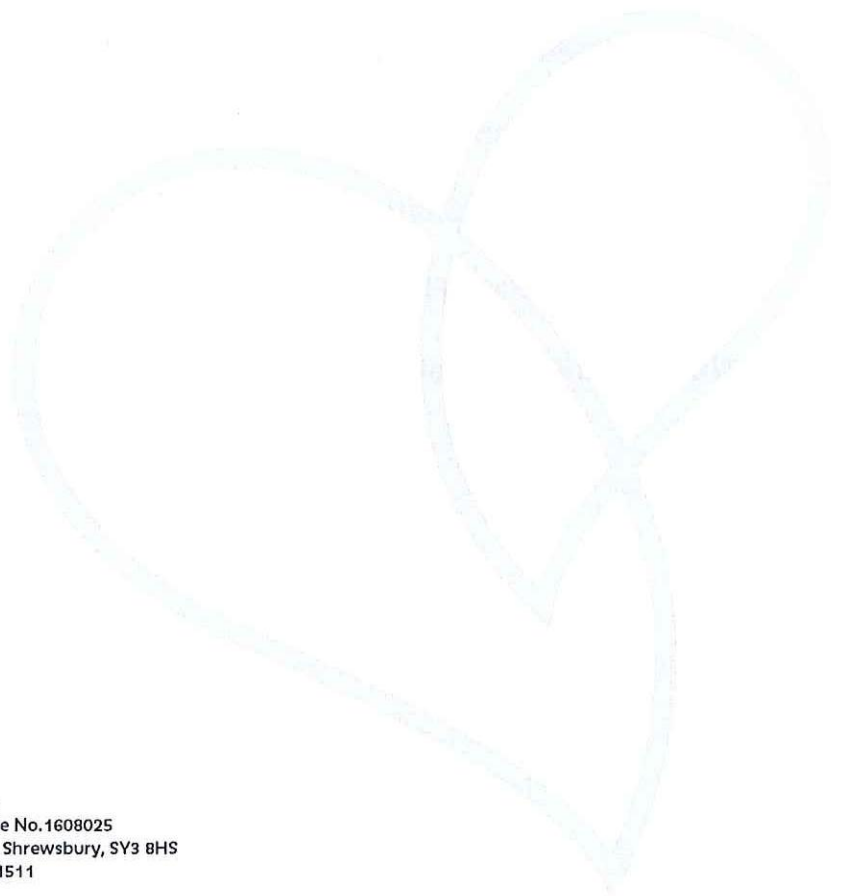




Report and Accounts

Year Ended 31 March 2019



Severn Hospice Limited
A Registered Charity No. 512394
A Company Limited by Guarantee No. 1608025
Registered Office: Bicton Heath, Shrewsbury, SY3 8HS
Tel: 01743 236565 Fax: 01743 261511
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Contents

	<i>Page</i>
Trustees' Annual Report	1-17
Auditor's Report	18-19
Consolidated Statement of Financial Activities	20
Charity Statement of Financial Activities	21
Consolidated and Charity Balance Sheet	22
Consolidated Cash Flow Statement	23
Notes to the Accounts	24-41

Trustees' Annual Report

The Trustees (the Directors for Company Law purposes) submit their annual report and the audited financial statements for the year ended 31 March 2019. The annual report and financial statements of the charity have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP - FRS 102 - effective 1 January 2015) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Objectives and Activities

Statement of Public Benefit

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

Mission Statement

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

To achieve our mission, we will:

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

Objectives

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

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

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

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

Activities

Our Wards

We provide inpatient services at our Shrewsbury and Telford sites.

We have three inpatient wards, two at Shrewsbury and one at Telford. Capacity at Alexandra Ward was reduced in May 2019 from nine to seven beds due to a reduction in our grant from NHS Telford and Wrekin Clinical Commissioning Group. We currently have 23 beds.

People staying on the wards have access to 24-hour consultant-led care. Our multi-disciplinary team includes doctors, nurses, a range of therapists, chaplains and social workers.

Each room has ensuite facilities for privacy and dignity and all rooms look out onto our tranquil gardens with direct access to the grounds. Families can visit whenever they want, and they can even bring their pets if they wish to. This is an example of the key points of difference between a hospital setting for palliative care and a Hospice.

Day Services

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

The Hospice has redesigned the way it delivers day services in line with the concept of 'Living Well'.

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

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

Outreach

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

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

Hospice at Home

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

Hospital Support

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

The Hospice currently part funds 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 hospital teams in supporting education and influencing the development of services. The Hospice also chairs and contributes to the county-wide End of Life Care Group supporting collaboration and the coordination of care across organisations.

Bereavement and Family Counselling Support Services

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

Chaplaincy

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

Voluntary Services

The Hospice is supported by more than 1,700 volunteers. This includes 1,400 of a formal volunteer force together with other groups who provide support. Our volunteers support us in all areas of the Hospice; within our shops, gardens, by undertaking activities in the community, and by helping with fundraising events. This support is estimated at an annual value in excess of £2 million but cannot be measured in purely monetary terms. Without volunteers the Hospice could not provide the services that it does. In recognition of this outstanding support, the Hospice received royal recognition with the Queen's Award for Voluntary Service.

