| | | |
|---------------|---------|---------|
| Salaries | 325,068 | 319,173 |
| Other costs | 24,579 | 91,227 |
| Support costs | 77,975 | 121,173 |

| | | |
|--|----------------|----------------|
| | <u>427,622</u> | <u>531,573</u> |
|--|----------------|----------------|

Community

| | | |
|---------------|-----------|-----------|
| Salaries | 1,213,645 | 1,201,202 |
| Other costs | 115,396 | 111,578 |
| Support costs | 323,039 | 265,928 |

| | | |
|--|------------------|------------------|
| | <u>1,652,080</u> | <u>1,578,708</u> |
|--|------------------|------------------|

Therapies and Wellbeing

| | | |
|---------------------|---------|---------|
| Salaries | 450,989 | 435,865 |
| Drugs and dressings | 1,074 | 1,652 |
| Other costs | 20,131 | 29,749 |
| Support costs | 133,672 | 227,158 |

| | | |
|--|----------------|----------------|
| | <u>605,866</u> | <u>694,424</u> |
|--|----------------|----------------|

Total expenditure

| | | |
|--|--------------------------|--------------------------|
| | <u><u>10,652,489</u></u> | <u><u>10,453,168</u></u> |
|--|--------------------------|--------------------------|

9 Support costs allocation

| | Finance & legal £ | Office Mgmt £ | IT £ | HR £ | Property & Depn £ | PR £ | Education £ | Governance £ | 2018 Total £ | 2017 Total £ |
|-----------------------------------|-------------------------|---------------------|---------|---------|-------------------------|---------|----------------|-----------------|--------------------|--------------------|
| Fundraising | 25,625 | 61,898 | 12,466 | 30,059 | 67,129 | 17,080 | 8,123 | 3,746 | 226,126 | 200,305 |
| Commercial trading | 66,777 | 161,301 | 32,486 | 78,331 | 174,932 | 44,510 | 21,168 | 9,763 | 589,268 | 490,304 |
| Lottery | 1,641 | 3,964 | 798 | 1,925 | 4,299 | 1,094 | 520 | 240 | 14,481 | 13,784 |
| Inpatient Unit | 68,163 | 164,656 | 33,163 | 79,959 | 178,570 | 45,435 | 21,608 | 9,966 | 601,520 | 486,430 |
| Day Services | 8,836 | 21,344 | 4,299 | 10,365 | 23,148 | 5,890 | 2,801 | 1,292 | 77,975 | 121,173 |
| Community Therapies and Wellbeing | 36,607 | 88,426 | 17,809 | 42,941 | 95,899 | 24,401 | 11,604 | 5,352 | 323,039 | 265,928 |
| | 15,148 | 36,590 | 7,369 | 17,769 | 39,682 | 10,097 | 4,802 | 2,215 | 133,672 | 227,158 |
| | 222,797 | 538,179 | 108,390 | 261,349 | 583,659 | 148,507 | 70,626 | 32,574 | 1,966,081 | 1,805,082 |

The entity adopts a policy of allocating costs to the respective cost headings through the year. This allocation includes support costs and governance costs where they are directly attributable. Where they are not directly attributable, support costs and governance cost are allocated on the basis of FTE headcount.

10 Tangible fixed assets

Group and Charity

| | Freehold land and buildings £ | Equipment, fixtures and fittings £ | Motor Vehicles £ | Total £ |
|-------------------------------|--|---|------------------------|------------------|
| Cost | | | | |
| At 1 April 2017 | 6,684,083 | 1,895,224 | 22,845 | 8,602,152 |
| Additions | 5,934 | 141,294 | - | 147,228 |
| At 31 March 2018 | 6,690,017 | 2,036,518 | 22,845 | 8,749,380 |
| Depreciation | | | | |
| At 1 April 2017 | 1,144,275 | 1,004,819 | 16,919 | 2,166,013 |
| Charge for the year | 121,399 | 187,610 | 2,963 | 311,972 |
| At 31 March 2018 | 1,265,674 | 1,192,429 | 19,882 | 2,477,985 |
| Net written down value | | | | |
| At 31 March 2018 | 5,424,343 | 844,089 | 2,963 | 6,271,395 |
| At 31 March 2017 | 5,539,808 | 890,405 | 5,926 | 6,436,139 |

All of the fixed assets are used by the entity for charitable purposes.

