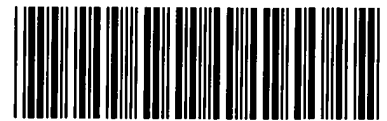


# St Michael's Hospice

(incorporating the Freda Pearce Foundation)



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## Annual Report and Consolidated Financial Statements

For the year ended 31st March 2020

Company Registration Number: 01634942 (England and Wales)

Charity Registration Number: 511179

[st-michaels-hospice.org.uk](http://st-michaels-hospice.org.uk)  
 [twitter.com/stmichaelshosp](https://twitter.com/stmichaelshosp)

 [facebook.com/stmichaelshospicehereford](https://facebook.com/stmichaelshospicehereford)

# St Michael's Hospice

Always a place of light and love

Our service is completely free of charge

St Michael's Hospice provides all its care, free of charge, to patients, their families and carers. This care is made possible by supporters taking part in fundraising events, playing our lottery, shopping at our retail outlets, making charitable donations, leaving gifts in their wills or giving freely of their time to volunteer.

If you would like to support St Michael's, you can find out more about what we do and ways you can help by visiting our website.

To share your comments or suggestions with us, please contact:

Quality and Compliance Team  
St Michael's Hospice  
Bartestree  
Hereford  
HR1 4HA

✉ [quality@smhospicehereford.org](mailto:quality@smhospicehereford.org)

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

For the year ended 31 March 2020

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

**For the year ended 31 March 2020**

## **Reference and Administrative Information**

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Charity Name	St Michael's Hospice (incorporating The Freda Pearce Foundation)
Charity Number	511179
Company Number	01634942
Address of Registered Office	St Michael's Hospice Bartestree Hereford, HR1 4HA
Country of Registration	England and Wales
Country of Incorporation	United Kingdom
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:  Mr A J Walshe, Chair Mr D R Teague, Vice Chair Mr D J Campion Revd Preb K B Garlick Ms P A Greenwood Mr D T Hammond Mrs C J Winney Mr G B Nairn, Vice Chair - Resigned 18 September 2019 Dr J A Dalziel - Resigned 18 September 2019 Mrs J K Duffett - Resigned 10 January 2020 Dr J L Jones - Resigned 6 November 2019
Life Patrons	Dr R Miller Dr J J Kramer
Chief Executive Officer	Mr M L Keel
Strategic Management Team at 31 <sup>st</sup> March 2020	Dr T Blower, Medical Director Mrs L Carter, Income Generation and Marketing Director Mrs E Cotton, Finance Director
Company Secretary	Mr M L Keel
Bankers	The Royal Bank of Scotland PLC Drummond House 1 Redheughs Avenue Edinburgh EH12 9JN
Independent Auditor	Crowe U.K. LLP Statutory Auditor Carrick House Lypiatt Road Cheltenham Gloucestershire, GL50 2QJ

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

## **Report of the Trustees**

### **For the year ended 31 March 2020**

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The Trustees of St Michael's Hospice ('St Michael's') present their report and the audited financial statements for the year ended 31 March 2020. Reference and administrative information set out on page 4 forms part of this report.

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their financial statements in accordance with FRS 102.

The Trustees of St Michael's are charity Trustees for the purpose of the Charities Act and are Directors of St Michael's Hospice and Directors for the purposes of the Companies Act. The Trustees form the Trustee Board of St Michael's. Although the Strategic Management Team's (SMT) job titles include the word 'Director', these people are not Directors within the meaning of the Companies Act.

The Trustee Board is responsible under St Michael's governing document for controlling the management and administration of St Michael's within the law. It is ultimately responsible for everything St Michael's does and how it does it. The overriding duty is to act in good faith within charity law and to make sure St Michael's pursues its aims (as set out in the governing document); uses its assets only to pursue those aims; and acts for its community.

It does this by:

- Safeguarding and promoting the values and mission of St Michael's;
- Determining the strategy and structure of St Michael's;
- Ensuring St Michael's operates in an effective, responsible and accountable manner, securing future sustainability;
- Ensuring the effective functioning of the Board of Trustees;
- Ensuring the organisation meets all statutory requirements.

During the year, the Board of Trustees met seven times; held an Annual General Meeting; and took part in a strategic planning day. Board members are unremunerated volunteers.

The Board is made up of members according to an analysis that identifies skills, experience and qualities needed for the good governance of St Michael's.

#### **Related Parties and Relationships with other Organisations**

St Michael's is the parent undertaking of a group consisting of:

- SMH Trading Limited - St Michael's uses this subsidiary for non-primary purpose trading activities.
- St Michael's Hospice Development Company Limited - St Michael's uses this subsidiary for redeveloping the hospice buildings and surroundings. This company is to become dormant.

Both subsidiaries are English registered companies and Gift Aid all available profits to St Michael's where applicable.

#### **Operating Structure and Charity Governance Code**

The Board retains ultimate operational responsibility and sets the aims, policies and objectives of St Michael's together with performance monitoring.

It has however devolved authority for its strategic implementation, attainment, performance and day-to-day running to the Chief Executive Officer and his senior management team who are also responsible for St Michael's meeting all its statutory and contractual obligations. St Michael's Governance Manual describes these arrangements. The Governance Manual is kept under review by the Trustees with reference to the Charity Governance Code.

St Michael's has a comprehensive range of operational policies and procedures that it maintains in line with the requirements of the Care Quality Commission, which regulates the clinical activity of St Michael's, and the Fundraising Regulator.



**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Report of the Trustees**  
**For the year ended 31 March 2020**

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## **Objectives and Activities**

### **Objectives**

The Founders set up St Michael's on 12 May 1982 as the Freda Pearce Foundation. St Michael's is governed by its original Memorandum and Articles of Association, which St Michael's has subsequently amended by special resolutions on 02 November 1998, 02 October 2002, 15 April 2009, 07 November 2012, 28 September 2017 and 25 March 2020. St Michael's changed its name to St Michael's Hospice (incorporating the Freda Pearce Foundation) on 02 November 1998.

The Articles, as amended, state the objects of St Michael's are to promote the relief of sickness in people over the age of 18 years who are Herefordshire residents or living in the immediate surrounding counties. St Michael's may also offer care to young people between the ages of 14 years and 18 years where appropriate to support them in their transition to adult services.

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*Our mission is to make sure palliative and end of life care is available to all who can benefit from it, regardless of age, gender, diagnosis, social group or setting. This includes supporting those people close to the dying person throughout the pre- and post-bereavement stages too.*

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St Michael's knows it cannot do all of this on its own and so works with communities, groups and organisations to help them understand the importance of good palliative care and how they can play their part to ensure there is a spectrum of services to meet patient and family needs.

St Michael's runs a comprehensive palliative care education programme as part of its strategy to improve services more widely and increase the awareness of palliative and end of life care issues.

St Michael's also recognises it must help change people's perception and understanding of end of life care as well as their readiness to talk about it – not only their own end of life plans but their families and friends too. St Michael's encourages patients (with their families where appropriate) to produce a plan that describes their needs and preferences. This helps ensure they receive the right care, in the right place, delivered by the right people.

St Michael's provides its services free to patients, carers and families to ensure accessibility.

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*Our vision is that everyone in Herefordshire and the surrounding areas who needs and wants palliative care has timely access to it, delivered in a way that suits them.*

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### **Principal Activities**

St Michael's fulfils its purpose through its principal activity of providing adult hospice care to the people of Herefordshire and immediate surrounding areas as follows:

1. Adult inpatient palliative medical and nursing care in a twenty-bed purpose-built unit (16 beds in use during this reporting period with negotiations ongoing with the NHS to open the remaining 4 – page 8 refers).
2. Adult outpatient palliative medical and nursing care in Day Services and appropriate therapy (physiotherapy, occupational, music, art and complementary).
3. Hospice at Home Service, which includes 24-hour telephone advice, care co-ordination service, urgent care team and planned home care packages. St Michael's provides this care in people's homes or places they regard as home (e.g. nursing and residential homes). Some aspects of this service are delivered in collaboration with Marie Curie.
4. Education and Training. St Michael's seeks to influence and guide the quality of palliative care in other settings and given by other providers through its education and training programmes thereby sharing the experience, expertise and knowledge St Michael's has built up from over 35 years of working in palliative care. St Michael's also ensures its staff and volunteers have opportunities to develop their skills, knowledge and competence as these have a direct bearing on the quality of support St Michael's can provide.
5. Underpinning the main services is the Supportive and Rehabilitative Care service, which social workers, bereavement care workers, spiritual workers and counsellors deliver. They offer this to patients and families in the Inpatient and Day services and Hospice at Home service. These services provide the vital social and psychological elements of support that characterises holistic care and to which St Michael's aspires. The holistic approach not only considers the patient's condition, life and circumstances, but also supports and cares for the patient's family and friends. The Rehabilitative and Supportive Care service also collaborates with another charity called Hope Support, to provide care and support to children who are close to our patients.

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

## Report of the Trustees

For the year ended 31 March 2020

### Support for Principal Activities

The catering and housekeeping teams provide essential support for the principal activities. The management and administration team provide the necessary governance, oversight and operational management plus finance, human resources (HR), information technology (IT) and administrative support. The fundraising and retail teams maintain the necessary income needed by St Michael's to deliver its services as statutory funding (from NHS, local authorities and the Department of Health) remains inadequate but is improving steadily.

St Michael's has over 800 volunteers registered on its database who provide regular support in all areas of St Michael's. Many more provide ad hoc support at events etc. or volunteer via their workplaces, communities and other organisations for the benefit of St Michael's. The contribution these people make is vital to St Michael's success and survival. These volunteers support 240 employed staff (including bank staff) to provide the quality care service and the required support services for patients and their families to meet and go beyond regulatory requirements.

### Public Benefit

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing St Michael's objectives and in planning its future activities.