Compassionate Communities

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

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

Strategic Report

Achievements and Performance

What we committed to do in 2018-19	How we performed
Increasing the number of beds at Telford to maintain acceptable waiting times for admission.	<p>A significant reduction in funding from the Telford and Wrekin Clinical Commissioning Group forced a reduction in the number of beds available at Telford (from nine beds to seven).</p> <p>This decision was supported by the Hospice Board of Trustees and Senior Management Team and was based on the following principles:</p> <ul style="list-style-type: none"> • Hospice reserves – which are donations previously given and made in good faith – are not a subsidiary fund for the NHS • Hospice reserves are there to safeguard against a downturn in charitable giving and to support the investment in and development of services • To ensure high standards of care we must ensure that our income matches our costs • To protect the Hospice in the longer term
Expand joint clinic provision to improve access for people regardless of their diagnosis.	<p>Severn Hospice services are available to any adult with a life-limiting illness. We have made positive links with respiratory, cardiac, Motor Neurone Disease and renal specialties.</p> <p>We are supporting a specialist for non-cancer terminal conditions with education and advice on palliative care and how and when to access Hospice services.</p>
Reshape model of day Hospice care to promote independence and living well during illness	<p>Living Well has been launched as a concept of care across the organisation. We are providing a range of day services that focus on individual goals for living. Patients are assessed, treated and supported back to independence whilst maintaining a lifeline to the Hospice.</p>

Complete detailed design of Living Well centre at Bicton Heath to enable going out to tender.	Work started on site in May 2019
Establish “dashboard” of quality indicators to provide assurance to the Board of Trustees and to external regulators.	Each department now has a set of quality indicators that are reported through the committees. The adoption of a new data management system will further strengthen this within services.
Further roll out Compassionate Communities in the Hospice’s catchment area.	A part time CoCo lead has been appointed and has successfully increased the number of compassionate communities across the county. The Hospice continues to support the education of the volunteers recruited.
Launch capital appeal for Living Well centres in Shrewsbury (Bicton) and Telford (Apley).	There were two unexpected and significantly large legacy donations received late in FY 2018-19. Consequently, the financial impact of the Living Well project has been mitigated, enabling the Hospice to push back any public appeal launch.
Roll out rebranding and strengthen methods of both internal and external communications.	We have made significant progress with this. The rollout is ongoing and is driven against a set of priorities.
Expand the number of retail outlets in line with strategy	We continue our strategy of opening new stores as we find suitable opportunities for outlets in targeted population centres. Our plans for store growth are still on track.
Fully implement new Data Protection Regulations (DPR).	The Hospice adopts best practice DPR requirements.
Ensure financial sustainability in current and future operations.	A three-year financial forecast is refreshed annually to take account of changing conditions and objectives.

Our Priorities for 2019-20

- To develop our model of community services so that Hospice care at home can be a realistic choice for more people.
- Through scoping demand and developing consistency in access through set criteria, determine the number of beds required across the Hospice's main sites.
- Further improve access for non-cancer groups.
- Embed 'Living Well' as a concept of care across all services offering individualised care that focuses on enablement and personal goals for living. Improve and expand facilities at Bicton to ensure the delivery of our Living Well strategy within day services.
- Establish a "dashboard" of quality indicators to provide assurance of quality and compliance.
- Further extend the Compassionate Communities program within the Hospice's catchment area.
- Implement a communications strategy that targets both internal and external stakeholders, builds trust, manages the Hospice's reputation and engages with the organisation's priorities, goals and objectives.
- Invest in income streams that show the potential for growth and additional revenue.
- Ensure financial sustainability in current and future operations.
- Continue to develop the Hospice IT infrastructure providing information in a secure way that assures compliance and drives efficiency.

Activity for 2018-19

	2018-19	2017-18	Change %
Total Patient Referrals	2,908	2,740	+6.1%
Inpatients			
Admissions	635	540	+17.4%
Deaths	439	397	+10.6%
Discharges	196	139	+41%
Day Hospice			
Attendances	2,723	3,671	(25.8%)
Hospice at Home			
Referrals	781	761	+2.6%
Outreach			
New Patients at Home	1,004	622	+61.4%
Home Visits	2,461	1,839	+33.8%

Severn Hospice provides palliative and end of life care for a combined population of around 600,000 in the county of Shropshire, North Powys and Ceredigion. Population profiles demonstrate the mix of urban and rural communities in our patch. This puts a greater emphasis on the need to be flexible in our approach and in our provision of services. The broad focus of our service strategy is to improve access to Hospice care and to continue the development of our community services.

We are pleased to report an overall increase in activity across our services, specifically a 6% increase in total patient referrals. The Hospice Outreach Team are the primary route for first and subsequent referrals to most services. On that basis it is imperative that the service is structured and functions to maximise access for all groups. Last year we enhanced the practical and responsive element of the service by extending the clinical role and introducing a triage service. Subsequently we have expanded our patient connectivity, and this is reflected in increased patient visits.

By working closely with the Complex Care team, we have been able to establish Hospice at Home as the single route of referral for patients seen to be in the last few weeks of life. Through proof of concept initiatives, the model has been developed with and agreed by commissioners – we are waiting to secure additional funding. Over the last six months we have been able to increase our daytime activity from 20 referrals a month to 30.

At the beginning of 2018 our Day Services were restructured to strengthen leadership and to give momentum to the national 'Living Well' initiative. There are lower attendances but more referrals. Into 2019 we will be developing this initiative further, holding coffee mornings, improving accessibility; increasing triage, geographical reach and choice; and ensuring we are capturing all relevant activity.

Financial Review

Annual Activity

The charity made a surplus of income over expenditure of £1,166,868 during the financial year. The main contributory factor to this surplus is legacy income which totals £2,367,008. £938,174 of the surplus has been used for fixed assets, spend that has either happened or is planned for the Living Well building at Bicton (pages 3 and 7 for further detail).

Income

Total group income, before investment gains, for the year ended 31 March 2019 was £13,011,978, an increase of £104,098 on the previous year. The principal funding sources for the charity were:

- donations and legacies £4,089,541;
- charitable activities £3,796,505;
- other trading activities £4,800,740;
- investments £221,051;
- other income £104,141.

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

Charitable activities comprise the income received from NHS Clinical Commissioning Groups (CCGs), other health care and governmental organisations. This income is received towards the treatment and care of people diagnosed with a terminal illness, together with income towards the education and training of the professionals delivering the treatment and care. In 2018/19 this stream of income rose by £144,090 mainly due to an increase in activity in care being delivered via Hospice at Home in Shropshire and Ceredigion. Funding pressures continue to exist in the NHS and are also being felt by the charity – inflationary cost increases are not being matched by increases in charitable activity funding. In Telford & Wrekin the charity has experienced erosion of funding, despite delivering increased activity.

