



HOSPICE IN THE WEALD

ANNUAL REPORT
(and consolidated financial statements)

YEAR ENDED 31 MARCH 2019

Charity No. 280276
Company Registration No 01499846 (England and Wales)

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

CHARITY INFORMATION

Charity registration number 280276

Company number 01499846

Trustees

Dr N Benson	
Mrs S Cockaday	(Appointed 5 February 2019)
Prof. J Downing	
Mr B Dudley	(Resigned 6 December 2018)
Ms J Ford	
Ms C Freshwater	
Mr S Lee	Chairman
Ms S Pinkney	
Mr T Rolfe	
Mr E Wesson	(Appointed 7 July 2018)
Mr M Wheatley	
Ms C Wykes	

Hospice Leadership Team	Mr R Woolley	Chief Executive
	Mr N Farthing	Income Generation Director
	Mrs M Ford	Care Director
	Mrs J Lavender	Finance Director
	Dr H McGee	Medical Director

Patrons

Mr Greg Clark MP
Mr George Cohen MBE
Mr Chris Cowdrey
Mr Rob Eades
Mr Tim Edmunds
Ms Nusrat Ghani MP
Ms Helen Grant MP
Mr Charles Hendry
Dame Kelly Holmes
Prof. Hans Rausing
Mrs Marit Rausing
Mr Tom Tugendhat MP

Vice Presidents (Members)	Mr Peter Bennellick
	Mrs Sonia Burt
	Mr John Cobb
	Mr Martin Dace
	Mr Brian Dudley
	Sir Jeremy Elwes
	Prof. John Salter

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

CHARITY INFORMATION

**Vice Presidents
(Non-members)**

Mr John Ashelford
Mr David Payne
Mr Richard Snow

Registered address

Maidstone Road
Pembury
Kent
TN2 4TA

Statutory auditors

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Bankers

Lloyds Bank Plc
82 Mount Pleasant Road
Tunbridge Wells
Kent
TN1 1RP

Metro Bank
2-4 Calverley Road
Tunbridge Wells
Kent
TN1 2TB

Investment Fund Management

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

Hospice in the Weald



Find us on:
facebook®

@Hospiceweald

follow us on
twitter

CONTENTS	Page
Trustees’ Report incorporating the Strategic Report	1 – 2
Strategic Report	2-11
Consolidated statement of financial activities	12
Consolidated and charity balance sheets	13
Consolidated and charity cash flow statements	14
Notes to the consolidated financial statements	15 – 30
Independent auditor’s report	31 - 33

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The Trustees submit their annual report and the audited consolidated financial statements of the charitable group for the year ended 31 March 2019. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities ("the Charities SORP") and Financial Reporting Standard (FRS) 102 in preparing the annual report and financial statements of the Charity. The Charity is a charitable company limited by guarantee and was established on 27 June 1980. The Charity is governed by its Memorandum and Articles of Association whose objects are entirely charitable.

Statement of the Responsibilities of the Trustees

The Trustees, who are also directors of the Charity for the purposes of company law, are responsible for preparing the annual report and the consolidated 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 incoming resources and application of resources, including the income and expenditure, of the charitable company and the 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Charity will continue in business.

Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time 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.

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 financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees 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.

Charitable Objects

The objects for which the Charity is established are:

To promote the relief of sickness in such charitable ways as the Charity shall from time to time think fit, and in particular (but without prejudice to the generality of such object):

- to promote the care without limitation of sex, race or age, of persons suffering from terminal illness or intractable pain whether in hospitals, nursing homes, clinics or their own homes and to provide medical nursing and other treatment and attention according to their needs, together with guidance and assistance for those caring for them;

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2019

Charitable Objects

- to conduct, promote and encourage research into the care and treatment of sufferers from terminal illness or intractable pain and to make publicly available the results of such research and to promote, encourage and assist in the teaching and training of doctors, nurses, physiotherapists, psychologists and other persons engaged in the care of such sufferers.

Hospice in the Weald serves a population of over 360,000 people covering an area of 400 square miles of West Kent and East Sussex. It delivers a multi-professional service to improve the quality of life for patients and their families faced with life-limiting illnesses.

Organisational Structure, Governance and Management

The Charity is established for the purposes expressed in the Articles of Association. The Trustees are expected to serve an initial term of three years and can then be re-elected to serve a further term to not normally exceed six years in total. The Board considers any Trustee vacancies to ensure that there remains on the Board a balance of skills and experience. New Trustees are put forward by existing Trustees or from recommendations from the Chief Executive. Future Trustees are interviewed by the Chairman and at least two other Trustees and meet with the Chief Executive. New Trustees receive induction arranged by the Chief Executive and receive several key documents to allow them to understand the organisation.

Trustees do not receive any remuneration but are entitled to be reimbursed for any expenses incurred in attending Board meetings. No expenses were claimed during the year.

The appointment, resignation or retirement of Trustees is announced at the Charity's Annual General Meeting.

Trustees have ultimate responsibility for the Charity. They meet at least four times a year to review the strategy and performance of the Charity and to set objectives, operating plans and budgets and approve the annual accounts.

Strategic Report

Separate committees have been established to provide specific support and guidance to the Chief Executive and the Hospice Leadership Team (HLT). Each committee is chaired by a Trustee and determines the frequency and content of its meetings depending on the needs of the organisation. The terms of reference for each committee are reviewed by the Board once a year and the Chairman is ex-officio on all committees. The Chair of each committee gives a report to the full body of Trustees at Board meetings.

Committee Membership: -

Finance and Commercial Committee: Ms C Freshwater (Chair), Ms J Ford, Ms S Pinkney, Mrs S Cockaday, Mr T Rolfe, Mr M Wheatley, Mr E Wesson, Mr R Woolley, Mrs J Lavender, Mr N Farthing, Ms K Walker. Mr S Lee (ex-officio).

Clinical Governance Committee: Prof J Downing (Chair), Dr N Benson, Ms C Freshwater, Ms J Ford, Ms S Pinkney, Dr C Wykes, Dr H McGee, Mrs M Ford, Mr R Woolley. Mr S Lee (ex-officio).

Cottage Hospice Committee: Mr M Wheatley (Chair), Dr N Benson, Prof J Downing, Mr T Rolfe, Dr C Wykes, Mr M Dace, Mr R Woolley, Mrs M Ford. Mr S Lee (ex-officio).

The Trustees delegate authority for the day to day management of the Charity and its subsidiary company to its appointed Chief Executive, supported by the Hospice Leadership Team with specialist and individual responsibility for all functional activities. The subsidiary company has a Board of Directors and operates at arm's length from the charity.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2019

Trustee Training

The Trustees are interested in their own training and development as individuals and collectively as a Board. They are aware of organisations that help Trustees and will take part in training as required. Trustees know from the Charity Commission guidance in CC3a that Trustee E-learning is available on-line. The Trustees also join together with the Hospice Leadership team once a year in a "Development Day" which is focused on joint learning.

