

Company Registration No. 01776496 (England and Wales)
Registered Charity No. 288462

St Michael's Hospice Hastings and Rother

**Report of the Trustees and consolidated financial statements
for the year ended 31 March 2023**

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	Page
Reference and administrative information	1
Report of the Trustees and strategic report	3
Report of the independent auditors	20
Consolidated statement of financial activities	25
Consolidated balance sheet	26
Consolidated cash flow statement	27
Notes to the financial statements	29

St Michael's Hospice Hastings and Rother

Reference and administrative information

Company information

St Michael's Hospice Hastings and Rother, a registered charity and a company limited by guarantee, was established on 8 December 1983 and formally opened its service in April 1987. Its Articles of Association were last revised and agreed on 27 January 2012.

The Trustees of the charity (who are also Directors of the company) are drawn from the local community. The Chair will be recruited from the local community in the event that they are not elected by the Trustees from amongst those on the Board.

President	Julian Avery	
Board of Trustees	Susan Munroe (Chair)	
	Tony Boardman	
	Simon Davis	
	Dr Peter Dewhurst	(resigned 31 March 2023)
	Kerry Gentleman	(Vice Chair)
	Nigel Kirby-Green	
	Geoff Longmire	
	Ian Menzies	
	Magnus Spence	(appointed 30 May 2023)
	Linda Stevens	(Vice Chair)
	James Thomas	
Company Secretary	Vinyo Aidam	(to 4 April 2022)
	Darren Mackenzie	(from 4 April 2022)
Chief Executive	Dr Karen Clarke	
Leadership Team	Vinyo Aidam	Finance and IT Director (to 4 April 2022)
	Darren Mackenzie	Finance and IT Director (from 4 April 2022)
	Dr David Barclay	Medical Director (from 3 October 2022)
	Dr Declan Cawley	Medical Director (to 3 October 2022)
	Perdita Chamberlain	Income Generation Director
	Evelyn Prodger	Clinical Services Director
	Rebecca Tiberini	Strategy and Integration Director (to 31 October 2022)
	Caroline White	Organisational Development Director

St Michael's Hospice Hastings and Rother

Reference and administrative information (continued)

Registered information

Registered charity name St Michael's Hospice Hastings and Rother

Charity number 288462

Company registration number 01776496

Registered office 25 Upper Maze Hill
St Leonards on Sea
East Sussex
TN38 0LB

Professional advisors

Auditors Saffery Champness
Chartered Accountants
71 Queen Victoria Street
London
EC4V 4BE

Bankers Lloyds Bank Plc
17 Wellington Place
Hastings
East Sussex
TN34 1NX

Solicitors Gaby Hardwicke
34 Wellington Square
Hastings
East Sussex
TN34 1PN

Investment advisors Rathbone Investment Management
8 Finsbury Circus
London
EC2M 7AZ

St Michael's Hospice Hastings and Rother

Report of the Trustees and strategic report For the year ended 31 March 2023

The Trustees present their report and accounts for the year ended 31 March 2023 including the Strategic Report for the company.

These accounts comply with the charity's governing document, which states that the charity's objective is to promote the relief of sickness, the Companies Act 2006, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and with the Charities SORP (FRS 102).

St Michael's Hospice is regulated by the Care Quality Commission (CQC) which is the independent regulator of all health and social care services in England.

1. OBJECTIVES AND ACTIVITIES

1.1. Purpose of the charity as set out in the governing document

The charity was established to "promote the relief of sickness in such ways as the Trustees shall from time to time think fit and, in particular (but without prejudice to the generality of the foregoing), to provide services so as to support the physical, psychological, social and spiritual needs of those affected by life-limiting illnesses."

1.2. Main activities of the charity undertaken in relation to those purposes

The overall aim of St Michael's Hospice is to enable people (over the age of eighteen) living with serious, advanced illness to live as fully as possible and to provide compassionate, expert care at the end of life. The service adopts an interdisciplinary approach and works collaboratively with NHS services in primary, secondary and tertiary care, continuing healthcare, adult social care and with private and voluntary providers.

The Hospice team acts as a resource to provide specialist advice and support to the wider primary care locality. Its aim is to:

- provide specialist and integrated palliative and end of life care and support to the population of Hastings and Rother irrespective of their diagnosis
- provide specialist and holistic support to family members and carers of people living with an advanced, serious illness to enable them to remain as resilient and independent as possible
- ensure that patients and their families or carers receive appropriate information, treatment and support to help manage their illness and the effect of their illness on their wellbeing
- ensure that patients and their families and carers have knowledge and choice regarding how their support and care is delivered.
- ensure that patients' preference as to how they are cared for and die are obtained and recorded, and where possible, achieved
- provide specialist support to people who are bereaved.

The Hospice accepts referrals from any health practitioner and also self-referrals, which are discussed with the GP. The inter-disciplinary team provides high quality holistic palliative and end of life care, enhancing the quality of life for patients nearing the end of their lives and supporting family members and carers. This includes:

- specialist symptom control – to keep patients as comfortable and well as possible
- holistic emotional, social, spiritual and practical support – to make sense of and cope with living with or supporting someone with a life limiting illness.rehabilitation - to optimise patients' independence and participation in activities meaningful to them
- in-patient facilities
- 24/7 telephone advice and support for patients, families and health professionals
- respectful and effective working with other relevant primary, secondary, tertiary and social care providers to ensure maximum continuity and seamless support for patients nearing the end of life and their families
- supporting people to be cared for in their preferred place of care whenever possible and in line with their needs
- ensuring patients in receipt of care are treated with dignity and respect and that their individual needs and preferences are acknowledged
- support from trained volunteers
- expert bereavement support.

Support and care is highly specialised, individualised and delivered by skilled members of an inter-disciplinary team including consultants in palliative medicine, specialist doctors, nurses, health care and wellbeing assistants, therapists, social workers, spiritual support leads and pharmacist who work in accordance with professional codes of practice (where applicable) legal and ethical principles.

The Hospice provides palliative care training and support to health and social care professionals and nursing homes.

1.3. Main activities undertaken to further the charity's purposes for the public benefit

The charity serves a population of c190k living in Hastings and Rother. All the activities undertaken by the charity are to further its charitable purposes for the benefit of the people living within its catchment area and all services are provided free of charge.

Much of the charity's funding comes from local individuals and organisations and most of its beneficiaries are predominantly, but not exclusively, drawn from Hastings and Rother. Services are also available for those who have not been resident locally but need support, e.g. someone who has moved into the area to be closer to their family.

The Trustees have considered the Charity Commission's guidance on public benefit and can confirm that the charity's activity does deliver public benefit. The main benefits that have arisen throughout the year are detailed in the following pages.

1.4. Aims, details of issues the charity seeks to tackle, changes or differences it seeks to make

Through the services it provides, the training it delivers and numerous fundraising activities, the Hospice aims to raise awareness of, and support the end of life and bereavement needs of those living in the local area.

1.5. How achievement of aims will further the charity's legal purposes

Providing Hospice care directly fulfils the charity's legal aim of promoting the relief of sickness by supporting the physical, psychological, social and spiritual needs of those affected by life-limiting illness. In addition, it provides holistic emotional and spiritual support to make sense of and cope with supporting someone with a life-limiting illness.

Providing education and training to other health and social care professionals is indirectly fulfilling the charity's aim of promoting the relief of sickness. Encouraging people to engage in fundraising activities is a way of enabling them to do something positive in someone's memory as well as raising awareness and support for the charity. This therefore indirectly fulfils the charity's aim of promoting relief of sickness.

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

2.1. Governing document

St Michael's Hospice Hastings and Rother is a company limited by guarantee and registered with Companies House. Its Articles of Association were last revised and agreed on 27 January 2012. The Trustees of the Charity (who are also Directors of the Company) are drawn from the local community.

2.2. Organisational structure

During the year 2022/23, the Board met formally six times. Additionally, it held three strategy days: one focused on Board development and the other two considered strategic developments. The Clinical Governance Committee met six times and the Governance, Audit and Risk Committee met four times. The Finance Committee, People Committee and the Fundraising Strategy Committee all met three times.

The Chief Executive is appointed by the Board of Trustees to manage the day-to-day operations of the charity. The Board seeks to ensure that all the charity's activities are within its charitable objectives and its responsibilities include setting the strategic direction and approving the business plan and budgets. The Chief Executive and the Leadership Team attend and present information at each formal Board meeting to enable effective decision-making and ensure open and transparent communications.

St Michael's Hospice Hastings and Rother has two wholly owned subsidiary companies, one for its lottery and another for its retail business. The Boards of these companies meet four times a year to scrutinise the operation of these businesses and explore opportunities to increase their income. They also held strategy days within the year.

2.3. Recruitment and appointment of Trustees

The Articles of Association state that there must be a minimum of four and a maximum of fifteen Trustees. The initial appointment of Trustees is for a period of three years followed by a second term of three years. Thereafter, the position is reviewed annually up to the maximum of nine years.