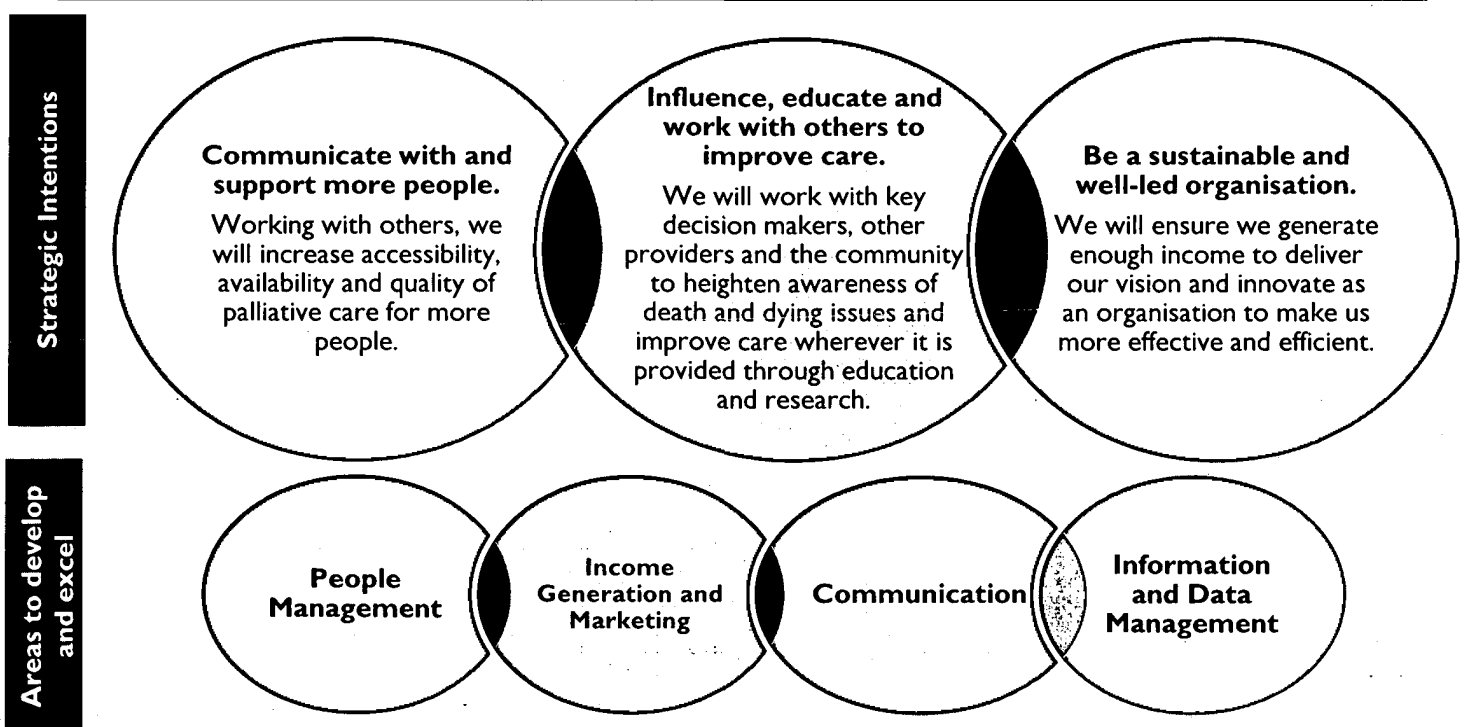
The Trustees consider how planned activities will contribute to the objectives that have been set, reporting the success of each key activity and the benefits St Michael's has brought to those groups of people that it is set up to help, and the wider public benefit. The Trustees regularly review the objectives and activities of St Michael's ensuring they remain focused on its stated purposes.

The Trustees continue to recognise three strategic intentions underpinned by four key areas in which St Michael's must continue to develop and excel to successfully deliver the objectives and activities.

The Strategic Report that follows sets out our ongoing strategy and looks at what St Michael's has achieved, and the outcomes of its work, in the reporting period.

## Strategic Report

*Our ongoing **strategy** is to have a multi-faceted approach that focuses on ensuring its long-term sustainability and ability to operate in the new health economy; as well as initiatives to do more, in partnership with other organisations, to give patients greater choice; ensure they receive the best support available free of charge; and to enhance significantly our engagement in our communities.*



**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Report of the Trustees**  
**For the year ended 31 March 2020**

**Achievements and Performance 2019/20**

*Strategic Intention One: Communicate with  
and support more people.*

St Michael's has supported and cared for 1,846 people in 2019/20 (1,676 in 2018/19), which is a 10% increase on last year. This supports our strategic aim to communicate with and support more people. This has been achieved through the continuing success and growth of the Hospice at Home service (now in its fourth year) supported by our 24/7 Co-ordination Hub, which ensures patients are directed to the most appropriate hospice service for their needs, and improved joint working with GP practices to identify more people who may benefit from hospice care. We will be actively working to improve this trend year on year.

The Inpatient Unit (IPU) received 348 referrals which resulted in 250 people having 281 admissions (some were admitted more than once). This is a decrease of 18% compared to 2018/19, because without increased NHS funding we were unable to keep all 20 beds open and had to return to 16 beds in this reporting period. The average length of each stay was 19 days (17 days in 2018/19). The fewer discharges home reflects lower respite admissions.



Day Services continues to deliver its three core services: Day Hospice (DH); Living Well (LW) Support; and Fatigue and Breathlessness Support (FAB).

The number of people being referred and attending these core services has remained static compared to 2018/19 with 328 people attending 831 times. We believe this is because of the success of the Hospice at Home service providing an alternative way for people to receive their support. These services are constantly under review to ensure we deliver support in the best way for people.

**Inpatient Unit Activity Data**

	2019/20		2018/19		2017/18		2016/17		2015/16	
	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Admissions</b>	<b>281</b>		<b>343</b>		<b>317</b>		<b>290</b>		<b>291</b>	
<b>Admitted From:</b>										
Home	201	72%	251	73%	232	73%	206	71%	208	71%
Hospital	67	24%	88	25%	83	26%	80	28%	71	24%
Other	13	4%	4	2%	2	1%	4	1%	12	5%
<b>Total</b>	<b>281</b>	<b>100%</b>	<b>343</b>	<b>100%</b>	<b>317</b>	<b>100%</b>	<b>290</b>	<b>100%</b>	<b>291</b>	<b>100%</b>
<b>Location at end of stay:</b>										
Died	190	67%	197	57%	187	59%	157	54%	165	57%
Home	72	26%	146	43%	114	36%	101	35%	106	36%
Hospital	0	-	-	-	9	3%	10	3%	5	2%
Other	19	7%	-	-	7	2%	22	7%	15	5%
<b>Total</b>	<b>281</b>	<b>100%</b>	<b>343</b>	<b>100%</b>	<b>317</b>	<b>100%</b>	<b>290</b>	<b>100%</b>	<b>291</b>	<b>100%</b>
<b>Average Length of admission</b>	<b>19</b>		<b>17</b>		<b>18</b>		<b>18</b>		<b>16</b>	
<b>Occupancy (target 85%)</b>	<b>91%</b>		<b>80%</b>		<b>78%</b>		<b>86%</b>		<b>82%</b>	



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

### Report of the Trustees

### For the year ended 31 March 2020

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We have grown our Supportive and Rehabilitative Care team this year and are now reaching more people in the community.

Outpatient Medical Clinics continue to be an important part of our work particularly for those patients with long-term conditions that are usually non-malignant. More of these medical consultations are occurring in the patient's home, where this is in the best interests of the patient to not have to travel to St Michael's. 250 patients had a medical outpatient appointment.

The NHS commissioned Hospice at Home service continues to evolve and grow with around 50 people being referred for care each month.

This service has proved to be the flagship of St Michael's service to broaden access to hospice care. This is an important service for those people who would prefer to receive their care at home in familiar surroundings and close to their family.



The Co-ordination Hub is the single-entry point for all hospice services. It not only receives referrals but also provides advice, which gives patients, families, carers and professionals access to senior nurses and co-ordinators from 07.00hrs-22.00hrs every day.

Outside of these hours, advice and support is delivered by the senior nurses on the Inpatient Unit with access to medical support as required.

An additional function of the Co-ordination Hub is to support patients on the Inpatient Unit waiting list when a bed is not immediately available. This support ranges from home visiting to telephone advice.

Our partnership with Dementia UK to employ an Admiral Nurse came to an end and the postholder moved to a new role at the end of this reporting period. This service supported patients and families living with dementia, who are in the last year of life. 59 patients and their families were supported exceeding the target of 40. The nurse also had a key role in educating hospice staff and other professionals about Dementia care. We plan to continue this important service by incorporating it into other nursing services.

The Compassionate Communities work is continuing in Fownhope and Bodenham around the GP practices. St Michael's contribution is to identify and train the volunteers in these Compassionate Communities. Bereavement support linked to the compassionate community initiative is starting to see the introduction of Bereavement Hubs; a hub in each market town is planned for the coming year.



Our Mobile Hospice Support Vehicle exceeded its target of attending at least three venues/events each week during the Spring and Summer to build awareness of our services in the more rural and far-reaching parts of Herefordshire. Stronger links with GP practices is enabling joint health initiatives to be planned for the coming year using the vehicle.

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#### *Strategic Intention Two: Influence, educate and work with others to improve care*

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St Michael's knows that people want to receive their care in many different places and settings and not always at or by St Michael's. St Michael's wants to ensure that people who are in hospital, care and residential homes and other places, can also receive high-quality palliative care. St Michael's supports educational programmes that ensure staff in these organisations are competent in palliative care and can be confident to deliver high-quality services, safe in the knowledge they have the expertise of St Michael's to support them.

St Michael's already runs a well-respected and widely known education programme for other care staff and agencies and intends to increase this as funds allow to ensure everyone giving care to patients does so to the highest level. There were 990 (2018/19: 1,649) attendees (of which 723 were St Michael's staff and volunteers) at courses during the year. In addition, we ran tailor-made courses for 11 (2018/19: 12) organisations with 227 delegates in total. The reduction in attendee numbers during 2019/20 was due to the team working with Herefordshire colleagues to create a tool which records a patient's recommended summary plan for emergency care and treatment (known as ReSPECT) and increasing links and support to care homes.

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

### Report of the Trustees

### For the year ended 31 March 2020

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The department saw the departure of Jean Fisher, Head of Education, who has been a nurse at St Michael's since it opened. The Board extend their thanks and appreciation for everything Jean achieved during her long service at St Michael's.

We continue to develop our e-learning platform, which enables staff to receive most of their training more flexibly and electronically. This ensures we meet our regulatory requirements set by the Care Quality Commission and can easily evidence this.

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#### *Strategic Intention Three: Be a sustainable and well-led organisation*

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St Michael's continually seeks ways to increase its efficiency and effectiveness through monitoring and benchmarking its suppliers and continuing to cut out waste. St Michael's is an active member of the Hospice Quality Partnership (HQP) – an organisation set up by UK hospices to achieve best value through joint procurement and contracting.

St Michael's has a diverse range of income streams, so it is not reliant on any one source of funds. These include many different types of fundraising (donations, legacies, events, community, trusts, lottery, corporate); retail income from our shop portfolio; investment income; property rental; and some NHS income.

We have developed our management and leadership structure to ensure decision-making and responsibility is as close to the point of delivery as possible. We support managers, supervisors and leaders in all areas to seek ways to improve the things we do and ensure our supporters, staff and volunteers flourish in a positive and nurturing environment, which in turn delivers the best care to our patients and families. St Michael's finances continue to hold up despite a difficult economic environment. A continuation of the efforts made by staff, Trustees and volunteers to maximise income and control costs without compromising services will continue to support financial sustainability.