2018-19 Sources of Group Income	Income	Cost of Raising Funds	Income Net of Costs of Generation	% of Net Income 2018-19	% of Net Income 2017-18
	£	£	£		
<i>Donations & Legacies</i>	4,089,541	778,548	3,310,993	35%	38%
<i>Shops, Projects, Lottery, Events</i>	4,800,740	2,579,153	2,221,587	23%	23%
Total Fundraising Activities	8,890,281	3,357,701	5,532,580	58%	61%
<i>Charitable Activities</i>	3,796,505	0	3,796,505	40%	37%
<i>Investment & Other</i>	325,192	36,783	288,409	2%	2%
Total	13,011,978	3,394,484	9,617,494	100%	100%

Donations and legacies fell by £275,958 this financial year mainly due to slightly lower legacy income. 2017/18 was a particularly strong year for legacies and this source of income can fluctuate from year to year. It currently represents 18% of total group income and there has been a general increase in this percentage over the past five years. A legacy strategy has been implemented to try to influence this unpredictable source of income which the charity is very much reliant upon. Legacy budgetary assumptions are approved

Other trading activities comprise income generated through the shop network, lottery operation and fundraising events. For tax purposes the sale of new goods is recognised in the group subsidiary Hospice Projects Limited, rather than the main charity. These central fundraising activities remain strong and contributed £181,339 year on year growth.

Retail had another good year of trading contributing £1,058,049, an increase of 4% over the prior year. As in previous years, the

growth in sales within the retail network was aided by the expansion of the shop network, including the opening of the Hospice's first superstore. At 31 March 2019 there were 26 shops with a shop at Monkmoor opening in May 2019. Management continues to pursue an acquisition strategy to expand further, but appropriate sites remain difficult to find particularly in the Telford area. It is therefore envisaged that there will be a consolidation of existing activities in 2019/20. Regarding Hospice Projects Limited, although income from the "Forget-me-not" flowers sales campaign has not been replicated, core sales from Christmas cards have remained steady despite a general decline in this line of sales elsewhere. A contribution of £87,764 will be paid over to the main Charity in the new financial year.

The Hospice lottery continues to provide a steady and predictable income source, contributing £851,468, which was in line with budget. Relationships are actively managed with the external canvassing company to ensure this. The twice-yearly special draws remain popular and have also performed in line with budget this year.

Fundraising events continue to be a very visible, important income source. Although there was a £40,452 drop in income from 2017/18 this was mainly due to the one-off Ludlow Races event in 2017/18. Details of the top five events in the year are given at note 5d.

Investment markets ended the year ahead of the prior year despite the economic background for the main part of the year being uncertainty. In particular, in the middle of the year, a 10% drop in value of investments was seen. The charity continues to hold a mixed portfolio of high-quality investments, with the investment strategy reviewed regularly by the Finance Committee.

Expenditure

Total group costs for the year ended 31 March 2019 were £12,112,229, an increase of £758,727 on the previous year.

Costs associated with patient care increased by £415,960, with a large proportion of the increase due to cost of living and contractual increments in pay, together with the extension of care at home activities, and inflationary supplier cost rises, which were significantly influenced by above inflation increases in the minimum wage.

Costs associated with raising funds through fundraising and trading activities increased by £348,076; £188,958 relates to shops due to the continued expansion of the shop network. The remaining £159,118 increase in costs is due to increased investment in communications and legacy marketing spends, together with increased canvassing costs in lottery, and staff cost-of-living and contractual increments in pay.

A decrease in legacy income and an increase in fundraising costs compared to last year has resulted in a fundraising cost ratio increasing to 14p/pound compared to 12p/pound in 2017/18. The ratio excludes costs attributed to Retail, Severn Promotions Company Limited and Hospice Projects Limited. This approach is consistent with reporting within the sector, enabling fair comparisons to be made.

Support costs apportioned within the above include the costs of running and maintaining the Hospice buildings, vehicles and gardens; catering costs; costs of the central governance and administrative functions including HR; and finance and IT support functions. These have increased by £121,558 and remain static at 19% of total group expenditure.

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

Surplus

Overall, income exceeded expenditure excluding investment gains by £899,749. The overall surplus for the year of £1,166,868 was stated after recognising the effect of investment gains.

Funds and Reserves Policy

The total funds of the Group at 31 March 2019 are split between:

- Restricted funds £238,425
- Designated Funds £12,720,592
- General Funds £10,382,660

Restricted Funds

During 2018-19, donations and funding totalling £1,813,457 were received from donors to enable specific expenditure to be undertaken. At the end of the financial year, £207,334 remained unspent, largely relating to the Living Well build (see page 3 and 7 for further detail).

Designated Funds

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

Fixed Assets Fund

The Fixed Assets Fund represents the book value of the charity's tangible fixed assets. As at 31 March 2019 this fund stood at £8,708,054. Although these funds are unrestricted, they cannot be realised for other use without undermining the charity's work. In order to fulfil its charitable objectives, the organisation needs several properties, fixtures and fittings, other contents of the properties and motor vehicles.

Service Development Fund

This was established in 2017-18. The charity is developing a model for its services based on the concept of Living Well to help its patients achieve as high a quality of life as they can, with an emphasis of them achieving this in their own homes. The fund has been established to finance this development before it can become self-sustaining. It is likely to be used within a short-term timeframe after completion of the buildings associated with this project. As at 31 March 2019 this fund stood at £500,000.

Capital Fund

This fund represents funds set aside for capital works, which at present is for a new building at

Bicton and the extension of the existing building at Apley, both to support the Living Well project, see page 3 and page 7 for further explanations. During the year, the Trustees authorised a further designation to this fund of £467,538 and the total now stands at £3,367,538 at 31 March 2019.

Energy Sustainability Fund

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

General Fund

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

At 31 March 2019, the group's free reserves of £10,382,660 represented approximately 12 months or 100% of the following year's estimated group running costs. Investment in the infrastructure and service provision over the next two years is forecast to temporarily reduce the level of reserves held.