The Board of Trustees has delegated responsibility for succession planning, recruitment and induction of Trustees to the Governance, Audit and Risk Committee who then make recommendations to appoint to the Board. The skills of existing Board members are

assessed and where a skills gap exists, advertising will take place using the most cost-effective method for the skills being sought whilst ensuring a wide, diverse audience is reached. Members of the Governance, Audit and Risk Committee will then interview candidates who meet the selection criteria. Once appointed, all new Trustees undertake an induction programme specific to their needs.

The following actions were undertaken at a General Meetings on 31 January:

- Stephen King and Sam Carter re-appointed as Directors of the Retail and Lottery Boards
- Peter Dewhurst and Nigel Kirby-Green re-appointed as Trustees.

The Trustees who served during the year are shown below and their membership of a sub-committee is indicated using the following key:

⌘ Clinical Governance Committee
♦ Finance Committee
Ω Fundraising Strategy Committee
♠ Governance, Audit and Risk Committee
♪ People Committee

Tony Boardman Ω
Simon Davis ♦ Ω ♪
Dr Peter Dewhurst ⌘ ♠
Kerry Gentlemen ⌘ ♪
Nigel Kirby-Green ♠
Geoff Longmire ♦ Ω
Ian Menzies ♦ ♠
Susan Munroe ♪
Linda Stevens ♠ ♦ ♪
James Thomas ♠

2.4. Remuneration for key management personnel

The Trustees consider that the Trustees and the Leadership Team comprise the key management individuals of the charity responsible for directing, controlling and operating the charity on a day to day basis. All Trustees give their time freely and received no remuneration within the year.

The Hospice directly employs medical consultants, doctors, nurses and other allied healthcare professionals, who are paid at a rate aligned with the relevant national scale. The Leadership Team remuneration is reviewed annually by the People Committee as part of the annual budget cycle where inflation, other hospices and NHS increases are taken into consideration. The Hospice also takes part in salary surveys and benchmarks against a range of peers.

3. STRATEGIC REPORT

Introduction from the Chief Executive Officer

I am delighted to present the 2022/23 Annual Report. It has been another complex and challenging year and I am consistently grateful to our employees, volunteers and supporters for enabling us to continue to provide high quality palliative and end of life care and bereavement support for the people of Hastings and Rother.

2022/23 was the first year of our new strategy based upon the principles of a public health palliative care approach. This model recognises that dying, death and loss are social phenomenon and that communities play an integral role in developing social networks of care to support people experiencing dying, death and loss. The Hospice strategy strives to create a partnership between the clinical services it provides and the communities it serves by sharing its skills and knowledge rather than them only being accessed by those with a clinical need. A cornerstone of this strategy is building networks of support for carers to enable and sustain them in their caring roles.

Our in-patient unit remains a key part of our service offer and bed numbers are gradually returning to pre-pandemic levels with 188 admissions in the year. During the winter, we supported the local NHS Trust by offering additional in-patient beds to help reduce pressure in the Conquest Hospital.

In response to changing preferences about where and how patients want to access support and due to national healthcare workforce shortages, we have changed how we provide community support. The Hospice Outreach team offers initial assessments and reviews, at home and in outpatient clinics, and is supported by the Telephone Support Line which is available 24 hours a day, seven days a week.

Our focus on quality improvements is a theme that runs through all our work as we strive to provide personalised, holistic, high-quality care and support to patients and families in an enabling environment that respects their wishes. We also want to share our experiences with others and to this end were invited to give two oral presentations at the Hospice UK conference in 2022: one about our work in relation to equality, diversity and inclusion and the other about how we are integrating our retail business with our compassionate communities strategy. We also presented three posters focusing on a pan Sussex 24/7 hospice line, health care and wellbeing assistants' development, medicines management.

We have worked hard to be a supportive partner to our NHS and social care colleagues despite an ongoing difficult financial landscape. We will continue to focus on financial sustainability whilst increasing our capacity, where possible as we move forward into the next year. We have much to be proud of as I hope you will appreciate when reading this report.

Dr Karen Clarke
Chief Executive

3.1. Achievements in the year 2022/23

In 2022/23 the Hospice reviewed and refreshed its vision, mission and values and launched a new strategy:

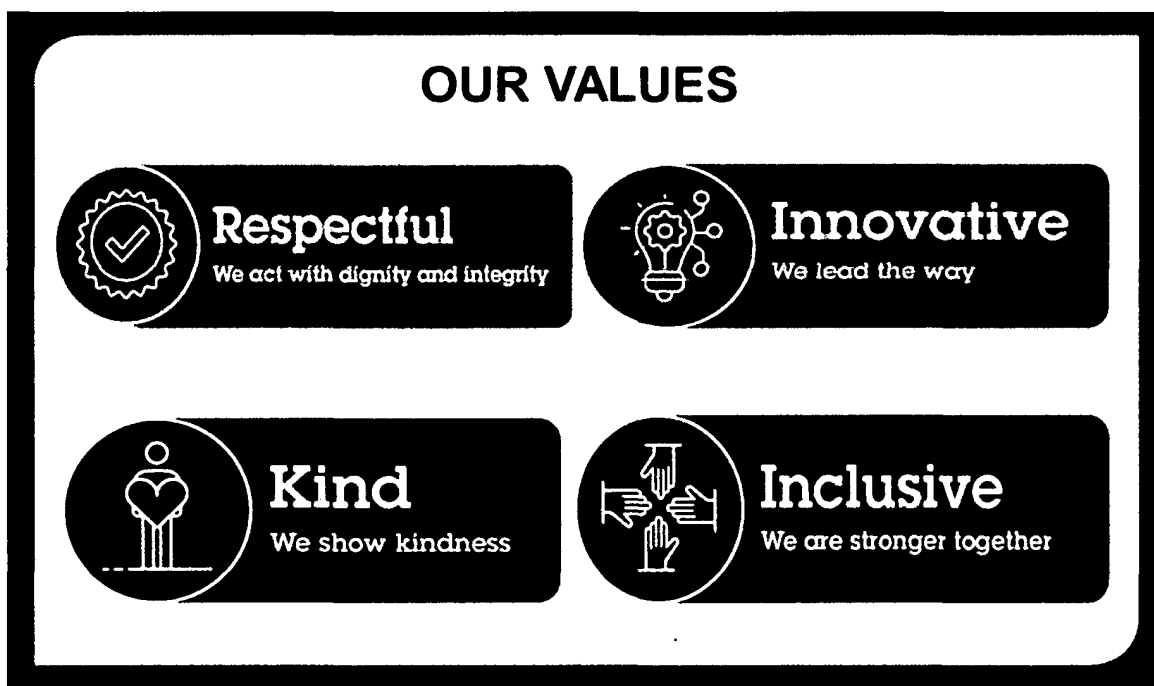
Our vision

A kind, resilient and empowered community that is ready, willing, capable and confident to support people living with dying, death and loss.

Our mission

To support and enable the community of Hastings and Rother to live well with dying, death and loss.

Our values



Our strategy

We have an ambitious strategy; to become a centre of excellence for palliative care provision, education and research and to create a compassionate community which supports each other in dying, death and loss. We believe that our community is rich in assets and that with engagement, education and support from the Hospice these can be harnessed to impact better end of life care for all. Alongside being a provider of specialist palliative care, we will adopt and embed a public health approach to palliative care as an equally important aspect of our core business. This is an innovative approach, founded on the principles of partnership and collaboration with the people we serve and those closest to them, our generalist palliative care partners, with neighbourhoods, community organisations and with civic institutions. To achieve our vision we will:

- a) Provide high quality specialist palliative and end of life care;
- b) Understand, educate and collaborate with health and social care partners;

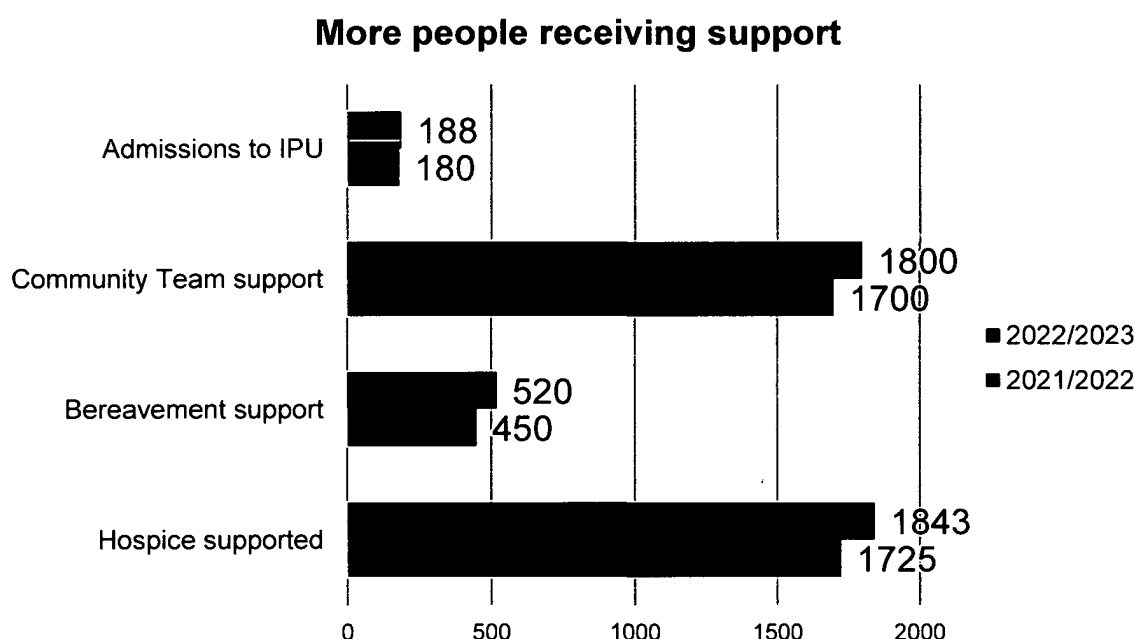
- c) Listen to, enable, energise and empower communities;
- d) Influence, support and advise civic institutions, such as schools, workplaces, local councils and cultural or faith organisations.

