

# **St Catherine's Hospice Limited**

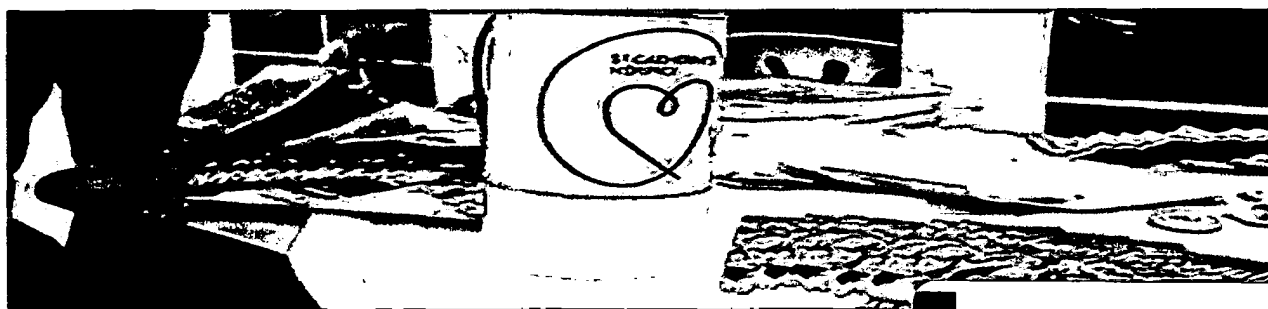
(A CHARITABLE COMPANY LIMITED BY GUARANTEE  
AND NOT HAVING A SHARE CAPITAL)

Company Registration No. 01525404  
Charity Registration No. 281362

## **Trustees' Report and Consolidated Accounts**

**For the year ended 31 March 2019**

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## **Legal & Administrative Information**

### **Directors and Trustees**

#### **Chairman**

Terence O'Leary  
Catherine Blackburn  
Lisa Compton  
Alison Crombie  
Jan Dowding  
Alison Livesley  
Christine Maclean  
Chris Shearn  
John Vickers  
Nicola Wiltshire

### **Officers**

Chief Executive  
Medical Director  
Director of Income Generation and Marketing  
Finance Director  
People Director  
Director of New Hospice Delivery and Support Services

Giles Tomsett  
Patricia Brayden  
Claire Irving  
Cathy Heard  
Elly Powis  
Paul Rycroft

### **Registered Office**

Malthouse Road  
Crawley  
West Sussex  
RH10 6BH

### **Company Number**

01525404

### **Charity Registration Number**

281362

### **Auditor**

Haysmacintyre LLP  
Chartered Accountants and Statutory Auditors  
10 Queen Street Place  
London  
EC4R 1AG

### **Bankers**

Barclays Bank Plc  
90-92 High Street  
Crawley  
West Sussex  
RH10 1YX

### **Solicitors**

DMH Stallard LLP  
Gainsborough House  
Pegler Way  
Crawley  
West Sussex  
RH11 7FZ

## **Legal & Administrative Information**

**ST CATHERINE'S  
HOSPICE**

### **Investment Advisors**

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

Rathbones Brothers plc  
1 Curzon Street  
London  
W1J 5FB

## **Trustees' / Directors' Report**

The Trustees are pleased to present their report and the audited accounts of the company for the year ended 31 March 2019.

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's strategic report the Company's Strategic Report Information required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and the Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

### **Objectives and Activities**

The Hospice is a company limited by guarantee, and is a registered charity governed by its Articles of Association.

The principal activity of the company is that of a Hospice, caring for people at the end of their lives and supporting their families, friends and carers across our catchment area of Surrey and Sussex by providing in-patient beds and community outreach services. In addition, there is a wholly owned subsidiary company, St Catherine's Hospice Trading (Sussex) Limited (Company number 2822933), which raises funds for the Hospice.

The Hospice's charitable objectives which were set by the Trustees, with due regard to the Charity Commission's guidance on public benefit, are:

- **To relieve suffering, provide comfort and improve quality of life for people with progressive life limiting illness;**
- **To relieve the suffering of people facing or experiencing bereavement by the provision of counselling; and**
- **To advance research and education in palliative and end of life care.**

St. Catherine's Hospice services are provided equally to all members of its community with no charges levied to patients or their families. The NHS provide partial funding of the health-related activity provided, requiring over 70% of the Hospice's expenditure to be met through Fundraising and Trading activities actively supported by the generosity of the local community and its donors.

The Trustees recognise that alongside the debt owed to its supporters, they remain enormously grateful to their highly dedicated staff and humbling contribution of over 1,000 volunteers in the provision of services and care.

#### **Our Vision**

A world where everyone can face death informed, supported and pain free.

#### **Our Mission**

Pioneering standards in expert support and care, for anyone facing death and bereavement.

#### **Our Strategy**

2018 marked the 35<sup>th</sup> anniversary of the Charity's provision of care and a poignant period for reflection. Whilst celebrating the progress made in meeting its objects to date, the Trustees recognise that there is potentially much more that can be done. There are approximately 5,600 deaths in St. Catherine's Hospice's referral area each year, of which 20-25% are sudden or not predictable. Approximately 4,000 local people would benefit from palliative care as they approach the end of life. St. Catherine's is currently only able to touch one third of these people. Projections of future palliative care requirements will increase demands on the hospice by patients with increased clinical complexities. This is driven by an aging population and advancing medical care enhancing the life expectancy of patients during illness who live with greater co-morbidities. To support this, the Trustees recognise their responsibility to ensure that the Charity maintains its high levels of care whilst developing its expertise and reach to support its community further.

To address this, a comprehensive review of the Charity's strategic aims has been conducted. The Senior Management Team is creating a three to five year business plan to deliver the strategy and manage the transition

## Trustees' / Directors' Report

## ST CATHERINE'S HOSPICE

to a New Hospice at Pease Pottage in 2022. This will inform the five year financial plan giving the Trustees and donors comfort that delivery of the strategy will be successful, whilst maximising efficient use of available funds.

### ST CATHERINE'S HOSPICE

### Our Strategy 2019 - 2025

*A world where everyone can face death informed, supported and pain free*

Our Vision

#### Our Values

Human

Expert

Courageous

Connected

Energetic



Provide outstanding care and support to more people underpinned by education and research with a commitment to working in partnership

How we will achieve it



Build on our current level of expertise and develop services to take full advantage of the additional space at our new hospice



Increase provision to 24 beds and provide for respite and/or step down care



Align our community service with NHS community provision and work alongside health and social care colleagues to provide end of life care



Work with others to meet the needs of people with frailty and multiple conditions, particularly those in care homes, as they approach end of life



Enhance wellbeing services so more people facing end of life can have as good a quality of life as possible for the time they have remaining



Improve the confidence and resilience of carers to help them provide the best possible care and support them throughout bereavement

What we will do



Champion and lead end of life care



Realise the potential of our people



Develop premises fit for serving our community



Raise the income to serve our community now and in the future

What will support it

#### Our Values

The Charity has aligned its values to deliver its strategy. These values are embraced within the organisation defining who we are and how we act.

#### Human

*We treat people with understanding, patience, respect and above all dignity. We are the welcoming smile, the talk over a cup of tea, the human touch.*

#### Courageous

*We stand firm, we do not flinch in the face of hard news, but always with humanity, sensitivity and respect for our community.*

#### Energetic

*Whether we're out running a fun run or at the hospice greeting our patients, we bring the energy and the optimism to make the most of every day.*

#### Connected

*We are not an island, we thrive on partnerships and working with others, we believe we're better and stronger together.*

#### Expert

*We are looked up to by our community and our peers as the organisation to go to for knowledge, training, best practice and latest techniques.*

## Trustees' / Directors' Report

### Strategic Report

#### Achievements and Performance

St. Catherine's has continued to demonstrate significant impact in its community as shown below:

	<p>Over <b>2,450</b> patients were supported across all services</p>	<p><b>1,434</b> new patients were referred to the Hospice</p>
<p>Around <b>4,450</b> appointments with patients and carers were held at the Hospice</p>	<p>More than <b>10,450</b> home visits were made to patients</p>	<p><b>199</b> patients were given support by our Practical Care Team to enable them to remain at home</p>
<p><b>30%</b> of people cared for had a diagnosis other than cancer</p>	<p>More than <b>500</b> people were seen by our Lymphoedema service</p>	<p>Around <b>700</b> patients and family members were provided with welfare advice</p>
<p>Raised more than <b>£10.2m</b> to keep the hospice running</p>	<p>As part of our overall income, gained NHS contracts and Grants to support Hospice services in excess of <b>£3m</b></p>	<p><b>37</b> people left a gift in their will to St. Catherine's with more than <b>30%</b> received from grateful patients or their relatives</p>
<p>Our Volunteer car drivers drove <b>32,500</b> miles bringing patients to and from the hospice</p>	<p>Around <b>22,000</b> hot or alcoholic drinks were served by volunteers from our drinks trolley</p>	<p><b>378,869</b> individual items sold though our shops including <b>4,593</b> pieces of furniture</p>

## Trustees' / Directors' Report

### Strategic Achievements



#### Developing a Compelling Service Proposition

The Charity has carried out a review in the year, which has focused on its current service delivery and related economic environment. This has helped to clearly define the future service proposition to extend the Charity's reach in the community. The development of new premises at Pease Pottage is a key component in support of this. Key service priorities have been defined as follows:

- Inpatient Services – Maintain our expertise in the provision of complex care for those approaching end of life rebuilding capacity for offering respite and step-down care.
- Community Services - Redefining and aligning our services to deliver care more effectively and efficiently alongside health and social care colleagues, reaching beyond cancer to those who are frail and living with multi-morbidity.
- Wellbeing Services – Strengthen our wellbeing and group support capabilities in tandem with increasing the scope and scale of carer support.

In support of the clinical strategy, the education team has been strengthened, enabling the Charity to share its specialist knowledge and expertise externally in end of life care.

The Hospice has also secured funding from the Horsham Hospital League of Friends to run a project to support carers. Supported by research into carer needs, including focus groups with bereaved carers, the Hospice plans to use a validated carer needs assessment tool to identify individual carer needs and agree plans to support them and review the impact. This project is being piloted in Horsham and the learning will inform the development of future carer support services.



