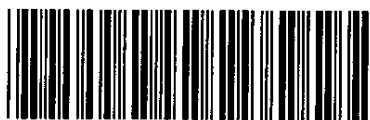


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# Annual Report

# 2019

St Luke's Hospice (Harrow and Brent) Limited  
Charity No. 298555  
Registered Company No: 02141770

<b>Registered Name</b>	<b>St Luke's Hospice (Harrow &amp; Brent) Limited</b>	
<b>Registered charity Number</b>	298555	
<b>Registered Company Number</b>	02141770	
<b>Registered office and principal address</b>	Kenton Grange, Kenton Road Harrow, Middlesex HA3 OYG	
<b>Trustees</b>	<p>Dr G Schiller – Chairman</p> <p>C Bennett</p> <p>L Bennister – Appointed 1 April 2019</p> <p>R Bhatia – Treasurer – Retired 30 May 2019</p> <p>N Brier</p> <p>C Brodie</p> <p>R Elkeles</p> <p>C Glenn</p> <p>M Lewis – Appointed 30 May 2019</p> <p>R Majus</p> <p>C Melia-Tompkins</p> <p>J Newland – Resigned 30 June 2019</p> <p>S Ovens – Appointed 23 September 2019 – Resigned 9 December 2019</p> <p>A Rawal – Resigned 12 February 2019</p> <p>S Shah – Appointed 1 April 2019</p> <p>G Wynne – Appointed 1 September 2019</p>	
<b>Senior Staff</b>	<p>A Malde</p> <p>Dr C Daniels BSc (Hons) MB ChB MRCP</p> <p>J Dedes (nee Archer) BA (Hons) RGN PGDip MSc - Resigned 2 August 2019</p> <p>C Gell</p> <p>G Jones – Appointed 2 December 2019</p> <p>U Reeve – in post from 8 July 2019</p> <p>P Sundaresan</p> <p>R Wagstaff - Resigned 19 February 2020</p>	<p>Chief Executive Officer</p> <p>Medical Director</p> <p>Director of Nursing &amp; Patient Services &amp; Registered Manager</p> <p>People Director</p> <p>Head of Retail</p> <p>Director of Patient Services &amp; Registered Manager</p> <p>Director of Finance and Facilities</p> <p>Director of Fundraising, Retail &amp; Communications</p>
<b>Principal Bankers</b>	<p>Allied Irish Bank (GB)</p> <p>22-35 Wembley Hill Road, Wembley, Middlesex HA9 8AS</p>	
<b>Auditors</b>	Haysmacintyre LLP - 10 Queen Street Place, London EC4R 1AG	
<b>Solicitors</b>	Curry Popeck - 380 Kenton Road, Harrow, Middlesex HA3 8OP	
<b>Investment Managers</b>	Rathbone Investment Management, 8 Finsbury Circus, London EC2M 7AZ	

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## Message from the Chairman, Gillian Schiller and Chief Executive, Alpana Malde

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**Welcome to St Luke's Annual Report and Impact Report for 2019.**

**We would like to thank all of our donors, fundraisers, staff and volunteers for their enduring support, hard work and commitment over what has been a year of significant change at the hospice.**

Our primary focus in 2019 was the reduction of the significant underlying financial deficit of £1 million that had seen income supplemented from our reserves in 2017 and 2018. This was not sustainable, and we have acted this year to reduce this deficit to a much more manageable level. As you will see in the financial report we have reduced our operational deficit by £817k since 2018.

We have concrete plans to secure the future of hospice care in Harrow and Brent, eliminating the deficit by 2021, primarily by increasing and diversifying our income. Our impact report that follows details our achievements in 2019 and our plans for the future, ensuring people can receive personalised end of life care, in line with their wishes, from our team of specialists.

Last year two nearby NHS hospice inpatient units closed. We stepped in and provided care for patients from those areas who otherwise would not have had a local hospice to go to. The St Luke's Hospice inpatient unit saw an increase in occupancy with an average of 4 extra days of care per week in 2019. Our community services have managed the care of more people at home - we are developing our wide range of services for everyone locally who needs hospice care.

We sadly withdrew our Care Home Support Service as part of our cost reduction plan. This service, which delivered education and support with care planning to care homes in Harrow and Brent, had no external funding. Despite working with the NHS to develop a scalable and fundable model, we were unable to secure any long term NHS funding, and therefore made the very difficult decision to cease this service.

Our focus will continue to be on promoting education about better end of life care both by training our own staff as well as staff in other settings such as care homes.

We aim to reach everyone locally who could benefit from end of life care and support. We want to do more for more people and raise awareness of the care we can offer. Our plans are to extend our day services and establish a Wellbeing Service based from our Woodgrange Centre delivering hospice care for those people whose quality of life is affected by their illness, helping them to be independent, mobile and feeling as well as they can.

Support from our community is what makes our care possible. It comes in many ways – people give us time, money, and goods, all of which are essential for our services to continue. We will go on building relationships with as many people locally as possible, so that together we can make sure everyone in Harrow and Brent receives the best possible end of life care.



Gillian Schiller  
Chairman



Alpana Malde  
Chief Executive



## Mission Strand – 'Reach more people'

### Between 2019 - 2021, we said we would:

- Increase access to our inpatient unit (IPU) by admitting 7 days a week followed by 24/7 admissions
- Increase capacity utilisation of our Woodgrange Day Centre and establish new upstream services of care to meet the needs of our population
- Extend our Brent Community Palliative Care to a 7 day service
- Establish our Single Point of Access in Brent

### During 2019 we:

- **Accepted IPU admissions on weekends:** For the first time ever, during the last quarter of 2019, we admitted people who needed our specialist end of life care at weekends.
- **Cared for a wider range of people:** In the last quarter of 2019 we increased the equity of provision by increasing the proportion of people with non-cancer diagnoses admitted into our IPU by 50%.
- **Extended our Home Care Service:** We commenced an additional element to our home care services widening the remit of our Hospice at Home service to include facilitation of early discharge from hospital, an overnight sitting service, escorting patients and carer respite.
- **Extended our Brent Community Team:** We secured funding to extend our Specialist Team to work 7/7. This extension to our service will be operational in 2020 as we have trained two members of our existing service so they have the required specialist skills.
- **Increased capacity utilisation of the Woodgrange Centre:** During 2018 and 2019 we consolidated services to enable us to deliver the same care more efficiently. We have now expanded the choice of complementary therapies offered, and set up links with several colleges who teach complementary therapies, recruiting 9 volunteers.
- **Established new upstream services of care:** A new exercise programme developed by the physiotherapy service produced outstanding results. More than 60% of attendees experienced improvements in balance, mobility and emotional wellbeing.
- **Mapping out future care in Brent:** We have been working closely with the Clinical Commissioners (NHS) in Brent and others as part of a review to map out a future vision for specialist care for people who are approaching the end of their life in Brent.

