

Company no 1634942  
Charity no 511179

**St Michael's Hospice (incorporating The  
Freda Pearce Foundation)**  
**Report and Financial Statements**  
**31 March 2012**



**sayer vincent**

*auditors and advisors*

## **St Michael's Hospice (incorporating The Freda Pearce Foundation)**

### **Reference and administrative details**

**For the year ended 31 March 2012**

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| <b>Charity name</b>   | St Michael's Hospice (incorporating The Freda Pearce Foundation)  |
| <b>Charity number</b>   | 511179  |
| <b>Company number</b>   | 1634942   |
| <b>Address of registered office</b>                                     | St Michael's Hospice<br>Bartestree<br>Hereford<br>HR1 4HA   |
| <b>Directors (who are also trustees) in service as at 31 March 2012</b> | Mr A J Walshe, Chairman<br>Mr G Nairn, Vice Chairman<br>Mr D R Teague, Vice Chairman<br>Mr D Campion<br>Dr J A Dalziel<br>Mr I Entwisle<br>Mr M Greene<br>Ms P A Greenwood<br>Mr T D R Jenkins<br>Dr J J Kramer<br>Dr R G Miller<br>Mrs H A Shenton<br>Mrs J Winney   |
| <b>Retiring directors (who are also trustees) in the year</b>           | Mrs J Vanstone (resigned September 2011)  |
| <b>Chief executive officer</b>  | Mrs N C West  |
| <b>Hospice management team at 31 March 2012</b>                         | Dr T Blower, Medical Director<br>Mr R Broom, Chief Financial Officer (appointed November 2011)<br>Mrs R Denison, Head of Fundraising, Marketing and Communications<br>Mrs J Fisher, Head of Education<br>Mrs J Mason, Head of Nursing<br>Mr S Rabbitts, Head of Support Services, Facilities and Volunteers<br>Rev D Vonberg, Head of Social and Spiritual Care |
| <b>Retiring management team in the year</b>                             | Mrs R Lee, Head of Finance (retired December 2011)  |

**St Michael's Hospice (incorporating The Freda Pearce Foundation)**

**Reference and administrative details**

**For the year ended 31 March 2012**

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|----------------------------|--|
| <b>Company secretary</b>   | Mr A Glover (resigned August 2011)<br>Ms S Newbould (appointed September 2011)                                   |
| <b>Bankers</b>             | The Royal Bank of Scotland PLC<br>21 Broad Street<br>Hereford<br>HR4 9AP   |
| <b>Auditors</b>            | Sayer Vincent<br>Chartered accountants and statutory auditors<br>8 Angel Gate<br>City Road<br>London<br>EC1V 2SJ |
| <b>Investment Managers</b> | Thesis Asset Management plc<br>Exchange Building<br>St John's Street<br>Chichester<br>West Sussex<br>PO19 1UP    |

## **St Michael's Hospice (Incorporating The Freda Pearce Foundation)**

### **Report of the Directors**

#### **For the year ended 31 March 2012**

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The Trustees (who are also directors of the charitable company) present their report, along with the financial statements of the Charity for the year ended March 2012, in accordance with The Statement of Recommended Practice, Accounting by Charities (SORP 2005), statutory requirements and in line with the Memorandum and Articles of Association

#### **Summary of Financial Performance**

Despite the incredibly difficult economic situation this year, with the continued support of our community and through careful financial management, we achieved a surplus of £12,875 at the end of the year. Importantly, this has been in the context of sustainability, growth and development of all of our services and progression of the design of our facilities redevelopment. There is no doubt that this year's success has been achieved through the hard work and efforts of staff to contain costs, fundraisers to optimise managed income streams and the generosity of the community. Nor would it have been possible without the time and commitment of more than 800 volunteers and the embedded volunteer model throughout the organisation, which optimises skills and resources, enables diversity and saves over £750,000.

The financial picture is all the more to be celebrated in the context of a significant downturn in legacy income this year (£300,000 below budget) and a fragile and unpredictable investment market. Retail sales of donated goods completely outperformed expectations, achieving an uplift in net contribution of £138,744 (23%) over the last year.

There are some significant challenges over the forthcoming years, not least in order to afford and sustain services for our community into the future, but also to achieve the much needed redevelopment of our buildings and environment. Through sound financial and business management and the continuing support of the Herefordshire community, we firmly believe in our ability to continue to meet our objectives.

#### **Statement of Trustees Responsibilities**

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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

In so far as the Trustees are aware

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## **St Michael's Hospice (incorporating The Freda Pearce Foundation)**

### **Report of the Directors**

#### **For the year ended 31 March 2012**

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

#### **Public Benefit**

Charity Commission Governance states that all charities must have charitable purposes or "aims" that are for the public benefit.

We have referred to the Charity Commission guidance on public benefit and have adhered to the two key principles:

- That there are clear and identifiable benefits appropriate to the aims which are balanced against any detriment or harm
- That benefit is not unreasonably restricted and beneficiaries are appropriate to the aims

To this end, our services benefit a specific section of the public (adults and their families within Herefordshire and immediate surrounding counties, affected by progressive life limiting illness) and within these criteria are not unreasonably restricted. Accordingly our aims and values are based on a philosophy that everyone is entitled to a good death irrespective of wealth, ethnicity, religion or belief, disability, sexual orientation, gender and with full regard to diversity.

Our practice is holistic and takes into account the whole family, friends and others impacted by the individual's illness.

From the first day we opened, we made a commitment to provide and sustain quality care to people with all progressive and life limiting conditions and to offer support to their carers and families during the patient's illness and in their bereavement.

Within our charitable objects, we set out to provide, free of charge to our patients and families:

- Palliative and end of life care to adults with progressive life limiting illness
- Psycho-social and spiritual support to those directly impacted by progressive life limiting illness
- Bereavement support to those affected by the death of someone from a progressive life limiting illness

Benefits can be evidenced by consensus, informed opinion, user feedback and audit.

We are also committed to draw on our skill, experience and expertise to provide education and training to professionals and informal carers involved in palliative and end of life care.

#### **Philosophy**

We aim to provide a range of services that are designed to meet the individuals' needs. Care is focused on whatever is important to the patient and family – spiritual care, emotional care, physical care, good pain and symptom control, advice and support with everyday living, information about financial advice, preparation for loss and bereavement. We practice a philosophy that the patients and their family always come first and that if opportunities can be created to promote the patients quality of life and well-being, in however small a way, then the staff and volunteers will try to enable this to happen. Patients are encouraged to maintain as much control as possible and families are supported to enable them to give as much care as they are able. We do this through advice, education and support in whatever setting the patient is being cared for. Information is provided to enable patients and their families to make choices about their care and the environment in which they are cared for.

## **St Michael's Hospice (incorporating The Freda Pearce Foundation)**

### **Report of the Directors**

**For the year ended 31 March 2012**

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#### **Beneficiaries**

A comprehensive range of care services is available to

- Adults over the age of 18 with progressive life limiting illness requiring palliative and end of life care
- Children over the age of 16 by prior permission of the Care Quality Commission
- Families and others involved in their care

from Herefordshire and the immediate surrounds of the adjoining counties of Powys, Shropshire, Worcestershire, Gloucestershire and Monmouthshire

A 24 hour advice and information service is available to professionals, patients and informal carers. Education and training support is provided to staff, professional and informal carers within this catchment and more extensively within the West Midlands.

Education and training support is provided to staff and professional and informal carers within this catchment and more extensively within the West Midlands.

#### **Key Partners**

We work closely with the Primary Care Trusts for each geographical area and with NHS and Social Service colleagues in Primary, Secondary and relevant Tertiary centres, with independent nursing and care homes and care agencies. We also work closely with Community Organisations and local churches.

We are a member of the Three Counties Cancer Network and The Herefordshire Alliance, Help the Hospices and the National Council for Palliative Care. An educational key partner is the University of Worcester.

In this financial year, a total statutory contribution in the form of a grant from the NHS equated to just 13% of our income. Other grant income for the provision of operational services was received from the Burdett Trust for Nursing, Princess Royal Trust for Carers (now Carers Trust), Elmley Foundation, Skills for Care as the NQSW project for development of a social worker, and for education from the West Midlands Deanery and Strategic Health Authority. Commitments for significant grants and donations have also been made for the capital redevelopment project.

Most importantly, our partnership is with our community, who, as stakeholders, have the greatest vested interests in our services and achievements. Partnership working with our users, supporters and wider community is core to the opportunity for integration of the model of Compassionate Communities.

#### **Partnership working**

Collaborative working with government, public service, statutory, business and other Third Sector providers is essential to the seamlessness of service delivery and the optimisation of resources. Our skills, knowledge and experience, particularly regarding palliative and end of life care, volunteering, education and fundraising can be hugely influential in the strategic development of services, education programmes and fundraising activities both locally and more widely across the West Midlands and further afield.

- We work closely with statutory and Third Sector providers of bereavement services. Our Head of Social and Spiritual Care leads The Herefordshire Bereavement Forum, drawing together strategic partnership strategies for the delivery of bereavement services across the County.
- Family work with young child and adolescent carers and training has been undertaken with schools, Hope Support services and Noah's Ark Bereavement Trust.

## **St Michael's Hospice (incorporating The Freda Pearce Foundation)**

### **Report of the Directors**

#### **For the year ended 31 March 2012**

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- Development of a support group for people with Motor Neurone Disease at St Michael's has been developed in association with the MND Association (Motor Neurone Disease Association) and statutory providers
- A renal clinic has been developed at St Michael's in partnership with the NHS
- Carer training has been delivered in partnership with Omega, the National Association for End of Life Care
- We are engaged, through joint bids, in the delivery of palliative care education with St Richard's Hospice in Worcestershire and with education establishments, government programmes and care organisations
- Training and professional development of medical professionals is provided at St Michael's in partnership with the West Midlands Deanery
- Training of other professionals, including nurses, is provided in partnership with the University of Worcester and other provider organisations
- The training of senior clinical staff in advanced communication skills is provided for the Three Counties Network in partnership with the National Cancer Action Team
- A significant amount of partnership working with businesses and communities, supports fundraising activities in the form of sponsorship, services and gifts in kind, time, advice and human resources

#### **Services**

Services are developed in response to identified need and in consultation with service users, staff and volunteers. Patient and carer feedback is encouraged, as are complaints, compliments and suggestions.