The cost of land, not depreciated, included above is £40,000.

11 Fixed asset investments

| | Group | | Charity | |
|--|------------------|-----------|------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Investments in subsidiary undertakings | - | - | 30,000 | 30,000 |
| Long term investments | 6,831,928 | 6,824,714 | 6,831,928 | 6,824,714 |
| | 6,831,928 | 6,824,714 | 6,861,928 | 6,854,714 |

The investment in subsidiaries relates to the whole share capital of Hospice Trading (Ipswich) Limited – company registration number 02354082, being 20,000 ordinary shares of £1 each, and St Elizabeth Care Agency Limited – company registration number 8357715, being 10,000 ordinary shares of £1 each. Hospice Trading (Ipswich) Limited operates as a trading company, the main business of which is the sale of goods purchased for resale. St Elizabeth Care Agency Limited operates as a provider of domiciliary care. The registered office of both subsidiaries is the same as the parent company.

Long term investments

| | Group and charity | |
|---|-------------------|-------------|
| | 2018 | 2017 |
| | £ | £ |
| Market value | | |
| At 1 April 2017 | 6,794,206 | 7,695,642 |
| Disposals | - | (1,800,000) |
| Realised gains | - | 754,224 |
| Unrealised gains | 11,965 | 144,340 |
| | 6,806,171 | 6,794,206 |
| Cash deposits | 25,747 | 30,498 |
| Hospice Quality Partnership | 10 | 10 |
| At 31 March 2018 | 6,831,928 | 6,824,714 |
| <i>Market value can be analysed as follows:</i> | | |
| UK listed equities and unit trusts | 6,806,171 | 6,794,206 |
| Cash deposits | 25,747 | 30,498 |
| Hospice Quality Partnership | 10 | 10 |
| | 6,831,928 | 6,824,714 |
| <i>The historical cost of long term investments can be analysed as follows:</i> | | |
| UK listed equities and unit trusts | 3,901,636 | 3,901,636 |
| Cash deposits | 25,747 | 30,498 |
| Hospice Quality Partnership | 10 | 10 |
| Cost at 31 March 2018 | 3,927,393 | 3,932,144 |

12 Results of commercial subsidiaries

The results of the trading subsidiary, Hospice Trading (Ipswich) Limited, are shown below. The principal activity of Hospice Trading (Ipswich) Limited is the sale of goods bought in for resale.

| | 2018 | 2017 |
|--|------------------|-----------|
| | £ | £ |
| Turnover | 325,693 | 296,490 |
| Cost of sales | (115,910) | (76,991) |
| Gross profit | 209,783 | 219,499 |
| Administrative expenses | (168,710) | (144,503) |
| Operating profit and profit for the year | 41,073 | 74,996 |

Balance Sheet

| | 2018 | 2017 |
|--|----------------|---------|
| | £ | £ |
| Fixed assets | 2,800 | 4,200 |
| Current assets | 114,396 | 148,704 |
| Creditors: amounts falling due within one year | (4,420) | (4,325) |
| Total net assets | 112,776 | 148,579 |
| Share capital | 20,000 | 20,000 |
| Reserves | 92,776 | 128,579 |
| | 112,776 | 148,579 |

12 Results of commercial subsidiaries (continued)

St Elizabeth Care Agency Limited was set up to deliver paid high quality domiciliary care with profits going to support the work of the Charity. First delivery of services began in June 2013 and the first profit was achieved in the quarter to March 2017. The results for the agency are shown below, during 2017/2018 the Directors of the Care Agency agreed plans which are expected to result in a return to profitability in the forthcoming year.

