



Severn Hospice

Annual Report and Group Financial Statements

Year Ended 31 March 2018

Severn Hospice Limited
A Registered Charity No. 512394
A Company Limited by Guarantee No. 1608025
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Trustees' Annual Report

The Trustees (the Directors for Company Law purposes) submit their annual report and the audited financial statements for the year ended 31 March 2018. The annual report and financial statements of the Charity have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP - FRS 102 - effective 1 January 2015) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Objectives and Activities

Statement of Public Benefit

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

Mission Statement

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

To achieve our mission we will:

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

Objectives

The general objectives and aims of the Hospice are to promote the relief of sickness in Shropshire, Telford & Wrekin, North Powys and Ceredigion, in particular:

- ♦ By establishing, maintaining and conducting hospices for the reception and care of persons who are suffering from any terminal illness and by providing medical or other treatment or attention for any such persons in their own home;
- ♦ By conducting, promoting and encouraging research into the care and treatment of persons suffering from any such illness as aforesaid and particularly into the care and treatment of persons suffering from cancer or terminal illnesses and by providing for the dissemination of the results of such research;
- ♦ By promoting, encouraging and assisting in the teaching or training of doctors, nurses, physiotherapists and other persons engaged in any branch of medicine, surgery, nursing or allied services, and in the teaching or training of students in any branch of medicine, surgery, nursing or allied services;
- ♦ By providing, assisting and encouraging the provision of such spiritual help and guidance for any persons resident (either as patients or otherwise) or working in any such hospice as aforesaid as those persons may request.

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

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

Activities

The Charity provides specialist medical and nursing palliative care for those with incurable illnesses in Shropshire, Telford & Wrekin, North Powys and Ceredigion.

Palliative care is the active, total care of people whose disease no longer responds to curative treatment and for whom the goal must be to support them and those close to them to live as well as they can within the constraints of a terminal illness.

Palliative care focuses on controlling the symptoms associated with a terminal illness, ease suffering and supporting people to live as well as possible in the time they have. It integrates the physical, psychological and spiritual aspects of care, to enable people to live out their lives with dignity, as well as offering support to families both during the illness and their bereavement.

Inpatients

The Hospice has inpatient units on its Telford and Shrewsbury sites. The facilities are set in peaceful therapeutic landscaped gardens. The inpatient units offer 24 hour specialist Palliative and End of Life Care delivered by a multi professional team.

Day Services

Severn Hospice provides a range of opportunities where people can access specialist palliative care support within day service facilities. A team of Palliative Care specialists work with patients to identify their personal goals for living and support them to live as well as possible in the time they have. Within therapeutic environments we offer specialist medical clinics, access to medical and nursing advice, a range of therapies, counselling, and bereavement support.

These services are provided at three locations: Bicton Heath Shrewsbury, Apley Castle Telford and Newtown Powys.

Outreach Service

Severn Hospice Outreach Service operates within Telford and Wrekin and Shropshire County. This community focused service offers a range of support from telephone advice to advanced clinical interventions and advice to external professionals. The two tier structure incorporates Palliative Care Nurse Practitioners with Palliative Outreach Nurses. This team provides a responsive service with advanced interventional skills to support more timely care for patients and support to GPs and District Nursing teams.

Hospice at Home

The Hospice at Home service supports patients in the last weeks of life who choose to be cared for at home. Nurses are deployed to provide specialist end of life care for periods of time through the day and night.

Hospital Support

It is our philosophy to support people with palliative or end of life care needs wherever they are. It is on that basis that the Hospice contributes to the funding of the Specialist Palliative Care services within the Shrewsbury and Telford Hospital Trust.

Our support includes part funding of a hospital based Palliative Care Consultant, additional consultant sessions through the Hospice team, funding of one whole time equivalent Clinical Nurse Specialist and the provision of complementary therapy treatments. In addition the Hospice works closely with the hospital team in supporting education and influencing the development of services. The Hospice also chairs and contributes to a county wide End of Life Care group supporting collaboration and the coordination of care across organisations.

Bereavement and Family Counselling Support Services

The Hospice social work team supports patients and their families within the inpatient units and in the community. A significant part of their work is the provisions of a bereavement service for both adults and children of known clients.

Chaplaincy Service

The Hospice employs a team of chaplains who direct and support the delivery of spiritual care within the Hospice on a non-denominational basis.

Compassionate Communities

Since 2010 Severn Hospice, working with communities and their GPs, has led the development of community-based volunteer networks to support the most frail and vulnerable. The aim of the initiative is to reduce social isolation and subjective feelings of loneliness which are directly associated with poor health.

This has been extremely successful as evidenced by reduced use of health services by those people receiving such volunteer support. At the end of 2017 -18 there were 21 compassionate communities operating in Shropshire.

Teaching and Education

Teaching and education in palliative care remains a high commitment for the Hospice.

The Hospice Medical Director undertakes the lead for education and in 2017 was awarded the title of Honorary Professor for Palliative Care by Chester University. He takes responsibility for the development and delivery of a programme of education aimed at district nurses, GPs, hospital doctors and other health care professionals as well as our own staff throughout the year. This is delivered through our education department by a lecturer and members of our clinical teams.

Volunteer Support

A huge debt of thanks is due to the many volunteers who generously donate many hours of their time and energy to services in our Hospice. In excess of 1,400 volunteers help across the Hospice including in the shops, wards, gardens, fundraising, finance office, transporting patients and via compassionate communities. Many individuals and Support Groups hold events for us, forwarding valued donations to the Hospice. The volunteer support is estimated at an annual value in excess of £2,000,000. This massive contribution to the success of Severn Hospice achieved Royal recognition in 2014-2015 when the Hospice volunteers received the Queen's Award for Voluntary Service.

Strategic Report

Achievements and Performance

In Respect of Corporate Objectives in 2017-2018:

1. Further expand 24/7 home nursing provision.
Achieved - there has been a significant growth in home-based nursing provision in the year under review.
2. Develop new clinical partnerships to deliver effective palliative and end of life care for people living with advanced heart failure; respiratory; kidney and neurological illness.
Achieved and ongoing - new partnerships established in heart failure, respiratory, kidney and neurological illnesses. The latter partnership was acknowledged by the Motor Neurone Disease Association with the presentation of the "Extra Mile" award to the Hospice team.
3. Complete expansion of inpatient bed provision at Apley Castle, Telford.
Achieved – work started on expansion by three patient rooms in February 2018.
4. Secure planning permission for Living Well Centres in Shrewsbury and Telford.
Achieved – both developments received planning permission in year. Living Well is a concept of care that focuses on independence and enablement. Our aim is to reach patients earlier in their illness and to support people to live as well as they can in the time they have. This is a national movement however our model reflects local needs. Within purpose build living well centers we will be able to offer enhanced programs of support within our day services to patients living at home. The centers will be designed in a way that promotes normality and will include public spaces such as a café. We hope that this change will help to dispel old myths of hospice care and will enhance the hospice welcome and quality of care.
5. Conclude decision on phasing/timing of the construction of Living Well Centres.
Achieved – timings mapped out and final Board decision on Living Well Centre – Bicton scheduled for Autumn 2018.
6. Develop new reporting arrangements to match requirements of new palliative and end of life "currencies".
Work in Progress – retained as corporate objective in 2018-19.
7. Develop new communications strategy with a view to raising the awareness of Hospice services in our communities.
Achieved – Communications strategy was developed in January 2018.
8. Deploy a new human resources and payroll system to improve processes and create efficiencies.
Achieved – human resources system deployed and payroll system in final stages of testing.
9. Develop a strategy for financial sustainability in an uncertain operating environment.
Achieved – Finance, Service and Income generation strategies developed in January 2018.

Activity Statement

	2017-18	2016-17	Change %
New Patient Referrals	2138	2168	-1.3%
Inpatients			
Admissions	540	578	-6.5%
Deaths	398	406	-2%
Discharges	139	174	-20%
Day Hospice			
Attendances	3672	4218	-13%
Hospice at Home	761	746	+2%
Outreach & Hospital Support			
New Patients at Home	710	635	+11%
Home Visits	3373	3662	-8%

The data shows a slight reduction in the overall number of referrals to services. This is explained by the 16 week closure of Perry ward during its refurbishment and the increased activity within our community.

Changes in the day hospice activity positively reflect the establishment of the Living Well models of support now offered. We experienced an initial reduction in attendances but are now seeing encouraging numbers of people accessing the range of support and activities. In addition we are seeing in excess of 20 people at our coffee mornings some just dropping in to see what we have to offer.

The overall data demonstrates the emerging success of our strategy to develop our community based services. It is now noteworthy that the number of patients supported to die at home is exceeding the number of deaths within our wards. Furthermore the number of deaths within our wards when compared to discharges demonstrates the increased complexity and higher dependency of patients admitted and the need for end of life care.