A comprehensive range of services is provided including

- Inpatient care: 16 beds are provided for pain and symptom management, 24 hours specialist assessment and end of life care
- In-Reach Services are provided throughout the week for people affected by progressive life-limiting illness to be able to 'reach in' to St Michael's and access personalised support, care, advice and information including
  - Day Hospice Services
  - Living Well Service
  - Fatigue and Breathlessness Clinic
  - Renal Clinic
  - Lymphoedema Clinics
  - Carer Support Groups for adults, children and adolescents
  - Carer Training initiatives
  - Outpatient Assessment Clinics
  - Outreach support to patients at home

Other support is provided to people accessing the above support through

- Bereavement and psychotherapeutic counselling and family support services
- Complementary therapy, diversional therapy and music therapy

#### **Staff**

We aspire to be the employer of choice within Herefordshire and in the Health and Social sector. We aim to provide a supportive environment for our staff and volunteers, which engenders motivation, commitment and achievement and recognises and harnesses skills, potential and personal qualities.

## **St Michael's Hospice (incorporating The Freda Pearce Foundation)**

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#### **For the year ended 31 March 2012**

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We have a professional multidisciplinary team made up of doctors, nurses, social workers, chaplains, occupational therapists, complementary therapists, physiotherapists, psychologists, counsellors and many volunteers with specialist skills and experience in the aspects of the care we deliver. Staff and volunteers receive education, training and other opportunities to maintain and further develop their skills, knowledge and experience.

At March 2012, there were 118 staff of whom 27 were full time, 75 were part time and 16 were bank staff. During the year there was low staff turnover and all positions were recruited to at year end. 38 (32%) of all staff have been employed by us for over 5 years. Of these, 22 (18.5%) have been employed for over 10 years with 3 staff having been engaged with us since our inception. Many long term employees have progressed their career pathways whilst working at St Michael's. The result is a stable, knowledgeable, experienced and committed workforce, particularly in middle and senior management roles. A professional development strategy and culture of motivation and inclusivity encourages creativity and dynamism and minimises the potential for stagnation due to such low turnover. During the course of the year, new members of staff were appointed to support counselling and bereavement services, adolescent support services, finance and events. Increases in salaries over the course of the year were in recognition of movement of staff within salary banding structure, in response to performance review, as agreed as part of the Terms & Conditions Review held in 2008.

Two members of staff undertook development to support Human Resources and Personnel functions in St Michael's and others have been developed with regard to clinical skills, management, teaching, communication skills and therapeutics.

#### **Volunteers**

Embedded deep into our culture is a volunteer model which values and optimises the skills, experience and qualities of volunteers in every aspect of our work. It is a highly regarded model within the Hospice and Third Sectors.

At the end of March 2012 there were 818 volunteers registered with us, of whom 582 support retail and Hospice support groups and 236 work within the Hospice departments. A significant number of additional volunteers provide ad hoc support to us and third party events. Registered volunteers are recruited through a formal process which includes application, interview, references and CRB check.

The Board of Trustees is entirely voluntary and recruited through a formal process which takes into consideration gap analysis, the Organisation's direction and succession planning.

#### **Care Standards**

We believe that people are entitled to the best possible quality of care and service at all times and are committed to the monitoring and evaluation of our services in order to achieve the highest standards.

Our care services are inspected by the Care Quality Commission with whom we are registered under the Care Standards Act 2000. A Care Standard Inspection carried out in November 2011 confirmed that all standards were being met with regard to

- Standards of treating people with respect and involving them in their care
- Standards of providing care, treatment and support that meets people's needs
- Standards of caring for people safely and protecting them from harm
- Standards of staffing
- Standards of suitability of management



## **St Michael's Hospice (incorporating The Freda Pearce Foundation)**

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#### **For the year ended 31 March 2012**

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We have chosen to volunteer quarterly returns to the Care Quality Commission as part of our commitment to clinical governance and care quality

An unannounced inspection is undertaken annually by a minimum of two members of the Board of Trustees. Whilst independent of the NHS, we are influenced by strategic developments and guidance published by the statutory sector such as that of the National Institute for Clinical Excellence (NICE), the End of Life Care Strategy and Quality Markers. With regard to non-clinical standards, we address our compliance with regulatory, legislative and constitutional requirements through audit, management and risk assessment.

#### **Internal Governance**

With regard to non-clinical standards, we address our compliance with regulatory, legislative and constitutional requirements through our governance framework and management of risk.

We are governed by our Memorandum and Articles of Association.

A Board of Trustees is recruited to

- Safeguard and promote our values and mission
- Determine our strategy and structure
- Ensure we operate in an effective, responsible and accountable manner
- Ensure the effective functioning of our Board of Trustees
- Meet all company statutory requirements

#### **The Board of Trustees**

The Board of Trustees meets quarterly, holds an Annual General Meeting and participates in a strategic half away day once a year. In between times it delegates its responsibilities to the Chief Executive. Board members are volunteers and are recruited according to a gap analysis which identifies skills, experience and qualities required for good governance. New Board members are inducted through visits, education documents and Help the Hospices Guide to being a Trustee. Once in post they are updated through an annual rotation programme of visits. Trustees are updated regarding specific issues at the half away day. Recruitment of new board members is carried out following the Organisation's recruitment process and includes an interview by the Chairman, at least one other Board member and the Chief Executive. References and a Criminal Records Bureau (CRB) check are also undertaken.

Appraisal of Board performance is carried out by the Chairman. An Executive Committee consisting of the Chairman, the two Vice Chairmen, Chair of Patient Care and Fundraising Committees and the Company Secretary meets monthly to consider corporate issues, personnel issues, risk management and our overall financial performance. A further Board member is co-opted to the Committee for experience and development. A further seven sub-committees individually address Education & Training, Patient Care, Support Services, Fundraising & Events and Investment & Audit. There are established Clinical Governance and Health & Safety Committees, the frameworks of which mean that the strategic group meets quarterly and an operational group meets monthly, feeding issues of risk to the appropriate committees. There is an assurance framework which ensures that areas of risk are identified for each committee.

## **St Michael's Hospice (Incorporating The Freda Pearce Foundation)**

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**For the year ended 31 March 2012**

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#### **Risk Management**

Staff are encouraged to report all hazards, adverse incidents and any concerns to the appropriate committee and records are kept of these and steps taken to mitigate risk. A 'no blame' culture encourages identification of concerns whilst maintaining a supportive environment for staff and volunteers. A comprehensive audit programme is in place for clinical and non-clinical activities and is reviewed by the Clinical Governance Committee. The Head of Nursing undertakes the role of Responsible Officer for controlled drugs and attends the Local Intelligence Network.

The Clinical Governance Committee and sub-group investigate infection control risks, clinical practice and documentation, education and training, falls, drug errors, near misses and complaints. Outcomes of these investigations are reported to the Care Quality Commission in the quarterly reports. Any trends, concerns or risks are reported to the Board through the Executive Committee.

We employ the services of independent auditors Sayer Vincent to examine key areas of risk as part of the audit process.

#### **Risks**

We address Risk Management in all areas of our operation. Over the course of this year no major risks were identified that were thought to be high enough to have a catastrophic effect on service delivery, income generation or compliance with regulations.

However, the following risks were considered:

- Too great a reliance on legacy income
- A risk to donations as a result of the economic climate
- A risk to investments due to the instability of the investment market
- Commissioning and NHS problems

Appropriate steps were taken to mitigate these risks.

Alternative sources of sustainable income generation were agreed as part of the Fundraising Strategy and investment made into a lottery campaign and further retail space. A legacy campaign was devised and the recruitment of the services of Smeeth & Ford to assist in generating legacy income was agreed. A review of investment policy resulted in the adoption of a lower risk strategy.

Succession planning for the Board of Trustees remains a consideration.

Careful monitoring of staff professional development has been undertaken and a new appraisal process implemented.

#### **Care activity**

##### **Inpatient care:**

We had 335 admissions over the year. 68% of admissions were from home or a residential care setting, the remaining 32% were directly from hospital. 12% of admissions were specifically for terminal care whilst the remaining 88% were for assessment and symptom control. Of all patients admitted, 54% died.

The average length of stay was 16 days and average bed occupancy 85%. Of these admissions 93% were from Herefordshire and 7% from the surrounding counties.

