

REGISTERED COMPANY NUMBER: 1963989 (England and Wales)
REGISTERED CHARITY NUMBER: 517656

Report of the Trustees and
Consolidated Financial Statements for
The Year Ended 31 March 2015
for
The Mary Stevens Hospice
Limited



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The Mary Stevens Hospice Limited

Report of the Trustees
For the year ended 31 March 2015

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2015. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

1963989 (England and Wales)

Registered Charity number

517656

Registered office

221 Hagley Road
Oldswinford
Stourbridge
West Midlands
DY8 2JR

Trustees

| | |
|---------------------|-----------------------------|
| G Bellis | (resigned 4 November 2014) |
| Councillor J Cowell | |
| R M Franks | |
| C Gammon | |
| R M Glaze | (resigned 4 November 2014) |
| Councillor M. Hanif | |
| D C Hickman | |
| Z Ibrahim | |
| D J C Johnson | (resigned 4 November 2014) |
| P D Martin | |
| H Palin | (appointed 4 November 2014) |
| D J Pike | |
| C Polychronakis | (appointed 4 November 2014) |
| C J H Smith | |
| G Wakeman | (resigned 4 November 2014) |
| R C Wilson | |
| J B Woodall | |

Chief Executive

S K Jackson

Auditors

Nicklin LLP
Chartered Accountants
Statutory Auditors
Church Court
Stourbridge Road
Halesowen
West Midlands
B63 3TT

Solicitors

Higgs & Sons
3 Waterfront Business Park
Brierley Hill
West Midlands
DY5 1LX

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Natwest Bank Plc
141 High Street
Stourbridge
West Midlands
DY8 1BF

Barclays Bank Plc
81 High Street
Stourbridge
West Midlands
DY8 1EB

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Mary Stevens Hospice Limited is a registered charity, number 517656 and is a company limited by guarantee governed by its Memorandum and Articles of Association dated 4 March 1986, as amended up to 14 December 2012.

Recruitment and appointment of new trustees

Proposals for membership of the Board of Directors should be made to the Chairman. On appointment, new Trustees are given an induction programme to familiarise themselves with the work of the Hospice and their role.

Organisational structure

The Charity is organised so that the Board of Directors of the Company meets regularly with subcommittees reporting to it, whilst individual directors liaise with senior management on a regular basis. The Senior Management Team is responsible to the Board of Directors for the day-to-day running of The Mary Stevens Hospice and the implementation of policies and strategies decided by the Board.

It is governed by the Directors who form the Council of Management. The Directors are volunteers who have had careers in a wide variety of business and professional activities. They come from the Dudley Metropolitan Borough and its surrounding districts. All elected Directors are also Trustees; the names of the Directors are shown above. Two councillors are selected by Dudley Metropolitan Borough Council.

Subsidiary companies

The company has two subsidiary companies, The Mary Stevens Hospice Trading Company Limited and Mary Stevens Hospice Lottery Limited, both of which are limited by guarantee and do not have share capital. The sole member of each entity is The Mary Stevens Hospice Limited.

Although these are administered through separate limited companies, all profits are Gift-Aided to the Hospice. In addition to providing significant financial support, these activities ensure that the public is regularly reminded of the work of the Hospice.

The Board of Directors regards these subsidiary companies to be fundamentally essential to the financial well being of the Hospice and would like to place on record their recognition and heartfelt thanks for the dedication and efforts of all the staff and volunteers who are involved.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The Board has conducted a review of the major risks to which the charity is exposed and systems have been established to mitigate those risks.

The Directors are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that :

- The charity is operating efficiently and effectively in its pursuit of its objects.
- Its assets are safeguarded against unauthorised use or theft.
- Proper records are maintained and that the financial information used within the charity is reliable.
- The charity complies with relevant laws and regulations.
- The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

They include:

- Annual budgets approved by the Board.
- Regular consideration by the Board of financial results, variance from budgets and non-financial performance indicators.
- Appropriate delegation of authority and segregation of duties.
- The identification and management of risks.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Charity's object and its principal activity continues to be that of providing care for those with life-limiting illness and those needing end of life care. All our charitable activities focus on this object and are undertaken for the public benefit. The trustees have had due regard to guidance published by the Charity Commission on public benefit.

Aims

Clinical team

- To be a centre of excellence specialising in palliative care provided by a multi-disciplinary team.
- To maintain an active, flexible team of volunteers to provide a support service in delivering the care.
- To help and support patients' families and carers.

Income generation

- To generate the income necessary to enable the Hospice to continue and develop its provision of specialist palliative care.
- To maintain and improve local fundraising support.
- To recruit new corporate and trust supporters and continue assisting our existing supporters.
- To increase the number of fundraising groups and develop existing community links in order to increase fundraising income.