#### Investing in New Premises

In December 2018 St. Catherine's was delighted to sign an agreement with a local landowner, Mr Bill Bridges, receiving a generous donation of five acres of land at Pease Pottage to build a new hospice close to both Crawley and Horsham. The Trustees express their huge appreciation to Mr Bill Bridges and, before him, Mr John Shemeld (who donated in excess of £6m in 2014), for their incredible generosity in support of care for those in end of life care and bereavement.

The Charity has agreed to support the new development by investing £11m of its reserves, including the funds donated by Mr Shemeld. In addition the New Horizons Committee, a long standing group of volunteers raising money to support the long term future of the Charity, have agreed to transfer £1m of funding, held in the Charity's investment portfolio to support the project for which the Trustees also extend their appreciation.

In order to complete the build and provide the internal infrastructure a further £5m will be required with a Capital Appeal – The Full Circle Appeal - set up to fundraise this amount. Meanwhile, the Board of Trustees will keep the financing and programme management of this important project under ongoing review so as to ensure the charity can support more patients in the future.

The Charity has engaged with its chosen architect and completed the design of the new Hospice with significant input from staff, volunteers and the Voices of Experience Group. The design has now gained planning approval.

The new facility will provide enhanced facilities to care for our patients with 24 single occupancy suites with en-suite facilities allowing family to stay overnight in comfort, an increase from the current facility of 18 beds of which only 10 are single occupancy. Every room will look out over a secluded, landscaped patio filled with plants, preserving a connection with the natural environment which so many patients cherish. The Day Hospice will be larger, allowing space for more people to attend for longer periods of time with spaces allowing wellbeing therapy

## Trustees' / Directors' Report

sessions. There will be more counselling rooms and dedicated quiet spaces to enable patients and their families' time to gather their thoughts and reflect. In addition the staffing and education facilities will be enhanced to provide a dedicated staff social hub, improved staff welfare facilities and a range of meeting rooms available for hosting and running educational events.

The project has been agreed as a "design and build". Specifications have been agreed and a tender process instigated on 25<sup>th</sup> March 2019.



### Providing Leadership in End of Life Care

The Trustees recognise the importance of being a core and integrated part of the healthcare infrastructure to maximise the care and support given to the community it serves. The Charity collaboratively works with and is supported by a number of NHS Clinical Commissioning Groups:

- NHS Coastal West Sussex
- NHS Crawley
- NHS East Surrey
- NHS High Weald Lewes Havens
- NHS Horsham and Mid Sussex
- NHS Surrey Downs

The Charity's Medical Director is the End of Life Care Lead for the North Central Sussex and East Surrey Commissioning Alliance (CSESCA), providing support to the North CSESCA Clinical Strategy Group, End of Life Programme Board and the Sussex and East Surrey Sustainability and Transformation Partnership (STP) Clinical and Professional Cabinet.

The charity is active in a fully commissioned domiciliary care pilot for people approaching end of life across West Sussex and in delivering lymphoedema services on behalf of a number of Clinical Commissioning Groups.

The Charity is active in palliative care research and hosts a National Institute for Health Research senior research nurse who holds the role of Subspecialty Lead for Cancer, Palliative and Supportive Care for Kent, Surrey and Sussex.

The Trustees have supported the exploration of opportunities for collaboration with the seven Sussex based Hospices, understanding the opportunities and risks in the contextual framing of future Hospice care. External consultants worked with the hospices devising the recommendations for collaborative opportunities, being:

- External Education – developing a common approach to supporting care homes
- Workforce – developing a common approach to apprenticeships (including nursing associates)
- Workforce – developing common management development programmes
- Quality – developing common service impact data and delivery insights



### Focus on developing Staff and Volunteers

People who have experienced the hospice's services frequently say that they "appreciate" or "love" St. Catherine's. The pillar supporting this is our staff and volunteers, the Charity's greatest asset. The Trustees recognise that investing in our people is key to maintaining the excellent service provided.

During the year the People Strategy has been developed taking into account the views of the staff and volunteers who have been actively engaged in its development. The Strategy has reflected the staff survey feedback, the most recent carried out in December 2018.



The key areas of focus are:

- Pay and Rewards
- Workforce Planning
- Improved Communication and Engagement Plan
- Succession Planning and Progression
- Management Training
- Expanding the engagement of Volunteers within the Hospice

Delivery of the wider strategy will require outstanding clinical and non-clinical leadership. The Chief Executive has strengthened the Senior Leadership Team with the following new appointments: Clinical Care Services Director, People Director and Finance Director, supported by an interim Wellbeing Services Director.



### Increasing Income

The current funds available to the Charity mean that for every person it currently supports, there are two who do not receive the hospice care that would help them. This means that two in three terminally ill people in the Charity's community are being left to manage their illness and bereavement without hospice support. The Full Circle Appeal was launched to raise £20m to expand our services to meet the Charity's Vision, so no one has to face death and loss alone. £5m of this project will support the ambitious plans to build the new hospice, raised by a Capital Appeal. During the year progress has been made with significant donations gratefully received from individuals, Trusts and the local community with further sums already pledged.

In the year, St Catherine's has been supported by excellent relationships with companies including Gatwick Airport Ltd, Deloitte LLP, Irwin Mitchell LLP and Thakeham Homes. The Trustees are delighted that Deloitte have agreed a three year official partnership with the hospice.

In addition the Charity has been supported through key relationships with Trusts, including Ernest Kleinwort Charitable Trust, F G Roberts Charitable Trust and Netherby Trust.

St Catherine's continues to be supported by generous individuals, the lottery and those undertaking community events, including Friends Groups. During the year a number of successful events have been carried out to raise funds including the Midnight Walk, an Abseil, Dragon Boat Festival and a music event.

Key to the Charity's success is the generous donations left to St Catherine's in Wills. The Trustees are profoundly grateful to every person who chooses to support the Charity in this way.

The Trustees extend their sincere appreciation to every donor who has made a contribution to the Charity. It is only through this support that the Hospice can provide our care in the community it serves.

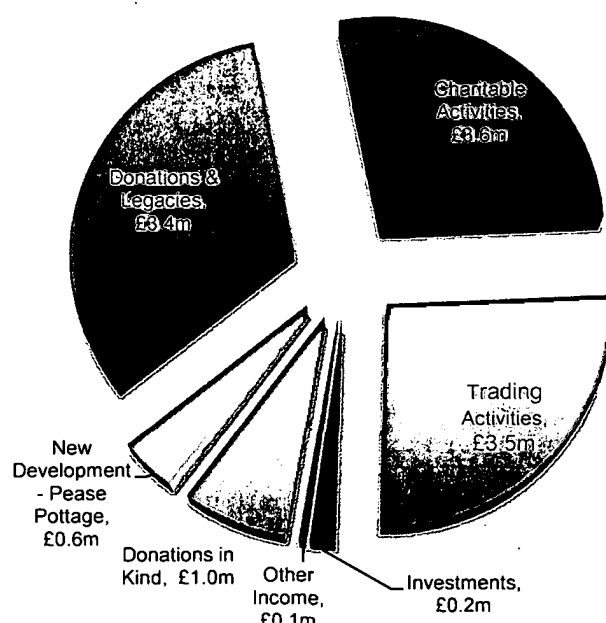
The Trustees are delighted that the Full Circle Appeal was recognised as among the outstanding campaigns of the year at the Institute of Fundraising Awards 2019.

# Trustees' / Directors' Report

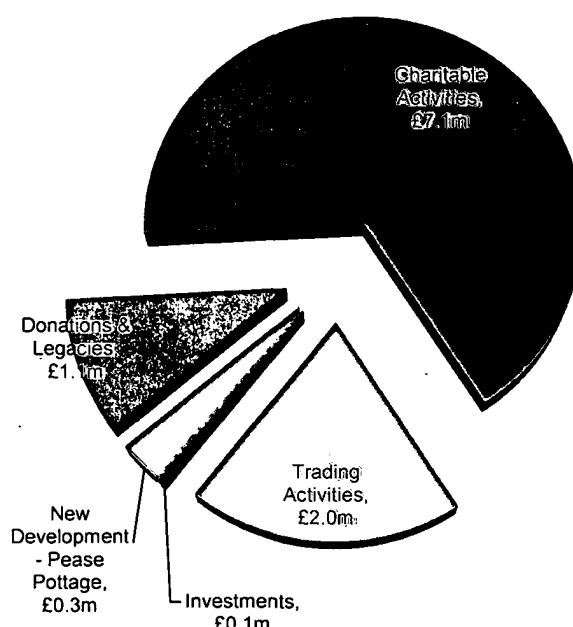
## Financial Review

The Statement of Financial Activities on page 22 provides the detail of financial performance.

Income - £12.4m



Expenditure - £10.6m



The Charity recognised income of £12.4m in the year (2018 - £10.2m), an increase of 21.6%.

Donations of assets valued at £1.0m were received in the year. The Trustees have carried out an external professional valuation of the five acres of land at Pease Pottage, generously donated by Mr Bill Bridges. The basis of value is at a fair value, as described within the accounting policies on page 25. The fair valuation of this land is £1.0m based on the assumption that conditions attached to starting the development will be met.

Restricted donations in the first year of the Capital Appeal in aid of the New Hospice Development were £552k. Further donations are expected in the first few months of the new financial year.

Excluding the income described above, the Charity increased its income by 6.9%.

The Charity experienced lower donations of £4.0m in the year (2018 - £4.7m) being mainly driven by lower legacy income in the period.

NHS contractual and grant income of £3.7m exceeded the previous year (2018 - £2.3m) following an agreed delay in contractual payment from the prior year. Additional income from the pilot scheme for NHS funded domiciliary care in West Sussex and the League of Friends of Horsham Hospital (a carers support project) also added to the increase.

Trading income of £3.5m improved in the year (2018 - £2.9m) with focus on the shops and fundraising events.

Total expenditure was £10.6m (2018 - £10.3m).

Increased costs during the year were a result of fundraising costs related to the Capital Appeal of £308k. The Trustees have agreed to meet the cost of this appeal through its reserves, ensuring that all funds raised in support of the new Hospice are used for that purpose.

The Charity has also experienced some increases in staffing costs in support of new initiatives and strategic development in the care of patients, carers and bereaved relatives. Staff costs in the year were £7.83m (2018 - £7.43m).