## **St Michael's Hospice (incorporating The Freda Pearce Foundation)**

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#### **For the year ended 31 March 2012**

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98% of patients admitted had a primary cancer diagnosis, the remainder having heart and lung conditions, motor neurone disease and autoimmune deficiency

#### **In-Reach care**

463 patients and 582 family members accessed In-Reach services from home

An increasing level of bereavement support has been offered to the families of the 394 patients known to us who have died in the past year and to many bereaved in previous years

Over 12,000 episodes of significant support (an average of 32 each day) were provided to people by a range of professionals and volunteers through services including the day hospice, living well, outpatient clinics, counselling and support groups

#### **Principles underlying 2011-2012 business plan**

On-going review and development of cost efficient models for service delivery and our operations which make the fullest use of the volunteer workforce skills, experience, commitment and time

Future service sustainability and growth is necessary to enable us to remain responsive to the changing palliative and end of life care needs of patients and their families in Herefordshire and surrounds

Earlier intervention and support across all condition groups and bereavement maximises the benefit of the knowledge, experience and our expertise for a wider group of patients and their families. Such intervention will also have an additional longer term fundraising and promotional benefit

The potential for our services to be commissioned or grant funded as the preferred service provider will promote sustainability of our services into the future

Regard for our responsibility and commitment to share knowledge and expertise with others will maintain internal quality of care and influence the standards of palliative care in other settings across all disciplines. Development of business and social enterprise opportunities has the potential to increase revenue income in the future

Optimisation and diversification of income generation, sponsorship, trading, donor, corporate and grant funding streams will promote sustainability into the future

There is a demonstrated need for building re-development and associated capital appeal

#### **Achievements**

Over the past year there has been some further embedding of infrastructure to support the above principles, progression of new strategies for fundraising, education and care provision, recruitment of HR support and more recently, progression of an IT strategy. Care services have developed in a structured and staged way with support and training for carers, development of family support, early development of bereavement services and group support and further development of therapeutic interventions, activities and therapies. Professional and volunteer skills have been enhanced in a planned way to provide the expertise required to take services forward over the next few years

Existing high performing methods of income generation have been strengthened and diverse income streams explored and implemented. Increase in grant funding has been successful and will be explored further. Some development of fundraising streams such as Trading Company activity and further service development have been curtailed by the current economic crisis

## **St Michael's Hospice (incorporating The Freda Pearce Foundation)**

### **Report of the Directors**

#### **For the year ended 31 March 2012**

Plans for the building redevelopment, undoubtedly necessary for the future development of our services and consequent commissionability or fundability, have been progressed in order to secure our place in the Community of Herefordshire and surrounding Counties

#### **Objectives 2011-2012**

| <b>Clinical and care services</b>  | <b>Progress made</b>  |
|--|---|
| Consider long term future direction in the context of national directives to enhance end of life care in the home setting  | Progression of partnership with Marie Curie and Hereford PCT and development of a voluntary visiting service to progress Hospice at Home and deliver outreach services. Work is on-going with a pilot project planned for Autumn 2012. We are remaining receptive to business and service development opportunities. Building redevelopment plans incorporate appropriate space to support Hospice at Home and Outreach services.   |
| Increase access to all services for more people, earlier in their illness  | In-Reach services including Living Well, support groups and assessment clinics have been positively evaluated by users of these services. Funding has been secured from the Burdett Trust for Nursing for some In-Reach work for a year. A carer support project (ACWA) was pump-primed, also by the Burdett Trust for Nursing, for the first year and is now embedded in our In-Reach services. Two training courses were completed in partnership with Omega and further courses are planned for the future. Activity statistics demonstrate a healthy uptake of these services by people who would not otherwise have accessed us for support and also demonstrate an increased engagement in the marketing of our services and fundraising. |
| Further develop care provision for people with progressive non-malignant life-limiting conditions. Increase accessibility to services for minority and disadvantaged groups with Specialist Palliative Care needs who have dementia, learning difficulty or are homeless | Development of In-Reach services has created an increase in access to us by people with progressive non-malignant disease and, whilst the predominance of these services and inpatient care is for cancer, the knowledge, skill and experience gained from supporting patients with cancer can be shared widely to benefit others with palliative and end of life need. The pattern of access for this group tends to be short term, with specialists in the non-malignant disease continuing to be the main support. This offers opportunities for partnership working.  |

# St Michael's Hospice (Incorporating The Freda Pearce Foundation)

## Report of the Directors

For the year ended 31 March 2012

| Clinical and care services   | Progress made   |
|--|---|
| Create opportunities for user involvement and feedback to shape future service provision and the re-development plans  | Service development has been shaped and influenced by the feedback obtained from those needing it and accessing it. All stakeholders have been actively engaged in the re-development project.  |
| Explore potential for partnership working with other service providers to optimise skills and resources and contain costs  | There has been a significant increase in the collaborative and partnership working with others from the Statutory, Education and Third Sectors in particular, as outlined in the Director's report.   |
| Explore the role of the Hospice in supporting the transition of young people requiring palliative care from children's to adult services   | Early discussions have been had with providers of palliative and end of life care for younger people in the region. A strategy is being developed for future support, particularly in the new building development.   |
| Develop Hospice bereavement services and explore our role in the strategy for the provision of bereavement services across Herefordshire   | We are taking the lead on the strategic development of bereavement services within Herefordshire through our role with the Herefordshire Bereavement Forum. Internally, bereavement counselling and volunteer support services are in early stages of development.  |
| Develop Hospice counselling services, in accordance with best practice outlined by NICE guidance, optimising experience with volunteer models  | A counselling model has been developed and staff and volunteers are being recruited to develop and integrate a comprehensive service.   |
| Fundraising and Income generation  | Progress made   |
| Increase income to a sufficient level to sustain and grow services and achieve a surplus towards the redevelopment to levels reasonably achievable within the current economic climate | Sufficient income has been raised over the financial year to support the current level of service and planned development of these in the context of the agreed strategic service plan. In the current climate and despite care having been taken with budgeting and cost efficiency, there is no surplus towards the redevelopment.                          |
| Community  | Income from collecting tins and support groups has been influenced by the current economic climate. We have increased the number of collecting tins in circulation and the time invested in developing support groups to expand income from these sources.  |
| Corporate  | There has been increased engagement with corporates in the community. Some have not been in a position to offer financial support, but where this has been the case, pro bono work, gift in kind and practical and human resources have been beneficial to us, our operations and fundraising events. A strategy for business development is being developed. |

**St Michael's Hospice (incorporating The Freda Pearce Foundation)**

**Report of the Directors**

**For the year ended 31 March 2012**

| <b>Fundraising and Income generation</b>  | <b>Progress made</b>   |
|---|--|
| General donations   | There is evidence of the impact of the current climate on this stream. Small increases are requiring significant energy to sustain. Community support for us is not dwindling, but disposable income is an issue for our supporters. The Fundraising strategy for the forthcoming year has taken this into consideration.  |
| Events  | Events performance has been good in the context of the economic climate. There has been careful review of current events to create challenging and realistic targets, new events and opportunities to support substantial increases over the coming year for this stream.  |
| Lottery   | Investment into a new lottery campaign to increase the number of plays has seen positive recruitment of new players with low attrition. A positive financial return will be realised in the coming year.   |
| Retail  | Investment in the retail warehouse and shops models has seen exceptional performance of this activity over the year.   |
| Review the Trading Subsidiary strategy for income generation and adjusted accordingly for income generation from new goods in the light of emerging economic predictions. | An active decision was made not to grow trading activity in the current climate. This position is regularly reviewed.  |
| Improve statutory income and sustainability of service through committed commissioning as a preferred or lead provider.   | No uplift was secured for the NHS grants from the three PCTs which provide this income. There was also no non-recurrent money available during the year. Hereford PCT is not currently in a position to increase their contribution, but remain receptive to dialogue regarding future commissioning opportunities. GP commissioning of the services is likely, but processes and tariffs are currently unknown. Some funding is likely to be at risk, whilst other opportunities are likely, but whilst engagement is planned, this is taking time to secure. |
| <b>Information provision, Education and Training</b>  | <b>Progress made</b>   |
| Develop plans for an information centre and resource within St Michael's  | Information is being developed and a strategy progressed.  |
| Secure grant and business income  | There has been evidence of some difficulty for other organisations to sustain professional development of their staff. Some opportunities are evident for optimising gaps in the market and becoming the preferred provider. Some bids have been successful, but there has to be caution as to the future for this income stream.  |

# **St Michael's Hospice (Incorporating The Freda Pearce Foundation)**

## **Report of the Directors**

**For the year ended 31 March 2012**

| <b>Organisational governance and compliance with regulatory directives</b>  | <b>Progress made</b>  |
|---|---|
| Assist the Board with Corporate profiling, communication and promotion, a Hospice Association was developed in 2010. Representatives will continue to be drafted from the local Community. Plans for wider engagement and involvement for this group will be implemented over the coming year. This will give the Board access to a support resource, bespoke skills, expertise and advice and a potential pool of people for future Trustee recruitment for succession planning. | This strategy is currently being progressed.  |
| <b>Building re-development</b>  | <b>Progress made</b>  |
| Progressing the building design and capital appeal with a view to seeking further major donations and grants and commencing a special gifts campaign in 2011-2012.  | The Capital Appeal Strategy continues to be implemented with good reception and success with regard to grant awards. A significant gift campaign started in early 2012. The strategy is being monitored regularly and will be reviewed if necessary in the light of on-going economic uncertainty and tender returns in September 2012. There is on-going and timely engagement and consultation with community, supporters and stakeholders. |
| St Michael's Hospice Development Company Ltd will progress towards the appointment of a redevelopment contractor whilst we further develop its governance role and the necessary risk management.   | Tenders for the project have been invited and are due in September 2012.  |
| Monitor and review impact of capital income generation on on-going revenue generation and organisational sustainability and growth (including appropriate review of containment and efficiency of operational costs).   | There has been a positive reception to date regarding the balance between capital and revenue income generation. Some trusts approached for revenue income have indicated that they would support both the capital project and general revenue.   |

## **Financial report**

### **Results**

Charity income for the year was £3,963,392 with an expenditure of £4,077,701 resulting in net outgoing resources before other recognised gains of £114,309. There was a small surplus of £12,875 after realised and unrealised gains on investment. Under the circumstances of the current economic climate and a significant shortfall in legacies, this is a good outcome for us. It reflects the high level of support from the community and the efforts of staff and management to contain costs, optimise efficiencies and support the generation of income.