The Hospice Lottery

In the financial year 2017-18 Severn Promotions Ltd, the Hospice Lottery Company, donated £897,731, a decrease of £73,757 over the previous year. This was mainly due to a dip in membership compared to the previous year. However the overall impact was less than anticipated as the reduction in membership income was partly offset by lower canvassing costs, so it was pleasing to see the final result exceeded budget. Membership at the start of the year was 21,447 further decreasing to a low of 20,838. However working with a new canvassing company, progress was made and membership finished the financial year at 21,521. Various measures are being put in place to boost recruitment and hopefully retain existing members. The summer and Christmas raffle draws continue to be a success and the Lottery continues to be a critical source of funds supporting the delivery of services to patients and those close to them.

Hospice Charity Shops and Hospice Projects Company

As at 31 March 2018 the retail portfolio included 25 shops, throughout Shropshire and Mid-Wales, selling mainly donated goods and also acting as agents for the sale of bought-in-goods, mainly Hospice Christmas cards and Forget-me-not iron flowers, via Hospice Projects Ltd, a wholly owned subsidiary company which will be donating £94,502 (£132,561 previous year) to Severn Hospice. There were some issues with the supply and quality of Forget-me-nots and sales failed to reach expected targets. However, the success of the Christmas card range continues despite a general downturn in this sector. Retail shop activities generated a fantastic £1m of profit for the first time at £1,014,378, an excellent increase of £101,658 on the previous year. The benefit of a full year's revenue was realised from the three new shops opened in 2016-17 plus a contribution from another new shop in the 2017-18 financial year. Sales increased from £2.51m to £2.76m. Profit to turnover ratio remained at 36%. Gift Aid on the sale of donated goods continues to be a core income stream and overall Gift Aid is achieved on 38% of sales.

Our success could not have been achieved without the very dedicated team of shop staff and over 720 volunteers who give their time on a regular basis.

Fundraising Activities

Fundraising events continued to perform solidly in 2017-18, with the Hospice's main calendar of events contributing £421,556 of gross income a 16% increase over the previous year. Many of the recurring events have seen an increase in income.

The top performing events of 2017-18 by gross income were as follows:

- Colour Run (£58,610): This was the second year of holding this event and although income was down by £10,836, it was still well supported with nearly 1,075 people enjoying the event.
- Lights of Love (£53,382): Our annual Lights of Love appeal had another strong year. It's such an important event to the Hospice as families and friends come together to remember their loved ones.
- Dragon Boat Festival (£62,778): This was our largest income earner in the year, exceeding last year by £9,659. A total of 40 teams took part in our annual Dragon Boat Festival on the River Severn, helping to generate more than £62,000 in income through a combination of event registration fees and sponsorship.
- Midnight Walk Shrewsbury (£24,356) and Midnight Walk Telford (£25,330): both events brought in a good income contribution although overall down on support in 2017-18. A total of 365 women walked in the Shrewsbury event raising over £24,000 (down £11,029 on previous year) and 289 women took part in the Telford event raising over £25,000 in event fees and sponsorship (up £2,158 on previous year)
- London Marathon (£38,035): Although not a Hospice-organised event, the Virgin Money London Marathon is always a good source of voluntary income for the Hospice. A team of 11 Gold Bond runners and seven independent runners took part in the 2017 event for our Hospice, raising more than £38,000 in sponsorship. This was £10,709 less income than for 2016-17.

The Hospice was also pleased to benefit from the Ludlow Race day in 2017-18 receiving income of £46,058 plus advertising income of £2,660. This income, with the exception of the advertising income has been restricted in respect of the new beds at Apley. Charity challenge income and event advertising income also featured strongly helping to increasing overall events income.

Severn Hospice subscribes to The Fundraising Regulator and will receive and act on notifications regarding the Fundraising Preference Service. Governance of Severn Hospice fundraising activities is monitored through a Fundraising Committee, which reports to and has at least two representative members from the Board of Trustees. The Fundraising Committee ensures compliance with Charity Commission Guidelines (CC20) and the Fundraising Regulators Code of Practice, including a comprehensive risk management framework with regard to income generation. Severn Hospice has always recognised the importance of maintaining a high level of public trust through responsible fundraising and indeed has actively recruited suitable expert representation at all levels. The Hospice benefits from having at least one Trustee Board member with specialist senior fundraising experience.

The Committee has principal responsibilities to:

- Assure a range of fundraising activity that is appropriate and, having due regard for the reputation of the Hospice, meet the voluntary income needs of the Hospice, including donations, legacies, in memoriam, events, collections, corporate supporters and website promotion.
- Ensure that the executive is performing efficiently and in accordance with relevant legal and other requirements.
- Agree the strategy for future fundraising activity together with any resource requirements.

In order to fulfil its role, the remit of the Fundraising Committee is to:

- Assure that appropriate policies and processes are in place to comply with legal and regulatory frameworks. This will involve reporting from senior managers on the arrangements that are in place and consideration of any significant areas for changes or development of new policies or processes relating to fundraising activities.
- Maintain a strategic approach to the development of existing and new income streams based on a three-year rolling plan and determine/monitor actions to implement the strategy.
- Receive performance information covering areas such as finance, activity and efficiency and decide on approaches to handle significant issues.
- Consider any proposals or factors that may result in major changes or require formal approval. Significant changes, such as new processes for fundraising, will be approved through the Committee.

There were no fundraising complaints during the year and Severn Hospice Limited has not engaged any professional fundraisers or external fundraising agents in the year. Severn Promotions Company Ltd uses the services of SEC Fundraising Ltd for recruiting lottery members.

Financial Review

The Hospice provides all its patient services free of charge. The demand on the services and the breadth of offering continues to grow each year. Given the well-publicised pressure on NHS finances and other economic uncertainties, the Hospice is more dependant than ever on maintaining and hopefully growing established income streams as well as seeking out new income generating opportunities. The majority of the funding comes from public donations and the NHS, with the balance generated by the Hospice's events, shops, lottery and trading company and from investment income on its reserves and working balances. Local people continue to be very generous to the Hospice and in 2017-18 donations totalling £1,383,917 were received, an increase of £19,592 (1.4%) on last year. Legacies had a record year totalling £2,855,740, significantly up on last year by £1,906,993 (+201%). It's generally reflective of an increase in the value of legacies rather than any great change in volume. The Hospice has also launched a new legacy strategy and the benefits from this are expected in the future. Income from Charitable Trusts was down by £77,328 (-38%) to £125,842. Overall the result was a net total for all donations and legacies of £4,365,499, an increase of £1,849,257 (+73%) over the previous year. Legacy income is a critical income stream for the Hospice but unpredictable by its nature and this is one of the factors considered in deciding on an appropriate level of reserves. By taking the legacy totals over the last 7 years, removing the best and worst years and then averaging the remainder we can set future budgeted expenditure with the added comfort that we have a strong set of reserves if we experience unexpected downward trends.

The Hospice lottery, events, shops and trading company have continued to make their indispensable contribution with income of £4,619,401, an excellent combined increase of £213,569. The increase has been driven in the main by the extra events income and the retail operation where the benefit of full year revenue has been received in respect of the three new shops opened in 2016-17.

2017-18 Sources of Group Income	Income £	Cost of Raising funds £	Income Net of Costs of Generation £	% of Net Income	2016/17 % of Net Income
Donations & Legacies	4,365,499	664,649	3,700,850	38%	24%
Shops, Projects, Lottery & Events	4,619,401	2,344,976	2,274,425	23%	28%
Total Fundraising Activities	8,984,900	3,009,625	5,975,275	61%	52%
NHS Funding	3,652,415	0	3,652,415	37%	45%
Investment & Other	270,565	42,092	228,473	2%	3%
	12,907,880	3,051,717	9,856,163	100%	100%

The total costs of raising funds of £3,009,625 as set out above partially reflect the costs of staffing and running our events, lottery and 25 shops distributed across our catchment area. Overall costs are £221,305 higher (+8%) than last year; mainly because of higher spend in our retail operation associated with the investment required to support and grow the shops network.

A significant increase in legacy income compared to last year has resulted in the fundraising cost ratio decreasing to 12p/£1 raised compared to 15p/£1 in 2016-17. Sizeable legacy fluctuations from year to year generally cause the movements in this ratio. The ratio excludes costs attributed to Retail, Hospice Promotions (our lottery) and Hospice Projects. This approach is consistent with reporting within the sector enabling fair comparisons to be made.

In 2017-18, 61% of income (net of the cost of generation) came from donations, legacies and other fundraising and 37% came from NHS funding of services, compared to 52% and 45% respectively in 2016-17. The main reason for this change is a predominantly neutral NHS income position and a significant increase in legacy income.