Investment Gains were £0.3m (2018 - £0.1m)

## Trustees' / Directors' Report

## ST CATHERINE'S HOSPICE

The resultant net income for the year was £2.06m (2018 – £0.06m)

### Reserves and Going Concern

Having reviewed and formally agreed the forecasts prepared in March 2019, the Trustees believe, to the best of their knowledge, that the Charity remains a going concern for the 12-18 month period from the date of approval of the accounts.

St. Catherine's reserves policy is to maintain free reserves at a level that is sufficient to protect services from the potential financial impact of known significant risks over the short to medium term. The assessment of risks to inform the reserves policy is derived from the corporate risk register and is reviewed at least annually or more frequently if there is a major change in circumstances. In addition to known and approved capital and other commitments, which are set aside as Designated Funds, the Charity's policy is to hold between £4 and £9 million in general reserves.

The net movement in reserves in the year is set out in Notes 17 and 18 to the accounts. Total reserves at 31<sup>st</sup> March 2019 were £22.7m, (2018 - £20.6m), with available reserves of £19.3m as detailed in the table below.

	Restricted Funds					Unrestricted Funds			
	Foundation Fund	Other Restricted Funds	New Hospice Fund	Restricted Funds	General Reserves	Designated New Hospice Fund	Designated Strategic Delivery Fund	Unrestricted Reserves	Total Funds
<b>Balance as at 01/04/18</b>	<b>1,000</b>	<b>164</b>	<b>25</b>	<b>1,189</b>	<b>7,777</b>	<b>10,312</b>	<b>1,315</b>	<b>19,404</b>	<b>20,593</b>
Net Operating Inc / (Exp)	17	91	1,552	1,660	557	0	(417)	140	1,800
Unrealised Gains / (Losses)	60			60	198			198	258
<b>Net Inc / (Dec) in Reserves</b>	<b>1,077</b>	<b>255</b>	<b>1,577</b>	<b>2,909</b>	<b>8,532</b>	<b>10,312</b>	<b>898</b>	<b>19,742</b>	<b>22,651</b>
Transfers	(1,077)		1,000	(77)	(523)		600	77	0
<b>Net Inc / (Dec) in Reserves</b>	<b>(1,077)</b>	<b>0</b>	<b>1,000</b>	<b>(77)</b>	<b>(523)</b>	<b>0</b>	<b>600</b>	<b>77</b>	<b>0</b>
<b>Balance as at 31/03/19</b>	<b>0</b>	<b>255</b>	<b>2,577</b>	<b>2,832</b>	<b>8,009</b>	<b>10,312</b>	<b>1,498</b>	<b>19,819</b>	<b>22,651</b>
<b>Less:</b>									
Fixed Assets	0	87	1,000	1,087	1,818	0	0	1,818	2,905
Construction in Progress	0	0	410	410				0	410
<b>Available Reserves</b>	<b>0</b>	<b>168</b>	<b>1,167</b>	<b>1,335</b>	<b>6,191</b>	<b>10,312</b>	<b>1,498</b>	<b>18,001</b>	<b>19,336</b>

#### Foundation Fund

The New Horizons Appeal Committee has given permission for the restricted fund of £1m that was previously held to support operational expenditure, to be reallocated to the New Hospice Fund in support of the Capital Appeal for the new Hospice. In addition to this the £77k surplus in the year was transferred to General Funds as agreed in line with the New Horizons Appeal Committee where any surplus from Fundraising is transferred to general funds to be used as approved by the Trustees.

#### New Hospice Fund

Restricted Funds refer to the Capital Appeal for the New Hospice at Pease Pottage and includes the transfer of £1m by the New Horizons Committee in support of the appeal. Following the Trustees' valuation of the land donated by Mr Bill Bridges at Pease Pottage, which was carried out by a professional independent valuer, restricted funds include £1m as a gift in kind.

Designated Funds include the legacy donation from Mr John Shemeld, together with the Charity's general reserves agreed to be designated for the New Hospice Fund, totalling £10.3m at 31 March 2019.

The combined designated reserve at the end of the period was £11.5m.

### Restricted Funds - Other

From time to time, the Hospice may receive grants or donations whose use is restricted by the donor. In these circumstances, the funds are shown as restricted.

### Strategic Delivery Fund

Designated funds have been agreed by the Trustees to support costs in the delivery of its strategic goals detailed in Future Plans on Pages 15 to 16, forecast currently at approximately £1.5m.

### General Reserves

This is an unrestricted reserve and is available to be used for:

- The day to day running of the hospice;
- The costs of any capital projects in whole or in part where the cost is not met from any other fund; and
- For any other purpose as the Directors see fit to fulfil the objectives of the hospice.

The Hospice's "free" reserves (unrestricted general reserves less the value of unrestricted fixed assets) at 31 March 2019 were £6.2m, which aligns with the Charity's Reserves policy.

### Market Value of Land and Buildings

Freehold land in Crawley was donated to the hospice and valued at £60,000 by the Directors in December 1983. All other freehold land and buildings shown in Fixed Assets in the Balance Sheet are included in the financial statements at cost or open market value if lower. In the opinion of the Directors, the open market value of the freehold land and buildings is not less than the amounts shown in the financial statements.

### Investments

The overall objective of the Charity for its investments, which represent reserves held consistent with its reserves policy, is to provide financial security and stability, recognising that the charity is exposed to a degree of financial risk due to the variable and uncertain nature of its income streams.

The Trustees have agreed that the Charity's assets can be invested widely and should be diversified by asset class, by manager and by security. Asset classes could include cash, bonds, equities, property, hedge funds, structured products, private equity, commodities, and any other asset that is deemed suitable.

The Charity seeks to produce the best financial return within an acceptable level of risk. The Charity has adopted an ethical investment policy to ensure that its investments do not conflict with its aims or can lead to reputational damage.

The investment objective for the long-term fund is returns which over a rolling 5 years achieve of CPI +4%.

The Financial Sustainability Committee has responsibility for agreeing the investment strategy, setting benchmarks and monitoring the investment assets on a quarterly basis.

A formal evaluation of each fund managers' performance and consideration of the need to undertake full market testing is undertaken every 3-5 years. The Financial Sustainability Committee will give consideration to the timing of this evaluation at the same time as it reviews the overall investment policy.

Note12 gives further information on the Investment position as at 31 March 2019.

The majority of the Charity's investments are held with Rathbone Investment Management and Sarasin and Partners LLP.

The overall performance of the funds showed a return of 3.0% in the year.

## Trustees' / Directors' Report

### Quality

<b>Care Quality Commission</b> <b>Outstanding</b>	<b>CHKS</b> <b>Accredited</b>
<b>Investors in People</b> <b>Accredited</b>	<b>Hospice Quality Partnership</b> <b>Partner</b>

St. Catherine's continues to focus on the quality and reach of its service, income generation development, strengthening its supporting activities and developing its integrated governance framework. An ethos of continuous quality improvement is embedded across the organisation ensuring a "Board to Ward" approach.

A CQC inspection was carried out in 2016 with an overall rating of Outstanding.

The CHKS inspection framework informs the Charity's internal Quality Management System, which is recognised by CHKS as the embedded approach across the entire organisations' activities.

The IIP mid point review reminds the organisation of the requirement for a comprehensive People Plan, something the Charity is currently developing and will embed in the organisation in the coming years.

The Charity carries out regular reviews to ensure it is compliant with GDPR requirements and the Data Protection Act 2018. A new approach to information governance training has been implemented and a robust approach to the use of data protection impact assessments and legitimate interest assessments is in place.

Family and Carer feedback is important to the Hospice. 97% of feedback received said that they would recommend St. Catherine's to friends or family.

The Charity supports a "Voices of Experience" group which meets regularly to discuss patient, carer and family experiences to assist the hospice in enhancing the quality of its service and providing the care required to meet the needs of its community.

As part of the Quality improvement programmes, measuring outcomes is key to ensuring it meets the needs of individual patients and making a positive difference to people (and their families) who receive care from St. Catherine's. Three tools have been identified to assist in measuring the impact of the clinical services delivered in supporting carers, pain management and ensuring services are directed appropriately, effectively and efficiently. The Charity will look to utilise some or all of these and, in addition the charity has been exploring measures to demonstrate how support and intervention can facilitate discharge or avoid hospital admissions.

In delivering its plans to increase revenue and capital income, the Charity fundraises ambitiously, responsibly and in accordance with the Charities Act, Codes of Fundraising Practice set out by the Fundraising Regulator and Gambling Commission. The charity is registered with the Fundraising Regulator. The Charity also works with organisations raising money on behalf of the hospice whilst proactively monitoring their activities, ensuring compliance, robust reporting and protection of vulnerable people. This is carried out through a variety of methods including face to face meetings, contact and follow up with donors, a robust complaints system, mystery shopping and audit. During the financial year 2018/19 the Charity received and managed 8 complaints about its fundraising activity.

The Charity is committed to the efficient use of all funds raised to maximise the reach of people it can support. In this endeavour the Charity is a partner with the Hospice Quality Partnership and is currently active in developing contractual partnerships with the organisation's supplier partners to drive cost efficiencies.

## Trustees' / Directors' Report

### Principal Risks and Uncertainties

The Trustees regularly assess the major risks to which the Charity is exposed, both operationally and financially. A formal strategic risk register is maintained and regularly reviewed during the year by the Senior Management Team and appropriate Committees, chaired by a Trustee.

The Trustees recognise that effective risk management is integral to the achievement of the Charity's strategic and operational objectives. A comprehensive risk management framework is in place to ensure the effective management of both strategic and operational risks. Training is in place for managers as part of the Charity's management training programme.

One of the key strategic risks we face is that of St. Catherine's losing its relevance to the local Health & Social Care economy. This could affect the number of referrals and, if the Charity is no longer seen as a key provider, our NHS funding. To mitigate this risk senior clinical and non clinical staff undertake active account management activity with the local NHS and Social Care commissioners, are participating in the local STP process and proving leadership on End of Life Care matters for our main NHS Clinical Commissioning Groups.