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#### *Areas that underpin our three strategic intentions*

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##### *1. People Management*

St Michael's is reliant on having enough people (volunteers and paid staff) to deliver its objectives and activities. St Michael's needs to be good at finding the best people and this is becoming harder as demographic changes occur and a smaller pool from which to recruit professional staff. We have continued our focus on improving our Human Resource function to speed up systems and processes and automate as many as possible to free up staff and volunteers to concentrate on their core roles.

We did manage to achieve full staffing throughout the year, which enabled us to operate all services and extend our reach to more people.

An organisation-wide staff survey operated by Best Companies gave management a confidential and impartial review of our staff engagement and resulted in us achieving 'Ones to Watch' status and inclusion in the **Times 100 Top Charities to Work For**. We examined the results and benchmarked with similar organisations and are seeking ways to improve our results further when we repeat the survey in the Autumn 2020.



The Trustees wish to record their thanks to the many volunteers without whom St Michael's would be unable to maintain the quality of service and deliver all the support at the low cost we achieve. The estimated value of the volunteer contribution to St Michael's is more than £1 million per annum.



The Trustees also wish to record their thanks to all St Michael's staff in all departments, who are essential to providing high-quality care for patients. The staff and volunteers are the guardians of St Michael's excellent reputation and good standing, attributes which are vital and must remain at the highest level.

During the year we had 240 (2018/19: 233) staff, equivalent to 159 (2018/19: 153) whole time equivalent posts. 159 (2018/19: 165) work directly in clinical and care areas and associated parts of the service.

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

## **Report of the Trustees**

### **For the year ended 31 March 2020**

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## **2. Income Generation and Marketing**

The Income Generation and Marketing team (fundraising, lottery, retail and communications) continue to respond positively to the changing environment; to find new, imaginative and inspiring ways to generate the financial resources necessary for the delivery of existing services and future development.

The team remain committed to working closely with our partners and supporters in a clear and open way, to forge lasting relationships within our community. Our aim is to build a diverse fundraising portfolio, which balances risk and return, and is less vulnerable to changing demographics, competition and unforeseen circumstances. We will continue to carefully steward financial resources and proactively manage investment and development.

Overall targets for net income from fundraising activities and events, retail income (sale of donated goods through shops and warehouses), and income from St Michael's Lottery were met, with increases in some areas and falls in others.

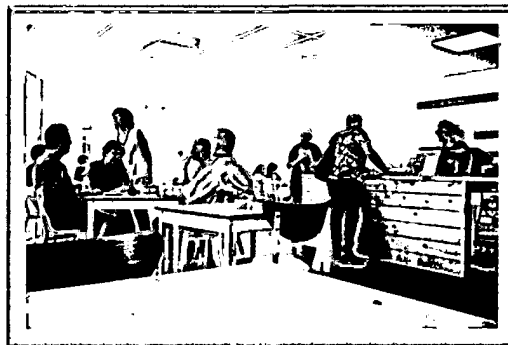


Total income benefitted considerably once again from the excellent performance of our shops and the unstinting generosity of the St Michael's community who continue to demonstrate that they remain willing to support their hospice.

We generated £7.93 million (2019: £5.95 million) from voluntary and other sources (excluding NHS and HCCG grants and other income directly relating to our charitable activities). The cost of raising funds, including reallocation of support costs was £2.46 million (2019: £2.15 million). This means that for every £1 raised 69p (2019: 64p) goes on delivering and improving our care and support for people living with a life-limiting illness and 31p (2019: 36p) goes on generating further income.

Income from shops and warehouses rose by 5% in the year from £2,687,777 in 2019 to £2,826,652 in 2020. Despite the impact of COVID-19 forcing the closure of all shops and warehouses in March 2020, St Michael's delivered a profit margin of 45% (2019: 52.8%). We continue to search for opportunities to invest in a further large retail outlet.

The percentage of gift aid recovered on donated stock rose overall but remains below target. The need for additional gift aid training to maximise income generation remains a priority.



While the pressures of growing discount retailers, less volunteers, and people more likely to sell their possessions online themselves impacts, we are still confident that St Michael's retail operation will continue to evolve and grow to serve its customers and support the wider work of St Michael's. We will do so through investment in strategic out-of-town locations, increasing gift aid recovery, improving the shopping experience through better retail environments, and investing in customer service training for volunteers.

We will also continue to demonstrate wider influence and purpose through re-use and recycling, sustainability and positive environmental impact initiatives.

Our Hospice Lottery contributed over £227,000 direct net income, a reduction of 15% on the previous year. With 60% profitability, the Lottery remains the most cost-effective means of current fundraising. Door-to-door canvassing and cash collections ceased at the end of the year. At the end of the year there were 6,137 members with 6,930 weekly plays. The introduction of on-line sign-ups and direct debits and a social media campaign will help to maintain and grow lottery players.



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

## **Report of the Trustees**

### **For the year ended 31 March 2020**

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Hospice led events returned a net contribution of £162,000 (2018/19: £200,000) and our community income reached £463,000 net (2018/19: £500,000).

The significant challenges with change of venue and routes for RUN Hereford and the cancellation of RIDE Hereford in the first half of the year, due to more stringent and costly health & safety requirements, have impacted the income levels.

However, in its second year, the Santa's Grotto continues to grow in popularity. Over 7 nights we had 411 children attend with an overall estimated attendance of 1,000 people aged 0-90 coming to St Michael's for the event.

Participation in the Santa Run grew by 20% showing the county has a clear appetite for this fun, festive event in the centre of the city.

Our Christmas Tree recycling is growing with 490 trees collected. These Christmas successes helped to recover some of the lost income from the cancelled and changed events earlier in the year.

With the help, once again, of Brightwells Auctioneers, a very successful Postcards from Life was held at The Bishop's Palace in November 2019. 76 artists donated 184 pieces of art. 320 bidders registered with Brightwells; 1,899 bids were placed; and 101 bidders won at least one piece.

Our established community event programme continued to grow in the year. The Open Garden Programme welcomed over 6,000 visitors to gardens all over the County.

The 31 October 2019 marked St Michael's 35th anniversary and became the focus for the My 35 for St Michael's fundraising and celebration campaign. Co-founder Richard Miller (cover picture) helped to highlight the campaign and shone a light on the progress the St Michael's hospice has made over the last 35 years. Supporters were encouraged to celebrate the last 35 years by coming up with their own ideas to raise funds for St Michael's. These ranged from holding a 1984 themed birthday party, washing 35 cars and swimming 35 lengths, to 35 random acts of kindness.



We were delighted that Monty Don opened our Flower Festival organised to celebrate our 35<sup>th</sup> birthday at a packed preview evening of 400 people, which helped the event gross just over £55,000. The festival was a fantastic gathering of Hospice supporters old and new giving a real sense of the Herefordshire community supporting their hospice in style. Our thanks to the committee and their large band of hard-working volunteers as well as the owners of Lyde Arundel for hosting the event.

Gifts left for St Michael's in wills contributed over 1/3rd of all our voluntary income in 2019/20, receiving £2,970,848 (2018/19: £1,167,634). Legacies notified during the year continued to increase.

### *3. Communication*

Our Communications Team keeps St Michael's in the forefront of people's minds, from the promotion of events to stories which highlight how people living with a life-limiting illness have been supported by St Michael's.

Thanks to this work, the community is far more aware of the breadth of services St Michael's provides; how we are funded; and how more people can benefit from our services, not just at the end of life.

The quality and visibility of our branding, patient literature, St Michael's website, hospice services and external communication continues to ensure people remain inspired by the work carried out by St Michael's.

Social media activity and engagement continues to grow significantly, with an increasing amount of content and interaction generated through Instagram. Approximately 600 Facebook posts attracted an average daily viewing of 4,912. Coverage in local and regional print and online media continues to be strong, with over 100 press releases featured in the Hereford Times.

The Communications Team continues to provide local radio stations including BBC Hereford & Worcester and Sunshine Radio with a wide range of topical news and features. This prolific output ensures our message reaches each and every community that St Michael's serves.

St Michael's is registered with the Fundraising Regulator and is a member of the Institute of Fundraising and the National Association of Hospice Fundraisers and is committed to adhering to the Code of Fundraising Practice. We have had no adjudications.

We have continued to strengthen our Data Protection procedures and communication preferences to all our supporters and feel well placed going forward. We have continued to closely manage our out-sourced fundraising contract (Hospice Lottery canvassing).

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Report of the Trustees**  
**For the year ended 31 March 2020**

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We ask supporters their preferences as to how we communicate with them. We give them the option to let us know if they wish to change their preferences or no longer wish to hear from us, and always respect their wishes. We do not sell or exchange lists of data with any other charities or companies.

We review compliance through non-financial audit, mystery shoppers, monitoring feedback and at our Income Generation & Marketing Committee and take corrective action when required to ensure that all St Michael's Hospice fundraisers and those who work on our behalf are aware of and adhering to our high standards.

If we encounter someone showing signs of distress, confusion or vulnerability our fundraisers will politely refuse any donation offered in such circumstances.

In the unlikely event of a donation being received in such circumstances, we will refund the donation.

The number of complaints received during the year regarding fundraising was nil (2018/19: nil).

#### *4. Information and Data Management*

With the ability to collect vast amounts of data and information easily these days, St Michael's needs to be able to analyse and use this data to increase its effectiveness and understanding of its work. Much of our work uses computers and so we have a strategy to develop and secure these systems appropriately and to best effect.



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

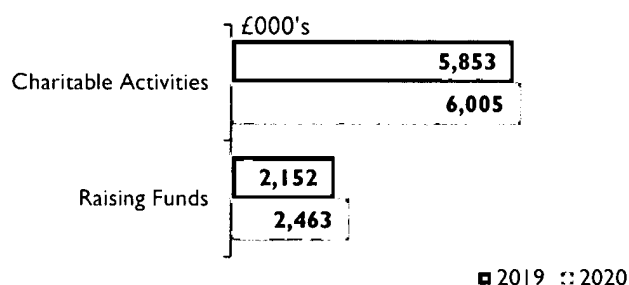
## Report of the Trustees

### For the year ended 31 March 2020

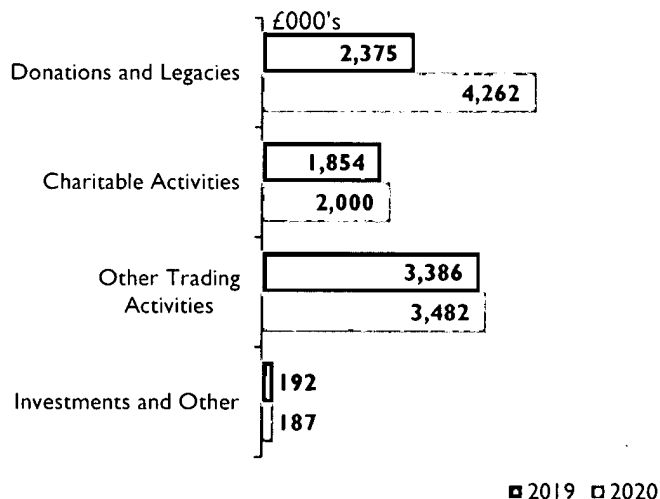
#### Financial Review

The consolidated financial statements that follow later in this report comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and related notes, which include the results of the related companies. The result for the year was a surplus of £1,107,758 (2019: £113,506 deficit).