Patient referrals remain at high levels in the year and continue to grow in certain areas as we expand our services, especially Hospice at Home. The total support from the NHS stood at £3,652,415, a slight overall increase of £128,886 (+3.6%) on last year, partly reflecting increased funding for increased activity in some of our services such as Hospice at Home. The main NHS grants were held at previous year levels. The on-going NHS budgetary constraints represent an ever-present risk which makes voluntary fundraising by our supporters increasingly important and appreciated.

Total charitable expenditure stood at £8,301,785 up by £375,779 (+4.7%), mainly attributable to extra staffing costs to support growing services and increases in general expenditure.

Capital expenditure during the year amounted to £1,141,815. A summary of the main amounts are -refurbishment of Perry Ward at the Bicton site £750k, the commencement of installing three new bedrooms at the Apley site £118k and continuing fees for design and planning permission of the Living Well centres £35k. Retail expended £82k on the cost

of new shops and refurbishments. During 2018-19 a capital appeal has been launched to help fund a proportion of the planned Living Well capital spend.

The Hospice has reserves which are held to cushion the impact of fluctuations in income such as any downturn in legacy income or to balance the long-term effects of erosion of NHS funding in real terms due to inflation, to give security to its existing operations, to build up provisions for future capital and equipment expenditure, and to support future developments. The Reserves Policy is set out in the next section and where these reserves are not required in the short term (i.e. within two years) the money can be invested either to produce annual revenue or to increase its capital value.

The accounts that follow show that overall the Charity made a welcome surplus of £1,741,232 in 2017-18 (£843,504 last year). This comprises a surplus of £1,554,378 (£44,256 deficit last year) further increased by realised and unrealised gains on our investments of £186,854 (£887,760 gain last year). The main factor affecting the surplus is the significant increase in legacy contributions whilst continuing to control costs and drive efficiencies. Even though the Hospice is reporting a strong surplus, the financial sustainability plan agreed in 2016-17 was actioned as required in the year and after a review in 2017-18 will continue to be further implemented in accordance within the agreed timescale. The benefit of a good year financially plus strong reserves means the Hospice can continue to plan with confidence. Ongoing development of its services and infrastructure are key objectives. Planning permission has now been obtained for the Living Well building changes at Bicton and Apley and a final decision on proceeding with the Bicton site will be made in autumn 2018. The construction of three new beds at Apley has already commenced. The admirable dedication and efforts of so many individuals and groups has enabled the Hospice to continue to build on its voluntary and trading income streams and service expansion.

Reserves Policy

At the end of 2017-18 the Charity's funds, explained in Notes 14 and 15, stood as follows:

	2017-18	2016-17
Restricted Funds	107,323	293,346
Designated Funds:		
Capital	2,900,000	1,500,000
Service Development	500,000	0
Energy Sustainability	145,000	0
Fixed Assets Fund	8,237,418	7,573,864
Total Designated Funds	11,782,418	9,073,864
Free Reserves	10,268,042	11,049,341
Total Unrestricted Funds	22,050,460	20,123,205
Total Funds	22,157,783	20,416,551

To put these figures into perspective the £8,237,418 Fixed Assets Fund is the value of the Hospice buildings, equipment, vehicles and other assets needed to function as a hospice and the Hospice's budgeted operating costs for 2018-19 now stands at £11.659 million.

In determining a prudent level of retained free reserves the Board takes into account firstly its total annual commitments and secondly the inevitable uncertainties that exist as a consequence of the Hospice's dependence upon voluntary giving and upon legacy income in particular. The policy is that the Hospice should normally hold at least 100% of the following year's estimated expenditure on running the entire Hospice organisation (the equivalent of 12 months' group operating costs). This gives time to effect measures to remedy issues or to find new resources. The level of free reserves is kept under close review. At the end of 2017-18, the Group's free reserves cover 98% of 2018-19 group budgeted costs. The small decrease in cover is because the Hospice is investing in and setting aside some of its free reserves in the capital and service development projects that are taking place over the next 3 years. As a consequence two new funds have been set up during the year, a service development and an energy sustainability fund.

Investment Policy and Returns

When it is considered in the best interest of the Hospice, cash reserves can be invested for the medium/long term.

The Hospice spreads its investment risk over different financial holdings which include cash, property and shares. Trustees regularly monitor the ethical basis of their investments and their current resolution is not to invest in tobacco manufacturing companies. Any investments are kept under review by the Finance Committee. The Hospice has Discretionary Funds managed with pre-determined risk levels and objectives set in line with the Hospice's investment

policies by independent investment management firms selected by competitive tendering. The combined portfolios averaged a total return of 5% over the year. Individually both portfolios beat their respective benchmarks and outstripped cash returns. Severn Hospice currently has no listed investments outside this Discretionary Fund. In 2017-18 the discretionary fund managers sold holdings to realise net gains of £120,112 (£54,228 last year) and unrealised gains of £51,742 (£833,532 last year) were also recognised as part of the overall surplus. Dividend receipts (after management fees) were £128,929 (last year £124,867) and were reinvested.

The Hospice has one investment property, a house received in a legacy in 2008-09, which it decided on advice to keep as an investment property given the state of the housing market at the time and the suitability of the property itself. The property is being rented out and is usually re-valued on a yearly basis. A valuation undertaken in 2017-18 valued it to be worth £170,000 and consequently a £15,000 unrealised gain has been recognised.

Risk Management - Principal Risks & Uncertainties

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

- Legacy income, the frequency and amount of which is difficult to control. **Mitigation:** The Hospice appointed a legacy promotion officer in 2016 and a new legacy strategy has now been compiled. A seven year averaging rule for budget purposes is used.
- Securing NHS funding to meet the expanding demand for Hospice at Home services. **Mitigation:** Currently a long term NHS contract is being finalised with Shropshire CCG and a non-enforceable three year funding agreement is in place with Telford and Wrekin CCG.

Plans for Future Periods

Objectives for 2018-2019:

1. Increase number of beds at Telford to maintain acceptable waiting time for admission.
2. Expand joint clinic provision to improve access for people regardless of their diagnosis.
3. Reshape model of day hospice care to promote independence and living well during illness.
4. Complete detailed design of living well centre at Bicton Heath to enable going out to tender.
5. Establish "dashboard" of quality indicators to provide assurance to Board and to external regulators.
6. Further roll-out Compassionate Communities in the Hospice's catchment area.
7. Launch capital appeal for Living Well centres in Shrewsbury (Bicton) and Telford (Apley).
8. Roll out rebranding and strengthen methods of both internal and external communications.
9. Expand the number of retail outlets in line with strategy
10. Fully implement new General Data Protection Regulations
11. Ensure financial sustainability in current and future operations.

Structure, Governance and Management

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

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

There are six formally constituted committees – Finance, Retail, Clinical Governance, Corporate Governance & Human Resources, Fundraising and Nominations. Each Committee has its decisions ratified by the full Board. The Finance Committee also acts as an audit committee. All Committees operate under specific terms of reference which delegate certain functions from the Board. Various management working groups such as Health & Safety and Clinical Audit report into the appropriate formal sub-committees.

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

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

Trustees are appointed to provide specific skills required by the Board as determined by Trustee Annual Reviews and the Nominations Committee. Applications are considered by the Nominations Committee who undertake formal

interviews of suitable candidates. Formal induction is then arranged for successful candidates in conjunction with the Chief Executive and other members of the senior management team.

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

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

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of Severn Hospice Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

In so far as we are aware:

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Directors' Interests

As the Company has no share capital, the Directors do not hold any shares.

The Directors also act as Trustees of Severn Hospice Limited. A register of all Directors' interests is kept at the Hospice headquarters and declarations of general or related interests are made before commencing each formal meeting of the Directors.

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

Reference & Administrative Details

Name & Address

The full name of the Charity is Severn Hospice Limited. The name was changed from The Shropshire Hospice Limited on 19 April 2004 following a special resolution passed at an EGM on 1 April 2004. It is a company limited by guarantee, No. 1608025. It is registered with the Charity Commissioners of England & Wales, No. 512394. The address of the registered office is Bicton Heath, Shrewsbury, SY3 8HS.

Governing Document

This is the Articles of Association adopted by Special Resolution on 26 September 2013 and altered by Special Resolution on 29 September 2016. This replaced the Memorandum & Articles of Association as incorporated on 15 January 1982 and altered by Special Resolutions on 13 January 1993, 24 September 1998, 25 March 1999, 26 September 2002, 20 May 2008 and 31 July 2008.

Group Accounts

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

President

Sir Algernon Heber-Percy, Lord Lieutenant of Shropshire.

Board of Trustees

The current Trustees, and those who held office during the financial year to 31 March 2018, are listed below, together with their committee membership (see key).