## **St Michael's Hospice (Incorporating The Freda Pearce Foundation)**

### **Report of the Directors**

#### **For the year ended 31 March 2012**

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##### **Income**

Efforts have been made throughout the year to increase, diversify and promote sustainability of all income streams. An overall increase of 13.5% has been achieved across all managed income streams. Others more directly influenced by the current financial crisis, have not performed so well, notably legacy income, investments and statutory grant income. These have, without doubt, been impacted by the financial crisis. Within this context, strategies have been implemented to protect and optimise these sources of income and to reduce long term reliance on uncertain performance.

|   | £                |
|---|------------------|
| Shops   | 1,292,129        |
| Lottery                                       | 384,843          |
| Donations                                     | 816,666          |
| Legacies                                      | 450,455          |
| Events  | 252,504          |
| Community (including tins and support groups) | 63,084           |
| Statutory Grant income                        | 522,213          |
| Investment Income                             | 87,741           |
| Other   | 93,757           |
|   | <u>3,963,392</u> |

##### **Expenditure**

The greatest percentage (71.5%) of expenditure is on direct patient care. A further 28.1% is spent raising sufficient funds to enable Patient Care delivery. Where possible, salaries were contained where direct impact on patient care, operational efficiency and staff recruitment and retention, were not compromised. Direct and general costs were significantly contained. This was achieved through review of providers, procurement, efficiencies and careful budgeting.

|                           | £                |
|---------------------------|------------------|
| Patient care              | 2,916,702        |
| Shops                     | 666,430          |
| Fundraising and Publicity | 338,586          |
| Lottery                   | 139,740          |
| Governance                | 16,243           |
|                           | <u>4,077,701</u> |

##### **Reserves**

Unrestricted general reserves stand at £3,714,910 which equates to 10.14 months operating costs. Amounts invested decreased by £227,055.

Certain property assets were independently re-valued in the year, in line with our accounting policy.

This has resulted in a decrease in their value of £19,732.

|  | £                |
|--|------------------|
| General Funds (free reserves excluding subsidiaries) | 3,714,340        |
| Designated Funds                                     | 4,157,632        |
| Restricted funds                                     | 107,962          |
| SMH Trading subsidiary                               | 564              |
| DevCo (Development Company Limited)                  | 6                |
|  | <u>7,980,504</u> |

Disclosure of movement in funds is made in Note 14 of the financial statements.



## **St Michael's Hospice (incorporating The Freda Pearce Foundation)**

### **Report of the Directors**

**For the year ended 31 March 2012**

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#### **Trading subsidiary**

St Michael's owns the whole of the issued ordinary share capital of SMH Trading Limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities. All profits are gift aided to the charitable company. Details are outlined in the Note 16 to the financial statements.

It was agreed that, due to the economic crisis, there would be no active investment in expanding our trading of new goods in this financial year. Sales of new goods across charities and high street retail sector performance in Herefordshire would support this decision. There continues to be opportunities to diversify our income generation in the future and we remain mindful of sufficient investment to pave the way for this over the next year or so. This year £4,787 was gift aided to the parent company.

#### **St Michaels Hospice Development**

The charitable company also owns the whole of the issued ordinary share capital of St Michael's Hospice Development Company Limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities in relation to the re-development of our buildings and surroundings. Details are outlined in Note 16 to the financial statements.

There are four Directors of St Michael's Hospice Development Company Limited, three of whom are entirely independent of St Michaels Hospice. Accounts are prepared in accordance with the Companies Act and consolidated into the Charitable Company accounts of the parent Company, St Michael's Hospice (incorporating The Freda Pearce Foundation).

We have instructed the Development Company to deliver a redevelopment of our buildings and environment. The project involves the building of a new In-Patient Unit and Integrative Services Block and the refurbishment of the current building, to deliver space for comprehensive outreach services, including Day Hospice, Living Well, Outpatient clinics and therapeutic support services. The project also includes extensive landscaping.

During the financial year, the Development Company subsidiary has progressed the purchase of additional land, instructed professionals and paid fees accordingly and secured planning permission for the redevelopment, subject to conditions expressed therein. It has also progressed costs to full Bill of Materials with a view to seeking early tenders for the project contract.

#### **Hospice Redevelopment Project**

We are progressing our Capital Appeal programme alongside the work undertaken by the Development Company.

During the year, we progressed our plans to redevelop our buildings and environment. This project will further enhance the delivery of palliative and end of life care to the people of Herefordshire and surrounding counties affected by progressive life-limiting illness. With existing Hospice facilities for inpatient care, which is mainly carried out in four bedded wards, we are unable to provide the level of privacy and dignity that we would wish to offer to patients and families during what is often their final moments together. This can be distressing to all involved, including other patients in the ward and their relatives and members of staff. The new building will afford complete individual family and patient privacy and the option of a relative staying in the patient's room overnight if this is desired. Also, each room will have toilet and bathing facilities, greatly adding to patient comfort and dignity. The building has been carefully designed to prevent patient isolation for those wishing to have social interaction.

## **St Michael's Hospice (incorporating The Freda Pearce Foundation)**

### **Report of the Directors**

#### **For the year ended 31 March 2012**

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Through the building of a new 20 bedded In-Patient Unit and Integrated Services Block, we will be able to increase our inpatient activity by over 30%, meaning that an additional 100 people per year will benefit from this service. The development of community services to support people at home will be enhanced by new space for our Hospice at Home initiative and multi-disciplinary working with health and social care partners and volunteers. The refurbishment of the existing building will create a therapeutic environment in which to deliver our In-Reach and Out-Patient services, support groups, counselling and bereavement services. It is projected that activity in these areas will double. This will mean that an additional 463 patients and 582 family members and carers will be supported each year.

The redevelopment will enable us to increase our care and support to patients. It will enable us to provide these services earlier and for a longer period throughout a patient's illness as it progresses. The development of additional beds in the In-Patient Unit and of the Therapies Suite will specifically provide space in which to manage rehabilitation and re-adaptation, promoting independence for patients. Through therapies such as Physiotherapy, Occupational Therapy and Complementary Therapy, we are able to help patients to manage symptoms and the inevitable changes that progressive illness brings and to promote quality of life, dignity and independence as a result. The assessment kitchen and bathroom will also assist in achieving this.

A new state of the art kitchen and welcoming café will enable people to enjoy nutritious and appetising meals and refreshments. A new spiritual space will enable people to contemplate, reflect, sit quietly, or celebrate and practice their faith in a bespoke and supportive environment. It will be possible to conduct wedding blessings, christenings and confirmations, celebrations of life services and religious services, and for larger family events, the café and community spaces will be accessible. Other spaces will help to provide an environment in which carer support and training, group meetings and support sessions can be delivered efficiently and effectively.

Sensitive and practical landscaping will transform the currently inaccessible parts of the landscape into space which patients and families, staff, volunteers and the community can use and enjoy and will create planting schemes to enhance the patient and visitor experience.

The project is needed to ensure that we can continue to provide and grow our services in response to ever-changing needs, now and well into the future and to support its sustainability through grant funding, enterprise and donor support.

To this end a Capital Fundraising strategy has been developed and is underway, with the second phase of approaches to significant donors due in the forthcoming year.

### **Strategic Vision**

#### **Drivers**

The following drivers influence our vision for the future:

- Changing demographics increasing demand for the services
- The need for a sustainable business model in an uncertain economic and commissioning world
- The need for re-development of our buildings and environment in which to deliver services into the future
- Changing health and social care provision
- Changing needs and expectations of the Community we support
- Choice, Preferred Place of Care and Outreach agendas
- Increasing dementia, co-morbidities and life-prolonging interventions
- A changing profile of cancer care
- Increasing competition in fundraising and tendering
- Competition in Service Provision

## **St Michael's Hospice (Incorporating The Freda Pearce Foundation)**

### **Report of the Directors**

**For the year ended 31 March 2012**

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#### **Aims**

Our intention is to respond to these forces for change in a planned and careful way, ever mindful of cost efficiency, effectiveness and the reality that we are funded almost entirely by our community. It will be important to retain flexibility, creativity and a 'can do' attitude. Central to this will be the volunteer model, which is so well embedded in the services currently provided.

To achieve our aims, we intend to

#### **Care**

- Progress the development and delivery of In-Reach and Hospice at Home services to support people wishing to remain at home
- Support re-adaptation and rehabilitation to support independence and ability to remain at home
- Further develop carer support and training
- Further develop the support group model for patients and carers and for particular marginalised groups
- Progress voluntary counselling and bereavement services
- Further develop partnership working with the NHS and other organisations to deliver our palliative clinics
- Work with the PCT to deliver highly specialised continuing care packages

#### **Personnel**

- Grow the volunteer workforce in all areas of our work
- Progress strategic workforce planning and staff and volunteer development to ensure skills and resources for the future

#### **Education**

- Deliver communication skills training to GPs, Primary Health Care Professionals and other specialist areas such as the Cardiac Network
- Secure the proposal to deliver training on Gold Standards Framework to Primary care, within a regional consortium
- Secure funding and deliver Level 7 modules within the Education Programme

#### **Environment**

- Deliver the capital appeal and progress the re-development project

#### **Financial**

- Protect and grow sustainable revenue income streams
- Further the engagement and support of businesses
- Invest in critical income streams, including lottery and retail
- Implement the wider fundraising and marketing strategy
- Consider social and business enterprise opportunities
- Create strong relationships with potential health and social care commissioners
- Grow grant funding of operational services

#### **Communication**

- Engage with communities
- Further relationships with the media to promote our profile
- Progress a communication strategy

**St Michael's Hospice (incorporating The Freda Pearce Foundation)**

**Report of the Directors**

**For the year ended 31 March 2012**

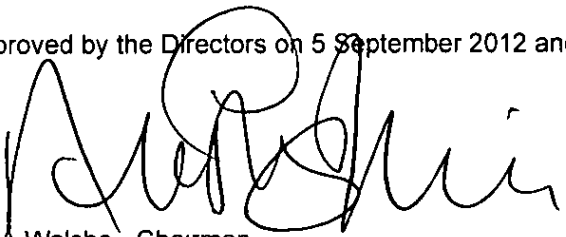
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Together, we will ensure that everyone in Herefordshire can receive access to excellent palliative care, advice and support, when and wherever they may need it and in an appropriate and responsive way


**Auditors**

Sayer Vincent were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity

Approved by the Directors on 5 September 2012 and signed on their behalf by



Mr A Walshe - Chairman



## **Independent auditors' report**

### **To the members of**

#### **St Michael's Hospice (incorporating The Freda Pearce Foundation)**

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We have audited the financial statements of St Michael's Hospice (incorporating The Freda Pearce Foundation) for the year ended 31 March 2012 which comprise the group and parent charitable company statement of financial activities, the group and parent charitable company balance sheets, the group cashflow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Directors and auditors**