The table below highlights the significant risks identified on the Charity's Risk Register and agreed by the Trustees:

Strategic Risks	Controls & Mitigations
Losing relevance as a key provider in the local health and social care economy impacting funding and referrals	<ul style="list-style-type: none"> <li>Active support and collaboration with local NHS and social care commissioners</li> <li>Ensuring active involvement in local NHS STP processes</li> <li>Providing leadership in end of life care with NHS commissioning groups and newly emerging NHS structures</li> </ul>
Inability to recruit & retain key staff and / or maintain the critical skills required to maintain service levels in the organisation	Introduction of People Strategy, includes: <ul style="list-style-type: none"> <li>Focus on performance development and succession planning</li> <li>Training and Management development programme</li> <li>Salary and Rewards review</li> </ul>
Significant failures in care	<ul style="list-style-type: none"> <li>Robust clinical director and management structure</li> <li>Investment in the Hospice's Quality Management System including utilisation of Datix – incident reporting process</li> <li>Maintenance of a comprehensive service specification</li> <li>Recruitment, Retention and Training / Education programmes</li> <li>Policies and Procedures in place and reviewed with appropriate audits</li> <li>Close collaboration with statutory and other partners working to deliver care across our community</li> <li>Bespoke patient records system</li> </ul>
Significant loss, theft or misappropriation of data	<ul style="list-style-type: none"> <li>Range of controls back-ups and data encryption</li> <li>External contractors to advise and test systems</li> <li>Mandatory GDPR and Data Protection training for all staff and audit</li> </ul>
Failure to secure and fund new hospice	<ul style="list-style-type: none"> <li>Full planning approval secured</li> <li>Robust legal agreement in place between relevant parties</li> <li>Ensuring trustee steering committee has relevant expertise</li> <li>Externally validated business case</li> <li>Robust fundraising strategy</li> <li>Flexible building design</li> <li>Implementation of a robust business &amp; financial plan with cashflow forecasts and scenario planning to mitigate any deviance.</li> </ul>

## **Trustees' / Directors' Report**

### **Future Plans**

The key service priorities agreed to develop the Charity's strategy will be aligned to a three to five year business and financial plan, with key milestones in place to achieve the vision in readiness for the opening of and transition to the new Hospice at Pease Pottage in 2022.



#### **Developing a Compelling Service Proposition**

The Inpatient Nursing team will be strengthened with the development of advanced nurse practitioner and nurse practitioner roles to work on the wards. This will increase the level of nursing expertise available and provide an enhanced career development pathway for nurses. A full review of staffing and skill mix will be undertaken in order to plan for opening more beds at the new hospice.

The telephone advisory and rapid response service will be enhanced in order to act as a single point of access for all incoming referrals and to provide urgent assessment and support more consistently.

The community teams will collaborate closely with emerging primary care networks, in order to ensure that its services are fully aligned with primary and community care health and social care teams. Work will continue to build on a pilot project which aims to identify more people in the last year of life and to support them appropriately through collaboration with primary care colleagues.

Recognising that wellbeing and carer support are a real opportunity to reach more people face death or bereavement, we have worked to define our aspirations for improving services in these areas. We aim to provide a more diverse range of wellbeing services as well as to develop services which improve the confidence and resilience of carers. This will include extending the scope and breadth of existing services as well as piloting and reviewing the impact of a number of new initiatives.



#### **Investing in New Premises**

The Main Contractor has been appointed to deliver the final contract by the end of 2019 having completed a full value engineering exercise and finalising costs. The build programme is due to start in early 2020, completing in early 2022.

During this time the Charity will be agreeing its transition programme in readiness for the move.

It is key that the ethos that encapsulates the hospice at Malthouse Road is breathed into the new facility and every care will be taken to ensure its delivery.



#### **Providing Leadership in End of Life Care**

The Charity will continue to work in collaboration with the NHS to highlight the needs of people facing end of life and those close to them. We will continue to promote better identification of people who are in the last year of life and to encourage honest conversations and advance care planning.

Clinicians from the charity will be involved in two collaborative clinical leadership projects in local primary care networks, one in East Surrey and one in West Sussex.

## Trustees' / Directors' Report



### Focus on developing Staff and Volunteers

The key focus will be on delivering the People Plan, which immediately focuses on workforce planning, reviewing the organisational structures and roles within it. This will enable the Charity to strengthen its workforce with training and development whilst making use of the apprenticeship funding.

The Charity has invested in a new HR system which will be implemented in 2019, which will allow technology to improve efficiency in its HR processes.

The Charity will be reviewing its total reward package which will include pay and benefits ensuring we remain an employer of choice. The Hospice will continue to work collaboratively with other hospices on our management development programme, attracting and developing leaders.

The Charity will focus on expanding the use of volunteers to support our service strategy in areas such as our wellbeing service.



### Increasing Income

The plan to support the Full Circle Appeal to achieve its £20m target is in place and actions are being taken to meet target and provide the services offered so no one has to face death and loss alone.

The Capital Appeal in support of the new hospice at Pease Pottage is underway. The Appeal seeks to raise funds from our community alongside our revenue fundraising. We will continue to work with key individuals as well as Trusts and our community at large.

A survey of 250,000 householders will be sent in 2019 seeking the insights of the local community into their experience of end of life care. The findings will inform our service planning for Pease Pottage.

The Charity will maintain relationships with key Corporate and Trust supporters as well as developing the support generously offered by Deloitte as part of a three year partnership programme.

Supports from individuals donating to the Charity's appeals and committed monthly giving are fundamental to achieving the income growth predicated. Gifts in wills form an integral part of this with "Make a Will Fortnight" being arranged and publicised in 2019.

Additional key events during the next year and beyond that have been set are:

- 5 Peaks Challenge in the Lake District, tackling England's highest point, Scafell Pike
- Sahara Trek through the Moroccan Sahara

The HeART to Heart fundraising event will comprise a brand new art trail in West Sussex and East Surrey in 2019. This will showcase 26 beautifully designed and completely unique large hearts across the community alongside 11 stunning wire hearts that have been customised by local shops and youth groups. Each big heart has been sponsored by a local business or organisation that has their own story to tell.

With the number of initiatives in place to deliver the Charity's strategy, the key successes will be made with careful planning and budgetary control to maximise the efficient use of funds available to further extend the Charity's reach in its community.



## **Trustees' / Directors' Report**

### **Structure, Governance and Management**

The directors are also the trustees of the charity for the purposes of company law and as such are responsible for the management of the hospital's affairs and its future strategy. The Trustees are required to hold at least four Board meetings a year. There are six committees, chaired by a Trustee which are attended by the appropriate Senior Management Team Member(s), which meet prior to and feed into each Board meeting.

- Financial Sustainability Committee (includes income generation activity)
- People and Development Committee
- Quality Committee
- Board Effectiveness Committee
- New Build Project Board
- Remuneration Committee (Chief Executive remuneration only)

Given his significant relevant experience, the Charity is delighted to enjoy the support of one of its Vice Presidents, Andrew Wates, who leads the New Build Project Board.

The Trustees who served St Catherine's Hospice during the year were as follows:

Terence O'Leary	Chairman of the Board & Chair Remuneration Committee
Catherine Blackburn	Chair People and Development Committee
Lisa Compton	Chair Quality Committee
Alison Crombie	
Jan Dowding	Co Chair Financial Sustainability Committee
Alison Livesley	
Christine Maclean	Chair Board Effectiveness Committee
Chris Shearn	
John Vickers	Co Chair Financial Sustainability Committee
Nicola Wiltshire	
Torben Harris	Resigned February 2019
Tom Crowley	Resigned September 2018
Kate Midgley	Trustee Elect from February 2019
Gregory Andrews	Trustee Elect from February 2019

Two trustees have resigned during the year. The trustees would like to thank these trustees for their valuable contributions during their time with St. Catherine's Hospice. The two Trustee elects will be formerly appointed as Trustees at the General Meeting in November 2019.

### **Rotation, recruitment and appointment and induction of directors**

The Trustees consider it essential that the Board is strong, well-balanced and effective comprising members with the requisite professional skills and experience in healthcare or local services to properly represent users of the charity's services.

Trustees are recruited through local advertising and a robust selection process. Trustees serve for a maximum of two terms of four years each.

An induction programme is provided to all new directors. They are advised of their responsibilities as directors and trustees, including their legal obligations under charity and company law and the Charity Commission guidance on

## Trustees' / Directors' Report

public benefit, given copies of the charity's governing documents, and are appraised of the charity's aims and activities, current financial performance and its plans for the future. All trustees receive an annual performance review and are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

### Statement of Directors Responsibilities

The Board of Directors is responsible for the approval of the annual accounts, ensuring compliance with the Charities Act 2011, the Companies Act 2006 and the Memorandum and Articles of Association and Accounting and Reporting Statement of Recommended Practice applicable in the UK and republic of Ireland, FRS 102 which was effective from 1st January 2015.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- ensure compliance with the methods and principles in the Memorandum and Articles of Association and Accounting and Reporting Statement of Recommended Practice applicable in the UK and Republic of Ireland, FRS 102 which was effective from 1st January 2015.
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors 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.

Details of directors' interests in contracts and related party transactions are given in note 16 to the accounts.

### Senior Management Team

The Board delegates the day-to-day management of the hospice to the Chief Executive, Giles Tomsett and the officers of the company:

Medical Director	Patricia Brayden
Director of Income Generation and Marketing	Claire Irving
Finance Director	Cathy Heard
People Director	Elly Powis
Director of New Hospice Delivery and Support Services	Paul Rycroft
Director of Care Services	Carol Harris
Interim Director of Wellbeing	Katy Cox

The Charity has set up a clear pay progression arrangement for its senior leaders which reflects arrangements in place for all staff and managers. As the Charity strives to make its reward offer as competitive as it can afford, it will continue to consider managers and senior management remuneration. The pay points for the Senior Management Team are now in place having recently been agreed, using benchmarks for similar sized charities. Pay progression for these senior officers is delegated to the Chief Executive and reviewed by the People Committee before finalisation. The Chief Executive's pay is reviewed annually and finalised by the Charity's Remuneration

## **Trustees' / Directors' Report**

Committee.

The Senior Management Team meets weekly, rotating meetings to review strategy and business plan delivery, the quality management system across all activities, risk management and operational service performance, including budgetary review.

Information is cascaded to the Heads of Department and key managers in two monthly interactive update sessions and to staff through appropriate staff meetings and departmental team meetings. During the year Trustees have attended several of these to assure themselves of the quality of communication, education and training that is being provided.

### **Statement as to disclosure to the Auditors**

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 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.

Haysmacintyre LLP have been re-appointed as auditor to the company under Section 485 of the Companies Act 2006.

The Report of the Board of Trustees, incorporating the strategic report, was approved by the Board on 3rd September 2019 and signed on its behalf by:



**Terence O'Leary**  
**Chairman**

# Auditors' Report

## Independent Auditors Report to the members of St Catherine's Hospice

### Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2019 and of the group'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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 18, 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](http://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.