## What we plan to do next:

- Continue to admit patients to our Inpatient Unit at the weekends and raise awareness that we are now able to do so to increase these admissions.
- Increase referrals to our Home Care service by 50%.
- Establish care 7/7 from our Brent Community Team ultimately working 8am till 8 pm 7 days a week.
- Establish a new post, the Wellbeing Manager, to develop and establish new upstream models of care in the hospice building and out in the community.
- Working in partnership with other local charitable organisations and Primary Care Networks, we will appoint a Social Prescribing Link Worker post as part of a 2 year pilot funded by NHS England. This post will work across the hospice and out in the community signposting and referring people to appropriate services. The aim is to tackle social isolation and keep people living with multiple life limiting conditions as well as possible.
- Continue to be actively involved in the consultation around the provision of end of life care in Brent to achieve the best outcomes for people who need it.



## Mission Strand – ‘Constantly improve what we do’

### Between 2019 - 2021, we said we would:

- Review all of our services to ensure these are as effective and responsive to the needs of patients and families as can be
- Empower teams to use data confidently to demonstrate and deliver value
- Embed quality improvement and measurement of impact as the way things work at St Luke's

### During 2019 we:

- **Reviewed all services:** All services have been reviewed and a number have been restructured or developed to enable effective use of resources and an improved patient experience. The skill mix of staff in some areas has been altered to ensure we can effectively meet the needs of people approaching the end of their life.
- **Improved referral process:** We have tested and refined a triage process to improve the flow of referrals into our care, ensuring that people can effectively get the right care at the right time, enabling us to care for more people.
- **Improved patient experience:** We have trained all our staff to use Coordinate My Care (CMC), a tool which enables people to make and digitally share their written care preferences, including their preferred place of death, with health professionals across London.
- **Introduced a Clinical Quality forum:** We have established this forum to develop quality improvement skills in all our staff, looking at specific projects which will improve the quality of our work. We have also developed a wide range of internal dashboards and a quality information board responding to feedback from patients and families.

### What we plan to do next:

- Continue to develop, monitor and improve our referrals process.
- We will increase use of the CMC tool by 50% in April and 75% by end of 2020. We will routinely collect review and use the data on patient's achieving their preferences of care to identify areas for improvement to our care.
- Develop and establish a Clinical Quality Manager to work with teams across the organisation.
- Embed outcome measurement throughout our services.





“As soon as I heard the word hospice I thought of death but it is anything but that. But when I come to St Luke’s it lifts my spirits. The staff are wonderful as are the volunteers. The food is lovely and the therapies are fantastic.”

## Mission Strand – ‘Extend our impact through collaboration, innovation and education’

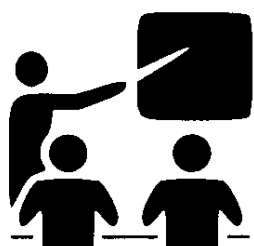
### Between 2019 - 2021, we said we would:

- Review and develop a scalable, funded Care Home Support service to improve the quality of care for care home residents
- Promote our education activities and establish an education programme
- Continue to engage and collaborate with local Integrated Care initiatives to develop models of care

### During 2019 we:

- **Developed integrated working with local paramedics:** Our Single Point of Access phone advice line received 93 calls from ambulance staff during 2019. The advice we gave enabled 75% of people to remain at home and not be transferred to hospital. This collaboration has now been written up in a paper accepted for publication in a peer reviewed medical journal.
- **Re-accredited our Degree Module:** Following prestigious commendations, the University of West London accredited our palliative care degree module for nurses and allied health care professionals for a further five years.
- **Provided Medical Education:** We provided high quality palliative care training to GP's, hospital specialists and other doctors through a Principles of Palliative Care Course (6 participants), GP education session (45 participants) and taster days (27 attendees).
- **Provided student placements:** During 2019, St Luke's provided educational placements to 57 medical students, 15 student nurses and 5 paramedic students to support their formal learning.
- **Provided training for Health Care Assistants:** During 2019 we ran 10 one day training programmes for Health Care Assistants, teaching them how to give end of life care with dignity and compassion as part of a 12 week Care Certificate course, in collaboration with the London North West NHS Trust.
- **Widened Internal Education:** 2019 saw a 23% increase in attendance at internal training as part of our commitment to the Continuous Professional Development of our staff. This included the introduction of a Core skills training programme and advanced interpersonal communications training for senior nursing staff.

- **Campaigned for the Care Home Support Service:** We worked with the NHS to seek to secure funding for our Care Home Support service, but unfortunately had to make the decision to close this service as we were unsuccessful in securing funds.
- **Shared Knowledge:** We had two poster project presentations accepted and displayed at the Hospice UK conference on the NHS commissioning of an aspect of our Home Care and our Single Point of Access work with London Ambulance Services (see above).



**78** medical professionals  
benefitted from our training

## Our advice line helped



**75%** of people who called an  
ambulance remain at home

## What we plan to do next:

- We will better support people at home by extending our Single Point of Access phone advice line to give 24/7 access to medical consultant advice and guidance for people near the end of their life, along with their carers and other health care professionals supporting them.
- We will work with the Ambulance Service to run patient focus groups to understand what patients want from emergency services at the end of their life.
- We will arrange training placements for an associate nurse and apprentice health care assistant. These will support staff development and help to grow our own workforce.
- We will increase the number of volunteers and train them to undertake new patient assistance roles, e.g. assisting with meals.
- Externally advertise a programme of education.
- Provide education to care homes in Harrow and Brent.