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Turnover | 521,735 | 488,426 |
| Cost of sales | (353,422) | (301,528) |
| Gross profit | 168,313 | 186,898 |
| Administrative expenses | (191,606) | (147,340) |
| Operating (loss)/profit and (loss)/profit for the year | (23,293) | 39,558 |

Balance Sheet

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Current assets | 79,631 | 56,526 |
| Creditors: amounts falling due within one year | (227,342) | (180,944) |
| Total net liabilities | (147,711) | (124,418) |
| Share capital | 10,000 | 10,000 |
| Reserves | (157,711) | (134,418) |
| | (147,711) | (124,418) |

13 Stocks

| | Group | | Charity | |
|--|-----------|-----------|-----------|-----------|
| | 2018 £ | 2017 £ | 2018 £ | 2017 £ |
| Bought in goods for resale and consumables | 37,022 | 45,282 | 10,209 | 11,317 |

14 Debtors

| | Group | | Charity | |
|------------------------------------|-----------|-----------|-----------|-----------|
| | 2018 £ | 2017 £ | 2018 £ | 2017 £ |
| Trade debtors | 213,235 | 130,661 | 150,222 | 77,755 |
| Other debtors | 60,635 | 63,890 | 60,635 | 63,890 |
| Amount due from group undertakings | - | - | 195,105 | 143,544 |
| Prepayments and accrued income | 1,756,216 | 1,477,927 | 1,756,216 | 1,477,927 |
| | 2,030,086 | 1,672,478 | 2,162,178 | 1,763,116 |

15 Cash at bank and in hand

| | Group | | Charity | |
|--------------|----------------|------------------|----------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Cash at bank | 893,731 | 1,333,131 | 877,214 | 1,329,643 |
| Petty cash | 2,947 | 3,536 | 2,846 | 3,404 |
| | <u>896,678</u> | <u>1,336,667</u> | <u>880,060</u> | <u>1,333,047</u> |

16 Creditors: amounts falling due within one year

| | Group | | Charity | |
|---------------------------------------|----------------|------------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Trade creditors | 143,662 | 312,447 | 143,662 | 312,448 |
| Taxation and social security costs | 143,771 | 138,154 | 143,771 | 138,154 |
| Other creditors | 68,756 | 68,042 | 65,356 | 64,642 |
| Amount due to group undertakings | - | - | 87,584 | 136,097 |
| Accruals | 379,957 | 348,249 | 346,700 | 309,924 |
| Deferred income | 217,295 | 170,241 | 217,295 | 170,241 |
| | <u>953,441</u> | <u>1,037,133</u> | <u>1,004,368</u> | <u>1,131,506</u> |
| Deferred income | | | | |
| Balance at 1 April | 170,241 | 243,997 | 170,241 | 243,997 |
| Additional amounts of income deferred | 809,292 | 587,175 | 809,292 | 587,175 |
| Amount released to incoming resources | (762,238) | (660,931) | (762,238) | (660,931) |
| | <u>217,295</u> | <u>170,241</u> | <u>217,295</u> | <u>170,241</u> |

Deferred income relates to advance grant funding, future events and lottery subscriptions paid in advance.

17 Analysis of fund balances (Group)

| | Tangible fixed assets £ | Investments £ | Net Current Assets £ | Total £ |
|--|-------------------------------|------------------|----------------------------|--------------------------|
| General fund (unrestricted) | - | 6,831,928 | (1,050,991) | 5,780,937 |
| Designated funds (unrestricted) | | | | |
| Fixed assets fund | 6,271,395 | - | - | 6,271,395 |
| Improvement fund | - | - | 1,500,000 | 1,500,000 |
| Service development fund | - | - | 1,500,000 | 1,500,000 |
| | <u>6,271,395</u> | <u>6,831,928</u> | <u>1,949,009</u> | <u>15,052,332</u> |
| Restricted fund | - | - | 61,336 | 61,336 |
| | <u>6,271,395</u> | <u>6,831,928</u> | <u>2,010,345</u> | <u>15,113,668</u> |