OBJECTIVES AND ACTIVITIES

Volunteers

The Board of Directors recognises the significant dedication of our staff and volunteers, which is shown in such a wide variety of ways. The Hospice could not exist without their input and this is reflected in the continuing care we are able to give patients and their relatives.

Newsletters are produced during the year to disseminate information about aims and activities.

The average number of employees and volunteers during the year was as follows:

| | Full time staff | Part time staff | Total staff | Volunteers |
|------------------------|-----------------|-----------------|-------------|------------|
| | 2015 | 2015 | 2015 | |
| Directors/Trustees | 0 | 0 | 0 | 13 |
| Patient care | 14 | 45 | 59 | 210 |
| Administration | 6 | 5 | 11 | 5 |
| Maintenance & domestic | 2 | 6 | 8 | 9 |
| Fundraising | 4 | 3 | 7 | 33 |
| Lottery Company | 3 | 14 | 17 | 6 |
| Trading Company | 37 | 23 | 60 | 250 |
| Totals | 66 | 96 | 162 | 526 |

ACHIEVEMENT AND PERFORMANCE

Operational Performance

In Patients

| | 2015 | 2014 |
|-------------------|-------|-------|
| Admissions | 157 | 201 |
| Occupied bed days | 2,308 | 2,531 |
| Average occupancy | 81% | 80% |

Part of the In Patients Unit was closed during the year due to construction work on the first floor extension.

Day Therapies Unit

| | | |
|--------------------|-------|-------|
| Attendances booked | 4,244 | 4,154 |
| Average occupancy | 100% | 96% |

Key Financial Statistics

| | 2015 | 2014 |
|--|-------|-------|
| Voluntary income growth on prior year | 41% | 102% |
| Charitable Expenditure growth/reduction on prior year | 12.2% | 7.9% |
| Fundraising trading costs as % of income from fundraising activities | 67.2% | 69.2% |
| Costs of generating voluntary income as % of voluntary income | 7.2% | 9.5% |
| Governance as % of total expenditure | 1.4% | 1.5% |
| Direct charitable expenditure as % of total | 55.7% | 54.2% |

FINANCIAL REVIEW

Results for the year ended 31st March 2015 are given in the Statement of Financial Activities on page 8. The assets and liabilities are given in the Consolidated Balance Sheet on page 9 and the Company's own Balance Sheet on page 10. The financial statements should be read in conjunction with their related notes, which appear on pages 13 to 20 and have been prepared in accordance with relevant law and SORP 2005.

The surplus for this year is £1,319,622. The relevant factors behind this are more fully explained in the Statement of Financial Activities on page 8 and also in the subsequent notes to the financial statements. The result for the year has benefitted for the third year in succession from substantial income from legacies. In the current year legacies amounted to £1.8m. In addition the result includes £442,000 of restricted funds received where the expenditure has been capitalised and will be charged as depreciation in future years. Increased income from trusts, part of which is included in restricted funds and improved income from fundraising was offset by the continuing decline in donations received. Improved profits from the Trading Company were offset by a decline in Lottery profits. Increased costs involved refurbishment, IT development and depreciation charges. In summary, total incoming resources increased by 20% to £6m, total resources expended increased by 9% to £4.8m.

The Board has always been aware of the major impact made by varying legacy and trust incomes from year to year. We recognise that this is not simply a twelve month picture in this context, but does in fact represent the outcome of considerable efforts made by all our staff and volunteers who have striven to raise awareness for our cause in the local and surrounding communities over a much longer period. The current level of financial and practical support that we receive from such a wide variety of sources is really a tribute to all those dedicated people who keep the Hospice running from day to day and our recognition and gratitude must be expressed herewith. It is obvious that future demands on our services will require the continuance of all our many fund raising activities on a daily basis for each year that passes; we will therefore try to ensure that levels of commitment will continue to grow in order to maintain the high standards expected of our Charity.

Fixed Assets

A summary of changes in fixed assets during the period is set out in note 15 to the accounts.

Fund Raising

The charity is continuing to experience a very competitive fundraising environment and the Directors recognise that achieving revenue budgets for the forthcoming year will be challenging. Targets have been set to increase the revenues from fundraising activities, through continuing changes in fundraising methods and efficiency improvements, whilst looking for opportunities in new sources of fundraising and recruiting new supporters.

Reserves Policy

The Board's plans for further investment in services, to follow on from the essential work undertaken during 2014/15, further emphasises the need to ensure adequate strategic financial reserves are set aside for financial stability and to enable us to further develop our core activity

Our reserves policy is to maintain reserves at a level recognised as best practice for a charity of our nature, which equates to between six months and two years running costs. This translates to us holding between £1.9M and £5.6M in cash reserves. The Board reviews annually the amount of reserves that are required, to ensure that they are adequate to fulfil our continuing obligations.