## Mission Strand – ‘Be an accountable and sustainable organisation’

### Between 2019 - 2021, we said we would:

- Increase our statutory funding to 40%+ of our costs of care
- Enhance financial and value maximisation skills across St Luke’s
- Increase our net fundraising (excluding legacies) and retail income by £1m by 2021 with at least one new source of income
- Invest in, and recognise contribution of staff and volunteers to become an employer of choice

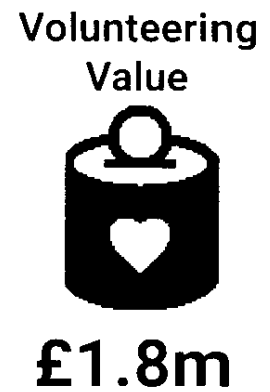
During 2019 we reduced our financial deficit and developed a financial sustainability plan to eliminate this deficit by 2021.

### We did this by:

- **Increased NHS funding:** we increased year on year funding from the NHS by £356k in 2019 by piloting a new fast track brokerage service. We are working to secure long term contracts to offer this pilot service on a permanent basis.
- **Increased Fundraised Income:** We developed stronger networks with our local community, increasing our net fundraising income by 26%, also seeing a 25% increase in regular giving and new lottery players, providing a stable source of future income.
- **Reduced Cost:** In 2019, we reduced the expenditure on charitable activities by £305k compared to 2018, as a result of reviewing all our activities.

### Our People

- **Developed our managers:** We developed and ran our own internal leadership development course for managers within the hospice using voluntary external expertise.
- **Evaluated job roles:** Undertook a job evaluation exercise, benchmarking roles and salary ranges against the sector to ensure we can attract and retain the staff we need.
- **Promoted Volunteering:** Launched a volunteer marketing campaign to attract a diverse range of volunteers, which targeted different motivations.



### What we plan to do next:

- Strengthen our relationship with NHS commissioners to ensure that we are an end of life care provider of choice.
- Continue to grow our fundraised income aiming to increase by a further £100k in 2020.
- Implement the findings of a Retail Review that concluded towards the end of 2019 with the aim of increasing net profits from the retail operation by 40% over the next two years.
- Implement a new pay structure with performance based increments supported by a robust performance management framework.



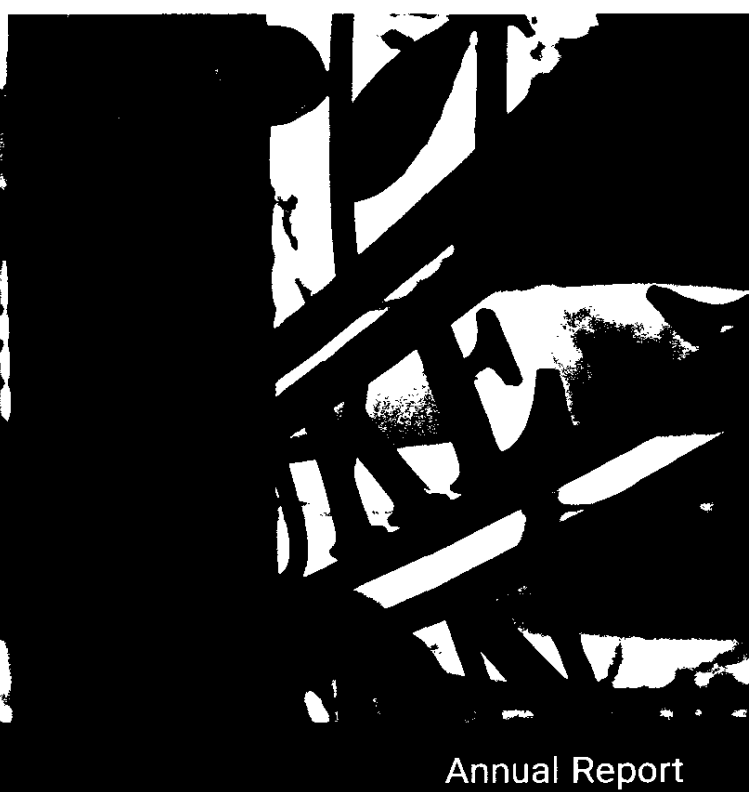
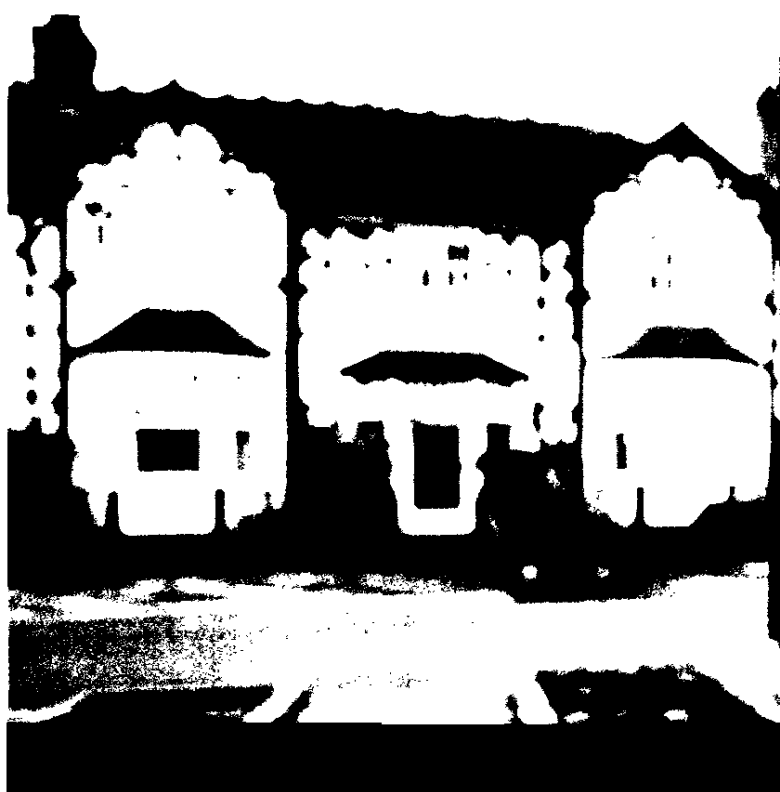
	2019	2018	Comments
Total patients supported	1,677	1,628	Number of individual people we have delivered at least one end of life care service to. Some people may be known to more than one team or service but are only counted once.
Days of inpatient care	2,831	2,646	Due to the closure of The Pembridge Unit and Michael Sobell Hospice, we provided specialist inpatient care to some people who are out of area, during this year. Therefore occupied bed days are showing a marked increase on previous years.
Individual people who attended day care and outpatients	193	231	At the end of 2018 we consolidated day care services, which enabled us to give people the same care in a more cost effective way during 2019 with plans for future expansion dependant on funding.
Complementary Therapy and Physiotherapy sessions	2,496	4,747	We moved from a paid complementary service to a primarily volunteer service which has resulted in a decrease in therapies provided while a team of qualified volunteers was successfully recruited. Physiotherapy sessions increased this year. We will continue to develop both services during 2020.
Patients supported by Hospice at Home	384	461	Care for people who wish to spend the end of their life at home remains stable compared to 2017 following an unusual peak in 2018. This peak was due to external factors.
Telephone calls, assessments and rapid response visits made by our Single Point of Access teams	558 visits 6,409 telephone calls	487 visits 7,736 telephone calls	The team provided more home visits to people near the end of their life with increased complex needs. This service is vital in avoiding unnecessary hospital admissions. The complexity of people's needs will be monitored and measured further in 2020.
Patients supported by Community Specialist Palliative Care Team	478	502	There were various vacancies which resulted in decreased activity during 2019. All vacancies have now been filled and the team is moving to working 7/7 to ensure the people we care for experience specialist care as soon as they need it with fewer resulting weekend hospital admissions.
Care provided by the Community Specialist Palliative Care Team	1,423 visits 5,062 telephone calls	1,393 visits 5,608 telephone calls	The team provided more home visits to people approaching the end of their life with increased complex needs. The complexity of needs will be monitored and measured further in 2020.
Social Work sessions	1,980	2,022	During 2019 there was a Social Worker vacancy which resulted in decreased activity. Since then, we have filled the vacancy and developed the role of a support service assistant. To better help the people we care for, we now aspire to provide a 6 day service.
Bereavement Sessions	279	271	This valued service provides support for family and friends of those who we have cared for. Activity remains consistent with previous years.