We see St Michael's Hospice as an influencer and that through investment in community development we have a unique vehicle to shape both the dialogue and experience of dying, death and loss in our communities. The ethos of one united team extends to all areas of the Hospice and is key to our strategy; working together as one team to achieve our vision and mission. As we develop and support our compassionate community, our Hospice shops will have an integral role to play in being the "face" of the Hospice in local neighbourhoods and providing facilities to enable people to receive our services closer to where they live. Our Lottery Collectors are already playing a significant role in connecting people with the Hospice and reducing social isolation across our catchment areas.

The following section highlights some of the key achievements in 2022/23.

3.2. Increase clinical reach

In 2022/23 more patients were supported than in the previous year. The total number of people supported in the graph below represents each individual counted once and excludes support to family members and carers and those supported by Community Volunteers.



Hastings has one of the highest rates of deprivation in England and a higher prevalence of heart and respiratory diseases. Steady progress continues to be made, by the Hospice, in supporting those with a non-cancer diagnosis and this increased from 48% to 50% in the year. This remains a key priority.

In addition to in-patient services, the Hospice Outreach team, consisting of Clinical Nurse Specialists and doctors, see patients at home, and in outpatient clinics, for initial assessments and reviews. The rehabilitation, social work, spiritual support and wellbeing teams also visit people at home and in outpatient clinics. This is a post-pandemic service development. The Hospice's Telephone Support Line, supported by nurses, paramedics and healthcare assistants is available 24 hours a day, 7 days a week. There is also access to an on-call doctor if required. The Community team, including Wellbeing, supported over 1,800 patients, made over 1,600 home visits and over 25,000 telephone calls to patients and their carers in this period.

Hospice Consultants continue to in-reach into the East Sussex Healthcare NHS Trust (ESHT) through the Conquest Hospital. Wellbeing and Bereavement services continue to be provided from the Hub on Rye Hill to enable patients in the east of the Hospice's catchment area to access support closer to home.

The demand for bereavement support continues to grow and this year we introduced new groups to support people who felt they did not belong to the regular groups the Hospice offered. In response to this and the findings from the Hospice's Equality, Diversity and Inclusion Audit in February 2021, the Bereavement Team established a Queer Grief Group as part of its RISE (Resilience with Inspirational Support & Empathy) service. It aimed to offer a safe space for queer people to process their grief and therefore provide greater access to bereavement support for those who may feel disenfranchised.

In January 2023, the Board approved the Compassionate Communities strategy which aims to listen to, enable, energise and empower communities. For people who are living with advanced illness, those who are caring for them and those who are bereaved, loneliness and isolation is a tangible problem. As lack of mobility, the burden of care and associated poor mental health increases, connection to established networks decreases. Dying, death and loss are themselves marginalising experiences and so the Compassionate Communities strategy strives to include the 'strangers at the edge' of the community. Through its delivery, the Hospice aims to include people not just marginalised by their health condition, caring responsibilities and/or grief but also where this intersects with race, sex, gender, class, sexuality, age, disability, religion or belief and civil partnership or marital status.

The compassionate community strategy has three interconnected workstreams:

- clinical services that support a compassionate community agenda
- Hospice-led initiatives that augment or pump prime compassion within a community
- working with the community using an asset-based community development (ABCD) approach.

In 2022/23, over a six-month period, an average of 64 people, per month, were supported by a Community Volunteer and 83 people were supported by a Telephone Volunteer Befriender. The Saturday Socials, occurring on the last Saturday of the month, were set up to tackle loneliness and isolation and each month an average of 43 people attend. 17 of those have reported feeling less socially isolated after attending.

3.3. Improve and demonstrate our effectiveness

Five Trustee visits took place in 2022/23 with a revised format where all activities were undertaken jointly rather than each Trustee having a different agenda for the day. The format is based on the Care Quality Commission (CQC) Key Lines of Enquiry and topics to explore to illustrate this are suggested. Feedback is given within two weeks of the visit, so anything highlighted can be considered in a timely way. The positive feedback received was evidenced in a Trustee survey, in January 2023 which demonstrated the value Trustees obtain from the visits including meeting team members, seeing the teams at work and also in relation to providing context and information. The visits remain an important part of governance assurance.

The CQC is undergoing a period of transition and restructure as it moves towards a new model of inspection based on a Single Assessment Framework. A Direct Monitoring call was held with CQC on 1st March 2023 with the Clinical Services Director/Registered Manager and the Associate Director – Quality. Key Lines of Enquiry were discussed, and the outcome was that there was no indication an inspection was required.

Regrettably, there are times when the Hospice's services do not meet the expectations of its service users and in 2022/23 there were ten complaints. A thorough investigation is undertaken into all complaints and a written response provided to the complainant within 20 days. Lessons learnt and recommendations from the investigations inform the Hospice's education, audit and quality improvement priorities. Feedback is shared with team members to increase understanding of the impact of a poor experience on patients and families and learning is shared more widely across relevant teams. In the past year teams have worked to:

- enhance the focus on providing person centred-care
- make sure carer experience is heard and valued
- improve information and communication about services so patients and families know what is available
- provide clarity on who is providing treatment and interventions where care is shared across different organisations.

Digital transformation remains a key priority to enable the Hospice to provide better care and to empower patients, families and carers by increasing access to services, opening new channels of communication and providing people with more ways to access the care and information they need. Phase one of the implementation of a new electronic patient record system (EPRS) SystmOne, a joint initiative with St Wilfrid's Hospice (Eastbourne) was successfully implemented in September 2022. A joint Clinical Lead post was introduced and continued until the end of June 2023 to support phase two of the project. Data sharing with ESHT has been enabled and work is ongoing regarding the best way to roll this out to GPs.

A new Hospice website went live in February 2022 and provides a better user journey, with engaging articles as well as an easy access format that leads users to the information they need about Hospice services and how they can support the organisation.

Work to improve effectiveness and to support and develop the workforce has continued through the collaboration that exists across the seven adult Sussex hospices. Following

the withdrawal of the current learning management system (LMS), Relias, from the UK market, a new LMS needed to be procured. A project team, across five hospices, worked at pace to have this system successfully go live at the beginning of 2023/24.

The collaborative's leadership and management development programme "THRIVE" has received very positive feedback from the three cohorts of managers (49 in total) who completed the programme in 2022/23. Two further cohorts will be delivered in 2023/24.

3.4. Develop and value our people

There has been significant change to the structure of the Extended Leadership Team (ELT), with two Directors (Medical Director and Finance and IT Director) working jointly with St Wilfrid's Hospice (Eastbourne) and plans to share the Clinical Services Director role from October 2023. In addition to this, three Associate Directors have been introduced to cover clinical services, quality, data, education and research. A Head of Business Support was recruited to improve systems and processes and organisational effectiveness.

The first Hospice Annual Celebration event was held in Summer 2022, where employees and volunteers were able to spend some social time together over some food whilst being entertained with live music. Long service and Team awards were presented by the Trustees and Leadership Team. The feedback from this event was overwhelmingly positive and so it will become an annual event.

Year two of the Organisational Development Strategy has delivered some key areas of further improvement some of which are highlighted below.

The Hospice continues to be committed to offering career development opportunities and was delighted when a Trainee Nurse Associate transferred from elsewhere in her second year of training following an enjoyable placement with the Hospice. A Health Care Assistant will commence their Nurse Associate training in September 2023. Despite national nursing shortages, newly qualified nurses and those from other specialities have been successfully recruited and supported through their induction period, and beyond via a preceptorship programme. In response to a lack of specialist nurses in the locality, the Hospice created a new Associate Clinical Nurse Specialist (CNS) role to grow and develop skills in this area. Two Associate CNS are completing their development programmes and will become CNS in 2023/24.

Following the successful implementation of the Nursing Competency Framework in 2021/22, a competency framework for Wellbeing Assistants has been launched and level three of the Registered Nurse skills framework will be launched in 2023/24. In line with the Service Level Agreement with ESHT, all Hospice doctors underwent a formal appraisal. No doctors were due for revalidation and no complaints or concerns relating to doctors were raised.

To support and develop all areas of equality, diversity and inclusion (EDI) a new equality, diversity and inclusion statement has been approved along with a process to evaluate the impact any policy, service development or change will have on EDI across the organisation. The EDI strategy has made progress in raising awareness across a range of topics through Conscious Inclusion workshops and embarking on the Hospice UK's Compassionate

Employers programme where the Hospice achieved the Silver award in November 2022. The aim is to achieve Gold by October 2023.