Investments

As the majority of funds under the control of the Board have been provided by members of the local community, a conservative attitude has always been adopted with regard to risk when making investments. Funds are generally invested on a short to medium term basis, including FTSE 100 equities and corporate bonds.

FUTURE DEVELOPMENTS

The 2014/15 financial year saw the completion and commissioning of the first floor extension to accommodate collaborative working with Macmillan cancer Support, the Dudley Clinical Commissioning Group (CCG), and NHS Foundation Trust to pilot more effective delivery of end-of-life and palliative care in our area. This last year also saw the complete refurbishment and structural alterations to our In-Patient Unit (IPU) which has significantly advanced the hospice's capacity to deliver individually focused care for our patients (greater dignity, privacy, comfort and improvements to help our clinical staff deliver even better focused care).

The Board is now considering plans to build on the existing structures to improve the facilities available in our Day Services Unit which was opened 24 years ago. Importantly this will also enable greater separation of clinical and administrative and support services thus improving the patient experience.

The extension and refurbishment will form an integral element in the Hospice's intention to extend our services into patients' homes and to provide greater capacity to accept more patients whilst delivering our existing level of care, compassion and kindness as a very minimum.

Report of the Trustees
for the year ended 31 March 2015

This aspiration to increase the impact of the hospice in reaching greater numbers of people with more complex illnesses will inevitably lead to increased operational costs and a necessary investment in fixed assets. This expansion will be funded by an appeal to the public, bidding for capital grants from the NHS, appeals to charitable trusts and the use of reserves held by the Hospice for this purpose. However, the continuing need to maintain sufficient resources to ensure the financial stability of Mary Stevens Hospice will be paramount.

Decisions on these proposals and the use of our reserves will be made in the next twelve months.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of The Mary Stevens Hospice Limited for the purposes of company law) are responsible for preparing the Report of the Trustees 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

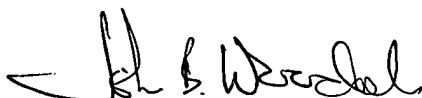
In so far as the trustees are aware:

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

AUDITORS

The auditors, Nicklin LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



J B Woodall - Trustee

Date: 29 September 2015

Report of the Independent Auditors to the Members of
The Mary Stevens Hospice Limited

We have audited the financial statements of The Mary Stevens Hospice Limited for the year ended 31 March 2015 on pages eight to twenty. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page six, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2015 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Harvey Owen FCA (Senior Statutory Auditor)
for and on behalf of Nicklin LLP
Chartered Accountants
Statutory Auditors
Church Court
Stourbridge Road
Halesowen
West Midlands
B63 3TT

Date: 16th November 2015

The Mary Stevens Hospice Limited

Consolidated Statement of Financial Activities
For the year ended 31 March 2015

| | Notes | Unrestricted funds £ | Restricted funds £ | 2015 Total funds £ | 2014 Total funds £ |
|--|-------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| INCOMING RESOURCES | | | | | |
| Incoming resources from generated funds | | | | | |
| Voluntary income | 2 | 2,135,501 | 495,991 | 2,631,492 | 1,867,853 |
| Activities for generating funds | 3 | 2,786,610 | - | 2,786,610 | 2,563,990 |
| Investment income | 5 | 97,058 | - | 97,058 | 79,631 |
| Incoming resources from charitable activities | | | | | |
| Patient care | 6 | 508,300 | - | 508,300 | 511,860 |
| Other incoming resources | | 25,416 | - | 25,416 | 34,303 |
| Total incoming resources | | <u>5,552,885</u> | <u>495,991</u> | <u>6,048,876</u> | <u>5,057,637</u> |
| RESOURCES EXPENDED | | | | | |
| Costs of generating funds | | | | | |
| Costs of Generating voluntary income | 7 | 188,665 | - | 188,665 | 177,822 |
| Fundraising Trading Costs | 8 | 1,871,427 | - | 1,871,427 | 1,773,316 |
| Charitable activities | | | | | |
| Patient care | 9 | 2,618,768 | 54,409 | 2,673,177 | 2,383,000 |
| Governance costs | 11 | 65,906 | - | 65,906 | 67,877 |
| Total resources expended | | <u>4,744,766</u> | <u>54,409</u> | <u>4,799,175</u> | <u>4,402,015</u> |
| NET INCOMING/(OUTGOING) RESOURCES | | 808,119 | 441,582 | 1,249,701 | 655,622 |
| Tax on ordinary activities (Trading Company) | | (7,242) | - | (7,242) | - |
| Other recognised gains/losses | | | | | |
| Gains on investment assets | | <u>77,163</u> | - | <u>77,163</u> | <u>31,393</u> |
| Net movement in funds | | 878,040 | 441,582 | 1,319,622 | 687,015 |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | 6,248,633 | 193,552 | 6,442,185 | 5,755,170 |
| TOTAL FUNDS CARRIED FORWARD | | <u>7,126,673</u> | <u>635,134</u> | <u>7,761,807</u> | <u>6,442,185</u> |