Public Benefit

The presumption of public benefit has been removed by the Charities Act 2011. Charities are therefore required to demonstrate public benefit. The objects of Hospice in the Weald are set out on pages 1 and 2. Accordingly the charitable purposes of Hospice in the Weald fall within the criteria of Section 2 of the Charities Act 2011 and thereby the organisation, which has been established exclusively for charitable purposes, is for public benefit. In planning the activities for the year, the Trustees have given careful regard to the Charity Commission's guidance on public benefit and considered its implications for the Charity.

Related Party Disclosures

We need to make disclosures in respect of 'related party disclosures' as FRS 102 requires disclosure of group transactions such as those in note 22. It is also prudent in this annual report to make clear that some of the Hospice activity is undertaken by a trading company. The concept of trading is so fundamental to the world of markets, commerce and profit, that some find it difficult to reconcile with the values of a charity such as Hospice in the Weald. Our Commercial profits are vital to the running of the Hospice and in recent years has become greater than the amount of funding received from the NHS. We have three of the Charity Trustees, including the Chairman, act as the Directors of the trading company. The CEO and Income Generation Director work alongside them and also act as Directors of the trading company. Hospice in the Weald (Trading) Ltd charged Hospice in the Weald £403,986 for donor procurement in the year to 31 March 2019.

Pay/Remuneration of Key Management Personnel

Previously the Hospice undertook a full review of remuneration and reward, with the aim being to ensure a pay framework that was simple, fair for all and aligned to our business plan objectives. We set out to bring order and clarity to managing pay increases and career progression for all Hospice staff. We addressed the complexity of the pay band structure which had, in many respects, been inherited from NHS protocols. A fundamental part of this review was to make sure that all salaries were benchmarked externally and internally and we engaged an external Human Resource Consultant to undertake that benchmarking exercise to ensure an independent, fair and just system. We made clear at the outset that the result for the Hospice would need to be cost neutral. However, we were keen to ensure a competitive reward package to guarantee that we would be able to recruit the best staff at all levels. The Trustees have agreed to undertake another review of remuneration and reward in 2021 to ensure we stay competitive in the external employment market place.

Financial Key Performance Indicators (KPIs) - Dashboard

The Hospice has ten different KPIs, the headings of these include Clinical referrals, occupancy, patients preferred place of death, Cottage Hospice Service Delivery plan objectives as well as financial indicators and staff turnover. These KPI's contain both quantitative and qualitative KPIs which are reported on a regular basis through each of the Board committees.

Review of Activities

The Statement of Financial Activities is set out on page 12.

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2019

Income Generation

The total income of the Charity and Hospice in the Weald (Trading) Limited for the year of over £11.4 million showed an increase of £1.9m over the previous year. Core statutory funding from the Clinical Commissioning Groups (CCG's) increased by £1,893 to £879,267 and now represents 8.2% of overall funding. This NHS statutory funding from West Kent CCG has been included in core funding.

Voluntary income by way of donations and legacies totalled £6,439,986 compared to £5,743,327 in the previous year, a 12.1% increase. The concept of legacies is not well understood by the public so in fundraising materials we use the term Gifts in Wills.

Fundraising income excluding Gifts in a Will showed 6.3% growth compared to the previous financial year.

The Charity's commercial trading arm Hospice in the Weald (Trading) Ltd achieved a net profit of £79,856, a £367,315 decrease on previous year, this is reflective of changes to the description of our retail operating model and is not a reflection of retail doing less well, indeed it continues to be vital in respect of our income.

Fundraising Practices

Hospice in the Weald has a Supporter Promise which is set out in full on our website.

Hospice in the Weald has a Standard Operating Procedure (SOP) regarding individuals from whom it is not appropriate to actively fundraise to protect vulnerable people and other members of the public. The Hospice has not received any complaints regarding fundraising activity that relate to this SOP.

The SOP includes the following procedures:

- When a reason for an individual not suitable for a fundraising approach has been identified that this is communicated to the manager of that service or department. This could be a result of: a conversation in a clinical setting, correspondence received by the Hospice, or a request from the family of the individual concerned (this list is not exhaustive).
- The service/department manager to raise their concerns with the Income Generation Director directly (or in the absence of the Income Generation Director, the CEO).
- Income Generation Director to agree that the named individual is unsuitable for fundraising approaches.
- Details of the individual to be recorded as a communication on our income database 'Raiser's Edge' and attribute 'Not suitable for Fundraising' given. This attribute will exclude the individual from all direct fundraising requests, but they can decide to receive a copy of Hospice News so communication with the Hospice is not completely cut off.

Resources Expended

Hospice in the Weald, in common with all other hospices, spends its revenue principally on the provision of care. Salary costs are, and always will be, our main expenditure. The highly skilled Consultants, Doctors, Nurses and other clinical staff are where we focus our expenditure. We have in this year, like other years, ensured that 90 pence of each £1 that is raised goes toward the care of our patients, families and carers.

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Operating Expenditure

We are pleased to report a significant increase in our total operating expenditure from £5,635,447 to £6,055,508, a 7.5% increase year on year. The increase is mainly from expenditure on Cottage Hospice and Hospice Day Service (HDS) as we alter our model to see more patients and their families and carers in HDS. There is also increased expenditure on the Inpatient Ward by £50,440. The expenditure on the Hospitality Department (catering and cleaning) is to be explored in 2019/20 to ensure the benefits are clear and it meets our quest to ensure all that we do is the best value for money it can be.

Financial Management

Funding from the NHS stayed static in real terms, as has the Department of Health's contribution to the costs of the NHS Pension Scheme. Again, pension cost increases have been funded out of voluntary income. We continue to make the case for an increased contribution from the NHS.

Financial Review

The overall result for the year after unrealised gains, and including restricted funds, amounted to a surplus of £2,455,880 (2018 £693,612).

Investments

The final valuation of investments as at 31 March 2019 was £13,096,024. An unrealised gain is included in the overall result for the year of £ 706,694. In the 12 months to 31st March 2019, the investment portfolio managed by Sarasin & Partners produced a return of +6.6% (after all fees and costs) which was behind the portfolio index-based benchmark return of +7.2% but ahead of the Asset Risk Consultant (ARC) Charity Peer Group return of +6.0% of the long term inflation target (CPI+4%) of 5.9%

Reserves

The Board regularly reviews the level of free reserves held by the Charity against that stated in the Reserves Policy. The Board defines free reserves as readily realisable assets, mainly liquid investments and bank balances, less liabilities and accrued expenses. The Trustees consider that it is prudent and desirable and consistent with the Charity Commission guidelines to hold a level of free reserves equivalent to at least one year's budgeted forward expenditure, taking into account likely scenarios in respect of current income streams. The Charity's forward expenditure for 2019-20 has been budgeted at £7.8 million. The Charity's Free Reserves at 31 March 2019 were £4.2 million, which is after deducting £10million designated funds. In previous years the Trustees agreed up to £5 million was designated for the first Cottage Hospice development. At the end of this reporting period, 2018/19, £2,411,425 of that £5 million had been spent. We are confident that our first Cottage Hospice will open in Autumn 2019 and that all £5 million will be spent. The Trustees have designated a further £5 million for a second Cottage Hospice. They are also mindful that the buildings at Pembury are over 20 years old and so are developing a capital building project for the existing Hospice named 'Foundations for the Future' and made available designated funds for this work in line with the Architects estimate of £2.4 million. Planning permission is in place and we anticipate work commencing early in 2020.