As explained more fully in the Statement of Trustees' responsibilities set out in the report of the Directors, 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.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2012, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

## **Independent auditors' report**

**To the members of**

### **St Michael's Hospice (Incorporating The Freda Pearce Foundation)**

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion

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

*Catherine L Sayer (Senior statutory auditor)*

*14 November 2012*

*for and on behalf of Sayer Vincent, Statutory Auditors*

*Sayer Vincent, 8 Angel Gate, City Road, LONDON EC1V 2SJ*

*Sayer Vincent is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006*

**St Michael's Hospice (incorporating The Freda Pearce Foundation)**

**Consolidated Statement of Financial Activities** *(incorporating an Income and Expenditure Account)*

**For the year ended 31 March 2012**

|   | Note | Unrestricted<br>£       | Restricted<br>£       | 2012<br>Total<br>£             | 2011<br>Total<br>£      |
|---|------|-------------------------|-----------------------|--------------------------------|-------------------------|
| <b>Incoming resources</b>   |      |                         |                       |                                |                         |
| <i>Incoming resources from generated funds</i>                                  |      |                         |                       |                                |                         |
| Voluntary income  | 2    | 1,461,477               | 187,032               | <b>1,648,509</b>               | 1,571,074               |
| Activities for generating funds   |      |                         |                       |                                |                         |
| Retail shop income  |      | 1,292,129               | -                     | <b>1,292,129</b>               | 1,110,853               |
| Lottery income  |      | 384,843                 | -                     | <b>384,843</b>                 | 375,239                 |
| Investment income   |      | 87,428                  | 313                   | <b>87,741</b>                  | 126,128                 |
| <i>Incoming resources from charitable activities</i>                            |      |                         |                       |                                |                         |
| Grants  | 3    | <u>550,170</u>          | <u>-</u>              | <b><u>550,170</u></b>          | <u>680,403</u>          |
| <b>Total incoming resources</b>   |      | <u>3,776,047</u>        | <u>187,345</u>        | <b><u>3,963,392</u></b>        | <u>3,863,697</u>        |
| <b>Resources expended</b>   |      |                         |                       |                                |                         |
| <i>Costs of generating funds</i>  |      |                         |                       |                                |                         |
| <i>Costs of generating voluntary income</i>                                     |      |                         |                       |                                |                         |
| Fundraising and publicity   |      | 338,586                 | -                     | <b>338,586</b>                 | 368,961                 |
| Retail shop expenditure   |      | 666,430                 | -                     | <b>666,430</b>                 | 579,508                 |
| Lottery expenditure   |      | 139,740                 | -                     | <b>139,740</b>                 | 136,610                 |
| <i>Charitable activities</i>  |      |                         |                       |                                |                         |
| Nursing services  |      | 2,269,839               | 149,015               | <b>2,418,854</b>               | 2,292,204               |
| Medical care services   |      | 497,848                 | -                     | <b>497,848</b>                 | 558,300                 |
| <i>Governance costs</i>   |      | <u>16,243</u>           | <u>-</u>              | <b><u>16,243</u></b>           | <u>23,845</u>           |
| <b>Total resources expended</b>   | 4    | <u>3,928,686</u>        | <u>149,015</u>        | <b><u>4,077,701</u></b>        | <u>3,959,428</u>        |
| <b>Net (outgoing)/incoming resources before transfers</b>                       |      | (152,639)               | 38,330                | <b>(114,309)</b>               | (95,731)                |
| Gross transfers   |      | 9,241                   | (9,241)               | -                              | -                       |
| <b>Net (outgoing)/incoming resources before other recognised gains/(losses)</b> | 5    | (143,398)               | 29,089                | <b>(114,309)</b>               | (95,731)                |
| Realised gains on investments   |      | 36,778                  | 300                   | <b>37,078</b>                  | 76,652                  |
| <b>Net (expenditure) / income for the year</b>                                  |      | (106,620)               | 29,389                | <b>(77,231)</b>                | (19,079)                |
| Unrealised gains on investments   | 9    | <u>90,093</u>           | <u>13</u>             | <b><u>90,106</u></b>           | <u>8,769</u>            |
| <b>Net movement in funds</b>  |      | (16,527)                | 29,402                | <b>12,875</b>                  | (10,310)                |
| <b>Reconciliation of funds</b>  |      |                         |                       |                                |                         |
| Total funds brought forward   |      | <u>7,889,069</u>        | <u>78,560</u>         | <b><u>7,967,629</u></b>        | <u>7,977,939</u>        |
| <b>Total funds carried forward</b>  |      | <u><u>7,872,542</u></u> | <u><u>107,962</u></u> | <b><u><u>7,980,504</u></u></b> | <u><u>7,967,629</u></u> |

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 14 to the financial statements.

**St Michael's Hospice (Incorporating The Freda Pearce Foundation)**

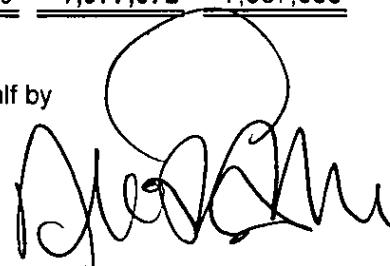
**Company no. 1634942**

**Consolidated and Charity balance sheets**

**As at 31 March 2012**

|                                       | Note   | The Group<br>2012<br>£  | 2011<br>£        | The Charity<br>2012<br>£ | 2011<br>£        |
|---------------------------------------|--------|-------------------------|------------------|--------------------------|------------------|
| <b>Fixed assets</b>                   |        |                         |                  |                          |                  |
| Tangible fixed assets                 | 8      | <b>2,648,484</b>        | 2,555,599        | <b>2,648,484</b>         | 2,555,599        |
| Investments                           | 9      | <b>5,148,967</b>        | 5,376,022        | <b>5,148,967</b>         | 5,376,022        |
|                                       |        | <b><u>7,797,451</u></b> | <u>7,931,621</u> | <b><u>7,797,451</u></b>  | <u>7,931,621</u> |
| <b>Current assets</b>                 |        |                         |                  |                          |                  |
| Stock                                 | 10     | <b>19,229</b>           | 15,801           | -                        | -                |
| Debtors                               | 11     | <b>166,400</b>          | 135,915          | <b>198,545</b>           | 151,153          |
| Short term deposits                   |        | <b>302,409</b>          | 179,435          | <b>286,661</b>           | 179,435          |
| Cash at bank and in hand              |        | <b>1,852</b>            | 7,356            | <b>1,852</b>             | 7,356            |
|                                       |        | <b>489,890</b>          | 338,507          | <b>487,058</b>           | 337,944          |
| <b>Liabilities</b>                    |        |                         |                  |                          |                  |
| Creditors amounts due within one year | 12     | <b>306,837</b>          | 302,499          | <b>306,837</b>           | 302,499          |
| <b>Net current assets</b>             |        | <b>183,053</b>          | 36,008           | <b>180,221</b>           | 35,445           |
| <b>Net assets</b>                     |        | <b><u>7,980,504</u></b> | <u>7,967,629</u> | <b><u>7,977,672</u></b>  | <u>7,967,066</u> |
| <b>The funds of the group</b>         |        |                         |                  |                          |                  |
| Restricted funds                      |        |                         |                  |                          |                  |
| In surplus                            |        | <b>107,962</b>          | 78,560           | <b>107,962</b>           | 78,560           |
| Unrestricted funds                    |        |                         |                  |                          |                  |
| Designated funds                      |        | <b>4,157,632</b>        | 4,240,958        | <b>4,157,632</b>         | 4,240,958        |
| General funds                         |        | <b>3,714,910</b>        | 3,648,111        | <b>3,712,078</b>         | 3,647,548        |
| <b>Total funds</b>                    | 13, 14 | <b><u>7,980,504</u></b> | <u>7,967,629</u> | <b><u>7,977,672</u></b>  | <u>7,967,066</u> |

Approved by the directors on 5 September 2012 and signed on their behalf by



Mr A Walshe - Chairman



**St Michael's Hospice (incorporating The Freda Pearce Foundation)**

**Consolidated cashflow statement**

**For the year ended 31 March 2012**

|  | <b>2012</b>           | <b>2011</b>             |
|--|-----------------------|-------------------------|
|  | <b>£</b>              | <b>£</b>                |
| <b>Net cash inflow from operating activities</b>   | <b>8,288</b>          | <b>22,111</b>           |
| <b>Capital expenditure and financial investment</b>  |                       |                         |
| Transfers to managed investment fund   | (350,000)             | (350,000)               |
| Payments to acquire tangible fixed assets  | (274,901)             | (735,236)               |
| Transfers from managed investment fund   | <u>775,000</u>        | <u>793,277</u>          |
|  | <b>150,099</b>        | <b>(291,959)</b>        |
| <b>Increase / (Decrease) in cash in the year</b>   | <b><u>158,387</u></b> | <b><u>(269,848)</u></b> |
| <b>Reconciliation of net (outgoing) resources before revaluations to net cash inflow from operating activities</b> |                       |                         |
| Net outgoing resources before revaluations   | (114,309)             | (95,731)                |
| Depreciation and revaluation adjustment  | 182,016               | 162,094                 |
| Investment income  | (87,741)              | (126,128)               |
| Investment management fees   | 16,980                | 19,119                  |
| Loss on disposal of fixed assets   | -                     | 16,257                  |
| (Increase) / decrease in stocks  | (3,428)               | 1,204                   |
| (Increase) / decrease/ in debtors  | (30,485)              | 25,003                  |
| Increase in current liabilities  | <u>45,255</u>         | <u>20,293</u>           |
| <b>Net cash inflow from operating activities</b>   | <b><u>8,288</u></b>   | <b><u>22,111</u></b>    |
| <b>Reconciliation of net cash flow to movement in net funds</b>  |                       |                         |
| <b>Increase / (Decrease) in cash in the year</b>   | <b>158,387</b>        | <b>(269,848)</b>        |
| <b>Net funds at 1 April 2011</b>   | <b><u>99,446</u></b>  | <b><u>369,294</u></b>   |
| <b>Net funds at 31 March 2012</b>  | <b><u>257,833</u></b> | <b><u>99,446</u></b>    |

**Analysis of changes in net funds**

|                             | <b>At 1 April</b>    | <b>Cash flows</b>     | <b>At 31 March</b>    |
|-----------------------------|----------------------|-----------------------|-----------------------|
|                             | <b>2011</b>          |                       | <b>2012</b>           |
|                             | <b>£</b>             | <b>£</b>              | <b>£</b>              |
| Cash at bank and in hand    | 7,356                | (5,504)               | 1,852                 |
| Short term deposits         | 179,435              | 122,974               | 302,409               |
| Bank loans and overdrafts   | <u>(87,345)</u>      | <u>40,917</u>         | <u>(46,428)</u>       |
| <b>Increase in the year</b> | <b><u>99,446</u></b> | <b><u>158,387</u></b> | <b><u>257,833</u></b> |

# **St Michael's Hospice (incorporating The Freda Pearce Foundation)**

## **Notes to the financial statements**

**For the year ended 31 March 2012**

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### **1. Accounting policies**

#### **a) Basis of accounting**

The financial statements have been prepared under the historical cost convention except for investments which have been included at revalued amounts and in accordance with applicable accounting standards and the Companies Act 2006. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in March 2005).