**Ethnicity monitoring to embrace the diversity of the area we serve and ensuring promotion of equal access to hospice services.**

	<b>St Luke's</b>	<b>%</b>	<b>Brent %</b>	<b>Harrow %</b>
Indian	302	25%	18.6%	26.4%
Asian other	67	5%	9.8%	11.9%
Pakistani	16	1%	4.6%	3.3%
Chinese	6	1%	1%	1.1%
Black Caribbean	79	7%	7.6%	2.8%
Black African	18	2%	7.8%	3.6%
Black other	6	1%	3.4%	1.8%
White British	456	38%	18%	30.9%
White Irish	78	6%	4%	3.1%
Other White	74	6%	14.4%	8.2%
Mixed	18	2%	5.1%	3.9%
Other	67	6%	5.7%	3%

We have not included people who preferred not to provide ethnicity information.

Notes: Comparative data from 2011 census





**26%**

increase in net  
fundraising  
income



St Luke's works in partnership with a range of key supporters, their vital support transforming aspects of the care we can provide. Our focus with all of our partnerships is securing support for care that can improve people's wellbeing in a meaningful way.

We are extremely grateful to the following Charitable Trusts and Foundations who have provided substantial support to us in 2019.

The Albert Hunt Trust	Maximus Foundation	The Sir Jules Thorn Charitable Trust
Awards for All (National Lottery)	Middlesex Mark Benevolent Fund Charitable Trust	The Kingsbury Charity
The February Foundation	Middlesex Province Relief Fund Charitable Trust	
The Edward Harvist Trust (Brent)		

We are deeply grateful to those businesses, active in our local area who have significantly supported our care during 2019. The following companies deserve particular mention:

Acorn Stairlifts	Marks and Spencer's Harrow	SISK
Dentex		Wenzel's
HSS Kenton	McGovern Haulage	Woodgrange (Wembley) Estates
Jasper Foundation	Prasware	
Lovell	Prime Glaze	XPO Logistics

It is impossible to list all of the donors who collectively make such an amazing difference in providing specialist care, and we are grateful to every single person. The following supporters are given special recognition:

Annual Walkers	The family of the late Rubab Sultanali Nurmohamed	Team Caledonia
Desi Ramblers		

We also wish to acknowledge the incredibly generous support of key supporters who prefer to remain anonymous.

We keep in regular contact with our key supporters so they know how their valued grant has been spent and the impact their funding has achieved for patients and their families.

The charity is run in accordance with Charity Commission regulations and makes every effort to follow guidelines on best practice - aiming for excellence in everything that we do.

National standards of care are followed, such as the National Institute of Clinical Excellence guidelines, and we strive to uphold and establish best practice. Compliance and performance are reported to both Clinical Commissioners and the Care Quality Commission (CQC). The CQC undertake inspections at regular intervals, our current rating overall is good with no major causes of concern.

All facilities are managed in line with Health and Safety Executive regulation and guidance. We invest in training and developing our staff, being recognised with the Investors in People Bronze Award, and operating within ACAS guidelines. We are registered with the Fundraising Regulator, follow the Code of Fundraising Practice and adhere to Trading Standards and Gambling Commission regulations for our income generating activities.

Data Protection and the care of vulnerable people is taken very seriously and we have an Information Governance Working Group which meets regularly and also invites expert advice to ensure we care for personal data in line with Data Protection regulations, establishing the highest standards of working practice amongst our staff. Staff receive mandatory training on data protection, safeguarding and a range of other important topics. St Luke's has successfully completed the NHS Data Security and Protection Toolkit which measures our performance against national data security standards.





## Complaints

Complaints are taken very seriously and followed up immediately, learning happens where possible, and changes are implemented where practical.

Clinical complaints were low with 3 complaints made during the year. The complaints were of a low severity and centred around people's communications needs not being met regarding the care that they were being given. All complaints were dealt with well and one was used to improve our communications about the service in a practical way.

During 2019 there were 2 complaints about fundraising letters that were sent to supporters. There were 4 additional complaints regarding our lottery canvassers during the year, 3 of which resulted in the external canvasser involved receiving additional training, one of which was due to the nature of the fundraising activity itself.