Investment Policy

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

The investment portfolios consist of a mixture of equities, bonds and property assets. Individual investments within each category of the portfolio will vary according to market conditions and the portfolios are actively managed with quarterly reporting and annual presentations to the Finance Committee. The Trustees regularly monitor the ethical basis of the charity investments and, as a result of this, tobacco companies are specifically excluded from the portfolio. No highly speculative investments, investments in derivatives markets, hedging or forward investments are included in the portfolios.

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

Risk Management – Principal Risks and Uncertainties

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

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

Structure, Governance and Management

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

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

There are six formally constituted committees:

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

and three formally constituted sub-committees:

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

Each committee has its major decisions ratified by the full Board. The Finance Committee also acts as an audit committee. All committees operate under specific terms of reference which delegate certain functions from the Board. There is a clear delegated authority

framework in place which defines how decisions are ratified by Board, committees and management. Various management working groups such as Clinical Audit report into the appropriate formal sub-committees.

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

The Fundraising Committee has principal responsibilities to:

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

In order to fulfil these responsibilities, the Fundraising Committee:

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

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

There were 14 fundraising complaints during the year. These were fully investigated in accordance with internal procedures. Nine of these were upheld, four were not upheld and there was no further action on the remaining complaint. Of the complaints upheld, seven related to the way customers were served in our shops, one was about the disposal of donated goods in our shops and one was because of a delay in acknowledgment of a donation. The charity has not engaged any professional fundraising or external fundraising agents in the year. Severn Promotions Limited uses the services of a canvassing company for recruiting lottery members.

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

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

Trustees are appointed to provide specific skills required by the Board as determined by Trustee annual reviews and the Nominations Committee. Applications are considered by the Nominations Committee who undertake formal interviews of suitable candidates. Formal induction is then arranged for successful candidates in conjunction with the Chief Executive and other members of the senior management team. Trustees are encouraged to attend ongoing training.

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

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

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

charitable company will continue in business.

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. 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 is limited by guarantee, the Directors do not hold any shares.

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

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

Reference & Administrative Details

Name & Address

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

Governing Document

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

Group Accounts

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

President

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

Board of Trustees

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

Mrs J Beard (Vice-Chair from 18.10.18)	(6,3,8)
Mrs S Broomhead	(5)
Mr P Coackley - appointed 9.8.18	(1, 5)
Mr A Cordery (Chair)	(1,3,4,7,8)
Mr P Donohue	(1,6)
Mr J Fairclough (Vice Chair)	
– deceased 2.7.19	(5)
Mrs Z Oliver	(1,5,7)
Dr D Ryan	(2,4)
Mrs A Tudor (Vice Chair) - retired 17.10.18	(1)
Mrs B-A Tweedie	(2,4)
Dr W-J Walton	(2,4)
Mr J Wardle	(1,3)
Mrs G de Wet	(6)
Mr F Yates	(3,5,9)

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

Senior Management Team (Key Management Personnel)

Chief Executive

Mrs H Palin (appointed 5.7.18)

Chief Executive

Mr P Cronin (retired 4.7.18)

Director of Care & Deputy Chief Executive

Mrs H Palin (to 4.7.18)

Director of Care

Mrs R Richardson (appointed 5.7.18)

Director of Finance & Information

Miss K Davies

Director of Income Generation

Mrs N Ross

Medical Director

Professor D Willis

Vice Presidents

Miss S Astbury

Mrs 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

(deceased in year)

Bankers

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

National Westminster Bank PLC, 8 Mardol Head, Shrewsbury.

Solicitors

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

Investment Advisers

Smith & Williamson LLP, 9 Colmore Row, Birmingham, B3 2BJ.

Brewin Dolphin Limited, Mutual House, Sitka Drive, Shrewsbury Business Park, Shrewsbury SY2 6LG.

Auditors

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

Membership of the Company

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

Appointment of Trustees

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

Severn Hospice seeks to ensure that an appropriate range of professional skills are maintained at Board level to fulfil both the governance and business requirements of the Hospice. New Trustees are appointed following regular analysis of skill requirements and sympathy to the charity's principles undertaken by the Nominations Committee, a formal committee of the Board. Prospective Trustees may apply to the Hospice or may be identified by the Board, and they are interviewed by the Nominations Committee 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.

Reappointment of Auditors

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

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

This report was approved by the Board of Trustees on 8 August 2019 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 2019 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 2019 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Responsibilities of Trustees for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Use of our report

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



Muraza Jessa (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP
Statutory Auditors
10 Queen Street
London
EC4R 1AG
8 August 2019

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2019

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

CHARITY STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
For the Year Ended 31 March 2019