#### **b) Consolidation**

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiaries - St Michael's Hospice Trading Limited and St Michael's Hospice Development Company Limited, on a line by line basis. Transactions and balances between the charitable company and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

#### **c) Depreciation**

Items are capitalised where the purchase price exceeds £250.

Depreciation of fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost or valuation less any residual value at the following rates:

|   |                              |
|---|------------------------------|
| Freehold land and hospice buildings                 | See below                    |
| Leasehold improvements                              | Over the period of the lease |
| Medical and nursing equipment and beds              | 25-33⅓%                      |
| Motor vehicles                                      | 20-25%                       |
| Other equipment, fixtures, furnishings and fixtures | 20-25%                       |
| Computer equipment                                  | 33⅓%                         |
| Shop equipment                                      | 25%                          |

Land and buildings are included at cost and houses are included at valuation. Buildings held at cost are depreciated over their expected useful life of 40 years. Buildings held at valuation are not depreciated but are re-valued independently at 3 yearly intervals at open market value for existing use.

Assets in the course of construction are not depreciated.

Furnishings, crockery and linen are not depreciated but their replacements are charged to repairs and renewals.

#### **d) Pension schemes**

##### **Defined benefit scheme**

The company contributes to the NHS pension scheme for staff eligible to join the NHS scheme. Such contributions are a fixed percentage of salary. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the scheme.

# **St Michael's Hospice (incorporating The Freda Pearce Foundation)**

## **Notes to the financial statements**

**For the year ended 31 March 2012**

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### **1. Accounting policies (continued)**

#### **Defined contribution scheme**

Where staff are not eligible to join the NHS pension scheme, the company contributes to the personal schemes of individual employees. Such contributions are a fixed percentage of salary. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the schemes.

#### **e) Stocks and donated goods**

Income from goods donated for resale in the Hospice shops is accounted for in the year in which the goods are sold. No value is placed on any stock of donated goods. Other stocks are valued at the lower of cost and net realisable value.

#### **f) Investments**

Investments are stated at market value, calculated as follows:

|             |   |
|-------------|---|
| UK Equities | Middle of the quotation from the Stock Exchange daily official list |
| Unit Trusts | Bid price   |
| Others      | As valued by the Investment Managers                                |

Realised gains or losses arising on the disposal of investments are determined by reference to the difference between the market valuation at the beginning of the year, plus the cost of additions, and the sale proceeds. Unrealised gains or losses are determined by the movement in the market valuations from the beginning of the year, plus the cost of additions and the market valuations at the balance sheet date, and are taken to the Statement of Financial Activities.

#### **g) Incoming resources**

Income including grants and legacies is accounted for on a receivable basis, recognised when entitlement to the income has been established, the amounts can be ascertained and receipt is certain. Income relating to tax claims for donations made net of tax relief is accounted for in the year in which the donation was received.

Donated investments are accounted for at market value at the date the donation became receivable.

The value of services provided by volunteers has not been included.

#### **h) Resources expended**

Resources expended are recognised in the period in which they are incurred.

Direct and support costs represent specific attributable costs directly in relation to the activity and where specific allocation has not been possible these have been allocated on the basis of average salary (see note 4).

Governance costs include those costs associated with meeting constitutional and statutory requirements and include audit fees and costs linked to strategic management.

#### **i) Operating leases**

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred.

**St Michael's Hospice (incorporating The Freda Pearce Foundation)**

**Notes to the financial statements**

**For the year ended 31 March 2012**

**1. Accounting policies (continued)**

**j) Funds**

Unrestricted funds are those available for use at the discretion of the directors in furtherance of the general objectives of the company and which have not been designated for any other purpose

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for a specific purpose. The notes to the accounts provide further details. Once the terms and conditions of the restrictions have been met, tangible fixed assets purchased with restricted monies, are transferred to unrestricted funds.

Designated funds represent the total Net Book Value of the freehold land and buildings and assets in the course of construction held at the balance sheet date and funds designated for the Development project.

**k) Deferred capital grants**

Deferred capital grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

**2. Voluntary income**

|  | Unrestricted<br>£ | Restricted<br>£ | 2012<br>Total<br>£ | 2011<br>Total<br>£ |
|--|-------------------|-----------------|--------------------|--------------------|
| Donations, covenants, corporate & GAYE | 947,938           | 187,032         | 1,134,970          | 980,769            |
| Support groups                         | 63,084            | -               | 63,084             | 64,039             |
| Legacies                               | 450,455           | -               | 450,455            | 501,321            |
| Other income                           | -                 | -               | -                  | 24,945             |
| <b>Total</b>                           | <b>1,461,477</b>  | <b>187,032</b>  | <b>1,648,509</b>   | <b>1,571,074</b>   |

**3 Incoming resources from charitable activities**

|                                 | Unrestricted<br>£ | 2012<br>Total<br>£ | 2011<br>Total<br>£ |
|---------------------------------|-------------------|--------------------|--------------------|
| Grants from Primary Care Trusts | 522,213           | 522,213            | 647,669            |
| Grants from grant making trusts | 27,957            | 27,957             | 32,734             |
| <b>Total</b>                    | <b>550,170</b>    | <b>550,170</b>     | <b>680,403</b>     |

**St Michael's Hospice (incorporating The Freda Pearce Foundation)**

**Notes to the financial statements**

**For the year ended 31 March 2012**

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**4. Total resources expended**

Direct and support costs represent specific attributable costs directly in relation to the activity and where specific allocation has not been possible these have been allocated on the basis of staff costs as follows

|                           | 2012        |              | 2011        |              |
|---------------------------|-------------|--------------|-------------|--------------|
|                           | Direct<br>% | Support<br>% | Direct<br>% | Support<br>% |
| Average salary allocation |             |              |             |              |
| Retail shop expenditure   | 9.25        | 0.74         | 6.76        | 0.71         |
| Fundraising and publicity | 5.03        | 1.98         | 6.89        | 1.92         |
| Lottery expenditure       | 0.81        | -            | 0.82        | -            |
| Nursing services          | 63.08       | 3.37         | 61.88       | 3.36         |
| Medical care services     | 15.00       | 0.74         | 16.95       | 0.71         |

St Michael's Hospice (Incorporating The Freda Pearce Foundation)

Notes to the financial statements

For the year ended 31 March 2012

| 4 Total resources expended (continued) | Fundraising and publicity | Activities for generating funds | Nursing services | Medical Care services | Governance Costs | Support Costs | Total 2012       | Total 2011       |
|--|---------------------------|---------------------------------|------------------|-----------------------|------------------|---------------|------------------|------------------|
|  | £                         | £                               | £                | £                     | £                | £             | £                | £                |
| Staff costs (Note 6)                   | 135,543                   | 270,848                         | 1,698,184        | 403,804               | -                | 184,091       | 2,692,470        | 2,680,901        |
| Other staff costs                      | 3,181                     | 242                             | 25,694           | 2,585                 | -                | 4,422         | 36,124           | 36,525           |
| Communications                         | 31,205                    | -                               | 31,205           | -                     | -                | -             | 62,410           | 29,408           |
| Education                              | -                         | -                               | 3,316            | -                     | -                | 368           | 3,684            | 3,312            |
| Fundraising and events                 | 83,543                    | -                               | -                | -                     | -                | -             | 83,543           | 74,736           |
| Lottery expenses                       | -                         | 114,307                         | -                | -                     | -                | -             | 114,307          | 114,591          |
| Shop expenses                          | -                         | 351,688                         | -                | -                     | -                | -             | 351,688          | 338,106          |
| Chapel supplies                        | -                         | -                               | 11,047           | -                     | -                | -             | 11,047           | 2,632            |
| Office and administration              | 3,298                     | 6,590                           | 41,314           | 9,824                 | -                | 4,479         | 65,505           | 77,270           |
| Catering and domestic                  | -                         | -                               | 61,413           | -                     | -                | 6,824         | 68,237           | 67,913           |
| Fuel, Rates and Water                  | 2,878                     | 5,751                           | 36,056           | 8,574                 | -                | 3,909         | 57,168           | 64,473           |
| Maintenance                            | 3,214                     | 6,422                           | 40,265           | 9,574                 | -                | 4,364         | 63,839           | 67,596           |
| Nursing and medical supplies           | -                         | -                               | 8,153            | -                     | -                | 31,588        | 39,741           | 40,829           |
| Legal and professional fees            | 2,285                     | 4,566                           | 28,626           | 6,807                 | -                | 3,103         | 45,387           | 55,431           |
| Audit and accounts                     | -                         | -                               | -                | -                     | -                | 12,335        | 12,335           | 18,955           |
| Depreciation and revaluation           | 9,163                     | 18,309                          | 114,800          | 27,298                | -                | 12,446        | 182,016          | 162,094          |
| Irrecoverable VAT                      | 1,973                     | 3,942                           | 24,714           | 5,877                 | -                | 2,679         | 39,185           | 36,646           |
| Patient care                           | -                         | -                               | 29,530           | -                     | -                | -             | 29,530           | 12,134           |
| Other specific project costs           | -                         | -                               | 104,485          | -                     | -                | -             | 104,485          | 60,876           |
| Freda Pearce nurse salaries            | -                         | -                               | 15,000           | -                     | -                | -             | 15,000           | 15,000           |
| Support Costs                          | 276,283                   | 782,665                         | 2,273,802        | 474,343               | -                | 270,608       | 4,077,701        | 3,959,428        |
|  | 62,303                    | 23,505                          | 145,052          | 23,505                | 16,243           | (270,608)     | -                | -                |
| <b>Total resources expended</b>        | <b>338,586</b>            | <b>806,170</b>                  | <b>2,418,854</b> | <b>497,848</b>        | <b>16,243</b>    | <b>-</b>      | <b>4,077,701</b> | <b>3,959,428</b> |