Funds

- a) Restricted – these funds represent the balance of specific donations received after expenditures have been made in accordance with the donors' wishes and are therefore not freely available.
- b) Designated – these are funds which the Board has earmarked for specific capital commitments. The majority of designated funds relate to Hospice buildings, with the balance attributed to other fixed assets necessary to create the infrastructure to enable the Hospice to further its general objectives.
- c) General – these funds represent the balance of reserves which are available to meet existing liabilities and contracted obligations and future operating costs.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2019

Principal Risks and Uncertainties

The Trustees acknowledge their responsibility to consider the risks faced by the Charity and to ensure that adequate controls are in place to identify, assess and mitigate against such risks. Through the risk management processes established by the Charity, the Trustees are satisfied that the major risks have been identified and mitigated where necessary, and that systems and procedures have been put in place to provide reasonable assurance that major risks have been adequately managed.

The Hospice Leadership Team and Trustees have identified the following key areas of risk and have taken appropriate action, as far as it is possible and practical, to protect the organisation from any potential adverse exposures that could arise from:

1. Changes in external environment which result in there being a reduction in non-statutory funding and where we are not able to maintain historic levels of voluntary/community fundraising.
2. Changes in the external environment which result in there being a lack of statutory (State/NHS) funding and where Clinical Commissioning Groups (CCG's) do not commission/fund at historic levels of NHS funding.
3. Direct competition from other organisations who want to provide services we have traditionally provided, undermining our position in the community.
4. Damage to our reputation from a clinical error which adversely affects our standing.
5. Damage to our reputation from a non-clinical incident or error which adversely affects the organisation and its standing.
6. Our ability to attract and retain the best possible staff in our key posts is compromised.

The above 6 risks are the current high-level risks and are identified through various systems and processes and are included in the Board Assurance Framework. These risks and all other risks that are identified for the organisation are managed in accordance with a comprehensive risk strategy that determines the scoring system for both the likelihood of a risk and the consequences, if that risk were to come to fruition. This gives both the management and the Trustees the view of a raw scoring system which is then subjected to a number of management actions to mitigate the likelihood of the risk occurring. These mitigating management actions are kept under constant review.

Operational Achievements and Performance

Hospice in the Weald provides a comprehensive, multi-disciplinary and highly professional service to the community of approximately 360,000 people in the area of West Kent and East Sussex that it serves. The Charity is focused specifically on meeting the needs of patients coping with a terminal illness, together with their families and carers, and to provide a level of medical and nursing care to improve the quality of life of each individual with a life threatening condition or in need of terminal care, as well as providing for those in need of bereavement or spiritual support. The Hospice also provides a range of therapies, treatments and clinics to improve the quality of life for those coping with these conditions. All Hospice services are provided free of charge based on clinical need.

The Hospice in the Home Service is provided by Clinical Nurse Specialists, Staff Nurses/Hospice Paramedics and Nursing Assistants supported by our Medical Team, Counsellors and trained Volunteer Carers. Visits are made to patients' homes, community hospitals and care homes with 24-hour telephone support always available to patients, their families and carers. The Hospice's purpose-built In-Patient ward is fully in use.

The Hospice Day Service allows up to 30 patients each day, during the working week, to access a range of complementary therapies, treatments and clinics as well as a large selection of supportive therapies including art, craft and music. Additional Creative Family sessions are held every Saturday to enable patients to come to the Hospice with family members or carers who are not able to attend during the week (e.g. children and grandchildren). The Counselling Support Services Team consists of accredited counsellors and is supported by a team of Hospice trained and supervised Volunteer Bereavement Counsellors.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Operational Achievements and Performance

Spiritual care enables the needs of our patients and their families to be delivered in a multi-faith and 'no-faith' environment. The Hospice Chaplains, with support from local clergy and volunteer chaplains, ensure that the wishes of patients and their families are respected. Remembrance gatherings, religious and non-religious, are held during the year so that families and friends can remember their loved ones. The Hospice is licensed to hold wedding ceremonies and the sacrament of Holy Communion is available for Hospice patients and their families.

The Hospice is proud of its professional development and training programmes and ran a number of courses during the year to provide palliative care training to its own staff and other healthcare professionals. An extensive learning and development programme of courses, workshops and training sessions has been developed for the year ahead.

The Hospice also supports the training and qualification of junior doctors as Consultants in Palliative Medicine and GP training and maintains the positions of Senior House Officer and Specialist Registrar. The Hospice has two Consultants in Palliative Medicine and provides sessions at the local acute hospital to enhance the quality of care and support to patients with life limiting illness.

Hospice in the Weald continues to strive for excellence in the provision of Hospice Palliative Care and has helped more and more people each year who are facing life limiting or life threatening illness or are in need of end of life care. If we consider both patients and carers, then over 3,000 people benefited from the services provided by the Charity in this reporting year.

Performance against Objectives

All of Hospice in the Weald's objectives, as set out in its Business Plan, are to meet one or more of its six Strategic Aims:

1. To build and nurture our culture of improvement. To use creativity and innovation continually to improve all aspects of our work and develop ways to measure and evaluate that improvement.
2. To develop, in partnership with statutory organisations locally, fully integrated palliative care services available 24 hours a day and seven days a week (24/7), to meet more and more unmet need.
3. To work in partnership with others to help influence the community's attitudes to death and dying to one where conversations are open, honest and perceived in a more positive light.
4. To strive to make the best use of all Information and Communication Technology (ICT) systems to maximise the benefits to patients, families and their carers. To explore how we utilise ICT in all we do.
5. To build on our reputation for high quality Training, Education, Learning and Development in palliative care by delivering this to more and more health and social care staff and partners in a cost-effective and sustainable way.
6. To raise funds to permit the high quality of service and further development without the risk of interruption due to funding shortfalls from one year to the next. To make best use of all assets.

Hospice in the Weald is fully committed to always having a Business Plan and to fully deliver on the things we set out in this plan. The Operational Business Plan for 2018-19 is part of our move to an annual Business Plan. We feel that this plan and the Strategy behind it are for anyone and everyone interested in our work and in the communities we serve.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Performance against Objectives

Our main challenge will be to continue to increase the number of hospice palliative care referrals and we plan to have received 1799 new referrals by the end of the next financial year, an increase of 6% on the previous year.

We did a lot to ensure Hospice in the Weald is considered the provider of choice in the local area for palliative care training and much other training under the We:train banner. We grew the Hospice Federated Scheme with care homes, nursing homes and care agencies and utilised our position as an NVQ provider to help the workforce of Federated Scheme members and look to see what other accredited training in addition to NVQs would be relevant for us to deliver. We also began to look at adult apprenticeships and we aim to become an apprentice training provider.

The Hospice website ensures information about end of life care and the full range of Hospice services are easy to access by patients, families and carers.

We drove forward the implementation of the first Cottage Hospice during the year, which will deploy a new model of care for patients and family caregivers. We are on track to open in Autumn 2019. The Board has overseen this exciting development and we have made good progress over the year.