Total expenditure for the year increased by 5.8% to £8,467,587 (2018/19: £8,005,058); 82% of this relates to increased staffing costs including a 2% cost of living award, implementation of the Real Living Wage, and job evaluation. 71% was spent on charitable activities.



Total income for the year increased by 27.2% to £9,930,651 (2018/19: £7,806,027).



There follows a brief overview of the financial management that has fed into these reports.

#### Investment Policy and Returns

Because of the uncertainty of fundraising income streams, it is necessary to ensure that funds are always readily available for use to ensure that levels of care are not adversely affected in the event of any short-term income reduction. The Trustees have decided to maintain a low risk investment strategy to protect reserves, and therefore services, rather than seeking higher return investments which increase the risk profile. Performance is measured against agreed inflation and market indices.

Returns fell below targets with investments hit hard at the end of the year due to the economic impact of COVID-19, resulting in a valuation loss of £382,456 (2019: £85,525 gain). Since the year-end, valuations have recovered.

#### Reserves Policy

The Trustees have reviewed the reliability of future income streams, the commitment to future expenditure and risks faced as a Charity. St Michael's has determined that it needs reserves for the following reasons:

- To fund shortfalls in income (whether statutory, retail, lottery, donations, legacies or other fundraising activities) when it does not reach expected levels. St Michael's is dependent on fundraised income as well as statutory funding. The fundraised income is subject to fluctuation as economic conditions change and statutory funding could be affected by government policy and the financial position of NHS and local authority commissioners;
- To fund unexpected expenditure, for example when legislation changes, or unplanned events occur. This could also be for unexpected building maintenance costs and to provide a degree of flexibility for innovation;
- To fund working capital. The greatest cost is salaries and therefore the timing of cash outflows is relatively fixed whereas both fundraised and statutory income fluctuate in terms of cash inflow over the year;
- To fund future developments to ensure we continue to meet the needs of our community.

At the end of March 2020, the free cash reserves within general funds increased to £8.6 million (2018/19: £6.9 million), an amount which equates to 12 months of budgeted 2020/21 operating costs, exceeding our reserve policy of 9 months. This level of reserves helps St Michael's to continue to provide all of its services in difficult times such as we are experiencing during the COVID-19 crisis.

The net book values of freehold land and buildings are held in a designated reserve called the Property Fund, totalling £10.2 million at 31 March 2020. By designating these funds, the Trustees aim to give a clear presentation of the free reserves available to St Michael's to meet its continuing operational commitments. At the year-end, restricted reserves totalled £121,258 and the designated capital investment fund totalled £216,289.

The level of reserves is monitored regularly by the Finance & Investments Committee and this policy is reviewed annually by the Trustees when the budgets are approved. This will ensure that appropriate steps are in place to maintain reserves at the required levels.

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

## **Report of the Trustees**

### **For the year ended 31 March 2020**

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#### **Principal Risks and Uncertainties**

The Trustees identified two new and significant threats to the charity. Cybercrime and an attack on the charities computer system, and at the end of the year the Coronavirus Pandemic. The Charity conducted a review of its computer security and successfully completed the Cyber Essentials Plus self-assessment to assure itself the controls were sufficient to the risk. The Pandemic is ongoing at the time of this report and remains under continuous review by the Trustees with regular actions taken to comply with government guidance, laws and regulations.

They continue to consider the following material risks:

- Unpredictability of the legacy income stream, which currently represents 29.9% of all income.
- A risk to donations because of the economic and political climate and competition for funds.
- Uncertainty over the NHS contribution due to austerity measures and current economic climate.
- Demand for hospice services outstripping capacity both in terms of volume and skill.
- An ageing workforce and volunteer cohort.
- Challenges in recruitment, particularly in nursing nationally and locally.
- The impact of Brexit on income generation, medical supplies and recruitment.
- Failure in the provision of the service.

#### **Going Concern**

The Trustees have reviewed financial forecasts into 2022 and have paid special consideration to reviewing the risks to the charity's services and finances as a result of COVID-19. With Government support schemes and incentives secured, through careful management of expenditure and stewardship of income, and adapting service delivery to meet continuing demand, the Trustees are confident that St Michael's will continue as a going concern for the foreseeable future.

#### **Future Plans**

St Michael's will continue its current strategy while monitoring the risks to its implementation. Due to COVID-19 we have re-forecasted the 2020/21 budget which shows a deficit at the end of the year. Having sufficient reserves gives us the ability to contain this and continue to deliver the full range of services. The needs of our patients continue to change and evolve, more so because of COVID-19. We will continue to maximise the use of our facilities for the benefit of our patients and families. For example, the 4 bedrooms not supported by the NHS are being used for more direct community work (e.g. day care and health and well-being services). We will continue to keep all our services under review as each develops and impacts the others so that patients and families receive the high-quality care they need – in the way they want it and at the place of their choosing.

With the merger of NHS Clinical Commissioning Groups into one Sustainability and Transformation Plan (STP) area for Herefordshire and Worcestershire, St Michael's has already started the work to ensure its interests and operations in Herefordshire are heard at the STP level and in the new arena, including continuing to work closely with our colleagues in the other hospices. We are pleased our NHS commissioners recognise the valuable work we do, increasing our grant by a further £100,000 in 2020/21. It is still short of what we believe is a fair and reasonable contribution, which would take pressure off our voluntary income and bring us closer to a balanced budget. We would expect to support more than 2,000 people in 2020/21. During 2020/21 we will continue to focus on enhancing and growing our volunteer teams, which will be more challenging than ever before, but who remain vital to our survival and sustainability.

We will continue to move closer to our communities. The Mobile Hospice Support Vehicle will contribute to this enormously by travelling round the villages and far reaches telling people about St Michael's services and offering support locally. Combined with the Compassionate Communities work we have started this will give more support to more people too. By developing our education programmes and embracing new technologies, we will offer more opportunities and ways for people to engage with St Michael's for their personal and professional development, especially in care and residential homes where most palliative and end of life care will be delivered in the future.

As the organisation grows and becomes more spread (through more fundraising, retail outlets and services delivered in homes) we need to ensure we keep people in touch with St Michael's and fully informed and briefed so they can not only work effectively but also act as expert ambassadors for St Michael's. We will develop our communication channels more, so we ensure each donor and supporter understands the important contribution they make to people's lives in Herefordshire and the surrounding areas.

Finally, St Michael's (along with many others) is experiencing a great deal of learning and accelerated development through the pandemic delivering services in new ways which take advantage of technologies that have become commonplace. We are committed to retaining as much of this as possible and develop the new links and collaborations that have been forged where this supports our strategic aims.

Thanks to the generosity of our community, St Michael's Hospice continues to provide the best possible palliative care and support for local people and their families. The Board of Trustees would like to extend a heartfelt thank you to all the supporters who make this possible.

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

## **Report of the Trustees**

**For the year ended 31 March 2020**

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

#### **Trustees**

Trustees are unremunerated volunteers. All Trustees give their time voluntarily and receive no benefits from St Michael's. Any expenses reclaimed from St Michael's are set out in note 10 to the financial statements of which there were none.

When there are Trustee vacancies the Board consider the skills mix and diversity of the continuing Trustees to determine the person specifications needed in new Trustees. Recruitment is an open competitive process involving public advertising, networking and head-hunting as appropriate. St Michael's provides potential Trustee candidates with information about the organisation and about the role of Trustee, including the role description and expectation of Trustees and the length of tenure of appointment. Appointments are made by the full Board of Trustees.

Every Trustee must sign a Trustee Commitment and Disclosure Form to act as a Trustee of St Michael's before he or she is eligible to become a Trustee, including a declaration of interest form, which is renewed each year. On appointment or election as a Trustee, a Trustee becomes a member of St Michael's Hospice. Trustees hold membership of St Michael's Hospice only during their Trusteeship and retirement, resignation or removal as a Trustee ends their membership of St Michael's.

It is St Michael's policy and practice to provide Trustees with appropriate training to undertake their role and to ensure that new Trustees receive an induction to St Michael's and to the role of a Charity Trustee and Company Director. New Trustees attend a corporate induction day and we are looking at a potential scheme to provide them with a mentor Trustee who would give them specific support over the first 12 months of their Trusteeship. Trustees are elected initially for a three-year term and are appraised annually.

#### **Day-to-Day Management**

The Trustees delegate day-to-day responsibility to the Chief Executive, who in turn delegates some management functions to the Strategic Management Team (SMT). The Schedule of Delegation is set out in the Governance Manual. The Trustees have four sub-committees that meet quarterly and are responsible for reviewing St Michael's activities in their respective areas of expertise in more detail than full Board meetings can achieve. These are:

- Clinical Governance & Care Committee;
- People & Facilities Committee;
- Finance & Investment Committee;
- Income Generation & Marketing Committee.

Each committee/group has at least two Trustees and a member of SMT as its members. A Trustee chairs the meetings and presents a report at the Board of Trustees, which meets every six to eight weeks.

#### **Remuneration Policy for Key Management Personnel**

The aim of St Michael's pay policy is to offer fair pay to attract and keep appropriately qualified staff to lead, manage, support and deliver St Michael's aims. Trustees are ultimately responsible for setting the Chief Executive's remuneration level and agreeing the annual cost of living award. The Chief Executive sets grading levels for the Strategic Management Team with Trustee oversight (except Medical staff who are on the NHS scheme). The Strategic Management Team sets grading levels for all other staff. When deciding the Chief Executive and Senior Staff salary levels, consideration is given to:

- the purpose, aims and values of St Michael's, and its beneficiaries' needs;
- how pay is linked to the skills, experiences and competencies St Michael's needs from its senior staff and the scope of their roles and how St Michael's can maintain the ability to recruit and retain suitably qualified and experienced management;
- St Michael's current business plan and how implementing it may affect the number of senior staff St Michael's needs to employ or recruit, and the nature of these roles;
- St Michael's ability to pay, including:
  - the benefit to St Michael's that such positions will bring;
  - the cost to St Michael's of increasing remuneration levels.

St Michael's regularly benchmarks its salary against other similar organisations and, in the case of clinical staff, with the NHS and local authority in Herefordshire.

#### **Policy for Employment of Disabled Persons**

St Michael's fully and fairly considers all applications for recruitment to contracted or volunteer roles made by disabled persons and gives regard to their aptitude and abilities. Opportunities for training, career development and promotion are considered in the same way for those employed or volunteering.

Should an employee or volunteer become disabled, St Michael's arranges appropriate training and support to enable continued employment at St Michael's where possible.