# St Michael's Hospice (Incorporating The Freda Pearce Foundation)

## Notes to the financial statements

For the year ended 31 March 2012

### 5. Net outgoing resources for the year

This is stated after charging / crediting

|                              | 2012<br>£      | 2011<br>£      |
|------------------------------|----------------|----------------|
| Depreciation and revaluation | 182,016        | 162,094        |
| Interest payable             | -              | -              |
| Operating lease rentals      |                |                |
| ▪ property                   | 224,270        | 204,803        |
| ▪ other                      | -              | -              |
| Auditors' remuneration       |                |                |
| ▪ audit                      | 12,335         | 10,950         |
| ▪ other services             | -              | 8,005          |
|                              | <u>196,351</u> | <u>181,052</u> |

None of the Trustees received any remuneration or reimbursement of expenses during the year (2011 Nil)

### 6. Staff costs and numbers

Staff costs were as follows

|                             | 2012<br>£        | 2011<br>£        |
|-----------------------------|------------------|------------------|
| Salaries and wages          | 2,331,313        | 2,318,613        |
| Social security costs       | 155,731          | 159,741          |
| Pension contributions       | 205,426          | 202,547          |
|                             | <u>2,692,470</u> | <u>2,680,901</u> |
| Total staff emoluments were | <u>2,536,739</u> | <u>2,521,160</u> |

One employee earned between £60,000-£70,000 during the year (2011 One Employee)

Pension contributions for this staff member amounted to £12,833 (2011 £12,833)

The average weekly number of employees (full-time equivalent) during the year was as follows

|                           | 2012<br>No | 2011<br>No |
|---------------------------|------------|------------|
| Charitable activities     | 66         | 66         |
| Fundraising and publicity | 20         | 18         |
|                           | <u>86</u>  | <u>84</u>  |

### 7. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes

**St Michael's Hospice (incorporating The Freda Pearce Foundation)**

**Notes to the financial statements**

**For the year ended 31 March 2012**

**8. Tangible fixed assets  
Group and Charity**

|                          | <b>Freehold<br/>Land and<br/>Buildings<br/>£</b> | <b>Assets in the<br/>course of<br/>construction<br/>£</b> | <b>Leasehold<br/>Property<br/>£</b> | <b>Other Equipment<br/>Medical and<br/>Nursing<br/>Equipment<br/>and Beds<br/>£</b> | <b>Fixtures,<br/>Furnishings<br/>and Fittings<br/>£</b> | <b>Motor<br/>Vehicles<br/>£</b> | <b>Total<br/>£</b> |
|--------------------------|--|---|-------------------------------------|---|---|---------------------------------|--------------------|
| <b>Cost</b>              |  |   |                                     |   |   |                                 |                    |
| At the start of the year | 3,026,344  | 396,500   | 138,977                             | 258,110   | 542,052   | 87,773                          | 4,449,756          |
| Additions in year        | -  | 216,258   | 18,287                              | 3,015   | 26,346  | 10,995                          | 274,901            |
| At the end of the year   | 3,026,344  | 612,758   | 157,264                             | 261,125   | 568,398   | 98,768                          | 4,724,657          |
| <b>Depreciation</b>      |  |   |                                     |   |   |                                 |                    |
| At the start of the year | 1,035,386  | -   | 82,916                              | 227,700   | 479,293   | 68,862                          | 1,894,157          |
| Charge for the year      | 98,144   | -   | 21,722                              | 11,060  | 21,290  | 10,068                          | 162,284            |
| Revaluation for year     | 19,732   | -   | -                                   | -   | -   | -                               | 19,732             |
| At the end of the year   | 1,153,262  | -   | 104,638                             | 238,760   | 500,583   | 78,930                          | 2,076,173          |
| <b>Net book value</b>    |  |   |                                     |   |   |                                 |                    |
| At the end of the year   | 1,873,082  | 612,758   | 52,626                              | 22,365  | 67,815  | 19,838                          | 2,648,484          |
| At the start of the year | 1,990,958  | 396,500   | 56,061                              | 30,410  | 62,759  | 18,911                          | 2,555,599          |

Freehold Land and Buildings includes three dwellings adjacent to the main hospice buildings

These were re-valued in the year by Jonathan Preece, Chartered Surveyor, at open market value for their existing use at £565,000

No depreciation is charged in respect of these properties held at valuation. The historic cost value of these properties is £584,732

Accordingly, an impairment loss of £19,732 has been recognised in the year



**St Michael's Hospice (incorporating The Freda Pearce Foundation)**

**Notes to the financial statements**

**For the year ended 31 March 2012**

**9 Investments - Group and Charity**

|  | 2012<br>£        | 2011<br>£        |
|--|------------------|------------------|
| Market value at the start of the year                        | 5,591,605        | 4,627,357        |
| Additions at historic cost                                   | 2,912,787        | 2,749,800        |
| Disposal proceeds  | (3,499,392)      | (1,870,973)      |
| Unrealised gain  | 90,106           | 8,769            |
| Realised gain  | 37,078           | 76,652           |
| Market value at the end of the year                          | <u>5,132,184</u> | <u>5,591,605</u> |
| Investments - cash holdings                                  | 16,783           | (215,583)        |
| Market value at the end of the year                          | 5,148,967        | 5,376,022        |
| Historic cost at the end of the year                         | <u>4,804,442</u> | <u>5,100,280</u> |
| Investments comprise   |                  |                  |
|  | 2012<br>£        | 2011<br>£        |
| Cash and cash funds  | 2,425,435        | 2,444,513        |
| Fixed interest investments                                   | 1,728,700        | 2,058,114        |
| Equities   | 44,380           | 37,863           |
| Unit / Investment Trusts                                     | 548,158          | 535,420          |
| Alternative investments                                      | 402,293          | 300,111          |
| Investment in subsidiary undertakings incorporated in the UK | 1                | 1                |
|  | <u>5,148,967</u> | <u>5,376,022</u> |

**10 Stock**

|                  | The Group     |               | The Charity |           |
|------------------|---------------|---------------|-------------|-----------|
|                  | 2012<br>£     | 2011<br>£     | 2012<br>£   | 2011<br>£ |
| Goods for resale | 19,229        | 15,801        | -           | -         |
|                  | <u>19,229</u> | <u>15,801</u> | <u>-</u>    | <u>-</u>  |

**11 Debtors**

|                                | The Group      |                | The Charity    |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2012<br>£      | 2011<br>£      | 2012<br>£      | 2011<br>£      |
| Trade debtors                  | 127,527        | 42,355         | 159,672        | 57,593         |
| Other debtors                  | 2,474          | 61,399         | 2,474          | 61,399         |
| Prepayments and accrued income | 36,399         | 32,161         | 36,399         | 32,161         |
|                                | <u>166,400</u> | <u>135,915</u> | <u>198,545</u> | <u>151,153</u> |

**12 Creditors amounts due within 1 year**

|                              | The Group      |                | The Charity    |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2012<br>£      | 2011<br>£      | 2012<br>£      | 2011<br>£      |
| Trade creditors              | 220,415        | 57,476         | 220,415        | 57,476         |
| Bank overdraft               | 46,428         | 87,345         | 46,428         | 87,345         |
| Accruals and deferred income | 39,994         | 157,678        | 39,994         | 157,678        |
|                              | <u>306,837</u> | <u>302,499</u> | <u>306,837</u> | <u>302,499</u> |

**St Michael's Hospice (incorporating The Freda Pearce Foundation)**

**Notes to the financial statements**

**For the year ended 31 March 2012**

**13 Analysis of Group net assets between funds**

|  | Restricted<br>funds<br>£ | Designated<br>funds<br>£ | General<br>funds<br>£ | Total funds<br>£ |
|--|--------------------------|--------------------------|-----------------------|------------------|
| Tangible fixed assets                    | -                        | 2,485,840                | 162,644               | <b>2,648,484</b> |
| Investments                              | 107,962                  | 1,562,643                | 3,478,362             | <b>5,148,967</b> |
| Net current assets/ (liabilities)        | -                        | 109,149                  | 73,904                | <b>183,053</b>   |
| <b>Net assets at the end of the year</b> | <b>107,962</b>           | <b>4,157,632</b>         | <b>3,714,910</b>      | <b>7,980,504</b> |