The volunteer workforce diminished somewhat during Covid and the Hospice has been working on ways to grow this part of the workforce again. There has been a significant increase in the number of Bereavement volunteers recruited this year and a new role of Community Volunteer to support the Compassionate Communities strategy has also proved popular. Volunteer training is being developed as part of the Sussex Hospices Learning Hub collaboration to ensure the right balance of training and skills relevant to the role is available and applied consistently.

3.5. Ensure our long-term sustainability

Expenditure was closely monitored and was within tolerance levels throughout the year. However, the pandemic and the cost of living crisis continued to have a significant impact on the Hospice's ability to raise funds.

The Hospice appointed a joint Finance and IT Director with St Wilfrid's Hospice (Eastbourne) to enable sharing of skills, knowledge and good practice, build relationships with the commissioners and explore further opportunities to share resources and systems. In 2022/23, this has facilitated a joint approach to the implementation of a new EPRS see section 3.3 and in 2023/24 there will be shared finance system.

a) Lottery

The Lottery continues to grow, recouping the losses experienced during 2021/22. The canvassers and collectors were fully back at work, supported by promotion at events and utilising the new microsite. The Lottery generated £888k which resulted in a covenant of £518k to the Hospice.

For every £1 played in the lottery, 59p goes to the Hospice (the legal requirement is to pay at least 20p), 17p goes into the prize fund and 17p covers the administration, promotion, and legal regulation expenditure.

b) Retail and E-Commerce

All seven shops were trading throughout the year and the recruitment of a Relief Shop Manager has supported shops to open on a consistent basis. Across the company there is a need for greater number of volunteers to improve both high street and e-commerce sales.

The Retail Company generated £648k in income, over £100k in excess of the previous year. Additional costs in the year meant that a covenant was not payable to the Hospice but performance for the first quarter 2023/24 has exceeded expectations.

c) Sussex Hospices Collaboration

St Michael's Hospice is a member of Hospice UK (HUK), the national charity which exists to support and provide a campaigning voice to hospices across the United Kingdom. This has helped to raise the profile of hospices across government departments and generated some positive results, particularly in relation to raising awareness of the impact of a rise in energy costs on hospices.

The seven adult Sussex Hospices continue to pursue opportunities for collaboration since starting in 2018. Some programmes that are part of the collaboration are referenced in other parts of this report and in October 2022, five new workstreams were agreed: education, research, data, workforce and NHS engagement. Work will continue to progress these initiatives and more opportunities will be developed in the year ahead. While each hospice holds fast to its local autonomy and identity, they recognise the benefit of working together to make the most of their knowledge and resources in benefitting patients and families and enhancing our sustainability.

d) *"Follow that Duck" – Art trail*

Follow that Duck was an ambitious sculpture trail from Hastings to Bexhill, involving many local businesses, schools and the wider community. The trail was very well received, offering a much-needed opportunity to re-engage with a mass participation event following Covid. Over £200,000 was secured in sponsorship with an overall, post trail profit of £75k. However, the most positive outcomes were the ability to reach new audiences, increased awareness of the Hospice and how it supports patients at the end of life and their families and developing new relationships with local organisations and businesses.

4. FINANCIAL REVIEW

The results for the year are shown in the Statement of Financial Activities. Income totalled £7.54 million (2022 - £6.84 million).

The charity received a grant from Hastings and Rother Clinical Commissioning Group of £2.35 million (2022 - £2.36 million).

Total expenditure was £7.49 million (2022 - £6.95 million) an increase of 7.8%.

The year ended with a surplus before investment movements of £50k (2022 – deficit of £117k).

4.1. Reserves Policy

One of the key risks that the charity faces is a fall in its income because of a drop in donated funds. To sustain the organisation's ability to deliver the services it is committed to the Trustees have agreed to maintain financial reserves as they deem necessary to ensure there can be continuity.

The short-term reserves include a working capital and contingency reserve as well as some designated reserves for essential capital/maintenance works. The contingency funds are set at £3.4 million which amounts to 12 months' expenditure after allowing for an amount of income that can reasonably be relied upon.

There is a firm commitment to improve the physical environment for patients, families, visitors, employees and volunteers. The Trustees have designated a Strategic Development Fund of £2 million to develop facilities on the Hospice site. Site options are currently being considered by an external consultant.

The fixed asset reserve represents the amount of the total reserves that are tied up in tangible fixed assets, mainly freehold property including the Hospice building. As at 31 March 2023, the Consolidated Balance Sheet total was £15.64 million (2022 – £15.83 million).

4.2. Investment Policy and objectives

The charity's investment objective for short-term reserves is to preserve the capital value with a minimum level of risk ensuring that the Hospice is able to meet unanticipated cash flow requirements. Funds treated as short-term would usually be invested only in a mix of short and medium-term deposits.

The investment objective for long-term reserves is to secure a return in excess of inflation, generating an income to support the Hospice's on-going activities. The Hospice has adopted an ethical investment policy to ensure that its investments do not conflict with its aims, and therefore precludes direct or indirect investments in companies that generate revenue from tobacco or arms and those companies whose principal activity is either gambling or pornography.

4.3. Investment performance

At 31 March 2023, the market value of the portfolio was £5.9 million, with an estimated yield of 2%.

Members of the Finance Committee review the brief given to the investment managers on an annual basis with regard to the proportion of investments to be held in each asset category, the level of risk which is acceptable and the level of income required.

4.4. Risk management

Risk registers are reviewed by the Leadership Team on a monthly basis and by the Governance, Audit and Risk, People and Clinical Governance Committees, on a bi-monthly or quarterly basis, identifying potentially significant risks, assessing their likelihood and impact and agreeing mitigating action. Corporate risks are subsequently reported to the Board at each meeting.

The key risks faced by the charity in 2022/23 as identified in risk registers were:

Nursing workforce shortages: the national shortage of specialist palliative care nurses combined with Brexit and the impact of the pandemic on healthcare workers continued to adversely affect the Hospice, and in particular the community nursing service. Pay for all clinical employees is reviewed annually and benchmarked against equivalent roles in the NHS. The employee assistance programme supports people to get more timely clinical interventions and expediting their return to work. Career development pathways continue to be considered and created so that the Hospice is able to develop its own nurses for the future. The Hospice continues to work closely with NHS colleagues to tackle nurse recruitment at system level.

Reputation damage: The Hospice is known as a quality health care provider and its reputation is of vital importance. Changes to service delivery, as a result of workforce shortages, and a reliance on health and social care partners to work collaboratively to

provide a seamless, and not duplicated service means there is an increased risk of complaints and reputational damage. Some rebranding of services has taken place to ensure that the public are clear about the Hospice offer and comments and complaints are promptly responded to and investigated to ensure lessons learned are used to improve practice.

Funding: There is a risk that due to the rising cost of living which impacts the Hospice's expenditure and its supporters' ability to donate, the Hospice may be unable to generate sufficient income to ensure the Hospice and subsidiary companies can operate effectively. A prudent budget has been set for 2023/24, opportunities to collaborate and share costs are being explored, and new donor stewardship programmes are being implemented.

Risks associated with business continuity, e.g. a major incident, a serious failure in utilities and IT failure due to cyber-attack, virus, breakdown or hacking: Policies and procedures are subject to ongoing review and updating to ensure compliance with best practice and legislation. Vantage-Sentinel continues to provide oversight of the potential risks the charity faces enabling proactive steps to be taken to mitigate these. The new IT managed services provider provides monitoring and recommends updates of the IT infrastructure and regular reminders are sent about the potential for phishing and scams.

4.5. Fundraising

The Trustees take their responsibilities under the Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications on their fundraising activities.

The Hospice is committed to its donors and remains dedicated to treating all donors and supporters with the highest level of care, consideration and respect. The Hospice undertakes fundraising activity via support from volunteer fundraising in the community, applying to and partnering with companies and grant-giving trusts, direct mailings and appeals and the organising of events. Following the pandemic, when many of these activities were severely restricted, the impact of the cost of living crisis is now being felt.

St Michael's Hospice Lottery Limited also runs a weekly lottery with the profits of the company being gift aided to the charity. The work of the Lottery Team is regulated by the Gambling Commission.

St Michael's Hospice Hastings and Rother is registered with the Fundraising Regulator and abides by the Regulator's Code of Fundraising Practice and the Fundraising Promise. The Hospice is careful to ensure that it takes all reasonable steps to treat a donor fairly, enabling donors to make an informed decision about any potential donation. The Hospice adopts guidance on best fundraising practice provided by regulatory bodies and will continue to do so as these are updated.

During the year to 31 March 2023, there were no complaints in relation to fundraising.