| | Balance at 1 April 2017 £ | Income £ | Expenditure £ | Transfers £ | Investment Gains £ | Balance at 31 March 2018 £ |
|--|------------------------------------|-------------------|---------------------|----------------|--------------------------|-------------------------------------|
| General fund (unrestricted) | 5,789,008 | 10,404,040 | (10,607,735) | 183,659 | 11,965 | 5,780,937 |
| Designated funds (unrestricted) | | | | | | |
| Fixed assets fund | 6,436,139 | - | - | (164,744) | - | 6,271,395 |
| Improvement fund | 1,500,000 | - | - | - | - | 1,500,000 |
| Service development fund | 1,500,000 | - | - | - | - | 1,500,000 |
| Total unrestricted funds | <u>15,225,147</u> | <u>10,404,040</u> | <u>(10,607,735)</u> | <u>18,915</u> | <u>11,965</u> | <u>15,052,332</u> |
| Restricted funds | | | | | | |
| Joan Dearing | 50,000 | - | - | - | - | 50,000 |
| Various | 3,000 | 72,005 | (44,754) | (18,915) | - | 11,336 |
| | <u>15,278,147</u> | <u>10,476,045</u> | <u>(10,652,489)</u> | <u>-</u> | <u>11,965</u> | <u>15,113,668</u> |

The reserves policy is reviewed each year in the light of the changes in the environment and growth of activities of the Charity. The detailed reserves policy is set out on in the strategic report on page 11.

St Elizabeth Hospice (Suffolk)

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

Analysis of fund balances (Charity)

| | Tangible fixed assets £ | Investments £ | Net Current Assets £ | Total £ |
|--|-------------------------------|------------------|----------------------------|--------------------------|
| General fund (unrestricted) | - | 6,861,928 | (1,013,257) | 5,848,671 |
| Designated funds (unrestricted) | | | | |
| Fixed assets fund | 6,271,395 | - | - | 6,271,395 |
| Improvement fund | - | - | 1,500,000 | 1,500,000 |
| Service development fund | - | - | 1,500,000 | 1,500,000 |
| | <u>6,271,395</u> | <u>6,861,928</u> | <u>1,986,743</u> | <u>15,120,066</u> |
| Restricted fund | - | - | 61,336 | 61,336 |
| | <u>6,271,395</u> | <u>6,861,928</u> | <u>2,048,079</u> | <u>15,181,402</u> |

| | Balance at 1 April 2017 £ | Income £ | Expenditure £ | Transfers £ | Investment Gains £ | Balance at 31 March 2018 £ |
|--|------------------------------------|------------------|---------------------|----------------|--------------------------|-------------------------------------|
| General fund (unrestricted) | 5,777,688 | 9,903,441 | (10,049,439) | 205,016 | 11,965 | 5,848,671 |
| Designated funds (unrestricted) | | | | | | |
| Fixed assets fund | 6,436,139 | - | - | (164,744) | - | 6,271,395 |
| Improvement fund | 1,500,000 | - | - | - | - | 1,500,000 |
| Service development fund | 1,500,000 | - | - | - | - | 1,500,000 |
| Total unrestricted funds | <u>15,213,827</u> | <u>9,903,441</u> | <u>(10,049,439)</u> | <u>18,915</u> | <u>11,965</u> | <u>15,120,066</u> |
| Restricted funds | | | | | | |
| Joan Dearing | 50,000 | - | - | - | - | 50,000 |
| Various | 3,000 | 72,005 | (44,754) | (18,915) | - | 11,336 |
| | <u>15,266,827</u> | <u>9,975,446</u> | <u>(10,094,193)</u> | <u>21,357</u> | <u>11,965</u> | <u>15,181,402</u> |

Restricted funds:

The Joan Dearing fund is a legacy for hospice equipment.

The other restricted funds comprise a number of small gifts and donations made towards the Charity's running costs and equipment.

Transfers in the year relate to fixed assets purchased using both restricted and unrestricted funds' in line with restrictions thereon.

The designated funds have been established for the following purposes:

Fixed assets fund

The fixed assets fund was established to reflect the net book value of fixed assets, thus clearly earmarking those funds which do not form part of the liquid resources available for the day to day operation of the Charity.

Improvement fund

The improvement fund was established to support likely capital expenditure over the next two to three years and to supplement the existing Service Development fund.