We had 21 complaints about our shops during the course of 2019 and all of these were followed up in a timely fashion and resolved to our satisfaction. The main areas of complaint concerned Gift Aid communication, customer service regarding the donation of goods, and shops volunteers raising concerns regarding shop facilities and management. In addition, we had individual complaints concerning donated goods that were retrospectively untraceable and from a neighbour regarding our suppliers' parking.

## **Introduction**

At the Hospice UK conference in 2019 it was announced that 80% of Hospices were expecting an operating deficit. Hospices are facing an increasing demand for services due to population demographics, medical advances meaning people are living longer with more complex conditions, and changes or challenges in the NHS. At the same time, the return on investment for hospice income generating activities has been steadily dropping because of changes on the high street, GDPR and changes in giving patterns more widely. There is a greater need for funding for hospices and it is becoming harder than ever to raise funds.

St Luke's Hospice has posted £1million deficit in both 2017 and 2018. Reserves at the end of 2018 were just under nine million but include the building where the hospice is based.

In 2019 the deficit is under £200k representing the focus on increased financial management and income growth that the hospice has implemented in 2019.

## **Sector Trends**

Total expenditure in the Hospice sector has increased over recent years and we are intentionally moving against that trend to protect our core services and long term sustainability by reducing our cost base.

Total Hospice income in the sector has seen year on year growth of 4.9% and we are keeping pace with that rate of growth. We are seeking to do this in a way that gives us income we can rely on year after year thus enhancing our sustainability.

## Financial Sustainability Plan

A key element of St Luke's Hospice strategy is to "Be an accountable and sustainable organisation."

### Main Pillars

1. **Steps have been taken to reduce the expenditure on charitable activities in 2019 by £305k** over 2018, whilst protecting core services and maintaining an offering to patients and their families. This has been achieved in the following ways:

Several paid complementary therapist roles were made redundant at the end of 2018 and a team of nine volunteer complementary therapists have now been recruited. This free service to patients and carers, who greatly benefit from the care and support they receive through complementary therapy, is now growing again following the change.

The team of expert nurses which provided facilitated care to people who are living in care homes was made redundant mid 2019. Our education team will continue providing education to Care Home staff and our Community Teams will take referrals from Care Homes as appropriate.

Our cost base will remain held at current levels in other areas.

2. **Efficiency gains of £100k have been made through new ways of working** which will be recurrent year on year.

Working in a more integrated way and reducing management posts has meant front line services are not being impacted. Our growing emphasis on quality improvement and the use of dashboards means that managers now have more useful data to support their work in managing a broader remit.

We are centralising our admissions and triage functions in a new Care Navigator role. The Care Navigator post (based at St Luke's) will be able to effectively assess and refer the right patients into the correct Hospice service at the right time. This will support all aspects of our Hospice's referral system including: appropriateness, urgency and level of priority. It will enable improved bed management, admissions and discharge planning and reduce unnecessary hospital admissions through effective working with St Luke's Community based Teams. The main benefits of the role will be to ensure more patients remain in their preferred place of care; we increase provision of advice and support to them and their carers and we improve collaboration with local health and social care professionals.

Savings in central support costs have been made through the outsourcing of functions such as Payroll and IT management. A restructure of the facilities team to include staff with more practical skills will enable ongoing low level maintenance costs to be better managed.

3. **Increasing our statutory (NHS) funding.** We have increased our funding from the NHS by 35% since 2017, a reduced pressure of £546k on our charitable funding. As this funding is likely to be recurrent, it will continue to support our activities in the future in a sustainable way.
4. **Reducing our dependency on legacies for our core needs.** Though our average legacy income per year is over £1m, we are budgeting for £500k per year as this is an unpredictable income stream. We want to ensure our core budgeted costs can be met from more predictable sources of income.

Legacies are a very valuable form of income for hospices, comprising around 20% of overall income on average. Our conservative budgeting for legacies will mean that we know our core costs are covered and we can use exceptional legacy gifts for significant development needs.

5. **Commercialising our retail operations.** During 2019 we engaged charity retail experts with a proven history of success to provide us with a roadmap to increase our net retail income by £100k+ in 2020 and have recruited an experienced new Head of Retail.

Consultants provided us with a data driven framework that we are now using to support an increased professionalisation of our approach. All staff are receiving more training in line with the framework.

6. **Increasing our Fundraised income.** In 2019 we increased net fundraising income by 26% year on year with over 14% growth in regular giving, by focusing on improving supporter lifetime value.

Improving journeys into support and increasing St Luke's supporter base – we are enabling this through canvassing and via signing people up to fundraising communications through our shops gift aid. *St Luke's investing in areas of fundraising with a higher return. This includes investing recently in a major gifts team which are growing all forms of high value income (from individuals, Corporates, Foundations and Trusts).*

Improving our donor retention – we have centralised oversight of our communications and monitor donor attrition carefully. Retention rates are improving as a result.

Increasing multi-year income – by the end of 2020, we should have doubled our regular giving over the past 18 months to £9,400 per month which increasingly provides a sustainable source of income alongside our lottery income which will yield an extra £100,000 per year by the end of 2020 compared to 2018. New regular givers are being acquired alongside our lottery canvassing and through our direct mail.

## Conclusion

Good end of life care is a vital social priority. People's last phase of life is getting longer but far too many people are experiencing a very poor quality of life during this time in ways that are easily preventable. This can be changed by providing care that does not necessarily come at a greater cost. Imagine the care needs of someone who cannot walk at all, compared to someone with the right physiotherapy and support, can take even a few steps unaided.

Hospices are the specialists in providing care that improves wellbeing, we want to help people approaching the end of their life stay independent and mobile, reducing hospital admissions and keeping people comfortable at home, which is where most people want to be. Funding hospices is an investment into people's wellbeing but also reduces the overall social cost of healthcare.

The demands on our services are rapidly increasing. However, we have to take a long term view to preserve our specialist care and manage our resources well both in order to ensure our sustainability and to put the patient and their needs at the heart of our priorities. We have confidence from the steps we have taken, remodelling services, increasing income and decreasing costs that our future care is now secure.

The world around us is rapidly changing and demands that we also keep pace with it. Our approach is now to stay innovative, keep changing and adapting and remain very firmly at the cutting edge of palliative care.

"I wanted to help but I wasn't keen to be in a shop. I've never shirked from manual work. I came to the warehouse and I've been here ever since. I get to meet people and do things I've not done before, it's good fun!"