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

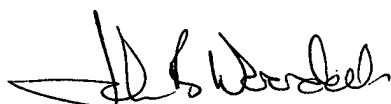
The notes form part of these financial statements

The Mary Stevens Hospice Limited

Consolidated Balance Sheet
At 31 March 2015

| | Notes | Unrestricted funds £ | Restricted funds £ | 2015 Total Funds £ | 2014 Total funds £ |
|--|-------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 15 | <u>1,929,962</u> | <u>598,881</u> | <u>2,528,843</u> | <u>1,861,061</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 17 | 313,539 | - | 313,539 | 380,591 |
| Stocks | | 6,200 | - | 6,200 | 4,964 |
| Investments | 18 | 4,590,921 | - | 4,590,921 | 3,456,143 |
| Cash at bank | | 1,063,909 | 36,253 | 1,100,162 | 1,598,551 |
| | | <u>5,974,569</u> | <u>36,253</u> | <u>6,010,822</u> | <u>5,440,249</u> |
| CREDITORS | | | | | |
| Amounts falling due within one year | 19 | <u>(777,858)</u> | - | <u>(777,858)</u> | <u>(859,125)</u> |
| NET CURRENT ASSETS | | <u>5,196,711</u> | <u>36,253</u> | <u>5,232,964</u> | <u>4,581,124</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>7,126,673</u> | <u>635,134</u> | <u>7,761,807</u> | <u>6,442,185</u> |
| NET ASSETS | | <u>7,126,673</u> | <u>635,134</u> | <u>7,761,807</u> | <u>6,442,185</u> |
| FUNDS | 20 | | | | |
| Unrestricted funds | | | | 7,126,673 | 6,248,633 |
| Restricted funds | | | | <u>635,134</u> | <u>193,552</u> |
| TOTAL FUNDS | | | | <u>7,761,807</u> | <u>6,442,185</u> |

The financial statements were approved by the Board of Trustees on 29 September 2015 and were signed on its behalf by:



J B Woodall -Trustee

1963989

The Mary Stevens Hospice Limited

Company Balance Sheet
At 31 March 2015

| | Notes | Unrestricted funds £ | Restricted funds £ | 2015 Total funds £ | 2014 Total funds £ |
|--|-------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 15 | <u>1,843,573</u> | <u>598,881</u> | <u>2,442,454</u> | <u>1,738,828</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 17 | 462,099 | - | 462,099 | 537,233 |
| Investments | 18 | 4,590,921 | - | 4,590,921 | 3,456,143 |
| Cash at bank | | <u>854,875</u> | <u>36,253</u> | <u>891,128</u> | <u>1,392,856</u> |
| | | 5,907,895 | 36,253 | 5,944,148 | 5,386,232 |
| CREDITORS | | | | | |
| Amounts falling due within one year | 19 | <u>(627,509)</u> | - | <u>(627,509)</u> | <u>(687,650)</u> |
| NET CURRENT ASSETS | | <u>5,280,386</u> | <u>36,253</u> | <u>5,316,639</u> | <u>4,698,582</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>7,123,959</u> | <u>635,134</u> | <u>7,795,093</u> | <u>6,437,410</u> |
| NET ASSETS | | <u>7,123,959</u> | <u>635,134</u> | <u>7,795,093</u> | <u>6,437,410</u> |
| FUNDS | 20 | | | | |
| Unrestricted funds | | | | 7,123,959 | 6,243,858 |
| Restricted funds | | | | <u>635,134</u> | <u>193,552</u> |
| TOTAL FUNDS | | | | <u>7,759,093</u> | <u>6,437,410</u> |

The financial statements were approved by the Board of Trustees on 29 September 2015 and were signed on its behalf by:



J B Woodall - Trustee

The Mary Stevens Hospice Limited

Consolidated Cash Flow Statement
for the year ended 31 March 2015

| | | 2015 £ | 2014 £ |
|--|------------|------------------|------------------|
| Net cash inflow (outflow) from operating activities | Notes 1 | 1,374,950 | 1,273,487 |
| Returns on investments and servicing of finance | 2 | 97,058 | 79,631 |
| Capital expenditure and financial investment | 2 | (835,619) | (184,636) |
| | | <u>636,389</u> | <u>1,168,482</u> |
| Management of liquid resources | 2 | (1,134,778) | (43,439) |
| Increase (decrease) in cash in the period | | <u>(498,389)</u> | <u>1,125,043</u> |
| <hr/> | | | |
| Reconciliation of net cash flow to movement in net debt | 3 | | |
| Increase (decrease) in cash in the period | | (498,389) | 1,125,043 |
| Cash outflow from increase in liquid resources | | <u>1,134,778</u> | <u>43,439</u> |
| Change in net debt resulting from cash flows | | <u>636,389</u> | <u>1,168,482</u> |
| Movement in net debt in the period | | 636,389 | 1,168,482 |
| Net debt at 1 April | | <u>5,054,694</u> | <u>3,886,212</u> |
| Net debt at 31 March | | <u>5,691,083</u> | <u>5,054,694</u> |

The notes form part of these financial statements

1. RECONCILIATION OF NET INCOMING\ (OUTGOING) RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

| | 2015 £ | 2014 £ |
|---|-------------------------|-------------------------|
| Net incoming\ (outgoing) resources | 1,319,622 | 687,015 |
| Depreciation charges | 167,837 | 142,420 |
| Interest received | (97,058) | (79,631) |
| Decrease\ (increase) in debtors | 67,052 | (72,621) |
| Increase\ (decrease) in creditors | (81,267) | 596,518 |
| Increase in stock | <u>(1,236)</u> | <u>(214)</u> |
| Net cash outflow from operating activities | <u>1,374,950</u> | <u>1,273,487</u> |

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

| | 2015 £ | 2014 £ |
|--|---------------------------|-------------------------|
| Returns on investments and servicing of finance | | |
| Interest received | <u>97,058</u> | <u>79,631</u> |
| Net cash inflow for returns on investments and servicing of finance | <u>97,058</u> | <u>79,631</u> |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | <u>(835,619)</u> | <u>(184,636)</u> |
| Net cash outflow for capital expenditure and financial investment | <u>(835,619)</u> | <u>(184,636)</u> |
| Management of liquid resources | | |
| Purchase of current asset investments | <u>(1,134,778)</u> | <u>(43,439)</u> |
| Net cash outflow from management of liquid resources | <u>(1,134,778)</u> | <u>(43,439)</u> |

3. ANALYSIS OF CHANGES IN NET DEBT

| | At 1.4.14 £ | Cash flow £ | At 31.3.15 £ |
|---------------------------|-------------------------|-----------------------|-------------------------|
| Net cash: | | | |
| Cash at bank | 1,598,551 | (498,389) | 1,100,162 |
| Liquid resources: | | | |
| Current asset investments | 3,456,143 | 1,134,778 | 4,590,921 |
| Total | <u>5,054,694</u> | <u>636,389</u> | <u>5,691,083</u> |

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the consolidation method, the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities. The financial statements consolidate the accounts of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Company is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, a file is set up once notification is received that the Company is to benefit from a legacy. These files are regularly reviewed to ensure that the funds are ultimately received but credit is not taken until the expected amount and date of receipt is confirmed. This is normally when they are received.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Governance costs include those costs associated with meeting the constitutional and statutory requirements.

Tangible fixed assets

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

| | |
|-----------------------|---------------------------|
| Fixtures and fittings | - 20% on reducing balance |
| Motor vehicles | - 25% on reducing balance |
| Computer equipment | - 25% on cost |

Assets with a cost of less than £2,500 are written off in the year of acquisition.

Leasehold buildings are depreciated on a straight line basis from the date the building is brought into use until the end of the lease in October 2040.

Taxation

The charity is exempt from corporation tax on its charitable activities. Its subsidiary companies are subject to corporation tax.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

In respect of former qualifying National Health Service personnel the Company continues their participation in the NHS defined benefit pension scheme. Other contracted staff are offered an opportunity to participate in a separate defined contribution scheme. Employer's contributions payable to both schemes for the year are charged in the Statement of Financial Activities.

Investments

Investments are stated at market value. Realised and unrealised gains and losses on investments are dealt with in the Statement of Financial Activities. Investment income plus associated tax recoverable is credited to income as received.