Our launch of the UK's first Cottage Hospice in 2019 will mean increased annual costs for the Hospice. Work has begun to increase our fundraising from parts of our notional catchment area, where support for the Hospice could be improved.

The Hospice developed a marketing campaign to talk about the importance of Gifts in Wills to the wider community we serve and the importance of this income as a source of funding for the Hospice. We will deliver this marketing campaign to publicise this type of giving more widely highlighting the impact on patients, families, and carers when the time is right.

Not everyone understands the scale and nature of the activities of the volunteers at Hospice in the Weald. They are vital to all that we do. We recruit them, train them and are responsible for them. We have over 1,100 volunteers working across all the Services and Departments in the Hospice and in all of our shops. Together with the staff the volunteers make up the Hospice workforce and are as vital to us as our staff.

The contribution from our retail shops during the year amounted to £1,143,877. This figure includes the £79,856 trading profit in Hospice in the Weald (Trading) Limited Limited plus the donations raised in relation to goods sold on behalf of donors and associated Gift Aid claims. Gift Aid is claimed by the Charity in respect of donations received from donors who agree to donate funds raised from the sale of their goods. The charity appoints Hospice in the Weald (Trading) Limited to act as agent for the sale of donated goods in the retail shops in accordance with HMRC's approved methodology. Hospice in the Weald (Trading) Limited charges donors a commission for selling their goods as their agent and makes a charge to the Charity for the service it provides in procuring donations for the Charity.

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The retail operating model

Activity which takes place in the shops is set out below, this forms the basis of our 'operating model' and is set out under two headings – financial and legal.

Financial arrangements for the retail operating model

- The Charity pays the rent for each shop.
- The Charity pays utilities and all bills associated with the operation of the premises. A proportionate recharge of these costs is made to the Trading Company reflective of its use.
- The Charity employs the staff who work in the shops. A proportionate recharge of their salaries is made to the Trading Company reflective of its use.
- Activity related to income derived through the shops can be split thus:

Activity	Approximate percentage of shop income	Activity undertaken by which entity
Sales of donated goods	75%	The Charity
Retail Gift Aid Scheme – donations of money raised from sale of goods net of commission	14%	The Charity
Sales of new goods	<1%	The Trading Company
Retail Gift Aid Scheme – commissions from sales on behalf of donors	1%	The Trading Company
Retail Gift Aid Scheme – charge to the Charity for procuring donations on its behalf	9%	The Trading Company

- Under the retail Gift Aid scheme, proceeds of sale of donated goods as agent net of commission, are held temporarily by the Trading Company on behalf of the Charity, before being passed over to the Charity. They are not reflected in the Trading Company accounts.
- People who agree to sign up to the retail Gift Aid Scheme are required to sign a document which comprises an agency agreement with the Trading Company whereby they engage the Trading Company to sell their goods for them in return for a small fee/commission and a Gift Aid declaration. The declaration makes clear that the net proceeds of sale of their goods are donated to the Charity.

Legal arrangements for the retail operating model

- Lease and repairing obligations are the responsibility of the Charity
- Staff working in the Shop have a contract of employment with the Charity and are paid by the Charity
- The >700 people who give their time to volunteer in our shops have a volunteer agreement with the Charity
- The Trading Company operates its business in the premises via an informal arrangement with the Charity.
- The Trading Company does not operate over a physically distinct or identifiable area.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2019

Future Developments

Next year we will begin the capital building project for the Pembury Hospice 'Foundations for the Future'. We will also begin our search for a location and site for the second Cottage Hospice.

It is the last year of our new approach to our 3-year Business Planning cycle. The 2019-2020 Business plan is:

To deliver:

- Increase the number of new referrals by 6% on the 2018/19 number of 1698. So, we will have 1799 new patients in 2019/20
- To open Cottage Hospice and deliver the Service by having 60% to 90% occupancy from opening to the year end
- Empowerment for patients, families and carers to achieve their goals and engage with the service. All the Hospice Day Service (HDS) workforce understand empowerment and what this means in reality for HDS.
- Grow net profit to Hospice by focusing on shop standards to make the most of all shop selling space, i.e. 'sweat the space'
- To support all managers to achieve a reduction in the current high level of staff turnover through the implementation of a Retention Plan so that staff are encouraged to stay with Hospice in the Weald

Enabled by:

- Developing a Project Plan to ensure VfM when buying and entering into contracts
- Staff Development, coupled with a change in behaviours around orientation, medicines and clinical supervision
- Implement an internal audit function to audit all non-clinical processes to ensure they are effective, efficient and compliant with policies and procedures
- Achievement of successful bid to be listed on the Register of Apprenticeship Training Providers (RoATP) resulting in increase in generation of income through we:train

Supported by:

- Having the patient record system (EMIS mobile) available for staff who work away from the Hospice
- Evolving and improving channels of communication to grow fundraising income by 6%. Developing meaningful relationships with new and existing supporters through the effective use of supporter data and patient, family and carer stories
- Upgrade HospiceWeb from SharePoint to SharePoint2 to enable access to the enhanced capabilities of Sharepoint2 and embed Logon Anywhere across all Services / Departments
- Embed Value for money into all projects, reactive and preventative maintenance jobs
- To ensure we have a robust Electronic Care Records (ECR) system from which we can call off reliable data at any time and have complete confidence in the data produced by ensuring all those who use the EMIS system are doing so competently

While reviewing:

- The manner in which we communicate with patients, families, carers and family caregivers, looking to take a more patient-focused approach
- Exploring the unmet need of patients, family and carers and an offer outside the current 9-5 Monday to Friday approach
- Review all processes and tasks carried out by the Hospitality Department against the principles of Continuous Improvement and, in addition to ensuring value for money (VfM), operational efficiency and sustainability, ensure all patients, families, carers and visitors to the Hospice have the best possible experience

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Significant Events

We do not envisage any significant events that would have a detrimental financial effect or impact on the financial performance of the Hospice over the next reporting year. The Board of Trustees realise that the external environment remains much less stable than we would like but, despite significant turbulence, any unforeseen occurrence would be just that, unforeseen. In common with most organisations in the UK we recognise 'BREXIT' would be a significant event but have no real understanding of what the likely outcome and impact on the Hospice will be.

Auditors

RSM UK Audit LLP have indicated their willingness to remain in office and a resolution proposing their reappointment will be put to the annual general meeting.