**875**  
amazing  
volunteers







“Thank you to everyone of you in the inpatient unit from the doctors, nurses, social workers, complementary therapy, physiotherapists, housekeeping and kitchen staff. Thank you to the volunteers and the gardening staff. You have all made a difference to the care my dad received when he was in St Luke’s.”



## Overview

The Hospice recorded a deficit of £181k (2018– deficit £998k) for the year. The deficit for the year was lower than the deficit for 2018 mainly on account of the following: (a) Increased NHS Commissioning Income of £2,119k (2018: £1,763k) (b) Decreased Expenditure on Charitable activities of £4,476k (2018: £4,781k) (c) Gain on Investment £168k (2018: Loss £137k) (d) Increased income from Fundraising. The income from legacies for 2019 continued to remain strong at £1,071k (2018 – £1,183k). Excluding the effects of gift aid transfer between shops and Hospice, the net profit from shops for the year was £559k (2018 – £643k). The incremental costs related to consultants and the write-off related to a shop lease that was surrendered were the primary reasons for the reduction in shops profits during the year. No incremental provision was required towards pension liabilities during the year.

## Fundraising

The net income from Fundraising (including legacies) and the net contribution from our Charity Shops Company accounts for around half of the costs of the services we provide. We continue to get good support from a wide range of community organisations and groups. Donations (excluding donations and gift aid through the Charity Shops Company) increased to £1,055k (2018 – £837k).

## Shops & Lottery

The Hospice operates charity shops and its Lottery within a wholly owned trading subsidiary company, St Luke's Hospice (Harrow & Brent) Charity Shops Limited. Sales at our shops increased year-on-year by 2%. Administrative expenses increased by 6%. The reclaimed Gift Aid on donated goods of £145k (2018: £173k) was 16% lower than the previous year. The net contribution from shops of £559k (2018 – £643k) was approximately 13% lower than the previous year.

Lottery sales were lower by 4% year on year at £274k (2018- £282k) and net contribution from lottery was also lower at £74k (2018- £177k). Incremental cost of approximately £100k towards recruitment of lottery players was incurred during 2019 resulting in the reduced net profit. Overall therefore, before deductions for head office administrative costs, the activities of the Charity Shops Company generated £633k (2018: £820k) towards Hospice activities.

£'000	2019	2018
Shops profits/(loss) (non-Gift Aid)	(170)	(259)
Donations of goods under gift aid	584	729
Gift Aid	145	173
<b>Shops total</b>	<b>559</b>	<b>643</b>
Lottery profits	74	177
<b>Total</b>	<b>633</b>	<b>820</b>

## Risk management

The Trustees have identified the following Key Risks to the Hospice Group. These Risks are monitored by the Trustees on a quarterly basis.

The Senior Executive Team is responsible for managing the actions identified against each risk and reporting the same to the Trustees.

Indicator	Measure	Tolerance limits	Actions to mitigate
Serious untoward clinical or other incident resulting in death or serious harm to patient, supporter, staff or volunteer	No of incidents	Zero	Comprehensive competency training for staff. Detailed clinical policies and procedures to support clinical practice. <i>Elaborate incident reporting and follow up at "clinical quality matters" forum.</i>
Patient/Family complaint implying serious failings in quality of care	No of complaints	Zero	<i>Complaints policy and procedures in place.</i> Investigation and remedial action taken where necessary. Learning from complaints discussed at "clinical quality matters" forum.
Accidents and Near misses i.e. incidents that have potential to cause serious harm	No of incidents	2 similar incidents per quarter	All incidents investigated and remedial action taken as required. Duty of Candour implemented as per policy. Learning from complaints discussed at "clinical quality matters" forum. Recurring themes considered for quality improvement projects.
Serious data breach involving personal data	No of incidents	Zero	Information Governance policies, procedures and monitoring. Information Governance training and investment in enabling technology.
Conflict of interest resulting in trustees, staff or Volunteers or related parties benefiting commercially due to their relationship with the hospice	No of incidents	Zero	Policies and Procedures. Disclosures and declarations.
Level of reserves.	No of months of clinical expenditure	< 6 months of expenditure in free reserves expected to occur.	Robust Financial sustainability plan. Close monitoring of financial performance.

Indicator	Measure	Tolerance limits	Actions to mitigate
Significant drop in trading or fundraising income	Gross income	>5% budgeted income	Detailed budgeting and forecasting Income. Regular and prompt monitoring of performance leading to remedial action.
Drop in statutory income	Contract Value	Zero	Building partnership approach with Clinical Commissioning Group (CCG). Evidencing outcome and impact of work. Offering new services based on CCG's priorities.
Financial fraud	Amount lost	Zero	Robust Internal financial controls. Compliance with Financial policies and procedures.
Lack of monitoring by Board and SET of progress against strategic plan	Lack of agreed KPIs against strategic aims	Zero	Regular meetings among Trustees and SET. Detailed discussions around KPIs with a view to taking corrective action if required.
Low staff morale	Staff Survey, complaints from staff	More than 30% of staff say they feel morale is low in a survey. Increase by 20% of complaints from staff.	Issues of general concern discussed at staff consultative group and Volunteers Hub. Established annual individual development review (IDR) process aimed at addressing individual morale issues among other matters.
Lack of robust policy framework to review and implement policies	Increase in H&S Incidents Policies not compliant	>1 H&S incident where we have not complied with legal requirements. More than 20% of our policies out of date.	Regular review of Policies by Governance Committees.
Lack of compliance with regulatory bodies CQC, Gambling Commission, Charity Commission	Complaint from member of public or whistleblowing by staff	Zero	Robust Internal controls. Compliance with policies and procedures. Training and mock inspections.
Loss of resources due to staff sickness	Increased workload on staff having to cover other posts/ complaints from staff	10% of workforce out of action.	Sickness figures monitored and reported. Individuals required to have "return to work" interviews and asked to attend occupational health if needed. Optimal staffing levels determined using the "Establishment Genie" methodology .

## Pension liability

Before 1 May 2015, the hospice offered a multi-employer pension scheme providing a defined benefit (career average) pension for members. This scheme was closed to further accrual in July 2016. The scheme was a “last man standing” arrangement.