## Auditors' Report

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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' Report (which includes the strategic report and the directors' report for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

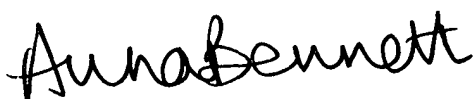
In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

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
- 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

### Use of this 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.



Anna Bennett (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre, LLP Statutory Auditors

5/9/19

10 Queen Street Place  
London  
EC4R 1AG

# Financial Statements

# ST CATHERINE'S HOSPICE

## Statement of Financial Activities for the year ended 31 March 2019

	Note	Restricted £'000's	Unrestricted £'000's	Total Funds 2018/19 £'000's	Total Funds 2017/18 £'000's
<b>Income</b>					
<b>Donations &amp; Legacies</b>					
Donations		219	1,658	1,877	2,427
Legacies		0	1,352	1,352	1,906
Other Grants		32	143	175	379
Donated Assets		1,000	0	1,000	0
Capital Appeal - Pease Pottage		552	0	552	0
		<u>1,803</u>	<u>3,153</u>	<u>4,956</u>	<u>4,712</u>
<b>Charitable Activities</b>					
NHS Contracts & Grants		0	3,666	3,666	2,345
Education		0	20	20	43
	2	<u>0</u>	<u>3,686</u>	<u>3,686</u>	<u>2,388</u>
<b>Trading Activities</b>					
Shops		0	1,528	1,528	1,188
Lottery		0	860	860	969
Fundraising Events		0	1,110	1,110	716
		<u>0</u>	<u>3,498</u>	<u>3,498</u>	<u>2,873</u>
<b>Investments</b>					
	3	0	239	239	241
<b>Other Income</b>					
		0	60	60	24
<b>Total Income</b>		<b>1,803</b>	<b>10,636</b>	<b>12,439</b>	<b>10,238</b>
<b>Expenditure</b>					
<b>Raising Funds</b>					
Donations & Legacies		0	1,093	1,093	1,012
Fundraising Events		0	579	579	405
Retail Shops		0	1,327	1,327	1,548
Lottery Costs		0	186	186	276
Capital Appeal - Pease Pottage		0	308	308	0
Investment Management		0	44	44	0
		<u>0</u>	<u>3,537</u>	<u>3,537</u>	<u>3,241</u>
<b>Charitable Activities</b>					
Inpatient Services		65	3,150	3,215	3,316
Community Services		29	2,747	2,776	2,584
Wellbeing Services		25	780	805	903
Education		24	282	306	255
		<u>143</u>	<u>6,959</u>	<u>7,102</u>	<u>7,058</u>
<b>Total Expenditure</b>	5	<b>143</b>	<b>10,496</b>	<b>10,639</b>	<b>10,299</b>
<b>Net Income / (Expenditure) on Operational Activities</b>					
		<b>1,660</b>	<b>140</b>	<b>1,800</b>	<b>(61)</b>
Net Gains / (Losses) on Investments	12, 13	60	198	258	123
<b>Net Income / (Expenditure) for the Year</b>	6	<b>1,720</b>	<b>338</b>	<b>2,058</b>	<b>62</b>
<b>Transfer Between Funds</b>	17, 18	(77)	77	0	
<b>Net Movement In Funds</b>		<b>1,643</b>	<b>415</b>	<b>2,058</b>	<b>62</b>
Funds Brought Forward as at 1st April		1,189	19,404	20,593	20,531
<b>Funds Carried Forward as at 31st March</b>		<b>2,832</b>	<b>19,819</b>	<b>22,651</b>	<b>20,593</b>

All gains and losses arising in the current and previous year have been recognised in the Statement of Financial Activities and arise from continuing activities.

The prior year comparators for each fund included above are included in notes 24 to 28

The notes on pages 25 to 43 form part of these financial statements.

# Financial Statements

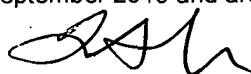
# ST CATHERINE'S HOSPICE

## Balance Sheets as at 31 March 2019

	Notes	Group		Hospice	
		31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000
<b>Fixed Assets</b>					
Tangible Assets	11	2,905	2,015	2,905	2,015
Construction in Progress - Pease Pottage	11	410	0	410	0
Investments	12	15,454	15,001	15,504	15,051
		18,769	17,016	18,819	17,066
<b>Current Assets</b>					
Investments	13	92	26	92	26
Stock	14	5	2	0	0
Debtors	15	1,459	1,214	1,538	1,276
Cash at Bank		3,098	3,213	2,896	3,098
		4,654	4,455	4,526	4,400
<b>Current Liabilities</b>					
Creditors: amounts falling due within one year	16	585	656	580	651
<b>Net Current Assets</b>		4,069	3,799	3,946	3,749
<b>Total Assets less Current Liabilities</b>		22,838	20,815	22,765	20,815
Creditors: amounts falling due greater one year	9	187	222	187	222
<b>Total Net Assets</b>		22,651	20,593	22,578	20,593
<b>The Funds of the Charity</b>					
Restricted Funds		1,255	1,164	1,255	1,164
Restricted Funds - Full Circle Appeal - Pease Pottage		1,577	25	1,577	25
<b>Restricted Funds</b>	17	2,832	1,189	2,832	1,189
<b>Unrestricted Funds</b>					
Designated Funds		11,810	13,560	11,810	13,560
General Funds		8,009	5,844	7,936	5,844
<b>Unrestricted Funds</b>	18	19,819	19,404	19,746	19,404
<b>Total Funds</b>	19	22,651	20,593	22,578	20,593

The unconsolidated net income of the Hospice in 2018/19 was £ 1,972,000 (2017/18 £62,000).

The Financial Statements on pages 22 to 43 were approved by the Board of Directors and authorised for issue on 3<sup>rd</sup> September 2019 and are signed on its behalf by:



**John Vickers**  
Trustee / Director

The notes on pages 25 to 43 form part of these financial statements.

# Financial Statements

# ST CATHERINE'S HOSPICE

## Consolidated Cash Flow Statement as at 31 March 2019

		31 March 2019 £'000	31 March 2018 £'000
	Notes		
<b>Cashflows from Operating Activities</b>			
<b>Net Cash provided by / (used in) Operating Activities</b>	22a	<b>414</b>	<b>565</b>
<b>Cashflows from Investing Activities</b>			
Gains / (Losses) on Investments		11	10
Purchase of Property, Plant & Equipment		(555)	(167)
Proceeds from Sale of Assets		15	0
<b>Net Cash provided by / (used in) Investing Activities</b>		<b>(525)</b>	<b>(157)</b>
<b>Change in Cash &amp; Equivalents in the Reporting Period</b>		<b>(115)</b>	<b>408</b>
<b>Cash &amp; Equivalents at the beginning of the Reporting Period</b>		<b>3,213</b>	<b>2,805</b>
<b>Cash &amp; Equivalents at the end of the Reporting Period</b>	22b	<b>3,098</b>	<b>3,213</b>

The notes on pages 25 to 43 form part of these financial statements.



## **Accounting Policies**

### **Principal Accounting Policies**

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

#### **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 (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS102)), 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 entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy notes.

#### **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.

#### **Going Concern**

The trustees consider that there are no material uncertainties about St Catherine's Hospice Limited's ability to continue as a going concern. Free reserves stand at 7 months of ongoing expenditure and medium term budget projections indicate that a net surplus will be achieved each financial year.

#### **Material Areas of Judgement**

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 Donation, Grants and Other 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 section 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

#### **Group Financial Statements**

These financial statements consolidate the results of the charity and its wholly-owned subsidiary St Catherine's Hospice Trading (Sussex) Limited on a line by line basis. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

#### **Fund Accounting**

Unrestricted funds are available to spend on activities that further any of the purposes of the 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 where the donor has specified they should only be used for particular areas of the hospice's work. The aim and use of each designated and restricted fund is set out in the notes to the financial statements. Investment income, gains and losses are allocated to the appropriate fund.

#### **Donated Assets**

Tangible assets donated to the Hospice are recorded at the original estimate of their value to the company.

A donation of land was received in the year and accounted for in accordance with this policy ensuring the valuation was a fair value, carried out by external professional valuers, as defined within FRS102 being the "amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction".

#### **Tangible Fixed Assets**

Fixed assets other than donated assets are stated at historical cost. All assets costing more than £2,000 are capitalised.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write down each asset to its estimated residual value evenly over its expected useful life, as follows:-

Freehold buildings	2% per annum on cost
Extensions and refurbishments	10% per annum on cost

## Accounting Policies

Equipment (excluding leasehold improvements)	25% per annum on cost
Leasehold improvements	based on length of lease
Motor vehicles	25% per annum on cost

### Taxation

The company is considered to pass the tests set out in the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly the company is potentially exempt from taxation on income or capital gains to the extent that such income or gains are applied exclusively to charitable purposes.

### Operating Leases

Rental costs under operating leases are charged to the general fund operating account in equal annual amounts in accordance with the terms of the lease. Any benefits received or receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period of the lease.

### Pension Contributions

The Charity operates a defined contribution pension scheme, the assets of which are held separately from those of the Charity in independently administered funds chosen by individual staff. Some staff participate in the NHS defined benefit pension scheme. Any resulting liabilities on this scheme would be met by the State. Therefore contributions payable for the year in relation to either scheme are charged in the Statement of Financial Activities.

The company also participates in a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The Charity is also making additional payments into the fund in order to eliminate the deficit. These payments commenced in April 2013 and are currently scheduled to continue until January 2025. To recognise the future liability and in accordance with FRS 102 the Trustees have agreed to make a provision for the present value of the outstanding deficit contributions.

Further details including the current buy-out debt amount and value of the provision are given in Note 9.

### Donations Grants and Other Income

Income is recognised in the Statement of Financial Activities when the charity is entitled to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

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

- In the event that a donation or grant is subject to fulfilling performance conditions before the charity is entitled to the funds the income is deferred and not recognised until it is probable that those conditions will be fulfilled in the reporting period. Income from Gift Aid reclaims is recognised for any donations with relevant Gift Aid certificates recognised in income for the year. Any amounts of Gift Aid not received by the year end are accounted for in income accrued in debtors.
- Income from NHS contracts, government or other grants, whether capital or revenue in nature are recognised when the charity has entitlement to the funds, any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably.
- Income, including sponsorship received in advance for a future fundraising event or for a grant received relating to the following year is deferred until the criteria for income recognition is met.
- Items donated for resale through the retail shops are included in the accounts when the items are sold.