5. PLANS FOR THE FUTURE

2023/24 will be the second year of the current Hospice strategy. In this year the Hospice plans to do the following:

- a. Provide high quality specialist palliative and end of life care by:**
- developing a new clinical strategy for implementation in 2024/25
 - maximising available bed capacity through an enhanced workforce and management of building issues
 - more effectively gathering service user feedback to inform quality improvements
 - transitioning to a CQC Single Assessment Framework model through reviewing governance structures, action logs, policies and processes.
- b. Collaborate with health and social care partners by:**
- supporting learning for generalist palliative care colleagues including those in care homes
 - developing and implementing a stakeholder engagement strategy
 - progressing East Sussex based initiatives with the Integrated Care System (ICS), Sussex Hospices Collaborative (SHC) and St Wilfrid's Hospice, Eastbourne.
- c. Support compassionate communities by:**
- implementing the compassionate communities strategy
 - designing and implementing an up to date carers strategy to support carers of patients in any setting
 - delivering the Retail Strategy to ensure the shops are thriving and sustainable businesses that support local communities and signpost to the Hospice
 - implementing the Fundraising strategy and Lottery business plan to generate new income, optimise existing income streams and ensure careful stewardship of supporters to enable more people to be supported
- d. Influence civic institutions by:**
- improving support and workplace provisions for employees who are carers, to achieve Gold Award accreditation as a HUK Compassionate Employers
 - sharing the knowledge gained from this to support other organisations to become Compassionate Employers
 - discovering all the assets that exist within the Hospices catchment area and exploring opportunities to work together to support people living with dying, death and loss

In addition to these strategic priorities the Hospice will continue its EDI work with a focus on ensuring its clinical services are accessible to all irrespective of ethnicity, religion, sexual orientation, care setting etc. The Board and Leadership Team also acknowledge that the Hospice building is beautiful but ageing and so will continue to invest time and resources in considering how further changes can be made to ensure that our facilities for patients, families, employees, volunteers and visitors are as welcoming, accessible, effective and enjoyable as possible.

Statement of Trustees' responsibilities

The Trustees (who are also Directors of the charity for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

In so far as the Trustees are aware:

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

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

Auditors

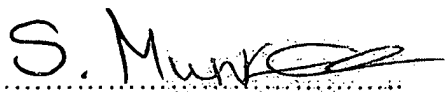
Saffery Champness were auditors during the period and their reappointment will be considered at the annual general meeting.

The Trustees have taken advantage of the small companies' regime in preparing the Trustees' Annual Report.

St Michael's Hospice Hastings and Rother

**Report of the Trustees and strategic report (continued)
For the year ended 31 March 2023**

On behalf of the Board



Mrs S C Munroe
Trustee

19/9/23

Opinion

We have audited the financial statements of St Michael's Hospice Hastings and Rother (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the group statement of financial activities, the group and charity balance sheets, the group cash flow statement and the notes to the financial statements, including 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 affairs of the group and the parent charitable company as at 31 March 2023 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report which includes the Directors' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities on page 15, the trustees (who are also the directors of the parent 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 the 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 and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the group and parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charitable company by discussions with trustees and updating our understanding of the sector in which the group and parent charitable company operate.

Laws and regulations of direct significance in the context of the group and parent charitable company include The Companies Act 2006 and guidance issued by the Charity Commission for England and Wales.

**Independent auditors' report to the members (continued)
For the year ended 31 March 2023**

Further the group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, through significant fine, litigation or restrictions on the group's operations. We identified the most significant laws and regulations to be those issued by the Care Quality Commission covering health care services and those issued by the Gambling Commission covering the requirements for running a lottery.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

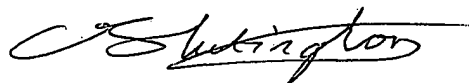
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent 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 parent charitable company and the parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

St Michael's Hospice Hastings and Rother

Independent auditors' report to the members (continued)
For the year ended 31 March 2023



Cara Turlington (Senior Statutory Auditor)
for and on behalf of Saffery Champness

Saffery Champness
Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

30 October 2023

Saffery Champness is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

St Michael's Hospice Hastings and Rother

Consolidated statement of financial activities (incorporating an income and expenditure account) For the year ended 31 March 2023

	Notes	Unrestricted funds £	Restricted funds £	2023 Total funds £	2022 Total funds £
Income and endowments from					
Donations and legacies	3	2,828,404	175,595	3,003,999	2,614,475
Charitable activities					
Hospice services	6	2,356,176	-	2,356,176	2,363,692
Subsidiaries' trading activities	4	1,538,914	-	1,538,914	1,453,651
Other trading activities	4	503,736	-	503,736	293,690
Investment income	5	141,316	-	141,316	111,218
Total		7,368,546	175,595	7,544,141	6,836,726
Expenditure on					
Raising donations	7	623,943	-	623,943	514,385
Trading companies' costs	7	967,089	-	967,089	884,221
Charitable activities					
Hospice services	8	5,665,896	237,269	5,903,165	5,555,094
Total		7,256,928	237,269	7,494,197	6,953,700
Net losses on investments	14	(335,550)	-	(335,550)	(9,617)
Net expenditure		(223,932)	(61,674)	(285,606)	(126,591)
Transfers between funds	23	-	-	-	-
Net movement in funds		(223,932)	(61,674)	(285,606)	(126,591)
Reconciliation of funds					
Total funds brought forward		15,437,046	200,028	15,637,074	15,763,665
Total funds carried forward	24	15,213,114	138,354	15,351,468	15,637,074

Continuing operations

All incoming resources and resources expended arise from continuing activities.

The notes on pages 29 to 51 form part of these financial statements.

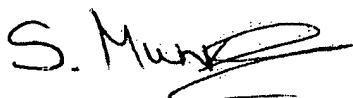
St Michael's Hospice Hastings and Rother

Consolidated and charity balance sheets As at 31 March 2023

		Group 2023 £	Charity 2023 £	Group 2022 £	Charity 2022 £
Fixed assets					
Tangible assets	16	4,611,320	3,890,691	4,710,576	3,969,397
Investments	17	5,874,291	5,874,392	6,111,804	6,111,905
		<u>10,485,611</u>	<u>9,765,083</u>	<u>10,822,380</u>	<u>10,081,302</u>
Current assets					
Stocks	18	25,140	24,163	17,226	15,643
Debtors	19	588,142	1,581,540	640,500	1,599,665
Cash at bank and in hand		4,572,167	4,398,311	4,632,795	4,457,154
		<u>5,185,449</u>	<u>6,004,014</u>	<u>5,290,521</u>	<u>6,072,462</u>
Creditors: amounts falling due within one year	20	(319,592)	(193,761)	(475,827)	(326,623)
Net current assets		<u>4,865,857</u>	<u>5,810,253</u>	<u>4,814,694</u>	<u>5,745,839</u>
Total assets less current Liabilities		<u>15,351,468</u>	<u>15,575,336</u>	<u>15,637,074</u>	<u>15,827,141</u>
Net assets		<u>15,351,468</u>	<u>15,575,336</u>	<u>15,637,074</u>	<u>15,827,141</u>
Funds	23				
Unrestricted funds		15,213,114	15,436,982	15,437,046	15,627,113
Restricted funds		138,354	138,354	200,028	200,028
Total funds		<u>15,351,468</u>	<u>15,575,336</u>	<u>15,637,074</u>	<u>15,827,141</u>

The total income of the Hospice as an individual entity for the year was £7,058,650 (2022 - £6,452,989) and its net deficit was £241,882 (2022 – deficit of £10,909). A Statement of Financial Activities for the Hospice as an individual entity is not included using the exemption given in section 408 of the Companies Act 2006.

The financial statements were approved by the Board of Trustees on 19th Sept 2023 and were signed on its behalf by



Mrs S C Munroe
Trustee

The notes on pages 29 to 51 form part of these financial statements.
Company number 01776496

St Michael's Hospice Hastings and Rother

**Consolidated cash flow statement
For the year ended 31 March 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash used in operations	A	(126,583)	(192,410)
Net cash used in operating activities		(126,583)	(192,410)
Cash flows from investing activities			
Purchase of tangible fixed assets		(184,387)	(27,953)
Purchase of fixed asset investments		(1,879,708)	(1,881,283)
Proceeds from sale of fixed assets		207,063	208
Proceeds from sale of investments		1,324,053	366,926
Investment income		141,316	111,218
Net cash used in investing activities		(391,663)	(1,430,884)
Change in cash and cash equivalents in the reporting period	B	(518,246)	(1,623,294)
Cash and cash equivalents at the beginning of the reporting period		5,232,550	6,855,844
Cash and cash equivalents at the end of the reporting period	B	4,714,304	5,232,550

The notes on pages 29 to 51 form part of these financial statements.

St Michael's Hospice Hastings and Rother

Notes to the cash flow statement For the year ended 31 March 2023

A. Reconciliation of net income to net cash flow

	2023 £	2022 £
Net expenditure for the reporting period (as per the statement of financial activities)	(285,606)	(126,591)
Adjustments for:		
Depreciation charges	229,653	237,808
Losses on investments	335,550	9,617
(Profit) /loss on disposal of fixed assets	(153,073)	64
Investment income	(141,316)	(111,218)
(Increase)/decrease in stocks	(7,914)	38,103
Decrease /(increase) in debtors	52,358	(320,905)
(Decrease)/increase in creditors	(156,235)	80,712
Net cash outflow from operating activities	(126,583)	(192,410)

B. Analysis of cash and cash equivalents

	At 31 March 2022 £	Movement £	At 31 March 2023 £
Cash at bank and in hand	4,632,795	(60,628)	4,572,167
Investment cash	599,755	(457,618)	142,137
	5,232,550	(518,246)	4,714,304

St Michael's Hospice Hastings and Rother

Notes to the financial statements For the year ended 31 March 2023

1. Statutory information

St Michael's Hospice Hastings and Rother is a private charitable company limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found in the reference and administrative details in the Report of the Trustees.