Mrs J Beard	(6)	Mrs A Tudor (Vice Chair)	(1)
Mrs S Broomhead	(5)	Mrs B-A Tweedie	(2, 4)
Mr A Cordery (Chair)	(1, 3, 4)	Dr W-J Walton	(2, 4)
Mr P Donohue	(1, 6)	Mr J Wardle (appointed 10.8.17)	(1, 3)
Mr J Fairclough (Vice Chair)	(5)	Mrs G de Wet	(6)
Mrs Z Oliver	(1, 5)	Mr F Yates	(3, 5)
Dr D Ryan	(2, 4)		

Key to Committee Membership: (1) Finance; (2) Clinical Governance; (3) Retail; (4) Nominations; (5) Corporate Governance & Human Resources; (6) Fundraising

Senior Management Team (Key Management Personnel)

Chief Executive	Mr P Cronin	Retired as Chief Executive 4 th July 2018
Director of Care & Deputy Chief Executive	Mrs H Palin	Appointed Chief Executive 5 th July 2018
Director of Finance & Information	Miss K Davies	
Director of Income Generation	Mrs N Ross	
Medical Director (formerly Lead Consultant)	Dr Derek Willis	
Director of Care	Rebecca Richardson	Appointed 5 th July 2018

Vice Presidents

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

Bankers

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

Solicitors

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

Investment Advisers

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

Auditors

haysmacintyre, 10 Queen Street Place, London, EC4R 1AG.

Membership of the Company

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

Appointment of Trustees

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

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

Auditors

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

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

This report was approved by the Board of Trustees on 9th August 2018 and signed on its behalf by:



A Cordery
Chairman

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

Opinion

We have audited the financial statements of Severn Hospice Limited for the year ended 31 March 2018 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31st March 2018 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement, set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or

apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Use of our report

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


Murtaza Jessa (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors
9th August 2018

10 Queen Street Place
London
EC4R 1AG

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2018

		Unrestricted Funds		Restricted	Total Funds	Total Funds
		General	Designated	2018	2018	2017
		2018	2018			
		£	£	£	£	£
Income From:	Note					
Donations and legacies:						
Donations		1,164,711	-	219,206	1,383,917	1,364,325
Legacies		2,845,740	10,000	-	2,855,740	948,747
Grants from Charitable Trusts		95,001	-	30,841	125,842	203,170
		4,105,452	10,000	250,047	4,365,499	2,516,242
Charitable Activities	3	2,443,328	-	1,209,087	3,652,415	3,523,529
Other trading activities:						
Lottery	4a	1,254,870	-	-	1,254,870	1,316,340
Projects	4b	177,930	-	-	177,930	212,561
Shops	4c	2,765,045	-	-	2,765,045	2,513,066
Fundraising events	4d	375,498	-	46,058	421,556	363,865
Total other trading activities		4,573,343	-	46,058	4,619,401	4,405,832
Investments	5	205,092	-	-	205,092	225,907
Other income	6	65,473	-	-	65,473	29,596
Total income		11,392,688	10,000	1,505,192	12,907,880	10,701,106
Expenditure on:						
Raising Donations, Legacies and Grants	8	664,649	-	-	664,649	595,170
Other trading activities:						
Lottery	4a,8	382,796	-	-	382,796	378,194
Projects	4b,8	86,149	-	-	86,149	89,692
Shops	4c,8	1,750,667	-	-	1,750,667	1,600,346
Fundraising events	4d,8	125,364	-	-	125,364	124,918
Investment management costs		42,092	-	-	42,092	31,036
Costs of raising funds		3,051,717	-	-	3,051,717	2,819,356
In patient care	8	4,447,249	-	188,963	4,636,212	4,407,779
Day care	8	1,152,166	-	9,083	1,161,249	1,179,029
Community services	8	451,157	-	414,964	866,121	829,489
Hospice at home	8	84,554	-	828,366	912,920	733,184
Education and research	8	69,989	-	60,331	130,320	185,405
Hospital services	8	136,118	-	52,047	188,165	180,645
Lymphoedema	8	31,704	-	70,224	101,928	131,415
Social Work & Chaplaincy	8	304,870	-	-	304,870	279,060
Expenditure on charitable activities		6,677,807	-	1,623,978	8,301,785	7,926,006
Total expenditure		9,729,524	-	1,623,978	11,353,502	10,745,362
Net income/(expenditure) for the year and net movements in funds before gains and losses on investments		1,663,164	10,000	(118,786)	1,554,378	(44,256)
Net gains on investments	10	186,854	-	-	186,854	887,760
Net income/(expenditure) for the year		1,850,018	10,000	(118,786)	1,741,232	843,504
Transfers between funds	14,15	(2,631,317)	2,698,554	(67,237)	-	-
Net movement in funds		(781,299)	2,708,554	(186,023)	1,741,232	843,504
Reconciliation of funds:						
Total funds brought forward		11,066,367	9,073,864	293,346	20,433,577	19,590,073
Total funds carried forward		10,285,068	11,782,418	107,323	22,174,809	20,433,577

CHARITY STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2018

		Unrestricted Funds		Restricted	Total Funds	Total Funds
		General	Designated	2018	2018	2017
		2018	2018			
		£	£	£	£	£
Income from:	Note					
Donations and legacies:						
Donations		1,138,025	-	219,206	1,357,231	1,324,836
Legacies		2,845,740	10,000	-	2,855,740	948,747
Grants from Charitable Trusts		95,001	-	30,841	125,842	203,170
		4,078,766	10,000	250,047	4,338,813	2,476,753
Charitable Activities	3	2,443,328	-	1,209,087	3,652,415	3,523,529
Other trading activities:						
Lottery	4a	897,731	-	-	897,731	971,488
Projects	4b	94,502	-	-	94,502	132,561
Shops	4c	2,765,045	-	-	2,765,045	2,513,066
Fundraising events	4d	375,498	-	46,058	421,556	363,865
Total other trading activities		4,132,776	-	46,058	4,178,834	3,980,980
Investments	5	203,400			203,400	222,363
Other income	6	65,473			65,473	29,595
Total Income		10,923,743	10,000	1,505,192	12,438,935	10,233,220
Expenditure on:						
Raising Donations, Legacies and Grants	8	664,649	-	-	664,649	595,170
Other trading activities:						
Lottery		-	-	-	-	-
Projects		-	-	-	-	-
Shops	4c,8	1,750,667	-	-	1,750,667	1,600,346
Fundraising events	4d,8	125,364	-	-	125,364	124,918
Investment management costs		42,092	-	-	42,092	31,036
Costs of raising funds		2,582,772	-	-	2,582,772	2,351,470
In patient care	8	4,447,249	-	188,963	4,636,212	4,407,779
Day care	8	1,152,166	-	9,083	1,161,249	1,179,029
Community services	8	451,157	-	414,964	866,121	829,489
Hospice at home	8	84,554	-	828,366	912,920	733,184
Education and research	8	69,989	-	60,331	130,320	185,405
Hospital services	8	136,118	-	52,047	188,165	180,645
Lymphoedema	8	31,704	-	70,224	101,928	131,415
Social Work & Chaplaincy	8	304,870	-	-	304,870	279,060
Expenditure on charitable activities		6,677,807	-	1,623,978	8,301,785	7,926,006
Total expenditure		9,260,579	-	1,623,978	10,884,557	10,277,476
Net income/(expenditure) for the year and net movement in funds before gains and losses on investments		1,663,164	10,000	(118,786)	1,554,378	(44,256)
Net gains on investments	10	186,854	-	-	186,854	887,760
Net income/(expenditure) for the year		1,850,018	10,000	(118,786)	1,741,232	843,504
Transfers between funds	14,15	(2,631,317)	2,698,554	(67,237)	-	-
Net movement in funds		(781,299)	2,708,554	(186,023)	1,741,232	843,504
Reconciliation of funds:						
Total funds brought forward		11,049,341	9,073,864	293,346	20,416,551	19,573,047
Total funds carried forward		10,268,042	11,782,418	107,323	22,157,783	20,416,551

CONSOLIDATED AND CHARITY BALANCE SHEET
As at 31 March 2018

		Group		Charity	
	Note	2018	2017	2018	2017
		£	£	£	£
Fixed Assets					
Tangible assets	9	8,238,052	7,575,155	8,237,419	7,573,864
Investments	10	6,185,683	5,869,900	6,235,783	5,920,000
		<u>14,423,735</u>	<u>13,445,055</u>	<u>14,473,202</u>	<u>13,493,864</u>
Current Assets					
Stock	11	33,472	27,940	16,197	15,532
Debtors	12	2,491,449	966,911	2,600,101	1,189,348
Cash at bank & in hand		6,152,789	6,939,426	5,780,087	6,446,895
		<u>8,677,710</u>	<u>7,934,277</u>	<u>8,396,385</u>	<u>7,651,775</u>
Creditors: amounts falling due within one year	13	(907,636)	(927,957)	(692,804)	(711,290)
Net current assets		<u>7,770,074</u>	<u>7,006,320</u>	<u>7,703,581</u>	<u>6,940,485</u>
Total assets less current liabilities		<u>22,193,809</u>	<u>20,451,375</u>	<u>22,176,783</u>	<u>20,434,349</u>
Creditors: amounts falling due greater than one year	13	(19,000)	(17,798)	(19,000)	(17,798)
Total Net assets		<u>22,174,809</u>	<u>20,433,577</u>	<u>22,157,783</u>	<u>20,416,551</u>
The funds of the charity:					
Restricted income funds	14	107,323	293,346	107,323	293,346
Unrestricted funds:					
Designated funds	15	11,782,418	9,073,864	11,782,418	9,073,864
General funds	15	10,285,068	11,066,367	10,268,042	11,049,341
Total funds		<u>22,174,809</u>	<u>20,433,577</u>	<u>22,157,783</u>	<u>20,416,551</u>

These accounts were approved and authorised for issue by the Board of Trustees on 9th August 2018.