		Unrestricted Funds		Restricted	Total Funds	Total Funds
		General	Designated	2019	2019	2018
		2019	2019	2019	2019	2018
		£	£	£	£	£
Income From:	Note					
Donations and legacies:						
Donations		1,246,642	-	166,878	1,413,520	1,357,231
Legacies		1,832,954	467,538	66,516	2,367,008	2,855,740
Grants from Charitable Trusts		100,271	-	187,445	287,716	125,842
		3,179,867	467,538	420,839	4,068,244	4,338,813
Charitable Activities	4	2,421,947	-	1,374,558	3,796,505	3,652,415
Other trading activities:						
Lottery	5a	851,468	-	-	851,468	897,731
Projects	5b	87,764	-	-	87,764	94,502
Shops	5c	2,997,674	-	-	2,997,674	2,765,045
Fundraising events	5d	380,544	-	560	381,104	421,556
Total other trading activities		4,317,450	-	560	4,318,010	4,178,834
Investments	6	217,938	-	-	217,938	203,400
Other income	7	86,641	-	17,500	104,141	65,473
Total Income		10,223,843	467,538	1,813,457	12,504,838	12,438,935
Expenditure on:						
Raising Donations, Legacies and Grants	9	778,548	-	-	778,548	664,649
Other trading activities:						
Lottery	5a,9	-	-	-	-	-
Projects	5b,9	-	-	-	-	-
Shops	5c,9	1,939,625	-	-	1,939,625	1,750,667
Fundraising events	5d,9	132,388	-	-	132,388	125,364
Investment management costs		36,783	-	-	36,783	42,092
Costs of raising funds		2,887,344	-	-	2,887,344	2,582,772
In patient care	9	4,671,414	-	137,042	4,808,456	4,636,212
Day care	9	1,226,217	-	5,844	1,232,061	1,161,249
Hospice Outreach	9	530,438	-	411,659	942,097	866,121
Hospice at home	9	164,379	-	810,961	975,340	912,920
Education and research	9	55,193	-	85,272	140,465	130,320
Hospital services	9	91,060	-	85,123	176,183	188,165
Lymphoedema	9	38,690	-	70,222	108,912	101,928
Social Work & Chaplaincy	9	334,231	-	-	334,231	304,870
Expenditure on charitable activities		7,111,622	-	1,606,123	8,717,745	8,301,785
Total expenditure		9,998,966	-	1,606,123	11,605,089	10,884,557
Net income/(expenditure) for the year and net movements in funds before gains and losses on investments		224,877	467,538	207,334	899,749	1,554,378
Net gains on investments	11	267,119	-	-	267,119	186,854
Net income/(expenditure) for the year		491,996	467,538	207,334	1,166,868	1,741,232
Transfers between funds	16, 17	(394,404)	470,636	(76,232)	-	-
Net movement in funds		97,592	938,174	131,102	1,166,868	1,741,232
Reconciliation of funds:						
Total funds brought forward		10,268,042	11,782,418	107,323	22,157,783	20,416,551
Total funds carried forward		10,365,634	12,720,592	238,425	23,324,651	22,157,783

CONSOLIDATED AND CHARITY BALANCE SHEET
As at 31 March 2019

		Group		Charity	
	Note	2019	2018	2019	2018
		£	£	£	£
Fixed Assets					
Tangible assets	10	8,708,054	8,238,052	8,708,054	8,237,419
Investments	11	6,590,392	6,185,683	6,640,492	6,235,783
		<u>15,298,446</u>	<u>14,423,735</u>	<u>15,348,546</u>	<u>14,473,202</u>
Current Assets					
Stock	12	11,104	33,472	-	16,197
Debtors	13	2,345,273	2,491,449	2,524,507	2,600,101
Cash at bank & in hand		6,689,384	6,152,789	6,237,631	5,780,087
		<u>9,045,761</u>	<u>8,677,710</u>	<u>8,762,138</u>	<u>8,396,385</u>
Creditors: amounts falling due within one year	14	(987,030)	(907,636)	(770,533)	(692,804)
Net current assets		<u>8,058,731</u>	<u>7,770,074</u>	<u>7,991,605</u>	<u>7,703,581</u>
Total assets less current liabilities	14	<u>23,357,177</u>	<u>22,193,809</u>	<u>23,340,151</u>	<u>22,176,783</u>
Creditors: amounts falling due greater than one year	14	(15,500)	(19,000)	(15,500)	(19,000)
Total Net assets		<u>23,341,677</u>	<u>22,174,809</u>	<u>23,324,651</u>	<u>22,157,783</u>
The funds of the charity:					
Restricted funds	15	238,425	107,323	238,425	107,323
Unrestricted funds:					
Designated funds	16	12,720,592	11,782,418	12,720,592	11,782,418
General funds	17	10,382,660	10,285,068	10,365,634	10,268,042
Total funds		<u>23,341,677</u>	<u>22,174,809</u>	<u>23,324,651</u>	<u>22,157,783</u>

The net result of the charity's own accounts for 2018/19 was a surplus of £1,166,868 (2017/18: £1,741,232)

These accounts were approved and authorised for issue by the Board of Trustees on 8 August 2019.


A Cordery
Chairman
Severn Hospice Limited
Registered No. 1608025

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2019

	Note	2019	2018
		£	£
Cash flows from operating activities:			
Net cash provided by operating activities	23	<u>1,428,833</u>	<u>279,015</u>
Cash flows from Investing activities:			
Dividends and interest from Investments		221,051	205,092
Purchase of property, plant and equipment		(975,699)	(1,141,815)
Proceeds from sale of investments		935,726	753,475
Purchase of investments		(1,154,312)	(738,288)
(Increase)/decrease in Investment cash		<u>80,996</u>	<u>(144,116)</u>
Net cash used in investing activities		<u>(892,238)</u>	<u>(1,065,652)</u>
Change in cash and cash equivalents in the reporting period		<u>536,595</u>	<u>(786,637)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>6,152,789</u>	<u>6,939,426</u>
Cash and cash equivalents at the end of the reporting period		<u>6,689,384</u>	<u>6,152,789</u>

1. Accounting Policies

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

(a) Basis of Accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice 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.

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

(b) Going Concern

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

(c) Basis of Consolidation

The statement of financial activities ("the SOFA") and balance sheet consolidate the financial statements of the charitable company and its subsidiary companies, Hospice Projects Limited and Severn Promotions Limited, for the financial year ended 31 March 2019. The results of the subsidiary companies are consolidated on a line by line basis.

(d) Estimation Uncertainty and Judgements

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

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

(e) Income

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

Donations are included in income when they are received.

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

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

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

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

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

(f) Expenditure

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

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

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

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

(g) Operating Leases

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

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

(h) Fund Accounting

The Hospice maintains various types of funds as follows:

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

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

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

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

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

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

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

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

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

(i) Tangible Fixed Assets

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

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

The useful lives assigned to other assets are:

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

(j) Investments

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

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

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

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

(k) Stocks

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

(l) Goods Donated for Resale

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

(m) Debtors

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

(n) Cash at Bank and in Hand

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

(o) Creditors and Provisions

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

(p) Volunteers

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

(q) Support Groups

There were 14 official Support Groups operating bank accounts in the name of the Hospice at 31 March 2019. The majority of these prepare accounts to 31 March. Fundraising income includes gross income raised by these groups, and the expenses they incur are included within fundraising costs.