The scheme is run by the Pensions Trust and is in deficit. The last full scheme valuation in September 2016 resulted in the Hospice agreeing to pay approximately £70k each year in deficit contributions since 1 April 2018. This contribution will increase by 3% each year till 2028. The Scheme actuaries estimated in September 2016 that these deficit recovery payments from employers would be sufficient to return the scheme to a fully funded position. We were informed at the time of last valuation in 2016 that the cost to “buy out” the Hospice liability would be £4,900k. A subsequent valuation was carried out in September 2019, the results of which are expected to be released in May 2020. A Designated Reserve of £300k has been retained towards this potential future buy-out.

The Board recognises this as a key risk and has been working with the Senior Team in exploring alternatives to manage this risk.

## Reserves policy

As at 31 December 2019 the company had the following Designated and General Reserves:

	£ 000s	Timeline for use
Designated Fixed Asset Fund	5,006	The designated fixed asset fund represents the net book value of the Hospice’s fixed assets. It has been set up to assist in identifying funds which are not free funds
Designated Shops Assets Fund	267	The designated shops asset fund has been set up to identify fixed assets of the shops company not covered by their working capital.
<b>Reserves excluding fixed asset funds</b>		
Risk Management Reserve	1,615	Against perceived risks to income
Pension Deficit Reserve	300	Held towards a potential future buy-out of the Defined Benefit Pension Scheme.
General Fund	1,115	General purposes
<b>Total</b>	<b>3,030</b>	

Fundraising accounts for 18% of the Hospice's gross total income. Income from the Charity Shops Company accounts for 40% of the Hospice's gross income and around 27% of the gross income is earned from contracts with Harrow & Brent Clinical Commissioning Groups. As a result, the Hospice needs to ensure that it has a sufficient reserve of funds available to meet unexpected shortfalls in its funding streams, or sudden increases in costs.

The Board aims to maintain six months of operating expenses as Reserves. That amounts to £2,471k (annual operating expenses for 2019 was £4,942k). Reserves (excluding Fixed Asset Funds) as at 31st December 2019 were £3,030k. This is approximately 7.4 months' of annual operating expenses. Within the overall quantum of Reserves to be maintained, recognising the mix of income streams that the Hospice relies on to fund its work and the different risks associated with each income stream, the Board assessed each individual income stream and the potential risks associated with it. Each income stream was given a risk weighting and a potential reserve amount allocated. As a result, the Trustees agreed a target level of £1,650k of Designated Risk Management Reserves. This Risk Management Reserve was at £1,615k as at 31 December 2019. The Reserve was set up so that the Hospice is able to manage any unexpected shortfall in income to protect the needs of the patients served and also to give a reassurance of security for the staff. None of the Designated Funds were utilised during the year to absorb the deficit recorded during 2019. The deficit for the year of £181k was absorbed by General Funds. The trustees have Designated Reserves equivalent to the fixed assets of the hospice and also of the subsidiary Charity Shops Company, which are not covered by that company's working capital. This is to better identify funds that are available to cover specific risks.

The Finance & General Purposes Committee reviews the level of Reserves and considers any amendments to the policy which may be necessary and reports its conclusions to the Board. In February 2020 a review of Reserves was carried out and the current policy was approved.

## Investment policy

The Board, in 2016, appointed Rathbones PLC as investment managers to manage the investment portfolio. Approximately £1,600k was originally allocated to them to be held by them in underlying investments appropriate to the purpose and anticipated timescale of the designated reserve to which it relates. The value of those investments as at 31 December 2019 was £1,652k.

The Senior Executive Team monitors the performance of the investment funds and reports quarterly to the Finance & General Purposes Committee.

## Funding

The Hospice's principal funding sources (as % of gross total income) are:

- 18% Fundraising through donations and fundraising events (2018: 17%) excluding gift aided sales, gift aid recovered through charity and lottery
- 14 % Legacy Gifts (2018: 16%)
- 40% Income from Trading Subsidiary (2018:42%) including Gift Aided sales, Gift Aid recovered through charity and lottery
- 27 % Harrow & Brent Clinical Commissioning Groups (NHS) (2018: 24%)
- 1 % Investment and other income (2018: 1%)

All of these funds are employed in providing the specialist palliative care which is the primary purpose of the hospice.

## Tangible fixed assets

Movements in tangible fixed assets are shown in note 10 to the financial statements.

## Going Concern

The trustees have prepared the financial statements on a going concern basis and consider that no disclosures relating to the charity's ability to continue as a going concern need to be made in the financial statements.

## Structure, Governance and Management

The Hospice was incorporated as St Luke's Hospice (Harrow & Wembley) Limited under the Memorandum & Articles of Association dated 22 June 1987 as amended on 8 January 1988, 11 November 1993, 15 August 2000, 26 June 2001 and 18 December 2008. In 1993, following local government reform, the Hospice changed its registered name to St Luke's Hospice (Harrow & Brent) Limited to reflect the change of name of part of its catchment area from the London Borough of Wembley to the London Borough of Brent.

The Company has a wholly owned trading subsidiary, St Luke's Hospice (Harrow & Brent) Charity Shops Ltd, through which it operates a network of charity shops and a Lottery. The trading subsidiary exists to maximise income for the hospice and all profits are paid to the hospice using Gift Aid.



St Luke's is governed by a Council of Management (Board of Trustees). Trustees are appointed for an initial 3-year period and are eligible for re-election for a further 3 years. Thereafter a year must elapse before they are eligible to stand again. Those holding the posts of Chairman, Vice Chairman and Treasurer serve for an initial period of 3 years and are eligible for re-election for a further 3 years – this may be in addition to a term(s) served as a Trustee.

Trustees are appointed by the Board following open recruitment with internal and external press advertising. The Board reviews the skills it needs in deciding selection criteria to maintain breadth of skills. During the year 4 trustees resigned/retired and 5 new trustees were recruited following an extensive process which included external advertising and open evenings for prospective candidates to find out more about the work of the hospice and the role of the Board.

All trustees are required to complete a thorough induction programme during their first 6 months in post including spending time with different departments in the organisation and attending different committee meetings. The induction process is supported and overseen by the Chair and the CEO.