A Cordery
Chairman
Severn Hospice Limited
Registered No. 1608025

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2018

	Note	2018	2017
		£	£
Cash flows from operating activities:			
Net cash provided by operating activities	22	<u>315,622</u>	<u>156,849</u>
Cash flows from investing activities:			
Dividends, interest and rents from Investments	5a	39,556	68,646
Purchase of property, plant and equipment		(1,141,815)	(466,808)
Purchase of investments		<u>-</u>	<u>-</u>
Net cash used in investing activities		<u>(1,102,259)</u>	<u>(398,162)</u>
Change in cash and cash equivalents in the reporting period		<u>(786,637)</u>	<u>(241,313)</u>
Cash and cash equivalents at the beginning of the reporting period		6,939,426	7,180,739
Cash and cash equivalents at the end of the reporting period		<u>6,152,789</u>	<u>6,939,426</u>

NOTES TO THE ACCOUNTS

1 Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Charity's financial statements.

(a) Basis of Accounting

The financial statements of the Charity have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP - FRS 102 - effective 1 January 2015) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Hospice meets the definition of a public benefit entity under FRS 102. Financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets. The comparative figures in these financial statements relate to the year ended 31 March 2017.

(b) Legal Status of the Charity

The Charity is a company limited by guarantee and has no share capital. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

(c) Basis of Consolidation

The group statement of financial activities and group balance sheet include the financial statements of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

(d) Going Concern

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The most significant area of uncertainty are the level of donation income which needs to be raised every year and is covered in more detail in the performance and risk sections of the Trustees' report. The review of the Charity's financial position, reserves levels and future plans gives Trustees confidence that the Charity remains a going concern for the foreseeable future.

(e) Debtors

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

(f) Cash at Bank and In Hand

Cash at bank and in hand includes bank accounts, 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.

(g) Creditors and Provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(h) Estimation Uncertainty

In the view of the Trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

(i) Depreciation and Amortisation and Revaluation of Tangible and Intangible Assets

Depreciation/amortisation is calculated on a straight line basis so as to write off the valuation of the relevant assets over their estimated useful lives as follows:

Class of Asset

Furnishings & Equipment:

General	Over 5 years
Computer	Over 4 years
Motor vehicles	Over 3 or 4 years

Class of Asset

Leasehold premises

Over the duration of the lease

Freehold property

Over 50 years

Generally, capital assets or projects are valued at cost and those amounting to less than £3,000 are not capitalised

The need for any impairment of a fixed asset write-down is considered if there is a concern over the carrying value of an asset and is assessed by comparing that carrying value against the value in use or realisable value of the asset when appropriate.

The Charity has not adopted the revaluation model to revalue items of freehold property whose fair value can be measured reliably.

NOTES TO THE ACCOUNTS

(Continued)

(j) Investments

Investments are in a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price, except for the shares in the trading subsidiary which are carried at cost. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The charity does not acquire put options, derivatives or other complex financial instruments.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Investment properties will be re-valued at the balance sheet date unless otherwise stated in the relevant note. Investment properties are not depreciated.

(k) Income

The charity recognises income when all of the following criteria are met: the charity has entitlement to the funds and any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Where income has related expenditure (as with fundraising or contract income), the income and related expenditure are reported gross in the Statement of Financial activities.

For legacies, entitlement is taken on a case by case basis as the earlier of the date on which - the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate and any conditions attached to the legacy are within the control of the charity. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executors' intention to make a distribution. If the legacy is in the form of an asset other than cash or an asset listed on a recognised stock exchange, recognition is subject to the value of the asset being able to be reliably measured and title to the asset has passed to the charity. Where legacies have been notified to the charity or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Interest on deposit funds held is included when receivable and the amount can be measured reliably. Dividends are recognised once the dividend has been declared and notification has been received or dividend is due. This is normally upon notification by the investment advisor of the dividend yield of the investment portfolio.

Lottery income is accounted for in respect of those draws that have taken place in the year.

Trading income is recognised on the point of sale for both donated and purchased goods.

Income from government and other grants, whether 'capital' or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

(l) Donated Facilities and Services

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the item is probable and that economic benefit can be measured reliably.

Donated professional services and facilities are included in income at the estimated value of the gift to the charity when received, based on the amount the charity would have been prepared to pay for these services or facilities had it been required to purchase them, with a corresponding entry in the appropriate expenditure heading for the same amount. Donated fixed assets are similarly taken to income at the value to the charity with the other entry being capitalised in fixed assets.

NOTES TO THE ACCOUNTS

(Continued)

(m) Expenditure and Irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis under the following headings:

Costs of raising funds comprises fundraising costs incurred in seeking donations, grants and legacies; investment management fees; costs of fundraising activities including the costs of goods sold, shop costs, commercial trading and their associated support costs. Fundraising costs do not include the costs of disseminating information of support of the charitable activities.

Expenditure on charitable activities includes the costs of providing specialist palliative care and support community services, research and other educational activities undertaken to further the purposes of the charity and their associated support costs.

Support costs comprise those costs which are necessary to the delivery of Hospice services while not being part of the direct service to patients and their families and include governance cost, finance, and office costs. Governance costs are those costs incurred in connection with the compliance with constitutional and statutory requirements of the charity. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred. Support costs are allocated to each of the activities on one of the following basis: Premises overheads have been allocated on a floor area basis, staff related overheads have been allocated on the basis of staff time and other overheads on the basis of direct staff costs

(n) Fund Accounting

Unrestricted Funds:

Funds are available to spend on activities that further any of the purposes of the charity.

Restricted Funds:

Funds subject to specific conditions imposed by the donors are initially dealt with as restricted funds. When those funds are expended a similar amount is transferred from restricted funds to unrestricted funds.

Designated Funds:

Funds are unrestricted funds of the Charity which the Trustees have decided at their discretion to set aside for a specific purpose:

The Capital Fund is used to meet capital expenditure and to build up a balance to meet future major capital projects.

The Service Development Fund is used to build up a balance to meet specific future expenditure associated with service expansion into existing and new areas

The Energy Sustainability Fund is used to build up a balance to meet the future energy needs of the Hospice in the form of green energy infrastructure that will result in long term energy savings.

The Fixed Asset Fund represents the reserves tied up in fixed assets, substantially the two Hospice buildings, which the Hospice cannot operate without and which therefore cannot, in the way of normal business, be realised.

(o) Stock

Stock of retail goods is included at the lower of cost or net realisable value. Donated items of stock for resale or distribution are not included in the financial statements until they are sold or distributed because the Trustees consider it impractical to be able to assess the amount of donated stocks as there are no systems in place which record these items until they are sold and undertaking a stock take would incur undue cost for the Charity which far outweigh the benefits.

(p) Operating Leases

Operating leases are recognised over the period of which the lease falls due

Benefits received and receivable as an incentive to sign an operating lease (such as a rent free period) are recognised on a straight line basis over the period of the lease.

(q) Taxation

The Company is considered to pass the tests set out in paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of the Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(r) Volunteers

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

NOTES TO THE ACCOUNTS

(Continued)

(s) Support Groups

There were 14 official Support Groups operating bank accounts in the name of the Hospice at 31 March 2018. The majority of these currently prepare accounts to 31 March. Regular fundraising income within these accounts includes gross income raised by the Support Groups during the year. The expenses they incur are included with fundraising and publicity costs.