## Accounting Policies

- Investment income is included when receivable and the amount can be measured reliably, usually when the notification of interest payable is received from the bank. Dividends are recognised once the dividend has been declared and notification has been received of the amount due.
- Income from legacies is determined on a case by case basis in accordance with the following principles. Pecuniary legacies are recognised once probate has been granted and notification has been received that payment will be received. Residuary legacies are recognised once probate has been granted, provided that sufficient information has been received to enable valuation of the Hospice's entitlement with sufficient certainty; amounts receivable are included at 90% of their valuation, to reflect the sector's experience of the uncertainty inherent in the administration of estates, subject to further reduction to reflect the impact of other factors such as the valuation of unrealised estate assets or subsequent adverse movements in property and investment markets. Where legacies have been notified to the charity or the charity is aware of the granting of probate and the criteria for income recognition have not been met then the legacy is treated as a contingent asset and disclosed if material.
- All subscriptions for the lottery draws are deferred, with income drawn down each week. All other income received in one period but relating to future periods is shown as deferred income under creditors.

### Donated Goods and Services

Donations of goods and services, including seconded NHS doctors, are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from its use is probable and the economic benefit can be reliably measured. These items are included in income at the estimated value of the gift to the charity when received based on the amount the charity would have been prepared to pay had it been required to purchase them.

### Volunteers

The value of the services provided by volunteers is not incorporated into these financial statements. Further details of their contribution are provided in note 10.

### Expenditure

Expenditure is included in the Statement of Financial Activities on an accruals basis once there is a legal obligation to make a payment, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is categorised under the following headings:

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

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

Support costs comprise those costs which are incurred directly in support of expenditure on the objects of the Hospice and include governance cost, finance and office costs. Governance costs are those costs incurred in connection with complying with constitutional and statutory requirements of the charity. Where practicable irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs are allocated to each of the activities on a variety of bases, principally head count, floor area or time spent on activities depending on the nature of the support costs, to best allocate the costs to each attributable heading. More details on the analysis and basis of allocation is given in note 5.

### Financial Instruments

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

### Investments

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

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on

## **Accounting Policies**

investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired during the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

The charity does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity and bond markets due to wider economic conditions, the attitudes of investors to investment risk and changes in sentiment concerning equities and other instruments within particular sectors.

### **Investment Properties**

Investment properties are included in the Balance sheet at their open market value and are not depreciated. The assets are revalued every year on the basis of professional advice.

### **Stock**

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

### **Debtors**

Trade and other debtors are recognised at the settlement amount due after any discounts offered. Prepayments are valued at the amount prepaid net of any discounts due. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

### **Cash at Bank and in Hand**

Cash at bank and cash in hand includes cash and short term highly liquid deposits with a short maturity of 95 days or less from the date of acquisition or opening of the account.

### **Creditors**

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

## Supporting Notes to Financial Statements

### 1 Income

Income derives from the group's principal activities carried on wholly in the United Kingdom.

### 2 Income from Charitable Activities

	2019 £'000	2018 £'000
NHS Block Contract / Grant	2,519	1,823
NHS Contribution to Drug Costs	100	96
NHS Contribution to Lymphoedema Service	254	234
NHS Community Support Pilot	255	0
Inpatient Beds from Continuing Healthcare (CHC)	168	128
Research Grant	53	0
Other Service Contracts	317	64
Education Income	20	43
	<b>3,686</b>	<b>2,388</b>

### 3 Income from Investments

	2019 £'000	2018 £'000
Listed Investment Income	221	231
Interest Received	18	10
	<b>239</b>	<b>241</b>

### 4 Trading Operations

The wholly owned trading subsidiary, St Catherine's Hospice Trading (Sussex) Limited, UK company registration number 02822993, pays all of its eligible profits to the charity under Gift Aid. St Catherine's Hospice Trading (Sussex) Limited operates shops selling donated goods and manages the Hospice Coffee Shop. The charity owns the entire issued share capital of 50,000 shares of £1 each.

A summary of the trading results is shown below.

	2019 £'000	2018 £'000
Turnover	140	137
Cost of Sales	43	47
<b>Gross Profit</b>	<b>97</b>	<b>90</b>
Other Operating Expenses (net)	90	81
<b>Profit on Ordinary Activities</b>	<b>7</b>	<b>9</b>
Donations under Gift Aid	0	9
Corporation Tax	0	0
<b>Profit Retained in the Subsidiary</b>	<b>7</b>	<b>0</b>

**Supporting Notes to Financial Statements**
**5 a) Expenditure**

	Direct Costs £000's	Support Costs £000's	Depreciation £000's	Total 2019 £000's	Total 2018 £000's
<b>Raising Funds</b>					
Donations & Legacies	681	381	31	1,093	1,012
Fundraising Events	377	196	6	579	405
Retail Shops	710	585	32	1,327	1,548
Lottery Costs	39	144	3	186	276
Full Circle Appeal - Pease Pottage	131	177	0	308	0
Investment Management	44	0	0	44	0
	1,982	1,483	72	3,537	3,241
<b>Charitable Activities</b>					
Inpatient Services	2,493	650	72	3,215	3,316
Community Services	2,193	519	64	2,776	2,584
Wellbeing Services	412	363	30	805	903
Education	221	79	6	306	255
	5,319	1,611	172	7,102	7,058
	7,301	3,094	244	10,639	10,299

**b) Analysis of Support Costs**

	Facilities & Hospitality £000's	Support Services £000's	Corporate Comms £000's	Governance £000's	Support Costs Total £000's
<b>Raising Funds</b>					
Donations & Legacies	100	182	79	20	381
Fundraising Events	101	45	45	5	196
Retail Shops	241	271	45	28	585
Lottery Costs	76	37	27	4	144
Full Circle Appeal - Pease Pottage	114	17	45	1	177
	632	552	241	58	1,483
<b>Charitable Activities</b>					
Inpatient Services	278	320	18	34	650
Community Services	139	327	18	35	519
Wellbeing Services	189	141	18	15	363
Education	25	43	6	5	79
	631	831	60	89	1,611
	1,263	1,383	301	147	3,094

## Supporting Notes to Financial Statements

### 6 Net Income / Expenditure

	2019 £'000	2018 £'000
<b>Net Income / (Expenditure) is stated after charging:</b>		
<b>Tangible Fixed Asset Depreciation and amounts Written Off in the Period</b>		
Owned Assets	229	258
Operating Lease Rentals - Equipment	20	17
Operating Lease Rentals - Shops & Office	362	362
<b>Auditors Remuneration</b>	14	14

### 7 Employees

	2019 FTE's	2018 FTE's
<b>Average Weekly FTE's</b>		
Fundraising	26	25
Retail	29	28
Inpatient Services	47	47
Community Services	50	46
Wellbeing Services	12	11
Education	2	2
Support Services	41	38
	<b>207</b>	<b>197</b>

The Hospice employs a significant number of staff on a part-time basis. The average of number of paid staff in the charity and group in 2018/19 was 259 (2017/18: 261).

	2019 £'000	2018 £'000
<b>Staff Costs</b>		
Salaries	6,753	6,441
Social Security Costs	641	573
Other Pension Costs	438	416
	<b>7,832</b>	<b>7,430</b>

The hospice made no ex gratia payments to staff in 2018/19, (2017/18 £45,000). Pension costs for both years are shown net of NHS funding of £64,000. No emolument was paid during the year to any of the Directors (2017/18: £Nil) and no Director was reimbursed for expenses (2017/18: £Nil). Included in the staff costs above is £247,000 (2017/18 £223,000) in respect of seconded NHS doctors paid from NHS funds.

## Supporting Notes to Financial Statements

The number of employees who received emoluments in the following ranges was:

	2019 £'000	2018 £'000
£60,001 - £70,000	2	1
£70,001 - £80,000	0	2
£80,001 - £90,000	0	0
£90,001 - £100,000	2	2
£100,001 - £110,000	2	2
£110,001 - £120,000	1	0
	<b>7</b>	<b>7</b>

All of the above higher paid employees are accruing retirement benefits under schemes treated as defined contribution schemes. The company made pension contributions of £74,000 on behalf of these staff in 2018/19 (2017/18 £74,000).

The Hospice considers that the key management personnel comprise the trustees and the senior management team – who are the Chief Executive and 6 other key Directors and Heads of Service. The total employee benefits of the key management staff was £634,000 (2017/18 £532,000). The cost in 2017/18 includes the part year cost of one Head of Service who left in August and was not replaced and one Director who was appointed to a new post in November.

### 8 Related Party Transactions

During the year no Trustees received any remuneration or benefits in kind (2017/18 £Nil). Moreover no Trustees received any reimbursement of travel expenses (2017/18 £Nil). Donations from trustees to the charity amounted to £96,000 in 2018/19 (2017/18 £81,000).

The Charity provided services during the year to its wholly owned trading subsidiary, St. Catherine's Hospice Trading (Sussex) Limited. The charge for those services amounted to £54,000 (2017/18 £67,000). There were no donations made under gift aid from the trading subsidiary in the year (2017/18 £9,000).

### 9 Pension Contributions

The charity makes contributions to the National Health Service Pension Scheme for participating employees. The NHS Scheme is a defined benefit scheme. As the scheme is a multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities, this scheme is accounted for by the Charity as a defined contribution scheme. Any resulting liabilities on this scheme would be met by the State. Therefore contributions payable for the year in relation to the scheme are charged in the Statement of Financial Activities.

The company participates in a pension scheme operated by the Pensions Trust called Growth Plan, with further details in accounting policies on Page 26.

The charity has been notified by The Pensions Trust of the estimated employer payment on withdrawal from the scheme as at 30 September 2017. As of this date the estimated employer payment for the Hospice was £513,265. The potential debt is not included in the financial statements.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

#### Deficit Contributions

From 1 April 2019 to 31 January 2025	£11,243,000 per annum (payable monthly and increasing by 3% each on 1 April)
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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.