This Annual Report and Consolidated Financial Statements were approved by the Board of Trustees on 22 October 2019. The Board of Trustees also specifically approved the Strategic Report on 22 October 2019. This is signed on their behalf by:



Simon Lee
Chairman

Date 22 October 2019

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2019

		Unrestricted Fund 2019	Restricted Fund 2019	Total 2019	Unrestricted Fund 2018	Restricted Fund 2018	Total 2018
	Notes	£	£	£	£	£	£
Income and endowments from:							
Donations and legacies		6,328,171	111,815	6,439,986	5,730,327	13,000	5,743,327
Investments	4	22,324	-	22,324	15,384	-	15,384
Charitable Activities							
Restaurant & Coffee Shop		61,765	-	61,765	54,361	-	54,361
Core funding	2.1	879,267	-	879,267	877,374	-	877,374
Other grants	2.2	328,997	-	328,997	262,169	-	262,169
Retail Shop sales		2,987,856	-	2,987,856	-	-	-
Other trading activities	3	702,943	-	702,943	2,570,278	-	2,570,278
TOTAL INCOME		11,311,323	111,815	11,423,138	9,509,893	13,000	9,522,893
Expenditure on:							
Raising funds	3 & 6	3,618,444	-	3,618,444	3,497,319	-	3,497,319
Charitable Activities							
Hospice Services	7	6,055,408	100	6,055,508	5,622,447	13,000	5,635,447
TOTAL EXPENDITURE		9,673,852	100	9,673,952	9,119,766	13,000	9,132,766
Net gains on investment assets	11	706,694	-	706,694	303,485	-	303,485
Net income and movement in Funds		2,344,165	111,715	2,455,880	693,612	-	693,612
Reconciliation of Funds							
Total funds brought forward		20,032,583	20,852	20,053,435	19,338,971	20,852	19,359,823
TOTAL FUNDS CARRIED FORWARD	17	22,376,748	132,567	22,509,315	20,032,583	20,852	20,053,435

The notes on pages 15 to 30 form part of these financial statements.

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

CONSOLIDATED AND CHARITY BALANCE SHEETS AS AT 31 MARCH 2019

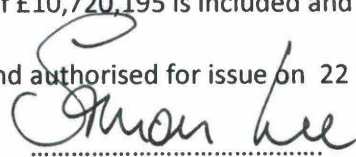
		Group		Charity	
	Notes	2019 £	2018 £	2019 £	2018 £
Fixed assets					
Tangible assets	10	6,637,384	4,911,668	6,358,485	4,562,727
Investments	11	13,096,024	13,892,734	13,096,024	13,892,734
Shares in subsidiaries	12	-	-	100	100
		<u>19,733,408</u>	<u>18,804,402</u>	<u>19,454,609</u>	<u>18,455,561</u>
Current assets					
Stocks	13	12,725	11,114	-	-
Debtors	14	817,626	999,695	1,992,926	1,548,953
Cash at bank and in hand		2,864,740	797,737	1,866,168	502,771
		<u>3,695,091</u>	<u>1,808,546</u>	<u>3,859,094</u>	<u>2,051,724</u>
Current liabilities					
Creditors: amounts falling due within one year	15	(919,184)	(559,513)	(808,311)	(457,776)
Net current assets		<u>2,775,907</u>	<u>1,249,033</u>	<u>3,050,783</u>	<u>1,593,948</u>
Total assets less current liabilities		<u>22,509,315</u>	<u>20,053,435</u>	<u>22,505,392</u>	<u>20,049,509</u>
Funds					
Unrestricted funds:					
Designated funds: -					
Hospice Building	17	3,256,830	3,448,782	3,256,830	3,448,782
Cottage Hospice Building	17	2,411,425	632,047	2,411,425	632,047
Hospice Vehicles	17	32,982	44,204	32,982	29,659
Hospice Equipment	17	81,520	88,996	81,520	80,375
Hospice Shops & Fit Outs	17	575,723	371,863	575,723	371,863
Cottage Hospices	17	7,588,575	4,367,953	7,588,575	4,367,953
Hospice Building Fund	17	2,362,224	159,788	2,362,224	-
Total designated funds	17	<u>16,309,279</u>	<u>9,113,633</u>	<u>16,309,279</u>	<u>8,930,679</u>
General funds	17	6,067,469	10,918,950	6,063,546	11,097,978
Total unrestricted funds		<u>22,376,748</u>	<u>20,032,583</u>	<u>22,372,825</u>	<u>20,028,657</u>
Restricted funds	17	132,567	20,852	132,567	20,852
Total funds	17	<u>22,509,315</u>	<u>20,053,435</u>	<u>22,505,392</u>	<u>20,049,509</u>

The notes on pages 15 to 30 form part of these financial statements.


As permitted by S408 of the Companies Act 2006 the charity has not presented its own income and expenditure and related notes.

Charity only income of £10,720,195 is included and a surplus of £2,375,995 resulted for the year for the charity.

Approved by Board and authorised for issue on 22 October 2019



Simon Lee
Chairman



Rob Woolley
CEO

Company Registration No. 01499846

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

CONSOLIDATED AND CHARITY CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Group 2019 £	2018 £	Charity 2019 £	2018 £
Cash flows from operating activities					
Net cash provided by (used in) operating activities	20	2,457,688	265,012	1,800,956	169,034
Cash flows from investing activities:					
Dividends, interest and rents from investments		22,324	15,384	22,324	15,384
Proceeds from the sale of investments		1,500,000	500,000	1,500,000	500,000
Purchase of property, plant & equipment / investment properties		(1,913,009)	(640,865)	(1,959,883)	(614,204)
Purchase of investments		-	(1,995,375)	-	(1,995,375)
Net cash provided by (used in) investing activities		(390,685)	(2,120,856)	(437,559)	(2,094,195)
Change in cash and cash equivalents in the reporting period		2,067,003	(1,855,844)	1,363,397	(1,925,161)
Cash and cash equivalents at the beginning of the reporting period		797,737	2,653,581	502,771	2,427,932
Cash and cash equivalents at the end of the reporting period		2,864,740	797,737	1,866,168	502,771

1. Accounting policies

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

a) Basis of preparation

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 (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Hospice in the Weald meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Preparation of the accounts on a going concern basis

Hospice in the Weald has £13,429,693 of unrestricted reserves to draw on should income fall dramatically during the next 2 years. Trustees consider it appropriate to prepare the accounts on a going concern basis. There are no material uncertainties about the group's ability to continue.

c) Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Hospice in the Weald (Trading) Limited on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Charity has taken advantage of the exemption afforded by paragraph 408 of the Companies Act 2006.

d) Income

Income is recognised upon entitlement, when the receipt is probable and when the value can be reliably measured. Legacies are recognised when receipt is probable. Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred. Legacy income, in whole or in part, is only considered probable when the amount can be measured reliably, and the charity has been notified of the executors' intention to make a distribution.

e) Statutory funding

Income received under agreements with statutory bodies is included in these accounts on a receivable basis where a contract exists. Where no contract exists, the income is recognised in accordance with the wishes of the relevant statutory body when it becomes probable that the income will be received, and it can be measured with sufficient reliability.

f) Investment income

Investment income represents gross income derived from investments held under unrestricted funds and is accounted for on a receivable basis.

g) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity.

h) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of fundraising and commercial trading
- Expenditure on charitable activities is the provision of care to patients, carers and their families

i) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include ICT, finance, facilities and governance costs and are allocated on a departmental basis.

j) Operating leases

The charity classifies the lease of retail premises and printers as operating leases; the title to the freehold or equipment remains with the lessor. Printing equipment is replaced every 5 years whilst the economic life of such equipment is normally 10 years. Rental charges are charged on a straight-line basis over the term of the lease.