2. VOLUNTARY INCOME

| | 2015 £ | 2014 £ |
|---------------------------------|------------------|------------------|
| Legacies | 1,802,840 | 1,270,500 |
| Donations | 305,696 | 390,829 |
| Restricted donations and grants | 496,191 | 181,378 |
| Fund raising groups | 26,765 | 25,146 |
| | <u>2,631,492</u> | <u>1,867,853</u> |

3. ACTIVITIES FOR GENERATING FUNDS

| | 2015 £ | 2014 £ |
|--------------------|------------------|------------------|
| Fundraising events | 302,557 | 213,873 |
| Shop Income | 1,785,721 | 1,648,046 |
| Lottery Income | 698,332 | 702,071 |
| | <u>2,786,610</u> | <u>2,563,990</u> |

4. MERCHANDISING INCOME AND COSTS

The charity has two wholly owned trading subsidiaries which are incorporated in the UK. The Mary Stevens Hospice Trading Company Limited sells goods and gift aids taxable profits to The Mary Stevens Hospice. Mary Stevens Hospice Lottery Limited runs a lottery. The subsidiaries were acquired on 1 April 2012.

A summary of the subsidiaries' trading results is shown in the profit and loss account, set out below.

PROFIT AND LOSS ACCOUNTS

| | The Mary Stevens Hospice Trading Company Limited £ | Mary Stevens Hospice Lottery Limited £ | Total 2015 £ | Total 2014 £ |
|---|--|---|--------------------|--------------------|
| Merchandising income | 1,789,099 | 698,332 | 2,487,431 | 2,362,218 |
| | <u>1,789,099</u> | <u>698,332</u> | <u>2,487,431</u> | <u>2,362,218</u> |
| Cost of sales | 69,442 | 228,963 | 298,405 | 294,558 |
| Other operating costs before gift aid | 1,347,125 | 230,886 | 1,578,011 | 1,304,480 |
| | <u>1,416,567</u> | <u>459,849</u> | <u>1,876,416</u> | <u>1,599,038</u> |
| Operating profit | <u>367,532</u> | <u>238,483</u> | <u>611,015</u> | <u>663,762</u> |
| Gift aided to The Mary Stevens Hospice | <u>367,000</u> | <u>238,958</u> | <u>605,958</u> | <u>684,200</u> |
| Net assets | <u>389</u> | <u>2,325</u> | <u>2,714</u> | <u>11,856</u> |

5. INVESTMENT INCOME

| | 2015 £ | 2014 £ |
|-------------------|---------------|---------------|
| Bank interest | 34,496 | 30,550 |
| Investment income | <u>62,562</u> | <u>49,081</u> |
| | <u>97,058</u> | <u>79,631</u> |

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

| | Activity | 2015 £ | 2014 £ |
|---------------------------|--------------|----------------|----------------|
| Local Primary care trusts | Patient care | <u>508,300</u> | <u>511,860</u> |

7. COSTS OF GENERATING VOLUNTARY INCOME

| | 2015 £ | 2014 £ |
|--------------------|----------------|----------------|
| Fundraising Events | <u>188,665</u> | <u>177,822</u> |

8. FUNDRAISING TRADING COSTS

| | 2015 £ | 2014 £ |
|---------------|------------------|------------------|
| Shop Costs | 1,413,567 | 1,351,659 |
| Lottery Costs | <u>457,860</u> | <u>421,657</u> |
| | <u>1,871,427</u> | <u>1,773,316</u> |

9. CHARITABLE ACTIVITIES COSTS

| | Direct costs £ | Support costs (See note) £ | Totals £ |
|--------------|-------------------|-----------------------------------|------------------|
| Patient care | <u>2,164,234</u> | <u>508,943</u> | <u>2,673,177</u> |

10. SUPPORT COSTS

| | Premises expenses £ | Other £ | Totals £ |
|--------------|---------------------------|---------------|----------------|
| Patient care | <u>462,620</u> | <u>46,323</u> | <u>508,943</u> |

11. GOVERNANCE COSTS

| | 2015 £ | 2014 £ |
|------------------------|---------------|---------------|
| Staff costs | 54,347 | 42,927 |
| Management charge | - | 11,500 |
| Auditors' remuneration | <u>11,559</u> | <u>13,450</u> |
| | <u>65,906</u> | <u>67,877</u> |

12. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

| | 2015 | 2014 |
|------------------------------------|--------------|--------------|
| | £ | £ |
| Auditors' remuneration | 11,559 | 13,450 |
| Depreciation – owned assets | 159,233 | 142,420 |
| Deficit on disposal of fixed asset | 8,604 | - |
| Pension Costs | 117,844 | 102,036 |
| Operating leases - property | 291,213 | 273,160 |
| Operating leases - other | <u>4,278</u> | <u>2,964</u> |

13. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2015 nor for the year ended 31 March 2014.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2015 or for the year ended 31 March 2014.

14. STAFF COSTS

| | 2015 | 2014 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 2,586,689 | 2,447,309 |
| Social security costs | 185,030 | 164,620 |
| Other pension costs | <u>117,844</u> | <u>97,942</u> |
| | <u>2,889,563</u> | <u>2,709,871</u> |

| | | |
|-----------------------|-----|----|
| Full time equivalents | 105 | 98 |
|-----------------------|-----|----|

The numbers shown above do not include members of the Board of Directors, none of whom receive any remuneration or expenses.