2. Accounting policies

2.1 Accounting convention

The financial statements of the charitable company, which is a public benefit entity under FRS 102, and group have been prepared in accordance with the second edition of the Charities SORP (FRS 102) "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

2.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Given the Charity's financial position, level of reserves and future strategic plans, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

2.3.1 Gifts in kind

Gifts donated for resale are included as income when they are sold. Donated items for use in the Hospice are valued at a reasonable approximation to market value. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

2.3.2 Fees, contributions and grants

These comprise amounts receivable during the year.

2.3.3 Voluntary income

Voluntary income represents amounts received during the year.

2.3.4 Legacies

Reversionary legacies are accounted for on receipt. Pecuniary and residuary legacies are accounted for at the earlier of receipt of the legacy or the point at which the final accounts of the estate are agreed by the charity. In the event that legacies are settled after the accounting year end they are included in the accounts provided the charity was certain of the amounts to be distributed at the balance sheet date.

The hospice has received notification of a number of legacies which have not been included in these accounts because they are not certain in value or certain of receipt.

2.3.5 Investment income

Investment income comprises amounts receivable during the year.

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued) For the year ended 31 March 2023

2. Accounting policies (continued)

2.3.6 Shop income

Shop income generated by one of the trading subsidiaries represents net invoiced sales of goods, excluding value added tax.

2.3.7 Lottery income

Lottery income generated by one of the trading subsidiaries represents ticket sales received in respect of lotteries held during the year and scratch card sales.

Income from tickets sold in advance of a draw being held is carried forward to the period in which the draw takes place.

2.3.8 Debtors

Income resources recognised in the year but not received at the year end are included within debtors unless there are doubts as to the estimation of value or likelihood of receipt.

2.4 Resources expended

Liabilities are recognised as expenditure as soon as there is a legal obligation or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where cost cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

2.5 Allocation and apportionment of costs

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

2.6 Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	2% and 10% on cost
Fixtures, fittings and equipment	15% to 33% on cost
Motor vehicles	25% on cost

Where extensions and improvements have been made to freehold property, depreciation has been charged over the remaining life of the underlying property.

No depreciation is provided on freehold land.

2.7 Investments

Listed investments are included at market value at the year end. Gains and losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activities.

2.8 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Donated items are not valued until sold. Consequently, no value is attributed to their stock carrying value, as this cannot be determined with certainty until sold.

Notes to the financial statements (continued)
For the year ended 31 March 2023

2. Accounting policies (continued)

2.9 Leasing commitments

Operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

2.10 Taxation

The charity is party to a group registration for VAT purposes and is therefore able to recover some but not all of the VAT the charity incurs. Irrecoverable VAT is charged as a single item in the Statement of Financial Activities.

The charity is exempt from corporation tax on its charitable activities and therefore no provision has been made for either corporation tax or deferred tax.

Where a trading subsidiary is registered for VAT the expenditure is shown exclusive of VAT.

Both trading subsidiaries have entered an agreement to covenant their taxable profits to the parent undertaking and therefore no corporation tax provision is required.

2.11 Fund accounting

In the Trustees' opinion, with certain exceptions, the incoming resources and resources expended are all derived for the benefit of running the Hospice. Therefore, the Trustees choose to classify all income and expenditure as unrestricted. In certain instances, funds may be designated by the Trustees for specific purposes.

Where funds are received for a significant and specific project these are allocated to restricted funds. These funds are then used to meet the capital costs of that specific project by way of an annual depreciation charge set against the restricted fund. Any funds received in excess of the capital requirements of the project will be used to help with the associated future running costs of the project.

Other restricted funds are those funds donated for purposes specified by the donor and these are tracked and expended in accordance with the donors' wishes.

2.12 Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

2.13 Critical estimates and judgements

Management have made certain estimates and judgements in the preparation of the financial statements of the Hospice. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from those estimates. The Trustees consider the evaluation of the useful economic life of fixed assets and the future receipt of legacy debtors at the year end to be the areas of judgement with a significant effect on the financial statements.

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued) For the year ended 31 March 2023

3. Donations and legacies

	2023 £	2022 £
Donations and gifts	474,561	450,098
In memoriam	203,137	208,035
Regular giving and Gift Aid	110,237	100,289
Legacies	2,092,892	1,510,700
Grants received	123,172	345,353
	<u>3,003,999</u>	<u>2,614,475</u>
	2023 £	2022 £
Grants from government sources received, included in the above, are as follows:		
CJRS Furlough income	-	16,770
Sector support grant (via Hospice UK)	-	220,336
	<u>-</u>	<u>237,106</u>

4. Trading activities

Trading subsidiaries	2023 £	2022 £
Lottery income	887,955	919,526
Retail income	650,959	534,125
	<u>1,538,914</u>	<u>1,453,651</u>
	2023 £	2022 £
Other trading activities		
Fundraising events	316,385	265,125
Arthur Easton hall hire	8,795	2,725
Coffee shop and catering	449	2,096
Sundry income	178,107	23,744
	<u>503,736</u>	<u>293,690</u>

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued)
For the year ended 31 March 2023

5. Investment income

	2023 £	2022 £
Income from UK listed investments	122,969	80,137
Deposit account interest	12,647	25,381
Rents	5,700	5,700
	<u>141,316</u>	<u>111,218</u>

6. Income from charitable activities

	2023 £	2022 £
Grants	2,354,417	2,362,783
Patient income	1,759	909
	<u>2,356,176</u>	<u>2,363,692</u>

	2023 £	2022 £
Grants from government sources received, included in the above, are as follows:		
Hastings and Rother ICB	<u>2,354,417</u>	<u>2,362,783</u>

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued) For the year ended 31 March 2023

7. Raising funds

	Raising donations £	Trading companies' costs £	Total 2023 £
Staff costs	425,577	466,009	891,586
Cost of sales		32,299	32,299
Lottery Prizes		235,596	235,596
Premises	26,410	112,052	138,462
Depreciation	19,343	23,233	42,576
Other direct costs	152,613	97,900	250,513
	<u>623,943</u>	<u>967,089</u>	<u>1,591,032</u>
2022 comparative			
	Raising donations £	Trading companies' costs £	Total 2022 £
Staff costs	394,273	396,812	791,085
Cost of sales	-	94,534	94,534
Lottery Prizes	-	193,953	193,953
Premises	15,957	144,535	160,492
Depreciation	13,110	31,658	44,768
Other direct costs	91,045	22,729	113,774
	<u>514,385</u>	<u>884,221</u>	<u>1,398,606</u>

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued)
For the year ended 31 March 2023

8. Charitable activities costs

	Direct costs (Note 9) £	Support costs (Note 10) £	Total 2023 £
Hospice services	4,781,541	1,020,872	5,802,413
Other	-	100,752	100,752
	<u>4,781,541</u>	<u>1,121,624</u>	<u>5,903,165</u>

2022 comparative

	Direct costs (Note 9) £	Support costs (Note 10) £	Total 2023 £
Hospice services	4,621,112	811,418	5,432,530
Other	-	122,564	122,564
	<u>4,621,112</u>	<u>933,982</u>	<u>5,555,094</u>

9. Direct costs of charitable activities

	2023 £	2022 £
Staff costs	3,599,491	3,600,584
Clinical costs	424,268	342,012
Training costs	48,792	50,298
Premises	214,722	223,536
Depreciation	157,268	183,658
Other direct costs	337,000	221,024
	<u>4,781,541</u>	<u>4,621,112</u>

St Michael's Hospice Hastings and Rother**Notes to the financial statements (continued)
For the year ended 31 March 2023****10. Support costs**

Support costs are as follows:

	2023 £	2022 £
Staff costs	851,279	759,929
Rates and water	1,293	354
Insurance	8,998	2,215
Light and heat	15,157	3,886
Telephone	5,140	1,628
Postage, stationery and IT	49,376	7,086
Sundries	33,021	16,344
Property rental	9,106	4,526
Repairs and maintenance	17,694	6,059
Freehold property depreciation	29,808	9,391
	<u>1,020,872</u>	<u>811,418</u>

Governance costs

	2023 £	2022 £
Bank charges	7,484	6,634
Legal and professional fees	64,555	81,990
Auditors' remuneration	24,804	17,710
Auditors' remuneration in respect of accountancy and other services	3,909	16,230
	<u>100,752</u>	<u>122,564</u>

11. Net income/expenditure

	2023 £	2022 £
Auditors' remuneration for Charity audit		
Current year	24,804	13,150
Prior year		4,560
Auditors' remuneration in respect of accountancy and other services, including the audit and accountancy fees of subsidiaries	3,909	16,230
Depreciation	229,653	237,808
Surplus on disposal of fixed assets	<u>153,073</u>	<u>-</u>

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued) For the year ended 31 March 2023

12. Trustees' remuneration and benefits

There was no Trustees' remuneration or other benefits for the year ended 31 March 2023 nor for the year ended 31 March 2022.