## Supporting Notes to Financial Statements

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

### Deficit Contributions

From 1 April 2016 to 30 September 2025	£12,945,440 per annum (payable monthly and increasing by 3% each on 1 April)
From 1 April 2016 to 30 September 2028	£54,560 per annum (payable monthly and increasing by 3% each on 1 April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present Value of Provision	2019 £'000	2018 £'000	2017 £'000
Present Value of Provision	<b>187</b>	<b>222</b>	<b>245</b>

### Reconciliation of Opening & Closing Provisions

	2019 £'000	2018 £'000
Provision at start of Period	<b>222</b>	<b>245</b>
Unwinding of Discount Factor (Interest Expense)	5	5
Deficit Contribution Paid	(30)	(28)
Remeasurement - Amendment to Contribution Schedule	(10)	0
Provision at End of Period	<b>187</b>	<b>222</b>

### Income & Expenditure Impact

	2019 £'000	2018 £'000
Interest Expense	5	5
Amendment to Contribution Schedule	(10)	0
Costs charged to Income & Expenditure Account	<b>(5)</b>	<b>5</b>

A rate of discount of 2.5% has been assumed in both 2017/18 and 2018/19 representing the Hospice's estimate of the cost of money to the Charity.

The Hospice also participates in a defined contribution pension scheme operated by the Pensions Trust, the assets of which are held separately from those of the Hospice. Employees contribute between 2% and 6% of their salary with the charity contributing 150% of the employee contribution. From April 2019 the minimum employee contribution increased to 3.2%

The total pension cost charge of the group represents contributions payable by the charity and amounted to

## Supporting Notes to Financial Statements

£438,000 (2018: £416,000). The figures have been shown net of NHS funding.

At the year end contributions outstanding totalled £75,000 (2018: £70,000) and are included in the creditors. The estimated employer pension contributions payable by the company in 2019/20 is £430,000.

### 10 Volunteers

The Charity is dependent upon a team of part-time voluntary helpers who assist in all areas of the charity's care. Overall, St Catherine's is supported by over 1,000 volunteers who provided around 50,000 hours of support in 2018/19. There are three key types of volunteer:

**Hospice Volunteers** - providing a range of clinical services (e.g. complementary therapy, counselling, patient drivers) and support services (e.g. administration, hospitality, gardeners). Around 314 volunteers provided 18,000 hours.

**Retail Volunteers** - providing sorting and till support to 15 charity shops, our warehouse and e-commerce work. These 402 volunteers provided around 28,000 hours.

**Community** - supporting our fundraising work through Friends groups, running street collections and supporting events (e.g. marshalling, registration, refreshments, game stalls). Over the year, at least 300 volunteers provided more than 4,000 hours.

### 11 Tangible Fixed Assets

Hospice & Group	Freehold Land & Buildings £'000	Equipment £'000	Motor Vehicles £'000	Construction in Progress £'000	Total £'000
<b>Cost / Valuation at 1st April 2018</b>	<b>3,899</b>	<b>1,050</b>	<b>60</b>	<b>0</b>	<b>5,009</b>
Additions	1,000	147	0	410	1,557
Disposals	0	13	0		13
<b>Cost / Valuation at 31st March 2019</b>	<b>4,899</b>	<b>1,183</b>	<b>60</b>	<b>410</b>	<b>6,553</b>
<b>Depreciation at 1st April 2018</b>	<b>2,150</b>	<b>794</b>	<b>50</b>	<b>0</b>	<b>2,994</b>
Charged in the Year	91	148	5	0	244
<b>Depreciation at 31st March 2019</b>	<b>2,241</b>	<b>942</b>	<b>55</b>	<b>0</b>	<b>3,238</b>
<b>Net Book Value 31st March 2019</b>	<b>2,658</b>	<b>242</b>	<b>5</b>	<b>410</b>	<b>3,315</b>
<b>Net Book Value 31st March 2018</b>	<b>1,749</b>	<b>256</b>	<b>10</b>	<b>0</b>	<b>2,015</b>

All the tangible fixed assets of the group are part of the accounts of the main Charity.

Freehold land at Malthouse Road was donated to the Hospice and valued at £60,000 by the Directors in December 1983.

Freehold land at Pease Pottage was donated to the hospice in December 2018. The Trustees carried out a

## Supporting Notes to Financial Statements

valuation, supported by a firm of independent advisors, who valued the land at £1,000,000. The basis of value is at a fair value, as defined within the Financial Reporting Standard FRS102, being "the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction". This valuation assumes that conditions within the transfer for starting the development are met such that the option to purchase for £1 is not exercisable. This option is exercisable should the development of the new hospice not take place and ceases 28 months after the transfer of the land.

All freehold land and buildings are included in the financial statements at lower of cost and open market value. In the opinion of the Directors, the open market value of the freehold land and buildings is not less than the stated value.

### 12 Fixed Asset Investments

	Listed Investments
	£'000
<b>Cost / Market Value 1st April 2018</b>	<b>15,001</b>
Gains / (Losses) on Disposal	41
Unrealised Gains / (Losses)	217
Dividends and Interest	239
Management Fee	(44)
<b>Cost / Market Value 31st March 2019</b>	<b>15,454</b>
<b>Historical Cost 31st March 2019</b>	<b>13,258</b>

Investments held by the Charity also include an additional £50,000 (2018 - £50,000) investment in the subsidiary company at cost.

The listed investments comprise both General Fund and Foundation Fund investments. As at 31 March the market value of the General Fund investments was £7.0420m and those of the Foundation Fund £0.851m.

### Subsidiary Company

Name	Country of Incorporation	Class of Holding	Proportion Held	Aggregate Capital & Reserves £'000	Result for Year £'000
St Catherine's Hospice Trading (Sussex) Limited	England	Ordinary	100%	50	-

## Supporting Notes to Financial Statements

### 13 Investments held as Current Assets

	£'000
<b>Cost / Market Value 1st April 2018</b>	26
Donation of Shares	66
<b>Cost / Market Value 31st March 2019</b>	<b>92</b>

The Hospice directly holds UK shares valued at £56,000 at 31 March 2019. The shares held by the Hospice with the intention of disposal during the next year were re-valued at 31 March.

### 14 Stock

	Group		Hospice	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
<b>Stock</b>				
Goods for Resale	5	2	0	0
	5	2	0	0

### 15 Debtors

	Group		Hospice	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
<b>Debtors</b>				
Trade Debtors	142	162	142	162
Accrued Legacy Income	1,080	859	1,080	859
Amounts due from Subsidiary Company	0	0	70	63
Other Prepayments & Accrued Income	136	88	136	87
Other Debtors	101	105	110	105
	1,459	1,214	1,538	1,276

# Supporting Notes to Financial Statements

## 16 Creditors: Amounts falling due within one year

	Group		Hospice	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
<b>Creditors</b>				
Trade and Other Creditors	189	325	184	322
Taxation and Social Security Costs	239	209	239	207
Accruals & Deferred Income	157	122	157	122
	<b>585</b>	<b>656</b>	<b>580</b>	<b>651</b>

## 17 Restricted Funds: Group & Charity

	Balance 1 April 2018	Income in Year	Expenditure in Year	Gain / (Loss) on Investment s in Year	Transfers In / (Out)	Balance 31 March 2019
Foundation Fund	1,000	41	25	60	(1,077)	0
Inpatient services	4	0	4	0	0	0
Community Services	29	25	29	0	0	25
Wellbeing Services	48	16	25	0	0	39
Education	0	67	24	0	0	43
Capital & Equipment	83	36		0	0	118
Other	0	66	36	0	0	30
<b>Total Operational Funds</b>	<b>1,164</b>	<b>251</b>	<b>143</b>	<b>60</b>	<b>(1,077)</b>	<b>255</b>
Donations in Kind	0	1,000	0	0	0	1,000
Capital Appeal - Pease Pottage	25	552	0	0	1,000	1,577
<b>Total Funds</b>	<b>1,189</b>	<b>1,803</b>	<b>143</b>	<b>60</b>	<b>(77)</b>	<b>2,832</b>

### Foundation Fund

This exists primarily to support the running costs of the Hospice in the event of severe cash flow difficulties. Following the generous donation of £1m from this committee to support the Capital Appeal for the new hospice at Pease Pottage, any balances at 31<sup>st</sup> March have been transferred to general reserves, as agreed with the New Horizons Committee.

### New Hospice Fund: Capital Appeal – Pease Pottage

The generous donation of five acres of land as a gift in kind from Mr Bill Bridges as the site to build a new hospice has been valued as a gift in kind, by the Trustees supported by a firm of independent advisors at £1m.

Funds donated specifically towards the construction of a new hospice building. The Charity has launched its capital appeal to raise £5m to complete the construction of its new Hospice, supported by two key generous donations as detailed in note 18.

### Restricted Funds Other

#### Inpatient Services Fund

FG Roberts Fund – represents donations for specific projects from this fund not spent fully by the year end.

## Supporting Notes to Financial Statements

### Community Services Fund

Community Nursing – funds donated by the Ernest Kleinwort Charitable Trust, originally towards the costs of a specialist dementia nurse but now towards the cost of a community nurse.

### Wellbeing Services Fund

Garden fund - monies raised to re-develop and enhance the Hospice garden.

Creative Therapies – funds to support creative activities primarily in the Day Hospice.

DH Hospice Capital Fund – a one-off grant for a major refurbishment of the reception area and equipment to improve handling of patient related enquiries.

### Education Fund

Day Hospice groups – donations provided to support the operation of Day hospice activity groups.

Horsham Carers Support – funds provided by Horsham Hospital League of Friends to provide support and practical skills training for carers in the Horsham area

### Other Restricted Income

Other income of a restricted nature received and spent during the year .

### Capital Expenditure Fund

This has been set up for the purchase of fixed assets from donations to restricted funds.

### Capital and Equipment Fund

Represents monies raised to fund specific items of equipment.

## 18 Unrestricted Funds

	Balance 1 April 2018	Income in Year	Expenditure in Year	Gain / (Loss) on Investments in Year	Transfers In / (Out)	Balance 31 March 2019
Shemeld Legacy Capital	10,312	0	0	0	0	10,312
Strategic Delivery	1,315	0	417	0	600	1,498
Total Designated Funds	11,627	0	417	0	600	11,810
General Funds	7,777	10,636	10,079	198	(523)	8,009
<b>Total Unrestricted Funds</b>	<b>19,404</b>	<b>10,636</b>	<b>10,496</b>	<b>198</b>	<b>77</b>	<b>19,819</b>

### The Shemeld Legacy Capital Fund

The Shemeld Legacy Capital Fund mainly constitutes the proceeds of a major bequest by John Shemeld and represents monies set aside to finance the future major capital developments that are required to maintain and enhance the services of the Hospice. As described in the Trustees' / Directors' report St. Catherine's will be building a new hospice at Pease Pottage following the generous donation of five acres of land from Mr Bill Bridges and donation from Mr John Shemeld in excess of £6m, which will part fund the project. This fund has been supported by the Charity's reserves and the Capital appeal which aims to raise £5m as detailed in note 17.