(t) Pension Scheme

Hospice staff who were members of the National Health Service Pension Scheme are allowed to continue their membership while employed by the Hospice. Contributions are made by both employee and employer. It is not possible to identify any one institution's share of the underlying liabilities. The scheme is therefore accounted for as a defined contribution scheme, with the cost of the scheme being equal to the actual contributions payable to it in the accounting period. The scheme accounts can be viewed on the NHS Pension Agency website at www.phspa.gov.uk or obtained from The Stationery Office.

The Hospice's current employer contribution rate is 14.38%, part of which is met by the Department of Health. The rate is set on the advice of the Government Actuary.

For non-qualifying staff, i.e. those who are not members of the NHS Pension Scheme, the Charity operates a group personal (money purchase) pension scheme. Contributions are made in accordance with the rules of the scheme and are charged to the Statement of Financial Activities as they are paid. The assets of both schemes are held separately from those of the Charity in independently administered funds. The Charity has no liability beyond making its contributions and paying across the deductions for the employee contributions.

(u) Financial Instruments

The Charity only has basic 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.

2 Company Status and Members' Liability

The Charity is a private company limited by guarantee and does not have a share capital. The extent of the liability of the Members of the charity on a winding up is limited to a maximum of £1.00 each.

3 Charitable Activities

	2018 £	2017 £
NHS income	3,542,349	3,447,309
Education income	110,066	76,217
	<u>3,652,415</u>	<u>3,523,526</u>

4a Lottery

Severn Promotions Company Ltd, a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2973920, operates grand draws and a weekly lottery. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2018.

	2018 £	2017 £
Lottery income	1,254,870	1,316,340
Donations	24,432	30,362
Investment income	1,225	2,979
Total income	<u>1,280,527</u>	<u>1,349,681</u>
Prizes awarded	(146,400)	(149,400)
Staff costs	(95,052)	(107,162)
Other costs	(141,344)	(121,631)
Total expenditure	<u>(382,796)</u>	<u>(378,193)</u>
Net lottery income	897,731	971,488
Gift Aid payments to Severn Hospice Limited	897,731	971,488
(Deficit)/Surplus	<u>-</u>	<u>-</u>
Total assets	238,400	304,165
Total liabilities	(232,214)	(297,979)
Funds (representing share capital and reserves)	<u>6,186</u>	<u>6,186</u>

NOTES TO THE ACCOUNTS

(Continued)

4b Hospice Projects Ltd

This is a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2229635. All new goods are sold through this company via the Hospice shops. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2018.

	2018 £	2017 £
Projects income	177,930	212,561
Donations	2,254	9,127
Interest	467	565
Total income	180,651	222,253
Cost of goods sold	(62,730)	(68,020)
Operating costs	(23,419)	(21,672)
Total costs	(86,149)	(89,692)
Net trading profit	94,502	132,561
Gift Aid payments to Severn Hospice Ltd - provisional amount due for year	94,502	132,561
(Deficit) / Surplus	-	-
Total assets	160,676	208,163
Total liabilities	(99,734)	(147,221)
Funds (representing share capital and reserves)	60,942	60,942

4c Hospice Shops

	2018 £	2017 £
Shop income	2,765,045	2,513,066
Less staff costs	(1,158,211)	(889,061)
Less Other costs	(592,456)	(711,285)
Total expenditure	(1,750,667)	(1,600,346)
Net shops income	1,014,378	912,720

4d Fundraising events

Income and direct expenditure from the top eight fundraising events in year were as follows:

	Current Year			Prior Year		
	Income £	Expenditure £	Net Income £	Income £	Expenditure £	Net Income £
Colour Run	58,610	(14,944)	43,666	69,446	(15,802)	53,644
Lights of Love	53,382	(6,063)	47,319	54,226	(5,358)	48,868
Dragon Boat Festival	62,778	(18,076)	44,702	53,119	(16,449)	36,670
London Marathon	38,035	(3,876)	34,159	48,744	(4,796)	43,948
Midnight Walk	24,356	(982)	23,374			
Shrewsbury				35,385	(3,706)	31,679
Midnight Walk Telford	25,330	(1,008)	24,322			
Ludlow**	46,058	(3,193)	42,865			
	308,549	(48,142)	260,407	260,920	(46,111)	214,809

**£10,000 of potential further cost has been accrued

5 Investment Income

	2018 £	2017 £
Dividends receivable on shares held	165,536	157,261
Interest receivable on cash balances	39,556	68,646
	205,092	225,907

NOTES TO THE ACCOUNTS

(Continued)

6	Other Income	2018	2017
		£	£
	Miscellaneous items of income received for catering, property rental, wayleaves etc.	65,473	29,596

7	Staff Costs & Pensions	2018	2017
		£	£
	Salaries	6,845,082	6,531,328
	Social security costs	565,203	510,886
	Pension costs	408,502	369,338
		<u>7,818,787</u>	<u>7,411,552</u>

(Note 1(t) and Note 19 give further information on the pension schemes.)

The Charity Trustees received no remuneration or any other benefits from employment with the Hospice or its subsidiaries in the year (Prior year: £nil). A note on related party transactions is given at note 20.

	2018	2017
The average monthly headcount during the year is shown below:		
Administration	19	19
Fundraising	19	26
Patient care	314	326
Shops	70	71
	<u>422</u>	<u>442</u>

A combination of a higher turnover of staff in fundraising in 2016/17 and a slight drop in number of part time posts are the factors responsible for the drop in the average monthly headcount between 2016/17 and 2017/18.

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

£60,000 to £70,000	2	1
£70,000 to £80,000	1	2
£80,000 to £90,000	1	1
	<u>4</u>	<u>4</u>

Pension contributions relating to those staff earning over £60,000	£27,665	£27,230
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For the key employed and seconded management personnel, comprising the Senior Management Team as set out on p.10, the total employee benefits were £512,991 (prior year £508,117).

During the year the Hospice paid out redundancy payments due to reorganisation totalling £5,281. One member of staff also left the Hospice under a settlement agreement totalling £3,262.

NOTES TO THE ACCOUNTS (Continued)

8 Total Expenditure (Group)

	Direct Costs £	Support Costs £	Total 2018 £	Total 2017 £
Charitable Activities:				
In Patient Care	3,323,780	1,312,432	4,636,212	4,407,779
Day Care	752,960	408,289	1,161,249	1,179,029
Community Services	791,447	74,674	866,121	829,489
Hospice at Home	845,298	67,622	912,920	733,184
Education	93,945	36,375	130,320	185,405
Hospital Services	188,165	-	188,165	180,645
Lymphoedema	74,863	27,065	101,928	131,415
Social Work & Chaplaincy	267,101	37,769	304,870	279,060
Costs of Raising Funds:				
Donations, Legacies and Grants	440,711	223,938	664,649	595,170
Other trading activities				
Hospice Shops	1,740,167	10,500	1,750,667	1,600,346
Lottery	374,324	8,472	382,796	378,194
Projects	85,135	1,014	86,149	89,692
Fundraising Events	125,364	-	125,364	124,918
Investment Management	42,093	-	42,093	31,036
Total Expenditure	9,145,353	2,208,150	11,353,503	10,745,362

Support costs include:	Basis of Allocation	£	£
Premises & Catering	Floor area, estimated time and cost	1,106,243	972,502
Central Services - reception, admin, finance, HR	Estimated time	773,674	731,574
IT Support	Work stations and estimated time	225,715	186,452
Vehicles	Estimated time & specific costings	31,574	29,274
Governance	Estimated time	70,943	65,084
		2,208,150	1,984,886

Included within these costs are:

Amounts paid or payable to Auditors :			
External annual audit of accounts		19,350	20,940
Other fees payable to the Auditors		1,060	2,295
Depreciation		471,968	433,868
Lease payments		348,877	326,130

NOTES TO THE ACCOUNTS
(Continued)

	Freehold Property £	Short Leasehold Property £	Furnishings & Equipment £	Vehicles £	Total £
9 Tangible Fixed Assets (Charity)					
Cost					
At 1 April 2017	9,171,839	-	2,039,697	141,921	11,353,457
Additions	860,725	-	281,090	-	1,141,815
Disposals	6,950	-	-	-	6,950
At 31 March 2018	10,025,614	-	2,320,787	141,921	12,488,322
Depreciation					
At 1 April 2017	2,306,667	-	1,380,553	92,373	3,779,593
Charge for year	188,116	-	260,297	22,897	471,310
Disposals	-	-	-	-	-
At 31 March 2018	2,494,783	-	1,640,850	115,270	4,250,903
Net Book Value					
At 1 April 2017	6,865,172	-	659,144	49,548	7,573,864
At 31 March 2018	7,530,831	-	679,937	26,651	8,237,419
Tangible Fixed Assets (Group)					
Cost					
At 1 April 2017	9,171,840	-	2,061,026	141,921	11,374,787
Additions	860,725	-	281,090	-	1,141,815
Disposals	6,950	-	-	-	6,950
At 31 March 2018	10,025,615	-	2,342,116	141,921	12,509,652
Depreciation					
At 1 April 2017	2,306,667	-	1,400,592	92,373	3,799,632
Charge for year	188,116	-	260,955	22,897	471,968
Disposals	-	-	-	-	-
At 31 March 2018	2,494,783	-	1,661,547	115,270	4,271,600
Net Book Value					
At 1 April 2017	6,865,173	-	660,434	49,548	7,575,155
At 31 March 2018	7,530,832	-	680,569	26,651	8,238,052

NOTES TO THE ACCOUNTS

(Continued)

10 Investments – Group

With interest rates at very low levels an amount was identified that could be exposed to longer term investment to generate the best returns on money held in reserves. Smith & Williamson have for some years been managing some of the Charity money and in 2015, after market testing, a further investment manager, namely Brewin Dolphin, was also appointed. Both firms place money in a Discretionary Fund to be managed at their discretion within guidelines set by the Hospice as to exposure to non-UK markets and acceptable risk levels.