**14 Movements in Group funds**

|                                 | At the start<br>of the year<br>£ | Incoming<br>resources<br>£ | Outgoing<br>resources<br>£ | Transfers<br>£  | At the end<br>of the year<br>£ |
|---------------------------------|----------------------------------|----------------------------|----------------------------|-----------------|--------------------------------|
| <b>Restricted funds</b>         |                                  |                            |                            |                 |                                |
| Patient Care                    | 35,366                           | 16,503                     | (29,530)                   | (356)           | <b>21,983</b>                  |
| Funds for other specific items  | 18,249                           | 103,310                    | (104,485)                  | (8,885)         | <b>8,189</b>                   |
| Development Project             | 24,945                           | 52,845                     | -                          | -               | <b>77,790</b>                  |
| Eric Bayliss Nurses Fund        | -                                | 15,000                     | (15,000)                   | -               | <b>-</b>                       |
| <b>Total restricted funds</b>   | <b>78,560</b>                    | <b>187,658</b>             | <b>(149,015)</b>           | <b>(9,241)</b>  | <b>107,962</b>                 |
| <b>Unrestricted funds</b>       |                                  |                            |                            |                 |                                |
| <i>Designated funds</i>         |                                  |                            |                            |                 |                                |
| Property Fund                   | 2,387,458                        | -                          | -                          | 98,382          | <b>2,485,840</b>               |
| Development Fund                | 1,853,500                        | -                          | -                          | (181,708)       | <b>1,671,792</b>               |
| <i>Total designated funds</i>   | <b>4,240,958</b>                 | <b>-</b>                   | <b>-</b>                   | <b>(83,326)</b> | <b>4,157,632</b>               |
| <b>General funds</b>            | <b>3,648,111</b>                 | <b>3,902,918</b>           | <b>(3,928,686)</b>         | <b>92,567</b>   | <b>3,714,910</b>               |
| <b>Total unrestricted funds</b> | <b>7,889,069</b>                 | <b>3,902,918</b>           | <b>(3,928,686)</b>         | <b>9,241</b>    | <b>7,872,542</b>               |
| <b>Total funds</b>              | <b>7,967,629</b>                 | <b>4,090,576</b>           | <b>(4,077,701)</b>         | <b>-</b>        | <b>7,980,504</b>               |

**Purposes of restricted funds**

Restricted funds comprise amounts totalling £17k donated by Trusts for specific nursing, medical and social work purposes. In addition, £15k was donated towards nursing salaries and a further £103k was donated towards specific equipment or support and £53k was donated towards the development project.

The transfer between general and restricted funds followed a full review of the restricted reserves which resulted in some realignment between the funds.

**Purposes of designated funds**

Designated funds totalling £4.16m are held against the current freehold properties (including assets in the course of construction relating to the development project).

# **St Michael's Hospice (incorporating The Freda Pearce Foundation)**

## **Notes to the financial statements**

**For the year ended 31 March 2012**

### **15 Operating lease commitments**

The Charity had annual commitments at the year end under operating leases expiring as follows

|                  | 2012                       |               | 2011                       |               |
|------------------|----------------------------|---------------|----------------------------|---------------|
|                  | Land and<br>Buildings<br>£ | Other<br>£    | Land and<br>Buildings<br>£ | Other<br>£    |
| Less than 1 year | 37,340                     | 11,890        | 38,000                     | -             |
| 1 - 2 years      | 101,440                    | -             | 42,580                     | 11,890        |
| 2 - 5 years      | 13,200                     | -             | 62,760                     | -             |
| Over 5 years     | 60,400                     | -             | 53,140                     | -             |
|                  | <u>212,380</u>             | <u>11,890</u> | <u>196,480</u>             | <u>11,890</u> |

### **16 Subsidiary Undertakings**

The charitable company owns the whole of the issued ordinary share capital of St Michael's Hospice Trading Limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below.

|                                     | 2012<br>£       | 2011<br>£       |
|-------------------------------------|-----------------|-----------------|
| Turnover                            | 57,445          | 71,300          |
| Cost of sales                       | <u>(37,445)</u> | <u>(35,115)</u> |
| Gross profit                        | <u>20,000</u>   | <u>36,185</u>   |
| Distribution costs                  | (6,596)         | (12,590)        |
| Administrative expenses             | (8,617)         | (19,572)        |
| Gift aid donation to parent company | <u>(4,787)</u>  | <u>(4,023)</u>  |
| Operating profit / (loss)           | -               | -               |

The aggregate of the assets, liabilities and funds was

|             |                 |                 |
|-------------|-----------------|-----------------|
| Assets      | 23,033          | 15,802          |
| Liabilities | <u>(22,469)</u> | <u>(15,238)</u> |
| Funds       | <u>564</u>      | <u>564</u>      |

## St Michael's Hospice (incorporating The Freda Pearce Foundation)

### Notes to the financial statements

For the year ended 31 March 2012

#### 16 Subsidiary Undertakings (continued)

The charitable company also owns the whole of the issued ordinary share capital of St Michael's Hospice Development Company Limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below.

|  | 2012<br>£ | 2011<br>£ |
|--|-----------|-----------|
| Turnover   | 232,000   | 396,500   |
| Cost of sales  | (218,523) | (394,229) |
| Gross profit   | 13,477    | 2,271     |
| Distribution costs                                     | -         | -         |
| Administrative expenses                                | (2,200)   | (2,265)   |
| Gift aid donation to parent company                    | (11,276)  | -         |
| Other operating income                                 | -         | -         |
| Operating profit / (loss)                              | 1         | 6         |
| Taxation   | (1)       | -         |
| Interest payable                                       | -         | -         |
| Profit on ordinary activities for the period           | -         | 6         |
| The aggregate of the assets, liabilities and funds was |           |           |
| Assets   | 15,748    | 2,271     |
| Liabilities  | (15,742)  | (2,265)   |
| Funds  | 6         | 6         |

#### 17 Capital commitments

At the year end the charitable company had capital commitments as follows:

For the purchase of property and land adjacent to Hospice for £36k (2011 £50k)

#### 18 Related party transactions

During the year, the charitable company entered into transactions for the purchase of services from Board Members as described below:

Mr M Green (Board Member), purchase of printing services totalling £22,398 (2011 - £20,242)

All transactions were on normal arms length commercial terms. At the 31st March 2012 a balance was outstanding to Mr Green of £7,426 which has subsequently been paid in full (2011 - £66)

Mr D Campion (Board Member), legal services totalling £nil (2011 - £1,763)

All transactions were on normal arms length commercial terms. At the 31st March 2012 no balance was outstanding to Mr Campion (2011 - £Nil)

The wife of Board Member Mr D Campion is an employee of the Hospice.

**St Michael's Hospice (incorporating The Freda Pearce Foundation)**

**Income and expenditure account**

**CONSOLIDATED**

**As at 31 March 2012**

|                                  | 2012<br>£        | 2011<br>£        |
|----------------------------------|------------------|------------------|
| <b>Incoming resources</b>        |                  |                  |
| Community fund raising           | 63,084           | 64,039           |
| Corporate / GAYE                 | 16,566           | 19,006           |
| Donations / covenants            | 613,068          | 557,357          |
| Education income                 | 29,394           | 36,875           |
| Events                           | 252,504          | 214,389          |
| Grants - NHS and Social Services | 485,446          | 613,747          |
| Grants - NHS Pension             | 36,767           | 33,922           |
| Grant making trusts              | 27,957           | 32,734           |
| Investment income                | 87,741           | 126,128          |
| Legacies                         | 450,455          | 501,321          |
| Gross income from shops          | 1,292,129        | 1,110,853        |
| Lottery income                   | 384,843          | 375,239          |
| Miscellaneous                    | 13,142           | 4,053            |
| Registrar's income               | 23,264           | 38,773           |
| Restricted fund income           | 187,032          | 135,261          |
|                                  | <b>3,963,392</b> | <b>3,863,697</b> |
| <b>Expenditure direct costs</b>  |                  |                  |
| Communications                   | 62,410           | 29,408           |
| Education costs                  | 3,684            | 3,312            |
| Fundraising and events           | 83,543           | 74,736           |
| Lottery expenses                 | 114,307          | 114,591          |
| Shop expenses                    | 351,688          | 338,106          |
| Investment management fees       | 16,980           | 19,119           |
|                                  | <b>632,612</b>   | <b>579,272</b>   |
| <b>Salary costs</b>              |                  |                  |
| Administration                   | 199,105          | 173,909          |
| Communications                   | 66,417           | 65,149           |
| Education                        | 52,404           | 85,925           |
| Fundraising                      | 377,230          | 358,917          |
| Medical                          | 398,981          | 450,775          |
| Nursing                          | 1,131,743        | 1,224,692        |
| Spiritual and Social             | 267,480          | 125,119          |
| Support services                 | 199,110          | 196,415          |
|                                  | <b>2,692,470</b> | <b>2,680,901</b> |
| <b>C/Fwd</b>                     | <b>638,310</b>   | <b>603,524</b>   |

**St Michael's Hospice (incorporating The Freda Pearce Foundation)**

**Income and expenditure account**

**CONSOLIDATED**

**As at 31 March 2012**

**Income and expenditure continued**

|  |                       |                        |
|--|-----------------------|------------------------|
| <b>B/Fwd</b>   | <b>638,310</b>        | <b>603,524</b>         |
| <b>Overheads</b>   |                       |                        |
| Spiritual & social   | 11,047                | 2,632                  |
| Office and administration                                  | 65,505                | 77,270                 |
| Audit and accounts   | 12,335                | 18,955                 |
| Professional fees  | 28,406                | 36,312                 |
| Catering and domestic                                      | 68,237                | 67,913                 |
| Electricity, Gas, Oil & Water                              | 57,168                | 64,473                 |
| Maintenance  | 63,840                | 67,596                 |
| Nursing & medical supplies                                 | 39,741                | 40,829                 |
| Staff training, travel and uniform                         | 36,124                | 36,525                 |
| Depreciation   | 182,016               | 162,094                |
| VAT  | 39,185                | 36,646                 |
| Restricted funds expenditure                               | <u>149,015</u>        | <u>88,010</u>          |
|  | <b>752,619</b>        | <b>699,255</b>         |
|  | <b>(114,309)</b>      | <b>(95,731)</b>        |
| Unrealised and realised (deficit) / surplus of investments | <u><b>127,184</b></u> | <u><b>85,421</b></u>   |
|  | <u><b>12,875</b></u>  | <u><b>(10,310)</b></u> |