**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Report of the Trustees**  
**For the year ended 31 March 2020**

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**Employee Information**

St Michael's is committed to providing staff and volunteers with information on matters of concern to them. We have introduced a Staff and Volunteer Forum; an Operational Management Team that brings decision-making and information closer to employees and volunteers; and started the process to improve our People Systems and Processes. This will include more opportunities and methods for management to consult with staff and volunteers and provide feedback. This is as well as the current systems of noticeboards; staff emails; newsletters; staff meetings, digital communications and volunteer events.

**Funds Held as Custodian Trustees on Behalf of Others**

Within deferred income is £128,500 held as a cash investment which provides a lifelong annuity to an individual. St Michael's and a GP surgery are joint beneficiaries of the residual capital.

**Statement of Trustees Responsibilities**

The Trustees (who are also directors of the company for the purposes of company law) are responsible for preparing the Trustees annual report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or 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 and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume St Michael's will continue in operation

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and 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:

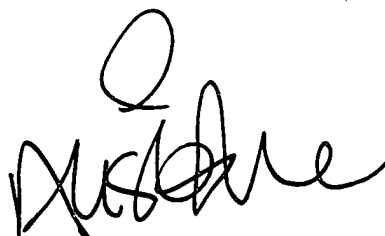
- There is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish the auditor is aware of that information

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

Members of St Michael's guarantee to contribute an amount not exceeding £2 to the assets of St Michael's in the event of winding up.

The Trustees are members of St Michael's, but this only entitles them to voting rights. The Trustees have no beneficial interest in St Michael's.

The Trustees annual report, which includes the strategic report, has been approved by the Trustees on 6<sup>th</sup> October 2020 and signed on their behalf by:



**Mr A J Walshe – Chairman**

**Independent Auditor's Report  
To the Members of St Michael's Hospice (incorporating the Freda Pearce Foundation)  
For the year ended 31 March 2020**

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**Opinion**

We have audited the financial statements of St Michael's Hospice (Incorporating the Freda Pearce Foundation) for the year ended 31 March 2020 which comprise of the Consolidated Statement of Financial Activities, Consolidated and Charity Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2020 and of the group's incoming resources and application of resources including the income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Independent Auditor's Report**  
**To the Members of St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**For the year ended 31 March 2020**

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**Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees report, which includes the directors' report and the strategic report prepared for the purposes of Company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Trustees report.

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

- the parent company has not kept adequate accounting records; or
- the parent 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.

**Responsibilities of Trustees**

As explained more fully in the Trustees responsibilities statement set out on page 17, the Trustees (who are also the directors of the charitable company for the purposes of Company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Independent Auditor's Report  
To the Members of St Michael's Hospice (incorporating the Freda Pearce Foundation)  
For the year ended 31 March 2020**

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**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Use of our report**

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

Guy Biggin  
Senior Statutory Auditor  
For and on behalf of

Crowe U.K. LLP  
Statutory Auditor  
Carrick House  
Lypiatt Road  
Cheltenham  
Gloucestershire  
GL50 2QJ

Date: 19 October 2020

**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 2020**

	Note	Unrestricted £	Restricted £	2020 Total £	2019 Total £
<b>Income from:</b>					
Donations and legacies	3	4,237,278	24,906	4,262,184	2,374,737
Charitable activities	4	1,941,083	58,772	1,999,855	1,853,789
Other trading activities	5	3,481,990	-	3,481,990	3,385,549
Investments	6	166,347	-	166,347	180,922
Other	7	16,269	4,006	20,275	11,030
<b>Total income</b>		<b>9,842,967</b>	<b>87,684</b>	<b>9,930,651</b>	<b>7,806,027</b>
<b>Expenditure on:</b>					
Raising funds	9	2,454,916	8,108	2,463,024	2,152,230
Charitable activities	9	5,970,180	34,383	6,004,563	5,852,828
<b>Total expenditure</b>	9	<b>8,425,096</b>	<b>42,491</b>	<b>8,467,587</b>	<b>8,005,058</b>
<b>Net income / (expenditure) before net (losses) / gains on investments</b>		<b>1,417,871</b>	<b>45,193</b>	<b>1,463,064</b>	<b>(199,031)</b>
Net gains on property investments	15	27,150	-	27,150	-
Net (losses) / gains on listed investments	16	(382,456)	-	(382,456)	85,525
<b>Net income / (expenditure) for the year</b>		<b>1,062,565</b>	<b>45,193</b>	<b>1,107,758</b>	<b>(113,506)</b>
Transfers between funds	25	22,830	(22,830)	-	-
<b>Net movement in funds</b>		<b>1,085,395</b>	<b>22,363</b>	<b>1,107,758</b>	<b>(113,506)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	25	19,407,188	98,895	19,506,083	19,619,589
<b>Total funds carried forward</b>	25	<b>20,492,583</b>	<b>121,258</b>	<b>20,613,841</b>	<b>19,506,083</b>

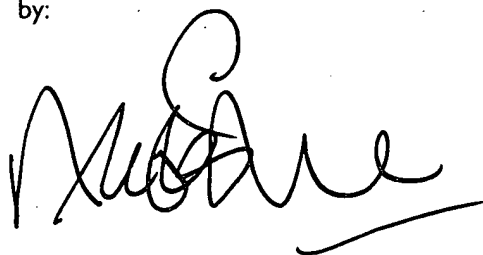
The notes on pages 24 to 43 form part of these financial statements.

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Consolidated and Charity Balance Sheets**  
**As at 31 March 2020**

		<b>Group</b>		<b>Charity</b>	
	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Fixed assets</b>					
Tangible fixed assets	14	11,644,382	12,168,174	11,644,382	12,168,174
Investment properties	15	615,000	370,000	615,000	370,000
Investments	16	6,026,885	6,106,740	6,026,885	6,106,740
		<u>18,286,267</u>	<u>18,644,914</u>	<u>18,286,267</u>	<u>18,644,914</u>
<b>Current assets</b>					
Stock	19	18,146	16,934	2,176	3,072
Debtors	20	1,770,380	845,805	1,920,769	958,716
Cash at bank and in hand		<u>1,165,108</u>	<u>755,691</u>	<u>1,011,827</u>	<u>638,039</u>
		<u>2,953,634</u>	<u>1,618,430</u>	<u>2,934,772</u>	<u>1,599,827</u>
<b>Liabilities</b>					
Creditors: amounts due within one year	21	<u>(626,060)</u>	<u>(757,261)</u>	<u>(607,652)</u>	<u>(739,623)</u>
<b>Net current assets</b>		<u>2,327,574</u>	<u>861,169</u>	<u>2,327,120</u>	<u>860,204</u>
<b>Total net assets</b>		<u>20,613,841</u>	<u>19,506,083</u>	<u>20,613,387</u>	<u>19,505,118</u>
<b>Funds of the Group and Charity:</b>	25				
Restricted income funds		121,258	98,895	121,258	98,895
Unrestricted funds					
Designated funds		10,396,903	10,886,045	10,396,903	10,886,045
General funds		<u>10,095,680</u>	<u>8,521,143</u>	<u>10,095,226</u>	<u>8,520,178</u>
Total unrestricted funds		<u>20,492,583</u>	<u>19,407,188</u>	<u>20,492,129</u>	<u>19,406,223</u>
<b>Total Group and Charity funds</b>		<u>20,613,841</u>	<u>19,506,083</u>	<u>20,613,387</u>	<u>19,505,118</u>

The Charity's net income for the year was £1,108,269 (2018/19: £113,900 net expenditure). The notes on pages 24 to 43 form part of these financial statements.

Approved and authorised for issue by the Board of Trustees on 6<sup>th</sup> October 2020 and signed on their behalf by:



**Mr A J Walshe – Chairman**

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 March 2020**

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	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
<b>Net cash used in operating activities</b>	26	<b>707,151</b>	<b>(356,331)</b>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		<b>166,347</b>	180,922
Proceeds from the sale of fixed assets		<b>2,685</b>	2,800
Purchase of fixed assets		<b>(330,619)</b>	(1,246,195)
Proceeds from the sale of investments		<b>8,739,379</b>	3,378,892
Purchase of investments		<b>(8,583,556)</b>	(1,558,853)
Movement in investments – cash holdings		<b>(287,825)</b>	(113,461)
Net cash used in investing activities		<b>(293,589)</b>	644,105
<b>Change in cash and cash equivalents in the year</b>		<b>413,562</b>	287,774
Cash and cash equivalents at the beginning of the year		<b>745,231</b>	457,457
<b>Cash and cash equivalents at the end of the year</b>	27	<b><u>1,158,793</u></b>	<b><u>745,231</u></b>

The notes on pages 24 to 43 form part of these financial statements.

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

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**1. Accounting policies**

**a) Statutory information**

St Michael's Hospice (incorporating the Freda Pearce Foundation) is a charitable company limited by guarantee (Company number 01634942 and Charity number 511179) and is incorporated in the United Kingdom. The registered office address and principal place of business is St Michael's Hospice, Bartestree, Hereford, HR1 4HA. This is also the address of its 100% wholly owned subsidiaries.

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

**b) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiaries - SMH 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 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 as permitted by the exemptions afforded by section 408 of the Companies Act 2006 not to include it. The charitable company has also taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only cashflow and certain financial instrument disclosures.

**c) Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The Trustees consider that there are no material uncertainties about the group's ability to continue as a going concern following their review of the financial position, reserves levels and future plans. In arriving at their decision, the Trustees have thoroughly reviewed the impact of COVID-19 on service demand and delivery and income levels and have taken appropriate mitigating action to minimise risk.

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

Income is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably. Income from voluntary sources is received by way of donations, gifts and fundraising events, and is included in full in the Statement of Financial Activities when receivable. Income from gift aid tax reclaims is recognised for all donations made prior to the year-end where valid gift aid declarations are held.



**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

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**1. Accounting policies (continued)**

For legacies, entitlement is taken as the earlier of the date on which either: the charitable company is aware that probate has been granted, the estate has been finalised and the executor has made notification to the charitable company that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably, and the charitable company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charitable company, or the charitable company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material in note 3.

Income from charitable activities is recognised as services are performed. Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**f) Donations of gifts, services and facilities**

In accordance with the Charities SORP (FRS 102), the value of services provided by volunteers is not recognised. The Trustees annual report contains further information about the invaluable contribution provided by volunteers. On receipt, donated gifts, professional services and donated facilities are recognised based on the value of the gift to the charitable company which is the amount the charitable company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. Clothing and other goods donated for resale are included in income when they are sold. If an item is significant in value, it would be measured and valued at the year-end.

**g) Interest receivable and dividends**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank. Dividends are included when received or declared and receivable.

**h) Fund accounting**

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for a specific purpose. The notes to the financial statements 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.

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

Designated amounts within the unrestricted 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. Designated funds may also comprise amounts that have been set aside by the Trustees for particular purposes, notably for the purchase of other assets used within the business.