### Strategic Delivery Fund

The Trustees have agreed to designate funds in support of the delivery of the Charity's strategic aims aligned to the transition to the new hospice and in support of extending reach in supporting its local community.

**Supporting Notes to Financial Statements**
**19 Analysis of Group Net Assets between Funds**

	Unrestricted	Restricted	Total Funds 2019	Unrestricted	Restricted	Total Funds 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible Fixed Assets	1,818	1,087	2,905	1,933	82	2,015
Construction in Progress - Pease Pottage	0	410	410	0	0	0
Fixed Asset Investments	15,013	441	15,454	14,087	914	15,001
Current Asset Investments	92	0	92	26	0	26
Other Current Assets	3,668	894	4,562	4,236	193	4,429
Current Liabilities	(585)		(585)	(656)	0	(656)
Provisions	(187)		(187)	(222)	0	(222)
	19,819	2,832	22,651	19,404	1,189	20,593

**20 Members of the Hospice**

As at 31 March there are 49 members of the company who are required to contribute £1 each in the event of the company being wound up.

**21 Operating Lease Commitments**

At 31 March 2019 the group was committed to make the following payments in respect of operating leases:

	2019 £'000	2018 £'000
<b>Land &amp; Buildings</b>		
Amounts due within One Year	274	376
Amounts due in Two to Five Years	688	680
Amounts due in over Five Years	237	254
<b>Other</b>		
Amounts due within One Year	28	20
Amounts due in Two to Five Years	47	48
	<b>1,274</b>	<b>1,378</b>

Payments under operating leases are recognised as expenditure as they fall due. No provision has been made for future commitments.

# Supporting Notes to Financial Statements

## 22 Cashflows

	2019	2018
	£'000	£'000
<b>a) Net Income / (Expenditure) for the Reporting Period</b>	<b>2,058</b>	<b>62</b>
<i>(as per the Statement of Financial Activities)</i>		
<b>Adjust for:</b>		
Depreciation	244	258
(Gains) / Losses on Sale of Assets	(15)	0
(Gains) / Losses on Investments	(258)	(123)
Dividends, Interest & Rental on Investments	(239)	(241)
Investment Management Fees	44	0
Non Cash Donations (Shares, Land & Property)	(1,066)	(5)
(Increase) / Decrease in Stocks	(3)	4
(Increase) / Decrease in Debtors	(245)	490
Increase / (Decrease) in Provisions	(35)	(23)
Increase / (Decrease) in Creditors	(71)	143
<b>Net Cash provided by / (used in) Operating Activities</b>	<b>414</b>	<b>565</b>

## b) Analysis of Cash & Cash Equivalents

	2019	2018
	£'000	£'000
Cash in Hand	359	318
Notice Deposits (less than 3 Months)	2,535	2,895
<b>Total Cash &amp; Cash Equivalents</b>	<b>3,098</b>	<b>3,213</b>

## 23 Capital Commitments

The Charity has entered into capital commitments of £280,000 in respect of initial scope of works to agree the design and build programme for the new Hospice with Barnes the approved contractor. If agreed in December 2019, the formal contract for the new hospice build will be executed with the full capital commitment of an estimated £14,000,000.



## Supporting Notes to Financial Statements

### 24 SOFA prior Year Comparatives

	Note	Restricted £'000's	Unrestricted £'000's	Total Funds 2017/18 £'000's	Total Funds 2016/17 £'000's
<b>Income</b>					
<b>Donations &amp; Legacies</b>					
Donations		59	2,368	2,427	2,580
Legacies		15	1,891	1,906	2,057
Other Grants		156	223	379	285
		230	4,482	4,712	4,922
<b>Charitable Activities</b>					
NHS Contracts & Grants		0	2,345	2,345	2,937
Education		0	43	43	28
	2	0	2,388	2,388	2,965
<b>Trading Activities</b>					
Shops		0	1,188	1,188	1,151
Lottery		0	969	969	1,017
Fundraising Events		0	716	716	524
		0	2,873	2,873	2,692
<b>Investments</b>	3	28	213	241	215
<b>Other Income</b>		0	24	24	13
<b>Total Income</b>		<b>258</b>	<b>9,980</b>	<b>10,238</b>	<b>10,807</b>
<b>Expenditure</b>					
<b>Raising Funds</b>					
Donations & Legacies		0	1,012	1,012	953
Retail Shops		59	2,170	2,229	2,162
		59	3,182	3,241	3,115
<b>Charitable Activities</b>					
Inpatient Services		59	3,257	3,316	3,469
Community Services		91	2,493	2,584	2,445
Wellbeing Services		43	860	903	963
Education		0	255	255	277
		193	6,865	7,058	7,154
<b>Total Expenditure</b>	5	<b>252</b>	<b>10,047</b>	<b>10,299</b>	<b>10,269</b>
<b>Net Income / (Expenditure) on Operational Activities</b>		<b>6</b>	<b>(67)</b>	<b>(61)</b>	<b>538</b>
Net Gains / (Losses) on Investments	12, 13	53	70	123	2,283
<b>Net Income / (Expenditure) for the Year</b>	6	<b>59</b>	<b>3</b>	<b>62</b>	<b>2,821</b>
<b>Transfer Between Funds</b>	17, 18	(80)	80	0	0
<b>Net Movement In Funds</b>		<b>(21)</b>	<b>83</b>	<b>62</b>	<b>2,821</b>
Funds B/F as at 1st April		1,210	19,321	20,531	17,722
<b>Funds Carried Forward as at 31st March</b>		<b>1,189</b>	<b>19,404</b>	<b>20,593</b>	<b>20,543</b>

**Supporting Notes to Financial Statements**
**25 Note 5 Allocation of Support Costs – prior year**

	Direct Costs £000's	Support Costs £000's	Depreciation £000's	Total 2018 £000's	Total 2017 £000's
<b>Raising Funds</b>					
Donations & Legacies	791	210	11	1,012	953
Fundraising Events	362	41	2	405	311
Retail Shops	1,297	218	33	1,548	1,536
Lottery Costs	253	22	1	276	315
Investment Management	0	0	0	0	12
	<b>2,703</b>	<b>491</b>	<b>47</b>	<b>3,241</b>	<b>3,127</b>
<b>Charitable Activities</b>					
Inpatient Services	2,686	487	143	3,316	3,469
Community Services	2,136	428	20	2,584	2,445
Wellbeing Services	656	203	44	903	963
Education	209	42	4	255	277
	<b>5,687</b>	<b>1,160</b>	<b>211</b>	<b>7,058</b>	<b>7,154</b>
	<b>8,390</b>	<b>1,651</b>	<b>258</b>	<b>10,299</b>	<b>10,281</b>

	Facilities & Hospitality £000's	Support Services £000's	Corporate Comms £000's	Governance £000's	Support Costs Total £000's
<b>Raising Funds</b>					
Donations & Legacies	12	132	49	17	210
Trading Fundraising	25	182	32	42	281
	<b>37</b>	<b>314</b>	<b>81</b>	<b>59</b>	<b>491</b>
<b>Charitable Activities</b>					
Inpatient Services	143	255	32	57	487
Community Services	61	279	32	56	428
Wellbeing Services	56	119	13	15	203
Education	5	32	3	2	42
	<b>265</b>	<b>685</b>	<b>80</b>	<b>130</b>	<b>1,160</b>
	<b>302</b>	<b>999</b>	<b>161</b>	<b>189</b>	<b>1,651</b>

## Supporting Notes to Financial Statements

### 26 Note 17 Restricted Funds - prior year

	Balance 1 April 2017	Income in Year	Expenditure in Year	Gain / (Loss) on Investments in Year	Transfers In / (Out)	Balance 31 March 2018
Foundation Fund	1,000	87	59	53	(81)	1,000
Inpatient services	12	0	8			4
Community Services	0	29				29
Wellbeing Services	99	86	137			48
Education						0
Capital & Equipment	75	55	47			83
Other						0
<b>Total Operational Funds</b>	<b>1,186</b>	<b>257</b>	<b>251</b>	<b>53</b>	<b>(81)</b>	<b>1,164</b>
Donations in Kind						0
Capital Appeal - Pease Pottage	24	1				25
<b>Total Funds</b>	<b>1,210</b>	<b>258</b>	<b>251</b>	<b>53</b>	<b>(81)</b>	<b>1,189</b>

### 27 Note 18 Unrestricted Funds - Prior Year

	Balance 1 April 2017	Income in Year	Expenditure in Year	Gain / (Loss) on Investments in Year	Transfers In / (Out)	Balance 31 March 2018
<b>Designated Funds</b>						
Shemeld Legacy Capital	10,312	0	0	0	(63)	10,249
Strategic Delivery	1,242	0	0		73	1,315
<b>Total Designated Funds</b>	<b>11,554</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>11,564</b>
<b>General Funds</b>	<b>7,767</b>	<b>9,980</b>	<b>10,048</b>	<b>70</b>	<b>71</b>	<b>7,840</b>
<b>Total Unrestricted Funds</b>	<b>19,321</b>	<b>9,980</b>	<b>10,048</b>	<b>70</b>	<b>81</b>	<b>19,404</b>

### 28 Note 19 Analysis of Group Net Assets between Funds - Prior Year

	Unrestricted £'000	Restricted £'000	Total Funds 2018 £'000	Unrestricted £'000	Restricted £'000	Total Funds 2017 £'000
Tangible Fixed Assets	1,933	82	2,015	1,996	109	2,105
Fixed Asset Investments	13,312	914	14,226	12,959	914	13,873
Current Asset Investments	801	193	994	796	0	796
Other Current Assets	4,236	0	4,236	4,328	187	4,515
Current Liabilities	(656)	0	(656)	(513)	0	(513)
Provisions	(222)		(222)	(245)	0	(245)
	<b>19,404</b>	<b>1,189</b>	<b>20,593</b>	<b>19,321</b>	<b>1,210</b>	<b>20,531</b>