(r) Pension Costs

The majority of staff are members of either the National Health Service Pension Scheme ("the

NHS scheme”) or defined contribution schemes operated by the Charity. Contributions are made by both employees and employer. Although the NHS scheme is a defined benefit scheme, the nature of the scheme is such that the Charity cannot identify its share of the scheme’s underlying assets and liabilities. In accordance with FRS102, payments to the NHS scheme have been treated in the same way as contributions to the defined contribution schemes and the payments made by the Charity are charged against the profits of the year in which they become payable.

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

(s) Financial Instruments

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

2 Company Status and Members’ Liability

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

3 Taxation

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

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

4 Charitable Activities	2019	2018
	£	£
NHS income	3,711,233	3,542,349
Education income	85,272	110,066
	<u>3,796,505</u>	<u>3,652,415</u>

5a Lottery

Severn Promotions Company Limited, a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2973920, operates raffles and a weekly lottery. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2019.

	2019	2018
	£	£
Lottery income	1,263,224	1,254,870
Donations	20,173	24,432
Investment income	2,334	1,225
Total income	<u>1,285,731</u>	<u>1,280,527</u>
Prizes awarded	(146,400)	(146,400)
Staff costs	(104,651)	(95,052)
Other costs	(183,212)	(141,344)
Total expenditure	<u>(434,263)</u>	<u>(382,796)</u>
Net lottery income	851,468	897,731
Gift Aid payments to Severn Hospice Limited	(851,468)	(897,731)
(Deficit)/Surplus	<u>-</u>	<u>-</u>
 Total assets	 310,035	 238,400
Total liabilities	(303,849)	(232,214)
Funds (representing share capital and reserves)	<u>6,186</u>	<u>6,186</u>

5b Hospice Projects Limited

This is a wholly owned trading subsidiary company incorporated in England/Wales, Company number 2229635. All new goods are sold through this company via the Hospice shops or website. A summary of its provisional trading results is given below and reflects its trading activities for the year ended 31 March 2019.

	2019 £	2018 £
Projects income	158,738	177,930
Donations	1,124	2,254
Interest	779	467
Total income	<u>160,641</u>	<u>180,651</u>
Cost of goods sold	(50,982)	(62,730)
Operating costs	(21,895)	(23,419)
Total expenditure	<u>(72,877)</u>	<u>(86,149)</u>
Net trading profit	87,764	94,502
Gift Aid payments to Severn Hospice Limited- provisional amount due for year	(87,764)	(94,502)
(Deficit) / Surplus	<u>-</u>	<u>-</u>
Total assets	157,003	160,676
Total liabilities	(96,061)	(99,734)
Funds (representing share capital and reserves)	<u>60,942</u>	<u>60,942</u>

5c Hospice Shops

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

	2019 £	2018 £
Non gift –aided donated goods income	1,655,798	1,407,998
Gift-aided donated goods income	864,747	873,595
Gift Aid on donated goods income	185,616	204,211
Rag income	202,128	200,973
Donations	56,575	57,900
Other income	32,810	20,368
Total income	<u>2,997,674</u>	<u>2,765,045</u>
Staff Costs	(1,117,509)	(1,018,273)
Premises maintenance and rent	(428,882)	(386,098)
Other costs	(393,234)	(346,296)
Total expenditure	<u>(1,939,625)</u>	<u>(1,750,667)</u>
Net shops income	1,058,049	1,014,378

5d Fundraising Events

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

	2019			2018		Net
	Income	Expenditure	Net Income	Income	Expenditure	Income
	£	£	£	£	£	£
Dragon Boats	60,542	(26,271)	34,271	62,778	(18,076)	44,702
Shropshire Colour Run	59,409	(29,593)	29,816	58,610	(14,944)	43,666
Lights of Love	53,417	(5,800)	47,617	53,382	(6,063)	47,319
London Marathon	45,501	(3,960)	41,541	38,035	(3,876)	34,159
Kapow	34,100	(12,480)	21,620	10,056	(9,321)	735
	<u>252,969</u>	<u>(78,104)</u>	<u>174,865</u>	<u>222,861</u>	<u>(52,280)</u>	<u>170,581</u>

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

6	Investment Income	2019 £	2018 £
	Dividends receivable on shares held	178,962	165,536
	Interest receivable on cash balances	42,089	39,556
		<u>221,051</u>	<u>205,092</u>

7	Other Income	2019 £	2018 £
	Miscellaneous items of income received for catering, insurance receipts, property rental, wayleaves etc.	104,141	65,473

8 Staff Costs & Pensions (Group)

	2019 £	2018 £
Salaries	7,293,006	6,845,082
Social security costs	578,908	565,203
Pension costs	452,733	408,502
Redundancy and Settlement Agreement costs	33,373	8,543
	<u>8,358,020</u>	<u>7,827,330</u>

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

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

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

	2019	2018
The average monthly headcount during the year is shown below:		
Administration	23	19
Fundraising	27	19
Patient care	342	314
Shops	91	70
	<u>483</u>	<u>422</u>

For comparison purposes, the average number of full-time equivalent employees during the year is estimated as shown below

266	252
-----	-----

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

£60,000 to £70,000	1	2
£70,000 to £80,000	1	1
£80,000 to £90,000	1	1
	<u>3</u>	<u>4</u>

Pension contributions relating to those staff earning over £60,000	£ 16,601	£27,665
--	----------	---------

For the key employed and seconded management personnel, comprising the Senior Management Team as set out on page 16, the total employee benefits were £522,128 (prior year £512,991).