**i) Expenditure and irrecoverable VAT**

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

Raising funds - this relates to the costs incurred by the charitable company in procuring voluntary contributions to it, as well as the costs of any activities with a fundraising purpose, including charity shop running costs and investment manager fees. This includes salaries of staff engaged in fundraising activities. direct expenditure and support costs. The cost of fundraising activities is recognised in the year in which it is incurred although the income derived from the activities may arise in future years.

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

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**l. Accounting policies (continued)**

Charitable activities - this includes the costs of delivering services, and other educational activities undertaken to further the purposes of the charitable company and their associated support costs.

Irrecoverable VAT is charged against activities on the same basis as the allocation of support costs.  
 Governance costs are included within support costs and relate only to external audit fees.

**j) Allocation of support costs**

Expenditure is allocated to the activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Inpatient Care	50.0%
Raising Funds	20.5%
In reach (Day Care Services)	2.5%
Supportive & Rehabilitative Care	1.0%
Education & Training	1.0%
Hospice at Home	25.0%

**k) Operating leases**

Rentals applicable to operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

**l) Tangible fixed assets**

Items are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities based on the use of the related assets in those activities. Assets are reviewed for impairment annually to consider if their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life.

The depreciation rates in use are as follows:

Freehold buildings	
- Main Structure	50 years
- Roof	10 - 40 years
- Windows and doors	25 years
Leasehold property	Over the period of the lease
Medical and nursing equipment and beds	5 - 10 years
Motor vehicles	3 - 7 years
IT Equipment and development	3 - 5 years
Plant and machinery	15 - 25 years
Fixture, fittings and equipment	3 - 5 years

Land and buildings are included at cost. Land and assets in the course of construction are not depreciated. In accordance with the Statement of Recommended Practice, freehold buildings have been categorised into those components which have substantially different useful economic lives.

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

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**1. Accounting policies (continued)**

**m) Investment properties**

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the Statement of Financial Activities. The valuation method used to determine fair value is stated in the notes to the financial statements.

**n) Listed investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the Balance Sheet date using the closing quoted middle market price.

Any change in fair value will be recognised in the Statement of Financial Activities. Investment gains and losses are combined and shown in the heading "Net gains / (losses) on investments" in the Statement of Financial Activities. The charitable company does not directly acquire put options, derivatives or other complex financial instruments.

**o) Investments in subsidiaries**

Investments in subsidiaries are at cost.

**p) Stocks**

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

**q) Debtors**

Trade debtors, other debtors, accrued income and amounts owed by group entities are recognised at the settlement amount. Prepayments are valued at the amount prepaid net of any trade discounts due.

**r) Cash at bank and in hand**

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

**s) Creditors**

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

**t) Financial instruments**

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

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

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**1. Accounting policies (continued)**

**u) Judgements in applying accounting policies and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The items in the financial statements where these estimates and judgements have been made include the following:

**i) Useful economic lives of tangible assets**

The annual depreciation charges for the tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the tangible assets and note 1) for the useful lives of each class of asset.

**ii) Impairment of debtors**

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, the Trustees consider factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 20 for the net carrying amount of the debtors and associated impairment provision.

**v) Pensions**

**Defined benefit scheme**

The charitable company contributes to the NHS pension scheme for eligible staff. 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. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, it is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to that scheme for the accounting period. The charitable company has no ongoing liability once the standard contributions to the scheme are made.

**Defined contribution schemes**

Where staff are not eligible to join the NHS pension scheme, they can opt to join a group personal pension plan scheme. St Michael's also contributes to the personal schemes of individual employees. Such contributions are a fixed percentage of salary. In accordance with workplace pension legislation, eligible employees who are not already in a compliant pension scheme are automatically enrolled into a workplace pension scheme. Contributions are charged to the Statement of Financial Activities in accordance with the rules of the schemes.

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

**2. Detailed comparatives for the Statement of Financial Activities**

	Note	Unrestricted £	Restricted £	2019 Total £
<b>Income from:</b>				
Donations and legacies	3	2,337,965	36,772	2,374,737
Charitable activities	4	1,811,269	42,520	1,853,789
Other trading activities	5	3,385,549	-	3,385,549
Investments	6	180,922	-	180,922
Other	7	11,030	-	11,030
<b>Total income</b>		<b>7,726,735</b>	<b>79,292</b>	<b>7,806,027</b>
<b>Expenditure on:</b>				
Raising funds	9	2,147,315	4,915	2,152,230
Charitable activities	9	5,796,988	55,840	5,852,828
<b>Total expenditure</b>	9	<b>7,944,303</b>	<b>60,755</b>	<b>8,005,058</b>
<b>Net (expenditure) / income before net gains on investments</b>		<b>(217,568)</b>	<b>18,537</b>	<b>(199,031)</b>
Net gains on listed investments	16	85,525	-	85,525
<b>Net (expenditure) / income for the year</b>		<b>(132,043)</b>	<b>18,537</b>	<b>(113,506)</b>
Transfers between funds	25	43,602	(43,602)	-
<b>Net movement in funds</b>		<b>(88,441)</b>	<b>(25,065)</b>	<b>(113,506)</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward	25	19,495,629	123,960	19,619,589
<b>Total funds carried forward</b>	25	<b>19,407,188</b>	<b>98,895</b>	<b>19,506,083</b>

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

**3. Income from donations and legacies**

	Unrestricted	Restricted	2020 Total	2019 Total
	£	£	£	£
Donations	701,129	24,756	725,885	609,549
Grants & Trusts	76,795	-	76,795	45,748
Community fundraising activities	488,506	150	488,656	551,806
Legacies	2,970,848	-	2,970,848	1,167,634
Total	<u>4,237,278</u>	<u>24,906</u>	<u>4,262,184</u>	<u>2,374,737</u>

As at 31 March 2020 the charity had been notified of several residuary legacies, the values of which were uncertain as the executors were awaiting confirmation of other claims on the estate and may also be in the process of realising assets such as residential property. The estimated total of these legacies could be up to £683,000. None of these legacies have been accrued in the financial statements.

**4. Income from charitable activities**

	Unrestricted	Restricted	2020 Total	2019 Total
	£	£	£	
Nursing & medical care	654,000	-	654,000	522,987
Grants from grant making trusts	-	18,772	18,772	42,520
Hospice at Home	1,086,104	-	1,086,104	1,086,104
Continuing Care – Inpatient care	49,895	-	49,895	64,588
Pharmacy supplies	90,950	-	90,950	63,229
Education and training	60,134	40,000	100,134	74,361
Total	<u>1,941,083</u>	<u>58,772</u>	<u>1,999,855</u>	<u>1,853,789</u>

£1,795,342 (2018/19: £1,669,856) was received from the Herefordshire Clinical Commissioning Group. £29,796 (2018/19: £28,783) was received from Powys Local Health Board. £40,000 was received from the Worcestershire Clinical Commissioning Group.

£10,397 (2018/19: £10,397) was received from Health Education England. £32,912 (2018/19: £34,460) was received from Herefordshire Council. £22,899 (2018/19: £13,099) was received from Dementia UK.

There were no unfulfilled conditions or other contingencies attached to these income receipts.

**5. Income from other trading activities**

	Unrestricted	Restricted	2020 Total	2019 Total
	£	£	£	£
Fundraising events	227,725	-	227,725	258,214
Lottery	372,059	-	372,059	387,226
Retail shops	2,826,652	-	2,826,652	2,687,777
Other	55,554	-	55,554	52,332
Total	<u>3,481,990</u>	<u>-</u>	<u>3,481,990</u>	<u>3,385,549</u>

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

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**6. Income from investments**

	Unrestricted £	Restricted £	2020 Total £	2019 Total £
Bank interest received	1,858	-	1,858	1,009
Investment interest & dividends	145,889	-	145,889	163,113
Rental income	18,600	-	18,600	16,800
Total	<u>166,347</u>	<u>-</u>	<u>166,347</u>	<u>180,922</u>

**7. Other Income**

	Unrestricted £	Restricted £	2020 Total £	2019 Total £
Government Grants – Coronavirus Job Retention Scheme	9,554	-	9,554	-
Crematorium Fees	6,313	-	6,313	9,266
Disposal of fixed assets	309	-	309	1,175
Other	93	4,006	4,099	589
Total	<u>16,269</u>	<u>4,006</u>	<u>20,275</u>	<u>11,030</u>

**8. Net income for the year**

This is stated after charging:	2020 £	2019 £
Depreciation	536,685	513,496
Net profit on disposal of fixed asset	309	1,175
Operating lease rentals: - property	273,580	276,962
- other	7,552	7,552
Auditor's remuneration: - audit	13,400	13,790
- other services	2,550	6,450
Interest receivable	58,948	67,964

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

9. Analysis of expenditure	Charitable Activities							2020 Total	2019 Total
	Cost of raising funds	Inpatient Care	In reach / Day Care	Supportive & Rehab Care	Hospice at Home & Community	Education & Training	Governance costs		
	£	£	£	£	£	£	£	£	£
Staff costs (Note 10)	1,123,137	2,117,924	289,115	351,204	1,182,342	21,765	-	582,505	5,667,992
Medical Consultants	-	181,993	43,553	-	-	-	-	-	225,546
Other Staff Costs	6,949	24,132	154	124,778	7,908	307	-	27,967	192,195
Retail Purchases	88,504	-	-	-	-	-	-	-	88,504
Lottery Prizes	80,999	-	-	-	-	-	-	-	80,999
Events	65,237	-	-	-	-	-	-	-	65,237
Community	26,052	-	-	-	-	-	-	-	26,052
Investment Management Fees	12,833	-	-	-	-	-	-	-	12,833
Education	259	6,053	43	43	2,161	86	-	-	8,645
Communications	10,388	7,790	649	649	5,194	1,298	-	-	25,968
Premises & Equipment	392,703	19,121	204	457	173	39	-	162,855	575,552
Transport & Travel	34,402	2,316	168	4,289	26,326	1,116	-	4,863	73,480
Telephones & Computers	26,589	13,786	2,818	3,303	17,203	285	-	149,399	213,383
Catering & Cleaning	64,724	88,812	649	649	649	-	-	43,725	199,208
Professional Fees	48,151	-	-	2,759	-	-	13,400	26,225	90,535
Depreciation	93,271	30,766	425	2,318	15,524	223	-	394,158	536,685
Medical & Nursing Supplies	-	154,477	-	520	1,452	-	-	-	156,449
Other Supplies & Services	81,109	15,343	1,679	25,183	9,041	10	-	95,959	228,324
	2,155,308	2,662,513	339,457	516,152	1,267,973	25,129	13,400	1,487,656	8,467,587
Support costs	304,970	743,827	37,191	14,877	371,914	14,877	-	(1,487,656)	-
Governance costs	2,747	6,700	335	134	3,350	134	(13,400)	-	-
<b>Total expenditure 2020</b>	<b>2,463,024</b>	<b>3,413,040</b>	<b>376,983</b>	<b>531,163</b>	<b>1,643,237</b>	<b>40,140</b>	<b>-</b>	<b>-</b>	<b>8,467,587</b>
Total expenditure 2019	2,152,230	3,389,951	341,745	571,662	1,511,687	37,783	-	-	8,005,058



**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

**10. Staff costs and numbers**

Staff costs were as follows:

	2020 £	2019 £
Salaries and wages	4,804,714	4,527,323
Redundancy and termination costs	41,508	-
Social security costs	391,397	361,145
Pension contributions – defined benefit scheme	210,253	215,908
Pension contributions – defined contribution schemes	220,120	185,655
	<u>5,667,992</u>	<u>5,290,031</u>

The following number of employees received employee benefits (excluding employer national insurance and pension costs) during the year between:

	2020 £	2019 £
£60,000 - £69,999	1	3
£80,000 - £89,999	1	1

The charitable company considers its key management personnel during the year to comprise the Trustees and the Strategic Management Team - who are the Chief Executive and four other key directors, one of which is contracted with the local NHS Trust and therefore not included in the staff costs above. The total cost (including employer national insurance costs and pension contributions) of the key management personnel was £482,450 (2018/19: £480,638). The Trustees were not paid nor received any other benefits from employment with St Michael's in the year (2018/19: £nil).