Trustees' expenses

No expenses were reimbursed to any Trustee in the year to 31 March 2023 nor for the year ended 31 March 2022.

13. Staff costs

	2023 £	2022 £
Wages and salaries	4,519,842	4,407,633
Social security costs	432,175	380,011
Other pension costs	339,246	324,949
Temporary, locum and other non-salaried staff costs	133,757	-
Other staff costs	63,044	39,005
	<u>5,488,064</u>	<u>5,151,598</u>

The average monthly number of employees (based on head count) during the year was:

	2023 Number	2022 Number
Nursing and medical	88	99
Catering and housekeeping	10	15
Maintenance	9	7
Training	1	2
Fundraising	10	9
Administration	25	23
Bereavement	8	6
Lottery	5	5
Retail	19	17
	<u>175</u>	<u>183</u>

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued) For the year ended 31 March 2023

13. Staff costs (continued)

The numbers of employees whose emoluments for the year fell within the following bands were:

	2023 Number	2022 Number
£60,000 to £69,999	2	1
£70,000 to £79,999	1	-
£80,000 to £89,999	2	-
£90,000 to £99,999	2	1
£100,000 to £109,999	-	1

The key management personnel comprise members of the Leadership Team. The total employee benefits of the key management personnel of the charity were £580,642 (2022 - £597,564).

14. Gains/(losses) on investments

	2023 £	2022 £
Realised gains	44,798	68,994
Unrealised gains/(losses)	(380,348)	(78,611)
	<hr/> (335,550) <hr/>	<hr/> (9,617) <hr/>

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued)
For the year ended 31 March 2023

15. Comparatives for the statement of financial activities

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Income and endowments from			
Donations and legacies	2,478,335	136,140	2,614,475
Charitable activities			
Hospice services	2,363,692	-	2,363,692
Subsidiaries' trading activities	1,453,651	-	1,453,651
Other trading activities	293,690	-	293,690
Investment income	111,218	-	111,218
Total	6,700,586	136,140	6,836,726
Expenditure on			
Raising donations	514,385	-	514,385
Trading companies' costs	884,221	-	884,221
Charitable activities			
Hospice services	5,514,014	41,080	5,555,094
Total	6,912,620	41,080	6,953,700
Net (losses)/gains on investments	(9,617)	-	(9,617)
Net income	(221,651)	95,060	(126,591)
Transfers between funds	1,473	(1,473)	-
Net movement in funds	(220,178)	93,587	(126,591)
Reconciliation of funds			
Total funds brought forward	15,657,224	106,441	15,763,665
Total funds carried forward	15,437,046	200,028	15,637,074

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued) For the year ended 31 March 2023

16. Tangible fixed assets

Group	Freehold property £	Assets under construction £	Fixtures fittings and equipment £	Motor vehicles £	Totals £
Cost					
At 1 April 2022	6,378,309	3,500	1,222,156	161,506	7,765,471
Additions			184,387		184,387
Disposals	(85,978)			(25,692)	(111,670)
At 31 March 2023	6,292,331	3,500	1,406,543	135,814	7,838,188
Depreciation					
At 1 April 2022	1,792,204	-	1,114,193	148,498	3,054,895
Charge for year	157,281	-	65,643	6,729	229,653
Eliminated on disposal	(32,038)	-	-	(25,642)	(57,680)
At 31 March 2023	1,917,447	-	1,179,836	129,585	3,226,868
Net book value					
At 31 March 2023	4,374,884	3,500	226,707	6,229	4,611,320
At 31 March 2022	4,586,105	3,500	107,963	13,008	4,710,576

Included in freehold property is land of £152,761 (2022 - £152,761) which is not depreciated.

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued)
For the year ended 31 March 2023

16. Tangible fixed assets (continued)

Charity	Freehold property £	Assets under construction £	Fixtures fittings and equipment £	Motor vehicles £	Totals £
Cost					
At 1 April 2022	5,412,821	3,500	1,197,269	121,814	6,735,404
Additions	-	-	181,705	-	181,705
Disposals	(85,978)	-	-	(500)	(86,478)
At 31 March 2023	5,326,843	3,500	1,378,974	121,314	6,830,631
Depreciation					
At 1 April 2022	1,567,264	-	1,089,937	108,806	2,766,007
Charge for year	135,746	-	63,946	6,729	206,421
Eliminated on disposal	(32,038)	-	-	(450)	(32,488)
At 31 March 2023	1,670,972	-	1,153,883	115,085	2,939,940
Net book value					
At 31 March 2023	3,655,871	3,500	225,091	6,229	3,890,691
At 31 March 2022	3,845,557	3,500	107,332	13,008	3,969,397

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued) For the year ended 31 March 2023

17. Fixed asset investments

Group		Listed investments £	Cash held for investment £	Totals £
Market value				
At 1 April 2022		5,512,049	599,755	6,111,804
Additions		1,879,708	-	1,879,708
Disposals		(1,321,070)	-	(1,321,070)
Revaluations		(338,533)	-	(338,533)
Cash movement		-	(457,618)	(457,618)
At 31 March 2023		5,732,154	142,137	5,874,291
Net book value				
At 31 March 2023		5,732,154	142,137	5,874,291
At 31 March 2022		5,512,049	599,755	6,111,804
Charity	Shares in group undertakings £	Listed investments £	Cash held for investment £	Totals £
Market value				
At 1 April 2022	101	5,512,049	599,755	6,111,905
Additions	-	1,879,708	-	1,879,708
Disposals	-	(1,321,070)	-	(1,321,070)
Revaluations	-	(338,533)	-	(338,533)
Cash movement	-	-	(457,618)	(457,618)
At 31 March 2023	101	5,732,154	142,137	5,874,392
Net book value				
At 31 March 2023	101	5,732,154	142,137	5,874,392
At 31 March 2022	101	5,512,049	599,755	6,111,905

There were no investment assets outside the UK.

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued) For the year ended 31 March 2023

17. Fixed asset investments (continued)

The charity holds 20% or more of the share capital of the following companies:

Company	Country of incorporation	Class	Shares	%
St Michael's Hospice (Retail) Limited – 02404963	England & Wales	Ordinary		100%
St Michael's Hospice Lottery Limited – 03351501	England & Wales	Ordinary		100%

St Michael's Hospice (Retail) Limited operates many charity shops. St Michael's Hospice Lottery Limited supports the Hospice through fundraising largely from the operation of a lottery. Both companies covenant their taxable profits to the parent company where possible.

A summary of the result of these undertakings is set out below:

	St Michael's Hospice (Retail) Limited		St Michael's Hospice Lottery Limited	
	2023	2022	2023	2022
	£	£	£	£
Turnover	647,772	516,745	887,955	919,410
Cost of sales	(32,299)	(94,534)	(235,596)	(193,953)
Gross profit	615,473	422,211	652,359	725,457
Administrative expenses	(652,464)	(555,275)	(134,446)	(115,343)
Other income	3,187	17,381	-	116
Net profit/(loss)	(33,804)	(115,683)	517,913	610,230
Assets – fixed and current	786,813	806,407	120,124	151,530
Liabilities	(1,010,657)	(996,447)	(120,050)	(151,456)
	(223,844)	(190,040)	74	74
Share capital	100	100	1	1
Retained reserves	(223,944)	(190,140)	73	73
	(223,844)	(190,040)	74	74

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued) For the year ended 31 March 2023

18. Stocks

Group	2023 £	2022 £
Stocks	25,140	17,226
Charity	2023 £	2022 £
Stocks	24,163	15,643

19. Debtors

Group: Amounts falling due within one year

	2023 £	2022 £
Trade debtors	46,692	135,934
Other debtors and prepayments	130,555	106,540
VAT	51,158	47,259
Accrued income receivable	359,737	350,767
	588,142	640,500

Charity: Amounts falling due within one year

	2023 £	2022 £
Trade debtors	46,129	118,473
Amounts owed by group undertakings	152,732	146,799
Prepayments	123,647	101,403
VAT	47,295	37,966
Accrued income receivable	359,737	343,024
	729,540	747,665

Charity: Amounts falling due after one year

Amounts owed by group undertakings	852,000	852,000
	1,581,540	1,599,665

Amounts falling due after more than one year relates to a loan to St Michael's Hospice (Retail) Limited, in order to purchase a warehouse. Interest is being charged at 2.75% (2022 - 2.5%) per annum, with £23,430 (2022 - £21,300) being received during the year. There are no fixed terms for repayment but the Trustees have given assurances that repayment won't be sought before January 2025.