Service development fund

The service development fund was established to set aside money for expenditure in developing hospice services.

This policy is subject to regular review by the trustees as detailed in the strategic report on page 11.

18 Members guarantee

The charitable company has no share capital but is limited by guarantee. Every member of the company is a guarantor and undertakes to contribute to the assets of the charitable company in the event of it being wound up such amounts as may be required. Each guarantor's liability is limited to £1.

19 Pension costs

A number of the charitable company's employees are members of the National Health Service Superannuation Scheme, which is a multi-employer defined benefit scheme funded by contributions from employee and employer. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme as the scheme is unfunded and therefore, in accordance with FRS102, contributions to the scheme are accounted for as if it were a defined contribution scheme.

Employer's contributions to the scheme were made at the rate of 14.3% and employee contributions ranged from 5.6% to 14.5%.

Certain other employees belong to personal pension plans to which the Charity makes contributions.

The assets of these pension arrangements are held separately from those of the charitable company. The total pension cost charge represents employer's contributions payable by the charitable company to the scheme and plans and amounted to £471,999 (2017 - £466,961). Total amounts outstanding at the year-end amounted to £64,263 (2017 - £64,388) and this amount is included in other creditors (note 16).

20 Financial commitments

As at 31 March 2018, the charitable company had total annual commitments under non-cancellable operating leases as set out below:

| | Group and Charity | | | |
|------------------------------|-------------------|------------------|------------------|------------------|
| | Equipment | Land & buildings | | |
| | 2018 | 2018 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Operating lease obligations: | | | | |
| Within one year | 17,337 | 348,208 | 365,545 | 355,781 |
| In one to two years | 17,337 | 319,100 | 336,437 | 269,254 |
| In two to five years | 25,919 | 897,983 | 923,902 | 727,967 |
| Over five years | 16,675 | 774,683 | 791,358 | 733,975 |
| | <u>77,268</u> | <u>2,339,974</u> | <u>2,417,242</u> | <u>2,086,978</u> |

The above shop leases represent normal commercial leases and are subject to rent review.

21 Related party transactions

| | 2018 £ | 2017 £ |
|--|------------------|-----------|
| Income from related parties: | | |
| Income from costs recharged to subsidiary undertakings | 162,814 | 138,754 |
| Donations from Trustees | 3,767 | 13,368 |
| | <hr/> | <hr/> |
| Costs from related parties | 107,151 | 119,805 |
| Balance due from subsidiary undertaking at 31 March | 195,105 | 143,543 |
| Balance due to subsidiary undertakings at 31 March | 87,584 | 136,097 |
| | <hr/> | <hr/> |

During the year the sum of £756 (2017: £1,314) was paid to obtain Trustee Indemnity Insurance in order to protect the Charity from loss arising from the neglect or defaults of its trustees, employees or agents and to indemnify the trustees and other officers against the consequences of any neglect or default on their part.

Two close family members of a trustee were employed by the Charity and remuneration totaling £20,422 was paid to them in the year ended 31 March 2018 (2017: £34,538). One family member left employment during the financial year.

22 Financial instruments

The carrying amount of the company's financial instruments at 31 March were:

| | Group | | Charity | |
|---|------------------|-----------|------------------|-----------|
| | 2018 £ | 2017 £ | 2018 £ | 2017 £ |
| Financial assets: | | | | |
| Instruments measured at fair value through SoFA | 6,806,171 | 6,794,206 | 6,806,171 | 6,794,206 |
| Debt instruments measured at amortised cost | 1,782,563 | 1,452,515 | 1,914,655 | 1,493,153 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Financial liabilities: | | | | |
| Measured at amortised cost | 592,375 | 728,739 | 720,178 | 823,111 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

23 Funds held as agent

The Charity acts as an agent on behalf of the Regional Action Group. £10,000 (2017: £10,000) was received on behalf of the Regional Action Group in the year, £8,332 was paid in the year from this fund, on behalf of the Regional Action Group. At the reporting date £11,668 (2017: £10,000) was still being held on their behalf.



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