**11. Staff numbers**

The average number of employees (head count based on number of staff employed) and whole-time equivalents (WTE) during the year were as follows:

	2020 Head Count	2020 WTE	2019 * Head Count	2019 WTE
Inpatient Care	89	56	98	62
In reach / Day Care Services	18	11	18	8
Supportive & Rehabilitative Care	12	9	12	9
Hospice at Home	39	28	36	26
Externally provided education and training	1	1	1	1
Support	15	13	13	11
Raising funds	66	41	55	36
	<u>240</u>	<u>159</u>	<u>233</u>	<u>153</u>

\* restated

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
**Notes to the financial statements**  
**For the year ended 31 March 2020**

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**12. Related party transactions**

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

Humfrys & Symonds (Trustee Mr D Campion is a Director) for the purchase of conveyancing totalling £2,160 (2018/19: £11,709 for the purchase of conveyancing and probate services). £nil was outstanding at 31st March 2020 (2018/19: £nil).

Two family members of Trustees who served during the year (Revd Preb K B Garlick and Mrs J Winney) were employed by St Michael's on standard employment terms and conditions – their total remuneration (including employer national insurance costs and pension contributions) was £48,118 (2018/19: £52,643).

During the year a management charge was made by the charitable company to SMH Trading Limited of £162,217 excluding VAT (2018/19: £128,289). At the end of the year gift aid of £9,480 (2018/19: £6,792) was payable by SMH Trading Limited to the charitable company. The total year-end balance owed to the charitable company was £150,543 (2018/19: £112,911).

During the year income was received by St Michael's Hospice Development Company Limited from St Michael's of £nil (2018/19: £2,271) relating to the redevelopment of St Michael's buildings and surroundings.

**13. 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 2020**

**14. Tangible fixed assets – Group and Charity**

	Freehold land & buildings £	Assets in the course of construction £	Leasehold property £	Medical & nursing equipment & beds £	Fixtures, fittings & equipment £	IT £	Plant & machinery £	Motor Vehicles £	Total £
<b>Cost</b>									
At the start of the year	10,285,014	984,388	280,916	242,527	595,299	132,772	1,068,721	235,260	13,824,897
Additions in year	59,157	99,053	6,628	5,767	30,349	4,747	2,917	24,500	233,118
Transfers within fixed assets	1,014,485	(1,083,441)	-	-	25,766	-	43,190	-	-
Transfers to investment properties	(232,580)	-	-	-	-	-	-	-	(232,580)
Disposals in year	-	-	-	(36,200)	(16,139)	(6,087)	-	(2,500)	(60,926)
At the end of the year	11,126,076	-	287,544	212,094	635,275	131,432	1,114,828	257,260	13,764,509
<b>Depreciation</b>									
At the start of the year	742,251	-	136,114	157,354	338,427	51,729	114,742	116,106	1,656,723
Charge for the year	244,872	-	44,748	10,779	116,623	27,030	60,839	31,794	536,685
Transfers within fixed assets	(26,931)	-	-	-	-	-	26,931	-	-
Transfers to investment properties	(14,730)	-	-	-	-	-	-	-	(14,730)
Disposals in year	-	-	-	(36,200)	(16,139)	(6,087)	-	(125)	(58,551)
At the end of the year	945,462	-	180,862	131,933	438,911	72,672	202,512	147,775	2,120,127
<b>Net book value</b>									
At the end of the year	10,180,614	-	106,682	80,161	196,364	58,760	912,316	109,485	11,644,382
At the start of the year	9,542,763	984,388	144,802	85,173	256,872	81,044	953,979	119,154	12,168,174

Land with a value of £499,789 (2018/19: £227,527) is included within Freehold Land and Buildings and is not depreciated. All the above assets are used for charitable purposes.

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**15. Investments Properties – Group and Charity**

	2020 £	2019 £
Fair value at the start of the year	370,000	370,000
Additions – transfer from fixed assets	217,850	-
Revaluation during the year	27,150	-
Fair Value at the end of the year	<u>615,000</u>	<u>370,000</u>

The properties were last valued on an open market valuation basis on 26<sup>th</sup> May 2020 by Alister Walshe FNAEA FNAVA of Stooke, Hill & Walshe. Being a related party, the Board of Trustees have approved the valuation.

**16. Investments – Group and Charity**

	2020 £	2019 £
Fair value at the start of the year	5,879,459	7,613,973
Transfers	170,599	-
Additions at cost	8,583,556	1,558,853
Disposal proceeds	(8,739,379)	(3,378,892)
Net (loss) / gain on change in fair value	(382,456)	85,525
	<u>5,511,779</u>	<u>5,879,459</u>
Investments - cash holdings	<u>515,106</u>	<u>227,281</u>
Fair value at the end of the year	<u>6,026,885</u>	<u>6,106,740</u>

Investments comprise:	2020 £	2019 £
UK Fixed Interest	3,077,959	1,703,035
Preference Shares	-	107,600
International Fixed Income	369,093	568,650
Equities	1,008,355	631,607
International	-	433,744
Alternative Investments	1,056,361	1,063,257
Cash Funds	515,106	1,598,836
	<u>6,026,874</u>	<u>6,106,729</u>
Investment in subsidiary undertakings incorporated in the UK	1	1
Investment in Hospice Quality Partnership	<u>10</u>	<u>10</u>
	<u>6,026,885</u>	<u>6,106,740</u>

**St Michael's Hospice (incorporating the Freda Pearce Foundation)**  
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**17. Subsidiary undertakings**

The charitable company owns the whole of the issued ordinary share capital of SMH Trading Limited, a company registered in England, company number 06545386. St Michael's uses the subsidiary for non-primary purpose trading activities. All activities are consolidated on a line-by-line basis in the Statement of Financial Activities. The Trustees Mr A J Walshe and Ms P A Greenwood are also directors of the subsidiary. Available profits are gift aided to the charitable company within 9 months of the year-end. The table below shows a summary of the subsidiary's results.

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Turnover	<b>285,478</b>	222,911
Cost of sales	<b>(111,163)</b>	(84,966)
Gross profit	<b>174,315</b>	137,945
Distribution costs	<b>(64,538)</b>	(51,040)
Administrative expenses	<b>(97,679)</b>	(77,249)
Other operating expenditure	<b>(2,618)</b>	(2,864)
Operating profit	<b>9,480</b>	6,792
Taxation	-	-
Profit after taxation	<b>9,480</b>	6,792
Retained earnings at the start of the year	<b>563</b>	563
Profit for the year	<b>9,480</b>	6,792
Gift aid donation	<b>(9,480)</b>	(6,792)
Retained earnings at the end of the year	<b>563</b>	563
The aggregate of the assets, liabilities and funds was:		
Assets	<b>168,579</b>	129,189
Liabilities	<b>(168,015)</b>	(128,625)
	<b>564</b>	564
Funds:		
Share capital	<b>1</b>	1
Retained profits	<b>563</b>	563
	<b>564</b>	564

Distribution costs and administrative expenses totalling £162,217 (2018/19: £128,289) represent a management charge from the parent entity. Amounts owed to the parent undertaking are shown in note 20.

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, company number 07039211. St Michael's used the subsidiary for the redevelopment of the hospice buildings and surroundings. All activities are consolidated on a line-by-line basis in the Statement of Financial Activities. The Trustee Mr D Teague is also a director of the subsidiary. Available profits are covenanted to the charitable company as appropriate within 9 months of the year-end. The company is to become dormant.

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**17. Subsidiary undertakings (continued)**

A summary of the results of the subsidiary is shown below:

	2020 £	2019 £
Turnover	-	2,271
Cost of sales	-	-
Gross profit	-	2,271
Other operating expenditure	(116)	(1,877)
Operating (loss) / profit	(116)	394
Taxation	-	-
(Loss) / profit after taxation	(116)	394
Retained earnings at the start of the year	400	6
(Loss) / profit for the year	(116)	394
Gift aid donation	(394)	-
Retained earnings at the end of the year	(110)	400
The aggregate of the assets, liabilities and funds was:		
Assets	826	2,325
Liabilities	(935)	(1,924)
	(109)	401
Funds:		
Share capital	1	1
Retained (loss) / profit	(110)	400
	(109)	401

**18. Parent charity**

The parent charity's gross income and results for the year are disclosed as follows:

	2020 £	2019 £
Gross income and gains on investments	9,461,565	7,796,537
Gross expenditure	8,353,296	7,910,437
<b>Net income / (expenditure)</b>	<b>1,108,269</b>	<b>(113,900)</b>

**19. Stock**

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Goods for resale	18,145	16,934	2,176	3,072
	18,145	16,934	2,176	3,072

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**20. Debtors**

	<b>Group</b>		<b>Charity</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>42,904</b>	70,089	<b>42,904</b>	70,089
Amounts owed by group undertaking	-	-	<b>150,543</b>	112,911
Other debtors	<b>67,320</b>	82,026	<b>67,166</b>	82,026
Prepayments	<b>102,182</b>	106,180	<b>102,182</b>	106,180
Accrued income	<b>1,557,974</b>	587,510	<b>1,557,974</b>	587,510
	<b><u>1,770,380</u></b>	<u>845,805</u>	<b><u>1,920,769</u></b>	<u>958,716</u>

Trade debtors are stated after impairment provision totalling £10,469 (2018/19: £nil). Except for listed investments, all the group's financial instruments, both assets and liabilities, are measured at settlement value. The carrying values of these are shown above and in note 21 below.