k) Tangible fixed assets

Tangible fixed assets are capitalised where their individual item cost exceeds £5,000 and then depreciated over their economic useful lives, less residual values, as follows:

- Hospice building – over the expected useful life of 35 years (building refurbishments are not depreciated in the year they are undertaken, but start in the following period)
- Equipment – 25% on a straight-line basis
- Software – 25% on a straight-line basis
- Motor vehicles – 25% on a reducing balance basis
- Leasehold Shop refits – Equally over the life of the lease
- Cottage Hospice – no depreciation until the building has been constructed and is in use

The Hospice regularly reviews the projected useful life of all fixed assets to determine that the cost is fairly amortised over the expected life of the asset. The Hospice building, which includes a significant element of specialist facilities, has been reviewed with the benefit of professional advice. It is concluded that consistent with similar facilities and with the benefit of regular maintenance the existing building should have a life expectancy of 35 years from April 1999 before needing to be replaced. No depreciation is provided on freehold land.

l) Fixed Asset Investments

Fixed asset investments are initially measured at transaction price excluding transaction costs and are subsequently measured at fair value at each reporting date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Investment in a subsidiary company is held at cost less accumulated impairment losses.

m) Investment properties

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

n) Financial instruments

Financial instruments are recognised in the Balance Sheet when Hospice in the Weald becomes party to the contractual provisions of the instrument. The group has elected to apply the provisions of section 11 "Basic Financial Instruments" of FRS102 to all its financial instruments. Financial instruments are classified into specific categories and the classification depends upon the nature and purpose of the instruments and is determined at the time of recognition. Hospice in the Weald's financial instruments are categorised as basic financial instruments.

o) Financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

p) Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

q) Stock

Stocks of donated goods are not brought into these financial statements under SORP FRS 102, paragraph 6.29. Stocks accounted for are goods for resale, which are stated at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

r) 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.

s) Cash at bank and in hand

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

t) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

u) Pensions

The group contributes to the NHS Superannuation scheme for nursing and medical staff, which is a defined benefit scheme treated as a defined contribution scheme, and to a defined contribution scheme in respect of its other employees. Contributions are charged in the accounts as incurred or as a liability when recognised in accordance with employment legislation.

v) Legal status of the Charity

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

w) Estimates and area of judgements / uncertainty

The group does not make estimates or assumptions regarding the future and has no intangible assets. All leases are operating leases.

2. Financial Performance of the charity - Incoming Resources
2.1 Core funding from statutory bodies

	2019	2018
	£	£
West Kent CCG	782,562	782,565
East Sussex Downs & Weald CCG	96,705	94,809
	879,267	877,374

2.2 Other grants

	£	£
WKCCG Fees Received	18,215	15,180
WKCCG Pharmacy	92,401	114,285
WKCCG Continuing Care	105,912	31,383
Workforce Development Fund	4,543	-
Kent County Council Social Services	24,540	25,000
Kent, Surrey & Sussex Deanery	83,386	76,321
	328,997	262,169

3. Commercial trading operations

	2019	2018
	£	£
Income	702,943	2,589,195
Cost of sales	45,730	38,952
Administrative expenses	577,328	2,103,072
Total expenditure	623,058	2,142,024
Net Profit for the year	79,885	447,171
Amount gifted to the charity	79,885	446,660

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Commercial trading operations cont.

Included in income is £22,621 (2018: £18,917) of transactions between the two companies that have been removed upon consolidation. £17,305 (2018: 18,425) is for training courses attended and £5,316 (2018: £492) is refreshments.

Included in total expenditure is £8,996 (2018: £42,908) of transactions between the two companies that have been removed upon consolidation. £2,400 (2018: £6,000) is for shared office facilities at the Hospice building, £nil (2018: £24,996) is rent charged at market rates for a freehold retail outlet, £nil (2018: £3,722) is catering costs and £6,596 (2018: £8,190) is staff costs for delivering training.

4. Investment income and interest

	2019 £	2018 £
Bank interest	22,054	15,268
Dividends	270	116
	<u>22,324</u>	<u>15,384</u>

5. Total net incoming resources are stated after charging:

	2019 £	2018 £
Amounts payable to the auditors in respect of: Statutory audit	15,500	15,000
Amounts payable to the auditors in respect of other services	1,200	1,200
Depreciation	310,256	297,777
Operating lease rentals	<u>466,800</u>	<u>446,293</u>

6. Fund-raising costs

	2019 £	2018 £
Staff costs	428,373	409,975
Publicity	227,074	209,464
Event costs	72,229	174,969
Lottery	132,816	158,460
Travel Club	-	4,014
	<u>860,492</u>	<u>956,882</u>

7. Hospice Services

Direct costs

	2019			2018		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Hospice in the Home	1,644,726	-	1,644,726	1,652,605	-	1,652,605
Cottage Hospice	161,743	-	161,743	-	-	-
Counselling	307,863	-	307,863	311,274	-	311,274
Hospice Day Services	596,059	-	596,059	446,671	-	446,671
In-Patient Ward	1,917,946	100	1,918,046	1,854,606	13,000	1,867,606
Hospitality	621,772	-	621,772	568,091	-	568,091
Communications	18,398	-	18,398	40,018	-	40,018
Depreciation	255,457	-	255,457	255,061	-	255,061
	<u>5,523,964</u>	<u>100</u>	<u>5,524,064</u>	<u>5,128,326</u>	<u>13,000</u>	<u>5,141,326</u>

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Support costs Indirect costs of providing Hospice	2019			2018		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Office costs	170,587	-	170,585	155,970	-	155,970
Information technology	134,793	-	134,793	144,969	-	144,969
Accommodation	214,673	-	214,673	184,015	-	184,015
Accountancy and audit	8,100	-	8,100	8,825	-	8,825
Legal Costs	3,291	-	3,291	342	-	342
	<u>531,444</u>	<u>-</u>	<u>531,444</u>	<u>494,121</u>	<u>-</u>	<u>494,121</u>
Total Hospice Services	<u>6,055,408</u>	<u>100</u>	<u>6,055,508</u>	<u>5,622,447</u>	<u>13,000</u>	<u>5,635,447</u>

No Member of the Board received any remuneration, fees or reimbursement of expenses from the group during the year under review or the previous year.

No Member of the Board was associated with any contract of purchase or supply to the Hospice during the year under review or the previous year except as set out in note 22.

8. Staff costs

	2019 £	2018 £
Wages and salaries	5,176,916	4,818,626
Social security costs	431,386	404,384
Other pension costs - unrestricted	433,394	403,835
	<u>6,041,696</u>	<u>5,626,845</u>

The average number of persons working for the group (excluding Trustees and volunteers) during the year was as follows

	2019	2018
Medical and nursing	123	105
Counselling & Support Services and pastoral care	10	7
Fundraising (including Lottery)	16	16
Facilities, Catering and Housekeeping	31	28
Shops	41	40
Commercial Trading	10	10
Finance and IT	10	9
Management and administration	10	13
	<u>251</u>	<u>228</u>

The number of employees whose emoluments exceeded £60,000 was:

£60,001 - £70,000	2	1
£70,001 - £80,000	-	1
£90,001 - £100,000	1	1
£100,001 - £110,000	-	-
£110,001 - £120,000	1	1

In respect of higher paid employees benefits were paid into a defined contribution scheme for 2 (2018:1) employees and into a defined benefit scheme for 2 (2018:3) employees. Total contributions to a defined contribution scheme in respect of these employees were £11,374 (2018: £7,125).