An investment property was also received as part of a legacy, in late 2008/09. Given the state of the housing market it was kept as an investment property, transferred from Fixed Assets at its then value of £130,000, and rented out. Previous re-valuations increased the property value to £155,000. A re-valuation at 31/3/18 put it at £170,000 and this further £15,000 increase has been recognised in the year.

	2018 Listed Investments/ Discretionary Fund £	2018 Investment Properties £	2018 Total £	2017 Total £
(a) Movements in the Year				
At 1 April 2017 investments at market value	5,714,900	155,000	5,869,900	4,857,272
New Investment into Discretionary Fund	-	-	-	-
Reinvestment of net income generated	128,929	-	128,929	124,868
Net investment gains - realised	120,112	-	120,112	54,228
Net investment gains - unrealised	51,742	15,000	66,742	833,532
Group Balance as at 31 March 2018 at market value	<u>6,015,683</u>	<u>170,000</u>	<u>6,185,683</u>	<u>5,869,900</u>
Historic cost of investment	<u>4,184,345</u>	<u>-</u>	<u>4,184,345</u>	<u>4,184,345</u>

(b) Analysis of Listed/Discretionary Fund Investments:

Investments held at 31 March 2018 comprise the following:

Discretionary Fund managed by Smith & Williamson	2,954,715	2,829,529
Discretionary Fund managed by Brewin Dolphin	3,060,968	2,885,371
Group balance	<u>6,015,683</u>	<u>5,714,900</u>

Investments – Charity

2018
£

2017
£

The investments held by the charity at 31 March 2018 comprise the following.

Discretionary Fund and property investments from (a) above	6,185,683	5,869,900
Investments in group undertakings:		
Hospice Projects Ltd	50,000	50,000
Severn Promotions Company Ltd	100	100
	<u>6,235,783</u>	<u>5,920,000</u>

Hospice Projects Ltd and Severn Promotions Company Ltd are wholly owned subsidiaries incorporated in England. Severn Promotions Company Ltd operates a weekly lottery. Hospice Projects Ltd is currently used for the sale of all new goods, mainly cards.

11 Stocks

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Goods purchased for resale through				
Hospice Projects Ltd	17,275	12,408	-	-
Consumable stores	16,197	15,532	16,197	15,532
	<u>33,472</u>	<u>27,940</u>	<u>16,197</u>	<u>15,532</u>

NOTES TO THE ACCOUNTS (Continued)

12 Debtors

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	122,751	112,290	122,751	112,290
Sundry debtors	179,547	46,390	179,340	44,655
Amounts due from subsidiary undertakings	-	-	107,495	224,172
Legacies & grants	1,920,778	562,554	1,920,778	562,554
Prepayments	119,310	116,804	119,310	116,804
Income tax recoverable	44,315	47,468	44,315	47,468
VAT recoverable	104,748	81,405	106,112	81,405
	<u>2,491,449</u>	<u>966,911</u>	<u>2,600,101</u>	<u>1,189,348</u>

13 Creditors: Amounts Falling Due Within One Year

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	214,462	197,213	210,335	193,510
Taxation & social security costs	151,204	137,868	151,204	136,945
Accruals	159,137	147,556	155,605	147,556
Amounts due to subsidiary undertakings	-	-	7,990	4,361
Deferred income	93,427	172,445	93,427	172,445
Other creditors	289,406	272,875	74,242	56,473
	<u>907,636</u>	<u>927,957</u>	<u>692,804</u>	<u>711,290</u>

Creditors: Amounts Falling Due Greater Than One Year

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Deferred income	19,000	17,798	19,000	17,798
	<u>19,000</u>	<u>17,798</u>	<u>19,000</u>	<u>17,798</u>

Creditors: Deferred Income

	Balance b/fwd	Amounts Falling Due		Amounts Falling Due	
	1.4.17	Released	New Deferred	Within One Year Balance c/fwd 31.3.18	Greater Than One Year Balance c/fwd 31.3.18
	£	£	£	£	£
Amounts Falling Due Within One Year					
Delivery of education strategy	10,845			10,845	
Corporate Training Fund	3,466			3,466	
Lecture theatre and training income	1,815	1,815	131	131	
Nightingale Nursing Fund	17,798			17,798	
Men's Health project	4,510			4,510	
Compassionate communities fund			25,000	6,000	19,000
Renal training	6,000	6,000		-	
Doctor's education	13,000	13,000		-	
Hospital Development Fund	3,543			3,543	
Ceredigion project management	122,846	75,712		47,134	
Ceredigion end of life	6,420	6,420		-	
	<u>190,243</u>	<u>102,947</u>	<u>25,131</u>	<u>93,427</u>	<u>19,000</u>

The main element of deferred income relates to palliative care in Ceredigion. Continued delivery of services in this area is planned in 2018/19 and it is expected that the full draw down of remaining deferred income will happen in 2018/19. Due to the expansion of Hospice at Home service it is expected that activity in South Shropshire will enable the release of Nightingale Nursing Fund in 2018-19.

NOTES TO THE ACCOUNTS

(Continued)

14 Restricted Funds

The Group and Charity Funds for 2017/18 include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

		Balance b/fwd at 1.4.17 £	Income £	Expenditure £	Transfer to General Funds £	Balance c/fwd at 31.3.18 £
Donations received for In Patient Care and Bereavement	a	67,539	239,517	(179,377)	(67,237)	60,442
Donations received for the Day Units		-	9083	(9,083)	-	0
Donations received for Care at Home Services	b	181,727	44,883	(186,832)	-	39,778
CCG funding for specifically negotiated services	c	39,599	1,209,087	(1,248,686)	-	-
Hospice Garden		4,481	2622	-	-	7,103
		<u>293,346</u>	<u>1,505,192</u>	<u>(1,623,978)</u>	<u>(67,237)</u>	<u>107,323</u>

- a) Included here are donations for individual specific items for use in inpatient care and bereavement.
- b) Included here are funds for Care at Home Services. These are being released to cover the Hospice's contribution to the extension of Hospice at Home provision.
- c) This includes funding for services by Clinical Commissioning Groups and Health Board and is spent as negotiated with these authorities.

Of the £107,323 Restricted Funds, £56,019 is earmarked for capital purposes and the balance being for revenue purposes.
Resource Transfers: Once the restrictions on a resource have been met and there are no continuing restrictions as to the use of the asset acquired, the funds are transferred to unrestricted funds.

The Group and Charity Funds for 2016/17 include restricted funds made up of the following unspent balances of donations and grants given for specific purposes.