**21. Creditors: amounts due within one year**

	<b>Group</b>		<b>Charity</b>	
	<b>2020</b>	<b>2019 *</b>	<b>2020</b>	<b>2019 *</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank overdraft	<b>6,315</b>	10,460	<b>6,315</b>	10,460
Trade creditors	<b>103,617</b>	97,857	<b>99,162</b>	94,900
Taxation and social security	<b>90,452</b>	86,893	<b>90,452</b>	86,893
Other creditors	<b>77,785</b>	83,550	<b>65,669</b>	72,509
Accruals	<b>136,515</b>	250,874	<b>134,678</b>	247,234
Deferred income	<b>211,376</b>	227,627	<b>211,376</b>	227,627
	<b><u>626,060</u></b>	<u>757,261</u>	<b><u>607,652</u></b>	<u>739,623</u>

\* restated

**22. Deferred income**

Deferred income comprises advance ticket sales for the lottery, fundraising income for events that did not occur until after the balance sheet date and a legacy deferred for legal reasons. Except for the legacy of £128,500 (2018/19: £128,500), all the deferred income of the previous year was released in the current year.

	<b>Group</b>		<b>Charity</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance at the beginning of the year	<b>227,627</b>	226,286	<b>227,627</b>	226,286
Amount released to income in the year	<b>(99,127)</b>	(97,786)	<b>(99,127)</b>	(97,786)
Amount deferred in the year	<b>82,876</b>	99,127	<b>82,876</b>	99,127
Balance at the end of the year	<b><u>211,376</u></b>	<u>227,627</u>	<b><u>211,376</u></b>	<u>227,627</u>

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**23. NHS pension scheme**

The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer, which is open to all NHS employees and certain employees of other approved organisations allowed under the direction of the Secretary of State in England and Wales. St Michael's Hospice is an approved organisation. The Scheme provides pensions, based on final salary, in varying circumstances for employees of participating employers. The Scheme receives contributions from employees and employers to defray the costs of pensions and other benefits. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme.

From 1 April 2006 the NHS Business Services Authority (the Authority) has been the body responsible for the administration of the NHS Pension Scheme for England and Wales. In support of the Authority, NHS employers and approved organisations are required to explain the Scheme to the employees. In addition, they submit pension data to the NHS Business Services Authority (NHSBSA). The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. To defray the costs of benefits, employers pay contributions of 14.38% (including a 0.08% scheme administration levy) of pensionable pay and employees contribute on a tiered scale from 5% - 14.5% of their pensionable pay depending on total earnings. Further information on benefits can be obtained from the NHS Pension Scheme website.

Following advice from the Government Actuary's Department as part of the 2016 scheme valuation process, the Department of Health and Social Care (DHSC) confirmed an employer contribution rate increase to 20.68% with effect from 1 April 2019. The government has committed to cover this cost increase for a certain category of employer's, including St Michael's, recurring annually until 31 March 2023.

All pension charges are charged to unrestricted funds in line with the fund out of which the wages and salaries are paid. The amount charged to the Statement of Financial Activities in the year was £210,253 (2018/19: £215,908). Employee and employer contributions outstanding as at 31 March 2020 was £26,130 (2018/19: £31,729).

**24. Analysis of group net assets between funds (current year)**

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	1,463,768	10,180,614	-	11,644,382
Investments	6,641,885	-	-	6,641,885
Net current assets	1,990,027	216,289	121,258	2,327,574
<b>Net assets at the end of the year</b>	<b>10,095,680</b>	<b>10,396,903</b>	<b>121,258</b>	<b>20,613,841</b>

**24a Analysis of group net assets between funds (prior year 2019)**

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	1,641,023	10,527,151	-	12,168,174
Investments	6,476,740	-	-	6,476,740
Net current assets	403,380	358,894	98,895	861,169
<b>Net assets at the end of the year</b>	<b>8,521,143</b>	<b>10,886,045</b>	<b>98,895</b>	<b>19,506,083</b>



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**25. Movements in group funds (current year)**

	At 1 April 2019 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	At 31 March 2020 £
<b>Restricted funds:</b>						
Patient care	64,382	41,150	(6,106)	-	-	<b>99,426</b>
Funds for other specific items	34,513	45,284	(35,135)	(22,830)	-	<b>21,832</b>
Eric Bayliss nurses fund	-	1,250	(1,250)	-	-	-
<b>Total restricted funds</b>	<b>98,895</b>	<b>87,684</b>	<b>(42,491)</b>	<b>(22,830)</b>	<b>-</b>	<b>121,258</b>
<b>Unrestricted funds:</b>						
<b>Designated funds</b>						
Property fund	10,527,151	-	(244,872)	(101,665)	-	<b>10,180,614</b>
Capital investment fund	358,894	-	(11,299)	(131,306)	-	<b>216,289</b>
<b>Total designated funds</b>	<b>10,886,045</b>	<b>-</b>	<b>(256,171)</b>	<b>(232,971)</b>	<b>-</b>	<b>10,396,903</b>
<b>General funds</b>	<b>8,521,143</b>	<b>9,842,967</b>	<b>(8,168,925)</b>	<b>255,801</b>	<b>(355,306)</b>	<b>10,095,680</b>
<b>Total unrestricted funds</b>	<b>19,407,188</b>	<b>9,842,967</b>	<b>(8,425,096)</b>	<b>22,830</b>	<b>(355,306)</b>	<b>20,492,583</b>
<b>Total funds at 31 March 2020</b>	<b>19,506,083</b>	<b>9,930,651</b>	<b>(8,467,587)</b>	<b>-</b>	<b>(355,306)</b>	<b>20,613,841</b>

Transfers represent the release of restricted and designated funds as they are expended on capital items.

**Purpose of restricted funds** - Restricted funds totalling £121,258 (2018/19: £98,895) comprise:

- i **Patient Care** - In addition to £64,382 (2018/19: £83,818) at the start of the year restricted for care purposes an additional £41,150 (2018/19: £10,764) was received during the year from individual donations. £6,106 (2018/19: £4,552) was expended for these purposes during the year.
- ii **Funds for other specific items** - In addition to £34,513 (2018/19: £40,142) at the start of the year, a further £45,284 (2018/19: £53,528) was received from grant-making trusts and individual donations. £35,135 (2018/19: £41,203) was expended on these purposes during the year. A further £22,830 was spent on capital items and transferred.
- iii **Eric Bayliss Nurses fund** - £1,250 (2018/19: £15,000) was donated and fully utilised on nursing salaries.

**Purpose of designated funds** - Designated funds totalling £10,396,903 (2018/19: £10,886,045) comprise:

- i **The property fund** - This equates to the net book value of the freehold land and buildings. The transfer of £101,665 represents £74,690 utilised and released in from the capital investment fund, £26,931 transferred in relating to accumulated depreciation in the reclassification of freehold land & buildings components, £217,850 transferred out relating to the re-designation of operational freehold property to investment property and £14,564 expended on other capital building works.
- ii **The capital investment fund** - The capital investment fund was established to support the purchase and development of retail premises at 77-83 Whitecross Road, to develop car parking facilities and to support investment in income generation activities. Of the £1.3 million designated, £358,894 remained at the beginning of the year. £11,299 was expended during the year and a further £131,306 was transferred out. Transfers represent £74,690 utilised and released to the property fund in relation to property works, supported by £12,338 transferred in from restricted funds, and £68,954 utilised and released to general funds relating to other capital expenditure on the purchase and development 77-83 Whitecross Road.

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**25a. Movements in group funds (prior year 2019)**

	At 1 April 2018 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	At 31 March 2019 £
<b>Restricted funds:</b>						
Patient care	83,818	10,764	(4,552)	(25,648)	-	<b>64,382</b>
Funds for other specific items	40,142	53,528	(41,203)	(17,954)	-	<b>34,513</b>
Eric Bayliss nurses fund	-	15,000	(15,000)	-	-	-
<b>Total restricted funds</b>	<b>123,960</b>	<b>79,292</b>	<b>(60,755)</b>	<b>(43,602)</b>	<b>-</b>	<b>98,895</b>
<b>Unrestricted funds:</b>						
<b>Designated funds</b>						
Property fund	10,286,704	-	(228,663)	469,110	-	<b>10,527,151</b>
Capital investment fund	1,000,000	-	(6,718)	(634,388)	-	<b>358,894</b>
Development fund	60,633	-	-	(60,633)	-	-
<b>Total designated funds</b>	<b>11,347,337</b>	<b>-</b>	<b>(235,381)</b>	<b>(225,911)</b>	<b>-</b>	<b>10,886,045</b>
<b>General funds</b>	<b>8,148,292</b>	<b>7,726,735</b>	<b>(7,708,922)</b>	<b>269,513</b>	<b>85,525</b>	<b>8,521,143</b>
<b>Total unrestricted funds</b>	<b>19,495,629</b>	<b>7,726,735</b>	<b>(7,944,303)</b>	<b>43,602</b>	<b>85,525</b>	<b>19,407,188</b>
<b>Total funds at 31 March 2019</b>	<b>19,619,589</b>	<b>7,806,027</b>	<b>(8,005,058)</b>	<b>-</b>	<b>85,525</b>	<b>19,506,083</b>

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

	2020 £	2019 £
Net income / (expenditure) for the reporting period (as per Consolidated Statement of Financial Activities)	<b>1,107,758</b>	(113,506)
Depreciation	<b>536,685</b>	513,496
Losses / (gains) on investments	<b>355,306</b>	(85,525)
Legacy shares transferred to investments	<b>(170,599)</b>	-
Legacy asset transferred to fixed assets	<b>(2,500)</b>	-
Dividends, interest and rent from investments	<b>(166,347)</b>	(180,922)
Profit on disposal of fixed assets	<b>(309)</b>	(2,800)
Loss on disposal of fixed assets	-	1,625
(Increase) / decrease in stocks	<b>(1,211)</b>	5,477
Increase in debtors	<b>(924,576)</b>	(444,379)
Decrease in creditors	<b>(27,056)</b>	(49,797)
<b>Net cash used in operating activities</b>	<b>707,151</b>	<b>(356,331)</b>

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**27. Analysis of cash and cash equivalents**

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	755,691	409,417	1,165,108
Bank overdrafts	(10,460)	4,145	(6,315)
Increase in the year	<u>745,231</u>	<u>413,562</u>	<u>1,158,793</u>

**28. Operating lease commitments**

The group's and charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2020 £	2019 £	2020 £	2019 £
Less than one year	242,566	190,031	6,923	7,552
Later than one to five years	711,951	569,075	-	6,923
Over five years	180,867	168,800	-	-
	<u>1,135,384</u>	<u>927,906</u>	<u>6,923</u>	<u>14,475</u>

**29. Financial Instruments**

Except for listed investments, all the group's financial instruments, both assets and liabilities, are measured at settlement value. Listed investments are shown at market value. Financial assets include cash at bank and in hand, trade and other debtors and accrued income. Financial liabilities include bank overdrafts, trade and other creditors and accruals. The carrying values of these are shown in notes 16, 20, 21 and 27.

**30. Legal status of charity**

St Michael's is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £2.