Key management personnel remuneration costs for the year amounted to £451,425 (2018: £519,636).

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

9. Pension costs

The group contributes to the NHS Superannuation scheme for nursing and medical staff and to a defined contribution scheme for other staff. The NHS Superannuation Scheme is an approved multi-employer scheme and, as such, the charity is not able to identify its share of assets or the potential liability it may have to the scheme at the balance sheet date. Contributions payable in the accounting period are charged to the statement of financial activities as they fall due. The pension costs, classified under staff costs, represent contributions payable by the group to the schemes and amount to £433,394 (2018: £403,835).

10. Tangible fixed assets

Group Cost or valuation	Investment Properties	Freehold Properties	Leasehold Shop refits	Motor Vehicles	Equipment	Asset in course of construction	Total
£	£	£	£	£	£	£	£
At 1 April 2018	165,986	6,593,350	240,452	89,780	273,187	632,047	7,994,801
Additions	112,915	37,776	83,560	14,546	45,581	1,779,378	2,073,757
Disposals	-	-	(33,667)	(53,277)	(105,712)	-	(192,656)
At 31 March 2019	278,901	6,631,126	290,345	51,049	213,056	2,411,425	9,875,902
Depreciation							
At 1 April 2018	-	2,772,704	80,662	45,576	184,191	-	3,083,133
Charge for year	-	229,728	29,857	11,222	39,449	-	310,256
Depn on disposals	-	-	(24,036)	(38,731)	(92,104)	-	(154,871)
At 31 March 2019	-	3,002,432	86,483	18,067	131,536	-	3,238,518
Net book value							
At 31 March 2019	278,901	3,628,694	203,862	32,982	81,520	2,411,425	6,637,384
At 31 March 2018	165,986	3,820,646	159,790	44,204	88,996	632,047	4,911,669

Investment property comprises freehold buildings. The fair value of the investment property at 31 March 2019 is not considered to be materially different to the purchase price on 23 February 2017.

The Trustees consider the cost to be equal to the fair value at year end.

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

10. Tangible fixed assets cont.

Charity Cost or valuation	Freehold Properties	Motor Vehicles	Leasehold Shop Refits	Equipment	Asset in course of construction	Total
	£	£	£	£	£	£
At 1 April 2018	6,593,350	36,504	-	165,771	632,047	7,427,672
Additions	37,776	14,546	243,350	45,581	1,779,378	2,120,631
Disposals	-	-	(33,667)	(7,216)	-	(40,883)
At 31 March 2019	6,631,126	51,050	209,683	204,136	2,411,425	9,507,420
Depreciation						
At 1 April 2018	2,772,704	6,845	-	85,396	-	2,864,945
Charge for year	229,728	11,222	29,857	37,219	-	308,026
Depn on disposals	-	-	(24,036)	-	-	(24,036)
At 31 March 2019	3,002,432	18,067	5,821	122,615	-	3,148,935
Net book value						
At 31 March 2019	3,628,694	32,983	203,862	81,521	2,411,425	6,358,485
At 31 March 2018	3,820,646	29,659	-	80,375	632,047	4,562,727

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

11. Fixed Assets Investments Portfolio

Group and Charity

	2019 £	2018 £
Quoted and listed investments	<u>13,096,024</u>	<u>13,892,734</u>
Quoted and listed investments comprise:		
UK managed funds	<u>13,096,024</u>	<u>13,892,734</u>
Movements on quoted and listed investments:		
Market Value at beginning of the year	11,880,795	11,719,019
Additions at cost	(22,589)	358,291
Disposals at carrying value	(1,500,000)	(500,000)
Net gain on revaluation	706,694	303,485
Market value at the end of the year	<u>11,064,900</u>	<u>11,880,795</u>
Cash Balance at year end	<u>2,031,124</u>	<u>2,011,939</u>
Cost at 31 March	<u>10,710,040</u>	<u>12,210,040</u>
Investments which comprise more than 5% of the total market value of investments at the 31 March 2019 were:		
Sarasin Alpha CIF for endowments (accumulated units)		<u>11,074,142</u>

12. Shares in subsidiary undertakings

	2019 £	2018 £
Cost of shares in subsidiary undertakings	<u>100</u>	<u>100</u>

	% of Ordinary Shares held	Country of incorporation
Hospice in the Weald (Trading) Limited	100%	England and Wales

Hospice in the Weald (Trading) Limited, company no 1886504, has assets of £1,354,399 and liabilities of £1,350,375.

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

13. Stocks

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Goods for resale	12,725	11,114	-	-

14. Debtors

	Group		Charity	
	2019	2018	2019	2018
Other debtors	178,790	66,795	176,231	40,834
Trade debtors	100,444	74,723	38,802	20,196
HITW (Trading) Ltd	-	-	1,239,501	768,857
Accrued income	372,273	684,659	372,273	684,658
Prepayments and deferred costs	166,119	173,518	166,119	34,408
	817,626	999,695	1,992,926	1,548,953

The advance to Hospice in the Weald (Trading) Limited is in order to fund the fixed and working capital requirements of that company and carries interest at current market rates.

15. Creditors

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Amounts due within one year				
Trade creditors	573,744	383,574	485,019	301,012
Other Creditors	19,376	-	18,259	
Pension accrual	22,063	16,749	22,063	16,749
Accruals	213,720	51,961	193,974	35,616
Deferred income	90,281	107,229	88,996	104,399
	919,184	559,513	808,311	457,776

	2019	2018
	£	£
Deferred Income		
Brought forward	107,229	123,964
Deferred income	90,281	107,229
Spent	(107,229)	(123,964)
Carried forward	90,281	107,229

Deferred income relates to lottery subscriptions paid in advance of the weekly draw and released as the draw takes place and We:train courses which are released as and when the course takes place.