During the year the Hospice paid out redundancy payments due to reorganisation totalling £14,293 (prior year £5,281). Three members of staff also left the Hospice under settlement agreements totalling £19,080 (prior year £3,262)

9 Total Expenditure (Group)

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

Support costs include:

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

Included within group expenditure are:

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

10 Fixed Assets

	Freehold Property £	Assets Under Construction £	Furnishings & Equipment £	Vehicles £	Total £
Charity					
Cost					
At 1 April 2018	9,990,077	35,537	2,320,787	141,921	12,488,322
Additions	431,198	293,587	250,914		975,699
Disposals			(85,219)		(85,219)
At 31 March 2019	10,421,275	329,124	2,486,482	141,921	13,378,802
Depreciation					
At 1 April 2018	2,494,783	-	1,640,850	115,270	4,250,903
Charge for year	200,612	-	284,197	13,529	498,338
Disposals	-	-	(78,493)	-	(78,493)
At 31 March 2019	2,695,395	-	1,846,554	128,799	4,670,748
Net Book Value					
At 1 April 2018	7,495,294	35,537	679,937	26,651	8,237,419
At 31 March 2019	7,725,880	329,124	639,928	13,122	8,708,054
Group					
Cost					
At 1 April 2018	9,990,077	35,537	2,342,116	141,921	12,509,651
Additions	431,198	293,587	250,914	-	975,699
Disposals	-	-	(85,219)	-	(85,219)
At 31 March 2019	10,421,275	329,124	2,507,811	141,921	13,400,131
Depreciation					
At 1 April 2018	2,494,783	-	1,661,547	115,270	4,271,600
Charge for year	200,612	-	284,829	13,529	498,970
Disposals	-	-	(78,493)	-	(78,493)
At 31 March 2019	2,695,395	-	1,867,883	128,799	4,692,077
Net Book Value					
At 1 April 2018	7,495,295	35,537	680,569	26,651	8,238,052
At 31 March 2019	7,725,880	329,124	639,928	13,122	8,708,054

11 Investments

	The Group		The Charity	
	2019 £	2018 £	2019 £	2018 £
Listed UK Stock Exchange Investments	6,420,392	6,015,683	6,420,392	6,015,683
Shares in subsidiary companies			50,100	50,100
Investment Properties	170,000	170,000	170,000	170,000
	<u>6,590,392</u>	<u>6,185,683</u>	<u>6,640,492</u>	<u>6,235,783</u>

	Group and Charity	
	2019 £	2018 £
(a) Listed UK Stock Exchange Investments		
Market Value 1 April 2018	5,777,237	5,620,570
Disposals	(935,726)	(753,475)
Acquisitions	1,154,312	738,288
Unrealised gains	82,510	51,742
Realised gains	184,609	120,112
Market value at 31 March 2019	<u>6,262,942</u>	<u>5,777,237</u>
Cash held for investment	157,450	238,446
	<u>6,420,392</u>	<u>6,015,683</u>

(b) Analysis of Listed/Discretionary Fund Investments

	2019 £	2018 £
Discretionary Fund managed by Smith & Williamson	3,187,398	2,954,715
Discretionary Fund managed by Brewin Dolphin	3,232,994	3,060,968
	<u>6,420,392</u>	<u>6,015,683</u>

	Charity	
	2019 £	2018 £
(c) Shares in subsidiary companies at cost		
Hospice Projects Limited	50,000	50,000
Severn Promotions Limited	100	100
	<u>50,100</u>	<u>50,100</u>

The Charity has two wholly owned subsidiary companies which are incorporated in England and operate for the purposes of raising funds. Hospice Projects Limited sells new goods mainly cards and Severn Promotions Limited operates a weekly lottery.

12 Stocks

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Goods purchased for resale through Hospice Projects Limited	11,104	17,275	-	-
Consumable stores	-	16,197	-	16,197
	<u>11,104</u>	<u>33,472</u>	<u>-</u>	<u>16,197</u>

13 Debtors

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Trade debtors	207,446	122,751	207,446	122,751
Sundry debtors	51,830	179,547	51,357	179,340
Amounts due from subsidiary undertakings	-	-	178,020	107,495
Legacies & grants	1,854,706	1,920,778	1,854,706	1,920,778
Prepayments	129,063	119,310	129,063	119,310
Income tax recoverable	-	44,315	-	44,315
VAT recoverable	102,228	104,748	103,915	106,112
	<u>2,345,273</u>	<u>2,491,449</u>	<u>2,524,507</u>	<u>2,600,101</u>

14 Creditors: Amounts Falling Due Within One Year

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Trade creditors	302,682	214,462	301,926	210,335
Taxation & social security costs	137,103	151,204	137,103	151,204
Accruals	262,724	159,137	249,577	155,605
Amounts due to subsidiary undertakings	-	-	3,708	7,990
Deferred income	9,303	93,427	9,303	93,427
Other creditors	275,218	289,406	68,916	74,243
	<u>987,030</u>	<u>907,636</u>	<u>770,533</u>	<u>692,804</u>

Creditors: Amounts Falling Due Greater Than One Year

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Deferred income	15,500	19,000	15,500	19,000
	<u>15,500</u>	<u>19,000</u>	<u>15,500</u>	<u>19,000</u>

Creditors: Deferred Income

	Balance b/fwd 1.4.18 £	Released £	New Deferred £	Amounts Falling Due	
				Within One Year Balance c/fwd 31.3.19 £	Greater Than One Year Balance c/fwd 31.3.19 £
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	131	131	-	-	-
Nightingale Nursing Fund	17,798	17,798	-	-	-
Men's Health project	4,510	4,000	-	510	-
Compassionate Communities fund	25,000	4,500	250	5,250	15,500
Hospital Development Fund	3,543	3,200	3,200	3,543	-
Ceredigion project management	47,134	47,134	-	-	-
	<u>112,427</u>	<u>91,074</u>	<u>3,450</u>	<u>9,303</u>	<u>15,500</u>

15 Restricted Funds

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

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

Pages 3,7 and 11 explain more of the detail in respect of Living Well and the way funds are being applied.