		Balance b/fwd at 1.4.16 £	Income £	Expenditure £	Transfer to General Funds £	Balance c/fwd at 31.3.17 £
Donations received for In Patient Care and Bereavement	a	47,229	250,795	167,643	(62,842)	67,539
Donations received for the Day Units		840	38,959	39,799	-	-
Donations received for Care at Home Services	b	181,727	50,284	50,284	-	181,727
CCG funding for specifically negotiated services	c	39,599	1,212,903	1,212,903	-	39,599
Hospice Garden		5,980	2,473	3,972	-	4,481
		<u>275,375</u>	<u>1,555,414</u>	<u>1,474,601</u>	<u>(62,842)</u>	<u>293,346</u>

NOTES TO THE ACCOUNTS

(Continued)

15 Unrestricted Funds

The Group and Charity Funds for 2017/18 include the following designated and general funds:

		Balance b/fwd at 1.4.17 £	New Designations/ Income & Gains £	Utilised/ Released/ Expenditure & Losses £	Resources Transferred To/From General Funds £	Balance c/fwd at 31.3.18 £
Group:						
Designated Funds:						
Capital Fund	a	1,500,000	1,400,000			2,900,000
Fixed Asset Fund	b	7,573,864	1,141,815	(478,261)		8,237,418
Energy Sustainability Fund	c	-	145,000			145,000
Service Development Fund	d	-	500,000			500,000
Total Designated Funds		<u>9,073,864</u>	<u>3,186,815</u>	<u>(478,261)</u>	<u>0</u>	<u>11,782,418</u>
Group General Funds		<u>11,066,367</u>	<u>11,579,542</u>	<u>(9,729,524)</u>	<u>(2,631,317)</u>	<u>10,285,068</u>
Total Group Unrestricted		<u>20,140,231</u>	<u>14,766,357</u>	<u>(10,207,785)</u>	<u>(2,631,317)</u>	<u>22,067,486</u>
Charity:						
Total Designated Funds		9,073,864	3,186,815	(478,261)	0	11,782,418
Charity General Funds		11,049,341	11,110,597	(9,260,579)	(2,631,317)	10,268,042
Total Charity Unrestricted		<u>20,123,205</u>	<u>14,297,412</u>	<u>(9,738,840)</u>	<u>(2,631,317)</u>	<u>22,050,460</u>

- The Capital Fund has been set up by the Trustees for the purpose of funding capital expenditure and building up a reserve for major capital projects in the future. The amount designated is for the Living Well project outlined in the Trustees Report.
- The Fixed Asset Fund represents the reserves tied up in fixed assets, substantially the two Hospice buildings, which the Hospice cannot operate without and which therefore cannot, in the way of normal business, be realised.
- The Energy Sustainability Fund is used to build up a balance to meet the future energy needs of the Hospice in the form of green energy infrastructure that will result in long term energy savings.
- The Service Development Fund is used to build up a balance to meet specific future expenditure associated with service expansion into existing and new areas.

The Group and Charity Funds for 2016/17 include the following designated and general funds:

		Balance b/fwd at 1.4.16 £	New Designations/ Income & Gains £	Utilised/ Released/ Expenditure & Losses £	Resources Transferred To/From General Funds £	Balance c/fwd at 31.3.17 £
Group:						
Designated Funds:						
Capital Fund	a	1,500,000	522,671	(522,671)	-	1,500,000
Fixed Asset Fund	b	7,541,595	464,896	(432,627)	-	7,573,864
Total Designated Funds		<u>9,041,595</u>	<u>987,567</u>	<u>(955,298)</u>		<u>9,073,864</u>
Group General Funds		<u>10,273,103</u>	<u>9,045,885</u>	<u>(8,315,463)</u>	<u>62,842</u>	<u>11,066,367</u>
Total Group Unrestricted		<u>19,314,698</u>	<u>10,033,452</u>	<u>(9,270,761)</u>	<u>62,842</u>	<u>20,140,231</u>
Charity:						
Total Designated Funds		9,041,595	987,567	(955,298)	-	9,073,864
Charity General Funds		10,256,075	8,577,999	(7,847,577)	62,842	11,049,341
Total Charity Unrestricted		<u>19,297,670</u>	<u>9,565,566</u>	<u>(8,802,875)</u>	<u>62,842</u>	<u>20,123,205</u>

NOTES TO THE ACCOUNTS

(Continued)

16 Allocation of Group Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	2018 Total £	2017 Total £
Fund balances at 31 March 2018 are represented by:				
Tangible fixed assets	8,238,052		8,238,052	7,575,155
Investments	6,185,683		6,185,683	5,869,900
Current assets	8,570,387	107,323	8,677,710	7,934,277
Creditors due within one year	(907,636)		(907,636)	(927,957)
Creditors due greater than one year	(19,000)		(19,000)	(17,798)
Total Net Assets	22,067,486	107,323	22,174,809	20,433,577

17 Operating Lease Commitments

At March 2018, the charity had future minimum lease payments under non-cancellable operating leases in respect of Hospice shops as follows:

	2018 £	2017 £
Within 1 year	358,877	348,877
Between 2 and 5 years	608,350	906,888
Over 5 years to end of lease term	192,850	239,550
	1,160,077	1,495,315

18 Controlling Party

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

19 Pension Commitments

The Company and its subsidiaries operate a defined contribution scheme available to all permanent employees. Pension Auto-enrolment legislation came into force for the Hospice in February 2014 and has been complied with from that date. The Company and its subsidiaries also make contributions to the National Health Service Pension Scheme for certain employees. The NHS Pension Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. As a consequence it is not possible for Severn Hospice to identify its share of the underlying scheme and it has been treated as a defined contribution scheme.

Contributions are charged in the financial statements as they are incurred and there were no outstanding contributions as at the balance sheet date. Pension costs charged in the year were £407,626 consisting of £295,007 paid to the NHS Scheme, and £112,619 paid to the defined contribution schemes (2017: £269,789 and £90,676 respectively)

20 Related Party Transactions

The charity paid a total of £10,695 (incl VAT) in the year to Wace Morgan LLP, Solicitors for employment advice (£4,742 in 2016/17). Zara Oliver, a Trustee of the charity, is a partner in Wace Morgan LLP. There were no amounts owed or owing at the year-end.

NOTES TO THE ACCOUNTS

(Continued)

21 Contingent Assets

As at 31 March 2018 the Hospice had been notified of a number of residuary, pecuniary and specific legacies, some of which have life interests, where the timing of realisation or value of these estates was uncertain. Therefore no amounts have been accrued in respect of these legacies which are estimated to be in excess of £2,225,000.

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

	Group 2018 £	Group 2017 £
Net Income/(expenditure) for the reporting period (as per the statement of financial activities)	1,751,232	843,505
Adjustments for:		
Depreciation charges	471,968	433,868
(Gains)/losses on investments	(315,783)	(1,012,628)
Dividends, interest and rents from investments	(39,556)	(68,646)
Loss/(profit) on the sale of fixed assets	-	-
(Increase)/decrease in stocks	(5,532)	(179)
(Increase)/decrease in debtors	(1,524,538)	(185,030)
Increase/(decrease) in creditors	(22,169)	145,959
Net cash provided by/(used in) operating activities	315,622	156,849

23 Capital Commitments

As at 31 March 2018 the Severn Hospice Limited had capital commitments outstanding for:

- Three New beds at Apley totalling £361k.
- Design work for the new Living Well centres totalling £300k.

NOTES TO THE ACCOUNTS
(Continued)

24 2016/17 Comparative information- SOFA 2017

	Unrestricted Funds General 2017	Designated 2017	Restricted 2017	Total Funds 2017
	£	£	£	£
Income From:				
Donations and legacies:				
Donations	224,217	800,000	340,108	1,364,325
Legacies	948,747	-	-	948,747
Grants from Charitable Trusts	50,650	100,000	52,520	203,170
	1,223,614	900,000	392,628	2,516,242
Charitable Activities	2,273,176	87,567	1,162,786	3,523,529
Other trading activities:				
Shops	2,513,066	-	-	2,513,066
Lottery	1,316,340	-	-	1,316,340
Projects	212,561	-	-	212,561
Fundraising events	363,865	-	-	363,865
Total other trading activities	4,405,832	-	-	4,405,832
Investments	225,907	-	-	225,907
Other income	29,596	-	-	29,596
Total Income	8,158,125	987,567	1,555,414	10,701,106
Expenditure on:				
Raising Donations, Legacies and Grants	595,170	-	-	595,170
Other trading activities:				
Shops	1,600,346	-	-	1,600,346
Lottery	378,194	-	-	378,194
Projects	89,692	-	-	89,692
Fundraising events	124,918	-	-	124,918
Investment management costs	31,036	-	-	31,036
Costs of raising funds	2,819,356	-	-	2,819,356
In patient care	3,142,160	955,298	310,321	4,407,779
Day care	1,142,230	-	36,799	1,179,029
Community services	399,068	-	430,421	829,489
Hospice at home	179,902	-	553,282	733,184
Education and research	155,893	-	29,512	185,405
Hospital services	129,010	-	51,635	180,645
Lymphoedema	68,784	-	62,631	131,415
Social Work & Chaplaincy	279,060	-	-	279,060
Expenditure on charitable activities	5,496,107	955,298	1,474,601	7,926,006
Total expenditure	8,315,463	955,298	1,474,601	10,745,362
Net income for the year and net movements in funds before gains and losses on investments	(157,338)	32,269	80,813	(44,256)
Net gains/(losses) on investments	887,760	-	-	887,760
Net income/(expenditure) for the year	730,422	32,269	80,813	843,504
Transfers between funds	62,842	-	(62,842)	-
Net movement in funds	793,264	32,269	17,971	843,504
Reconciliation of funds:				
Total funds brought forward	10,273,103	9,041,595	275,375	19,590,073
Total funds carried forward	11,066,367	9,073,864	293,346	20,433,577