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued)
For the year ended 31 March 2023

20. Creditors
Amounts falling due within one year

Group	2023 £	2022 £
Trade creditors	94,362	169,255
Pension creditor	46,450	46,491
Lottery ticket sales paid in advance	97,573	108,648
Other creditors	1,394	6,456
Accruals and deferred income	79,813	144,977
	<u>319,592</u>	<u>475,827</u>

Charity	2023 £	2022 £
Trade creditors	87,706	140,394
Pension creditor	46,450	46,491
Other creditors	303	5,152
Accruals and deferred income	59,302	134,586
	<u>193,761</u>	<u>326,623</u>

21. Operating lease commitments

Minimum lease payments under non-cancellable operating leases fall due as follows:

Group	2023 £	2022 £
Expiring:		
Within one year	56,751	55,215
Between one and five years	3,971	36,438
In more than five years	-	-
	<u>60,722</u>	<u>91,653</u>

Charity	2023 £	2022 £
Expiring:		
Within one year	16,276	19,633
Between one and five years	2,237	16,622
In more than five years	-	-
	<u>18,513</u>	<u>36,255</u>

22. Pension commitments

For qualifying St Michael's Hospice Hastings and Rother staff, participation in the NHS Superannuation Scheme provides benefits based on final pensionable pay, a defined benefit scheme. The contributions paid by the charity in respect of the NHS Superannuation scheme are accounted for as if the scheme was a defined contribution scheme as the charity is unable to identify its share of the underlying assets and liabilities in the scheme. The Government Actuary, using the Projected Unit Method, determines contributions charged to the Statement of Financial Activities.

For staff that do not qualify to join the NHS Superannuation Scheme, the charity operates two further defined contribution pension schemes. Contributions are charged to the Statement of Financial Activities in the period to which they related.

The total contributions paid to both pension schemes for the year ended 31 March 2023 are shown in note 13. The amount outstanding at the balance sheet date is £46,450 (2022 – £46,491).

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued)
For the year ended 31 March 2023

23. Movement in funds

Current year	At 1 April 2022 £	Net movement in funds £	Transfers between funds £	At 31 March 2023 £
Unrestricted funds				
General fund	5,326,470	(17,513)	(107,163)	5,201,794
Fixed assets	4,710,576	(206,419)	107,163	4,611,320
Strategic Development fund	2,000,000	-	-	2,000,000
Contingency fund	3,400,000	-	-	3,400,000
	<u>15,437,046</u>	<u>(223,932)</u>	<u>-</u>	<u>15,213,114</u>
Restricted funds				
Rolling equipment replacement	83,288	(34,145)	-	49,143
Other funds	47,115	6,396	-	53,511
SystemOne Implementation	25,730	(25,730)	-	-
The National Lottery Compassionate Community Fund RC London and South East Region	<u>43,895</u>	<u>(8,195)</u>	<u>-</u>	<u>35,700</u>
	<u>200,028</u>	<u>(61,674)</u>	<u>-</u>	<u>138,354</u>
Total	<u>15,637,074</u>	<u>(285,606)</u>	<u>-</u>	<u>15,351,468</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	7,368,546	(7,050,509)	(335,550)	(17,513)
Fixed asset fund	-	(206,419)	-	(206,419)
	<u>7,368,546</u>	<u>(7,256,928)</u>	<u>(335,550)</u>	<u>(223,932)</u>
Restricted funds				
Rolling equipment replacement	41,713	(75,858)	-	(34,145)
Other funds	77,771	(71,375)	-	6,396
SystemOne Implementation	-	(25,730)	-	(25,730)
The National Lottery Compassionate Community Fund RC London and South East Region	<u>56,111</u>	<u>(64,306)</u>	<u>-</u>	<u>(8,195)</u>
	<u>175,595</u>	<u>(237,269)</u>	<u>-</u>	<u>(61,674)</u>
Total funds	<u>7,544,141</u>	<u>(7,494,197)</u>	<u>(335,550)</u>	<u>(285,606)</u>

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued) For the year ended 31 March 2023

23. Movement in funds (continued)

Comparative year	At 1 April 2021 £	Net movement in funds £	Transfers between funds £	At 31 March 2022 £
Unrestricted funds				
General fund	5,336,522	(20,871)	10,819	5,326,470
Fixed assets	4,920,702	(200,780)	(9,346)	4,710,576
Strategic Development fund	2,000,000	-	-	2,000,000
Contingency fund	3,400,000	-	-	3,400,000
	<u>15,657,224</u>	<u>(221,651)</u>	<u>1,473</u>	<u>15,437,046</u>
Restricted funds				
Rolling equipment replacement	52,987	30,441	(140)	83,288
Other funds	53,454	(5,006)	(1,333)	47,115
SystmOne Implementation	-	25,730	-	25,730
The National Lottery				
Compassionate Community Fund RC London and South East Region	-	43,895	-	43,895
	<u>106,441</u>	<u>95,060</u>	<u>(1,473)</u>	<u>200,028</u>
Total	<u>15,763,665</u>	<u>(126,591)</u>	<u>-</u>	<u>15,637,074</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	6,700,586	(6,711,840)	(9,617)	(20,871)
Fixed asset fund	-	(200,780)	-	(200,780)
	<u>6,700,586</u>	<u>(6,912,620)</u>	<u>(9,617)</u>	<u>(221,651)</u>
Restricted funds				
Rolling equipment replacement	42,649	(12,208)	-	30,441
Other funds	15,468	(20,474)	-	(5,006)
SystmOne Implementation	25,730	-	-	25,730
The National Lottery				
Compassionate Community Fund RC London and South East Region	52,293	(8,398)	-	43,895
	<u>136,140</u>	<u>(41,080)</u>	<u>-</u>	<u>95,060</u>
Total funds	<u>6,836,726</u>	<u>(6,953,700)</u>	<u>(9,617)</u>	<u>(126,591)</u>

Notes to the financial statements (continued)
For the year ended 31 March 2023

23. Movement in funds (continued)

Unrestricted funds

The Trustees have applied the funds as shown above. Of the available funds held at the year-end £4,611,320 (2022 - £4,710,576) is held in the form of land and buildings and other tangible fixed assets.

Contingency funds are calculated each year according to the reserves policy set out in the Report of the Trustees. This policy identifies the cash resources needed to sustain twelve months of net running costs in the event of a severe downturn in voluntary income. The Trustees have retained a designated Contingency fund of £3,400,000 (2022 - £3,400,000).

The Trustees have retained a designated Strategic Development fund of £2,000,000 (2022 - £2,000,000).

The general fund at the year-end of £5,201,794 (2022 - £5,326,470) represents funds available to the Trustees to pursue and further the activities of the Hospice.

Restricted funds

Rolling Equipment Replacement – funds received to purchase new or upgrade existing equipment are recorded within the Rolling Equipment Replacement fund. Funds received during the year were all fully expended in accordance with their restriction, unless stated otherwise. The additional balance carried forward on the fund represents fixed assets held on the balance sheet.

Other funds – funds received for specific services or provision of small equipment where the balance remaining at the year end is less than £5,000.

Transfers out of restricted funds represent unspent balances released from restriction in accordance with the terms of the original donations.

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued) For the year ended 31 March 2023

24. Net Assets by fund – current year

Group

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	4,611,320	-	4,611,320
Investments	5,874,291	-	5,874,291
Current assets	5,047,095	138,354	5,185,449
Current liabilities	(319,592)	-	(319,592)
Net assets	15,213,114	138,354	15,351,468

Charity

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	3,890,691	-	3,890,691
Investments	5,874,392	-	5,874,392
Current assets	5,865,660	138,354	6,004,014
Current liabilities	(193,761)	-	(193,761)
Net assets	15,436,982	138,354	15,575,336

Net assets by fund – comparative year

Group

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	4,710,576	-	4,710,576
Investments	6,111,804	-	6,111,804
Current assets	5,090,493	200,028	5,290,521
Current liabilities	(475,827)	-	(475,827)
Net assets	15,437,046	200,028	15,637,074

Charity

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	3,969,397	-	3,969,397
Investments	6,111,905	-	6,111,905
Current assets	5,872,434	200,028	6,072,462
Current liabilities	(326,623)	-	(326,623)
Net assets	15,627,113	200,028	15,827,141

St Michael's Hospice Hastings and Rother

Notes to the financial statements (continued) For the year ended 31 March 2023

25. Contingent liabilities

There were no contingent liabilities as at 31 March 2023 nor at 31 March 2022.

26. Capital commitments

The charity had no building commitments as at the year-end (2022 - £nil).

27. Contingent assets

The charity has been notified of one legacy (2022 – one) which is subject to a life tenancy or other such condition. The total amount of the legacy is estimated at £100,000 (2022 - £100,000). It has not been included in the accounts.

28. Related party transactions

The charity had the following transactions with its subsidiary companies during the year:

	St Michael's Hospice (Retail) Limited		St Michael's Hospice Lottery Limited	
	2023	2022	2023	2022
Income during the year	422,341	360,575	631,082	709,339
Expenditure during the year	-	-	-	-
Balance receivable at the year end	996,195	961,169	8,472	37,530

Income is generated from a donation of profits or a recharge of costs incurred on behalf of the subsidiaries. Expenditure is the reimbursement of reasonable costs incurred by the subsidiaries in the course of carrying out their business.

There are no other transactions with related parties to disclose.