During the year one employee received emoluments within the range £70,001 to £80,000.

15. TANGIBLE FIXED ASSETS

| Group | Leasehold property £ | Fixtures and fittings £ | Motor vehicles £ | Computer equipment £ | Totals £ |
|-------------------------|----------------------------|-------------------------------|------------------------|----------------------------|------------------|
| COST | | | | | |
| At 1 April 2014 | 2,655,010 | 720,337 | 45,395 | 112,507 | 3,533,249 |
| Additions | 651,826 | 127,628 | - | 56,165 | 835,619 |
| Disposals | | (33,850) | | | (33,850) |
| At 31 March 2015 | <u>3,306,836</u> | <u>814,115</u> | <u>45,395</u> | <u>168,672</u> | <u>4,335,018</u> |
| DEPRECIATION | | | | | |
| At 1 April 2014 | 980,724 | 571,417 | 33,602 | 86,445 | 1,672,188 |
| Charge for year | 86,915 | 45,949 | 2,948 | 23,421 | 159,233 |
| Eliminated on disposal | - | (25,246) | | | (25,246) |
| At 31 March 2015 | <u>1,067,639</u> | <u>592,120</u> | <u>36,550</u> | <u>109,866</u> | <u>1,806,175</u> |
| NET BOOK VALUE | | | | | |
| At 31 March 2015 | <u>2,239,197</u> | <u>221,995</u> | <u>8,845</u> | <u>58,806</u> | <u>2,528,843</u> |
| At 31 March 2014 | <u>1,674,286</u> | <u>148,920</u> | <u>11,793</u> | <u>26,062</u> | <u>1,861,061</u> |
| Company | | | | | |
| | Leasehold property £ | Fixtures and fittings £ | Motor vehicles £ | Computer equipment £ | Totals £ |
| COST | | | | | |
| At 1 April 2014 | 2,557,223 | 528,730 | 4,450 | 38,125 | 3,128,528 |
| Additions | 648,667 | 125,131 | - | 53,846 | 827,644 |
| Disposals | - | (33,850) | | | (33,850) |
| At 31 March 2015 | <u>3,205,890</u> | <u>620,011</u> | <u>4,450</u> | <u>91,971</u> | <u>3,922,322</u> |
| DEPRECIATION | | | | | |
| At 1 April 2014 | 917,991 | 436,938 | 3,566 | 31,204 | 1,389,699 |
| Charge for year | 71,309 | 31,129 | 221 | 12,756 | 115,415 |
| Eliminated on disposals | | (25,246) | | | (25,246) |
| At 31 March 2015 | <u>989,300</u> | <u>442,821</u> | <u>3,787</u> | <u>43,960</u> | <u>1,479,868</u> |
| NET BOOK VALUE | | | | | |
| At 31 March 2015 | <u>2,216,590</u> | <u>177,190</u> | <u>663</u> | <u>48,011</u> | <u>2,442,454</u> |
| At 31 March 2014 | <u>1,639,232</u> | <u>91,792</u> | <u>884</u> | <u>6,921</u> | <u>1,738,829</u> |

16. FIXED ASSET INVESTMENTS

On 1 April 2012 the company became the only member of The Mary Stevens Hospice Trading Company Limited and Mary Stevens Hospice Lottery Limited. There was no cost associated with this acquisition.

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2015 Group £ | 2015 Company £ | 2014 Group £ | 2014 Company £ |
|------------------------------------|--------------------|----------------------|--------------------|----------------------|
| Trade debtors | 84,199 | 84,199 | 111,464 | 108,994 |
| Other debtors | 81,193 | 5,385 | 123,058 | 2,251 |
| Amounts owed by group undertakings | - | 224,368 | - | 279,919 |
| Tax refund | 102,998 | 102,998 | 107,235 | 107,235 |
| Prepayments and accrued income | 45,149 | 45,149 | 38,834 | 38,834 |
| | <u>313,539</u> | <u>462,099</u> | <u>380,591</u> | <u>537,233</u> |

18. CURRENT ASSET INVESTMENTS

| | 2015 Group £ | 2015 Company £ | 2014 Group £ | 2014 Company £ |
|--------------------|--------------------|----------------------|--------------------|----------------------|
| Listed Investments | 1,689,997 | 1,689,997 | 1,100,303 | 1,100,303 |
| Cash deposits | 2,900,924 | 2,900,924 | 2,355,840 | 2,355,840 |
| | <u>4,590,921</u> | <u>4,590,921</u> | <u>3,456,143</u> | <u>3,456,143</u> |