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 at 1.4.17 £	Income £	Expenditure £	Transfer to General Funds £	Balance at 31.3.18 £
Donations received for In Patient Care and Bereavement	67,539	239,517	(179,377)	(67,237)	60,442
Donations received for the Day Units	-	9,083	(9,083)	-	-
Donations received for Care at Home Services	181,727	44,883	(186,832)	-	39,778
CCG funding for specifically negotiated services	39,599	1,209,087	(1,248,686)	-	-
Hospice Garden	4,481	2,622	-	-	7,103
	<u>293,346</u>	<u>1,505,192</u>	<u>(1,623,978)</u>	<u>(67,237)</u>	<u>107,323</u>

16 Unrestricted Funds

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

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

See page 11 for more detail on the explanation of the various funds.

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

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

17 Allocation of Group Net Assets between Funds

	2019		2018			
	Unrestricted Funds £	Restricted Funds £	Total £	Unrestricted Funds £	Restricted Funds £	Total £
Fund balances at 31 March are represented by:						
Tangible fixed assets	8,708,054	-	8,708,054	8,238,052	-	8,238,052
Investments	6,590,392	-	6,590,392	6,185,683	-	6,185,683
Current assets	8,807,336	238,425	9,045,761	8,570,387	107,323	8,677,710
Creditors due within one year	(987,030)	-	(987,030)	(907,636)	-	(907,636)
Creditors due greater than one year	(15,500)	-	(15,500)	(19,000)	-	(19,000)
Total Net Assets	23,103,252	238,425	23,341,677	22,067,486	107,323	22,174,809

18 Operating Lease Commitments

At March 2019, the charity had future minimum lease payments under non-cancellable operating leases in respect of Hospice shops as follows:

	2019	2018
	£	£
Within 1 year	368,700	358,877
Between 2 and 5 years	906,250	608,350
Over 5 years to end of lease term	646,550	192,850
	<u>1,921,500</u>	<u>1,160,077</u>

19 Controlling Party

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

20 Pension Commitments

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

Contributions are charged in the financial statements as they are incurred and there were no outstanding contributions as at the balance sheet date. Pension costs charged in the year were £452,733 consisting of £323,738 paid to the NHS Scheme, and £128,995 paid to the defined contribution schemes (2018: £295,007 and £112,619 respectively).

21 Related Party Transactions

The charity paid a total of £16,470 in the year to Wace Morgan LLP, Solicitors for employment advice and insurance (£10,695 2017/18). Zara Oliver, a Trustee of the charity, is a partner in Wace Morgan LLP. There were no amounts owed or owing at the year-end.

22 Contingent Assets and Liabilities

As at 31 March 2019 the Hospice had been notified of several residuary, pecuniary and specific legacies, some of which have life interests, where the timing of realisation or value of these estates was uncertain. Therefore, no amounts have been accrued in respect of these legacies which are estimated to be in excess of £2,165,000.

As at 31 March 2019 the Hospice has entered into a contract with AM Griffiths for the construction of the new Living Well Centre. A change in use of the land invoked a clawback covenant and an amount payable to the Secretary of State for Health is expected to not exceed £25,000. No provision has been made in the accounts at 31st March 2019.

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

	Group 2019 £	Group 2018 £
Net Income/(expenditure) for the reporting period (as per the statement of financial activities)	1,166,868	1,751,232
Adjustments for:		
Depreciation charges	498,970	471,968
Dividends, interest and rents from investments	(221,051)	(205,092)
(Gains)/losses on investments	(267,119)	(186,854)
Loss/(profit) on sale of fixed assets	-	-
(Increase)/decrease in stocks	22,368	(5,532)
(Increase)/decrease in debtors	146,176	(1,524,538)
Increase/(decrease) in creditors	82,621	(22,169)
Net cash provided by/ (used in) operating activities	1,428,833	279,015

24 Capital Commitments

As at 31 March 2019 Severn Hospice Limited had capital commitments outstanding for:

- The new Living Well centre at Bicton totalling in the region of £3,910,000.

25 2017/18 Comparative information

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

	Unrestricted Funds		Restricted	Total Funds
	General 2018	Designated 2018	2018	2018
	£	£	£	£
Income From:				
Donations and legacies:				
Donations	1,164,711	-	219,206	1,383,917
Legacies	2,845,740	10,000	-	2,855,740
Grants from Charitable Trusts	95,001	-	30,841	125,842
	4,105,452	10,000	250,047	4,365,499
Charitable Activities	2,443,328	-	1,209,087	3,652,415
Other trading activities:				
Lottery	1,254,870	-	-	1,254,870
Projects	177,930	-	-	177,930
Shops	2,765,045	-	-	2,765,045
Fundraising events	375,498	-	46,058	421,556
Total other trading activities	4,573,343	-	46,058	4,619,401
Investments	205,092			205,092
Other income	65,473			65,473
Total Income	11,392,688	10,000	1,505,192	12,907,880
Expenditure on:				
Raising Donations, Legacies and Grants	664,649	-	-	664,649
Other trading activities:				
Lottery	382,796	-	-	382,796
Projects	86,149	-	-	86,149
Shops	1,750,667	-	-	1,750,667
Fundraising events	125,364	-	-	125,364
Investment management costs	42,092	-	-	42,092
Costs of raising funds	3,051,717	-	-	3,051,717
In patient care	4,447,249	-	188,963	4,636,212
Day care	1,152,166	-	9,083	1,161,249
Community services	451,157	-	414,964	866,121
Hospice at home	84,554	-	828,366	912,920
Education and research	69,989	-	60,331	130,320
Hospital services	136,118	-	52,047	188,165
Lymphoedema	31,704	-	70,224	101,928
Social Work & Chaplaincy	304,870	-	-	304,870
Expenditure on charitable activities	6,677,807	-	1,623,978	8,301,785
Total expenditure	9,729,524	-	1,623,978	11,353,502
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
Net gains on investments	186,854	-	-	186,854
Net income/(expenditure) for the year	1,850,018	10,000	(118,786)	1,741,232
Transfers between funds	(2,631,317)	2,698,554	(67,237)	-
Net movement in funds	(781,299)	2,708,554	(186,023)	1,741,232
Reconciliation of funds:				
Total funds brought forward	11,066,367	9,073,864	293,346	20,433,577
Total funds carried forward	10,285,068	11,782,418	107,323	22,174,809