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

16. Financial Instruments

Financial Instruments - Group

	2019	2018
Carrying amount of financial assets		£
Debt Instruments measured at amortised cost	651,507	826,177
Equity instruments measured at fair value through profit loss	13,096,024	13,892,734
Carrying amount of financial liabilities		
Measured at amortised cost	806,840	435,535

Financial Instruments - Charity

Carrying amount of financial assets	£	£
Debt Instruments measured at amortised cost	1,826,807	1,514,545
Equity Instruments measured at cost less impairment	100	100
Equity instruments measured at fair value through profit loss	13,096,024	13,892,734
Carrying amount of financial liabilities		
Measured at amortised cost	697,252	336,628

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

17. Movement in funds

Group	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Transfers / Other gains £	Balance at 31 March 2019 £
Unrestricted funds					
General fund	10,918,950	9,420,240	(9,357,793)	(4,913,928)	6,067,469
Designated funds					
Hospice Buildings	3,448,782	37,776	(229,728)	-	3,256,830
Cottage Hospice Building	632,047	1,779,378	-	-	2,411,425
Hospice Vehicles	44,204	-	(11,222)	-	32,982
Hospice Equipment	88,996	-	(7,476)	-	81,520
Hospice Shops & Refits	531,651	73,929	(29,857)	-	575,723
Cottage Hospice Fund	4,367,953	-	-	3,220,622	7,588,575
Hospice Building Fund	-	-	(37,776)	2,400,000	2,362,224
Total designated funds	9,113,633	1,891,083	(316,059)	5,620,622	16,309,279
Restricted funds	20,852	111,815	(100)	-	132,567
	20,053,435	11,423,138	(9,673,952)	706,694	22,509,315

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

17. Movement in funds cont.

Charity	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Transfers / Other gains £	Balance at 31 March 2019 £
Unrestricted funds					
General fund	11,097,978	8,584,488	(8,704,992)	(4,913,928)	6,063,546
Designated funds					
Hospice Buildings	3,448,782	37,776	(229,728)	-	3,256,830
Cottage Hospice Building	632,047	1,779,378	-	-	2,411,425
Hospice Vehicles	29,659	14,545	(11,222)	-	32,982
Hospice Equipment	80,375	38,364	(37,219)	-	81,520
Hospice Shops & Refits	371,863	233,717	(29,857)	-	575,723
Cottage Hospice Fund	4,367,953	-	-	3,220,622	7,588,575
Hospice Building Fund	-	-	(37,776)	2,400,000	2,362,224
Total designated funds	8,930,679	2,103,780	(345,802)	5,620,622	16,309,279
Restricted funds	20,852	111,815	(100)	-	132,567
	20,049,509	10,800,083	(9,050,894)	706,694	22,505,392

Designated Funds: Hospice buildings, vans and equipment corresponds to the net book value in the fixed assets. Cottage Hospices relates to the building of Cottage Hospices, agreed by the Board, and shown in the Board meeting minutes.

Restricted Funds: All restricted income has been raised via the Cottage Hospice appeal and will be spent on Cottage Hospices as agreed by the Board.

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

18. Analysis of group net assets between funds

	General Funds	Designated Funds	Restricted Funds	Total Funds
Group	£	£	£	£
Fixed assets & investment properties	-	6,504,817	132,567	6,637,384
Investments	3,291,562	9,804,462	-	13,096,024
Current assets	3,695,091	-	-	3,695,091
Current liabilities	(919,184)	-	-	(919,184)
	<u>6,067,469</u>	<u>16,309,279</u>	<u>132,567</u>	<u>22,509,315</u>
Charity				
Tangible fixed assets	-	6,225,918	132,567	6,358,485
Investments	3,012,663	10,083,361	-	13,096,024
Shares in subsidiary company	100	-	-	100
Current assets	3,859,094	-	-	3,859,094
Current liabilities	(808,311)	-	-	(808,311)
	<u>6,063,546</u>	<u>16,309,279</u>	<u>132,567</u>	<u>22,505,392</u>

Included within unrestricted funds is a revaluation reserve of £2,834,239 calculated as follows:

	Unrestricted general funds	Total reserve
	£	£
Brought forward	2,834,239	2,834,239
Unrealised gain in the year	706,694	706,694
Carried forward	<u>3,540,933</u>	<u>3,540,933</u>

19. Operating leases

	2019 £	2018 £
At 31 March 2019 the group and charity were committed to:		
Leases which expire - within one year	466,800	446,293
- within 2 to 5 years	1,557,158	1,473,367
- after 5 years	748,454	679,826
	<u>2,772,412</u>	<u>2,599,486</u>

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

20. (a) Reconciliation of net income to net cash flow from operating activities

Group

	2019	2018
	£	£
<i>Net income for the reporting period (as per the Statement of financial activities)</i>	2,455,880	693,612
Adjustments for:		
Depreciation charges	310,256	297,777
(Gains) / losses on investments	(706,694)	(303,485)
Dividends, interest and rents from investments	(22,324)	(15,384)
(Profit) / loss on the sale/disposal of fixed assets	37,785	1,766
Increase in stocks	(1,611)	(1,472)
Decrease / (increase) in debtors	182,069	(289,463)
Increase / (Decrease) in creditors	202,327	(118,339)
	2,457,688	265,012

Reconciliation of net income/ (expenditure) to net cash flow from operating activities

Charity

	2019	2018
	£	£
<i>Net income for the reporting period (as per the Statement of financial activities)</i>	2,455,880	693,101
Adjustments for:		
Depreciation charges	308,026	257,651
(Gains) / losses on investments	(706,694)	(303,485)
Dividends, interest and rents from investments	(22,324)	(15,384)
(Profit) / loss on the sale/disposal of fixed assets	16,847	1,766
Increase / (decrease) in debtors	(443,973)	(358,741)
Increase in creditors	193,194	(105,874)
	1,800,956	169,034

21. Members' liability

Hospice in the Weald is a company limited by guarantee, with no share capital. Every member undertakes to meet the liabilities of the company in the event of its being wound up. The potential liability of each member does not exceed £1. Total guarantees at 31 March 2019 were £26 (2018:£25).

22. Related party transactions

J Ford is a partner in Cripps Pemberton Greenish, purchases of £5,585 (2018: £6,600) were made from Cripps Pemberton Greenish during the year for advice regarding the Cottage Hospice construction. There was no outstanding balance at year end (2018: £nil) and no provision for doubtful debts has therefore been made.

Included in income is £22,621 (2018: £18,917) of transactions between the charity and its subsidiary that have been removed upon consolidation. £17,305 (2018: £18,425) is for training courses attended and £5,316 (2018: £492) is refreshments.

Included in total expenditure is £8,996 (2018: £42,908) of transactions between the charity and its subsidiary that have been removed upon consolidation. £2,400 (2018: £6,000) is for shared office facilities at the Hospice building, £- (2018: £24,996) is rent charged at market rates for a freehold retail outlet, £- (2018: £3,722) is catering costs and £6,596 (2018: £8,190) is staff costs for delivering training.

Included within debtors in the Charity balance Sheet is an amount of £1,270,251 (2018: £768,857) owed by Hospice in the Weald (Trading) Limited, a wholly owned subsidiary of Hospice in the Weald. This balance was eliminated on consolidation.

Related party transactions are carried out on an arm's length basis.

23. Capital Commitments

At 31 March 2019 the group had capital commitments of £2,537,300 (2018: £nil).

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

HOSPICE IN THE WEALD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOSPICE IN THE WEALD

Opinion on financial statements

We have audited the financial statements of Hospice in the Weald (the 'charitable company') and its subsidiary ("the group") for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated and Charity Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

HOSPICE IN THE WEALD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOSPICE IN THE WEALD

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report and the incorporated Strategic Report prepared for the purpose of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and the incorporated Strategic Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 1, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

HOSPICE IN THE WEALD & SUBSIDIARY COMPANY

HOSPICE IN THE WEALD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOSPICE IN THE WEALD

Use of our report

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

RSM UK Audit LLP

NICHOLAS SLADDEN (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

Date 7 November 2019