Within cash deposits the amount of £210,000 (2014: £210,000) in respect of non-recurrent funding for 1.5 Full Time Equivalent Consultants in Palliative Care is held on behalf of the Dudley Group NHS Foundation Trust as part of a collaborative working arrangement. Similarly, £196,061 (2014: £341,143) in respect of funding for Registrars in Palliative Care is held on behalf of designated hospices in the West Midlands region as part of a collaborative working arrangement. In both cases Mary Stevens Hospice act only as custodians of the funds and has no ownership of the funds or authority concerning the allocation of funds. The hospice conducts transactions when properly authorised by the appropriate authority in accordance with agreed protocols. Any interest earned on both these sums will be retained by Mary Stevens Hospice to offset administrative costs involved in overseeing these funds. The liability for these funds is shown under creditors.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2015 Group £ | 2015 Company £ | 2014 Group £ | 2014 Company £ |
|---------------------------------|--------------------|----------------------|--------------------|----------------------|
| Bank loans & overdrafts | - | - | 1,797 | - |
| Trade creditors | 149,338 | 113,335 | 149,308 | 87,057 |
| Social security and other taxes | 49,715 | 36,316 | 46,214 | 33,803 |
| Accruals and deferred income | 118,589 | 24,884 | 110,663 | 15,647 |
| Other Creditors | 452,974 | 452,974 | 551,143 | 551,143 |
| Tax payable | 7,242 | - | - | - |
| | <u>777,858</u> | <u>627,509</u> | <u>859,125</u> | <u>687,650</u> |

20. MOVEMENT IN FUNDS

| Group | At 1.4.14 £ | Net movement in funds £ | Transfer £ | At 31.3.15 £ |
|----------------------------|------------------------|--|-----------------------|-------------------------|
| Unrestricted funds | | | | |
| General fund | 6,044,517 | 878,040 | 204,116 | 7,126,673 |
| Property repair fund | 204,116 | - | (204,116) | - |
| | <u>6,248,633</u> | <u>878,040</u> | <u>-</u> | <u>7,126,673</u> |
| Restricted funds | | | | |
| Donations | 36,651 | 122,186 | - | 158,837 |
| Department of Health Grant | 156,901 | 319,396 | - | 476,297 |
| | <u>193,552</u> | <u>441,582</u> | <u>-</u> | <u>635,134</u> |
| TOTAL FUNDS | <u>6,442,185</u> | <u>1,319,622</u> | <u>-</u> | <u>7,761,807</u> |

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

| | Incoming resources £ | Resources expended £ | Gains, losses and taxation £ | Movement in funds £ |
|---------------------------|-------------------------------------|-------------------------------------|---|------------------------------------|
| Unrestricted funds | | | | |
| General fund | 5,552,885 | (4,744,766) | 69,921 | 878,040 |
| Restricted funds | | | | |
| Donations | 495,991 | (54,409) | - | 441,582 |
| | <u>6,048,876</u> | <u>(4,799,175)</u> | <u>69,921</u> | <u>1,319,622</u> |
| TOTAL FUNDS | <u>6,048,876</u> | <u>(4,799,175)</u> | <u>69,921</u> | <u>1,319,622</u> |

The Property Repair Fund was established in 1996 in an endeavour to equalise repair costs which are likely to increase as the property gets older. During 2015 the trustees considered that this separate fund was no longer required and it was merged with the General Fund

The restricted funds relate to donations received for specific expenditure that have not yet been expensed.

20. MOVEMENT IN FUNDS (CONTINUED)

| Company | At 1.4.14 £ | Net movement in funds £ | Transfer £ | At 31.3.15 £ |
|----------------------------|------------------------|--|-----------------------|-------------------------|
| Unrestricted funds | | | | |
| General fund | 6,039,743 | 880,100 | 204,116 | 7,123,959 |
| Property repair fund | 204,116 | - | (204,116) | - |
| | <u>6,248,859</u> | <u>880,100</u> | <u>-</u> | <u>7,123,959</u> |
| Restricted funds | | | | |
| Donations | 36,651 | 122,186 | - | 158,837 |
| Department of Health Grant | 156,901 | 319,396 | - | 476,297 |
| | <u>193,552</u> | <u>441,582</u> | <u>-</u> | <u>635,134</u> |
| TOTAL FUNDS | <u>6,437,411</u> | <u>1,321,682</u> | <u>-</u> | <u>7,759,093</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 | 3,671,287 | (2,868,350) | 77,163 | 880,100 |
| Restricted funds | | | | |
| Donations | 495,991 | (54,409) | - | 441,582 |
| TOTAL FUNDS | <u>4,167,278</u> | <u>(2,922,759)</u> | <u>77,163</u> | <u>1,321,682</u> |