The full Board meets quarterly and held an annual strategy away day in September 2019 jointly with the Senior Executive Team as part of the process. The Board delegates consideration of key areas of its work to 3 standing committees: Finance & General Purposes, Clinical Governance and Income generation. Additionally, a Pay and Reward Committee meets on an ad hoc basis. Each Trustee sits on at least one of these committees, each of which meets quarterly in advance of the Board meetings. The Board has delegated certain powers to the Chief Executive Officer (CEO) who acts as a conduit between the senior staff and Trustees.

The Board has adopted a governance calendar to ensure that it systematically reviews key management information and data and satisfies itself that the Hospice is properly and correctly run enabling the Board to discharge its governance responsibilities in full.

The Hospice is a member of Hospice UK and works with it and a number of neighbouring hospices where collaboration is the best approach. The Hospice also strives to build good working relationships with the Harrow & Brent Clinical Commissioning Groups, from which it receives part of its funding. St Luke's also maintains links with a variety of professional associations which support the work of the staff.

## Senior Executive Remuneration

The charity's approach to pay policy is consistent for our staff and the Executive team. Our policy is designed to enable us to attract, retain and motivate high performing Executive team members. It also aims to demonstrate to our stakeholders (particularly funders and service users) that our pay levels are set to support delivery of the charity's aims and are an effective use of charitable funds.

The objectives of our pay policy are to:

- reward staff appropriately and enable the recruitment of a high calibre Executive Team
- ensure the proper use of the charity's resources in accordance with its aims and within affordable limits based on the financial circumstances of the charity
- be non-discriminatory, just and equitable in the evaluation of jobs and their remuneration by providing a stable framework for the remuneration of the Executive team
- operate within the law
- pay at a competitive level taking account of external market rates, with the aim being to set pay at the median level or above for comparable posts in the voluntary sector subject to the charity's financial position.

The charity publishes the salary of its key management personnel (Senior Staff listed on page 2) within its annual report. The number of staff paid over £60k is also published in accordance with the charity accounting requirements.

Executive pay is reviewed on an annual basis by the Pay and Reward Committee and is subject to approval by the Board of Trustees, which is responsible for ensuring proper application of our pay policy.

The Trustees 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).

Charity 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 charity and group and of the incoming resources and application of resources, including the income and expenditure, of the charity and group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements;
- 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 of 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware at the time the report is approved:

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

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

In approving this Trustees' Report, the Board are also approving the Strategic Report included herein in their capacity as company directors.

By order of the Board



Dr Gillian Schiller, Chairman

Date: 11.3.2020

## **Independent Auditor's Report to the Members of St Luke's Hospice (Harrow & Brent) Limited**

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### **Opinion**

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

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2019 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 35, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Independent Auditor's Report to the Members of St Luke's Hospice (Harrow & Brent) Limited** (continued)

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

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

- the information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

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

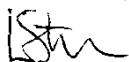
In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the parent charitable company, or 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.

### **Use of our report**

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



Lee Stokes (Senior statutory auditor)  
for and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place,  
London, EC4R 1AG.

11 March 2020

# Consolidated Statement Of Financial Activities

(Including an Income and Expenditure Account) for the year ended 31 December 2019  
St Luke's Hospice (Harrow & Brent) Limited

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	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000	Total 2018 £'000
<b>Income from:</b>						
<i><b>Donations and legacies</b></i>						
. Donations	2	1,634	150	-	1,784	1,739
. Legacies	3	1,071	-	-	1,071	1,183
		<u>2,705</u>	<u>150</u>	<u>-</u>	<u>2,855</u>	<u>2,922</u>
<i><b>Charitable Activities</b></i>						
. NHS commissioning		1,873	246	-	2,119	1,763
. Other income		43	-	-	43	39
	5	<u>1,916</u>	<u>246</u>	<u>-</u>	<u>2,162</u>	<u>1,802</u>
<i><b>Other trading activities</b></i>						
. Fundraising events	2	338	-	-	338	383
. Gross income from shops and lottery	4	2,412	-	-	2,412	2,203
		<u>2,750</u>	<u>-</u>	<u>-</u>	<u>2,750</u>	<u>2,586</u>
<i><b>Investments</b></i>		47	-	1	48	51
<b>Total income</b>		<u><b>7,418</b></u>	<u><b>396</b></u>	<u><b>1</b></u>	<u><b>7,815</b></u>	<u><b>7,361</b></u>
<b>Expenditure on:</b>						
<i><b>Raising funds</b></i>						
. Fundraising costs		673	-	-	673	537
. Fundraising events costs		267	-	-	267	388
. Shops and lottery expenditure	4	2,736	-	-	2,736	2,504
. Investment management costs		10	-	2	12	12
		<u>3,686</u>	<u>-</u>	<u>2</u>	<u>3,688</u>	<u>3,441</u>
<i><b>Charitable activities</b></i>						
. In patient services		1,337	283	-	1,620	537
. Day care services		266	29	-	295	423
. Homecare services		914	5	-	919	999
. Overall clinical support		1,552	90	-	1,642	1,721
		<u>4,069</u>	<u>407</u>	<u>-</u>	<u>4,476</u>	<u>4,781</u>
<b>Total expenditure</b>	7	<u><b>7,755</b></u>	<u><b>407</b></u>	<u><b>2</b></u>	<u><b>8,164</b></u>	<u><b>8,222</b></u>
Net expenditure before gains/ (losses) on investments		(337)	(11)	(1)	(349)	(861)
Net gains/(losses) on investments	11	142	-	26	168	(137)
<b>Net expenditure</b>	6	<u><b>(195)</b></u>	<u><b>(11)</b></u>	<u><b>25</b></u>	<u><b>(181)</b></u>	<u><b>(998)</b></u>

# Consolidated Statement Of Financial Activities

(Including an Income and Expenditure Account) for the year ended 31 December 2019  
St Luke's Hospice (Harrow & Brent) Limited

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000	Total 2018 £'000
<b>Net expenditure</b>	6	(195)	(11)	25	(181)	(998)
Transfer between funds		-	-	-	-	-
<b>Net movement in funds</b>		(195)	(11)	25	(181)	(998)
<b>Reconciliation of funds</b>						
Total funds brought forward		8,498	17	200	8,715	9,713
Total funds carried forward		8,303	6	225	8,534	8,715

All amounts relate to continuing activities. There are no recognised gains or losses for the current or preceding financial year other than as shown above, therefore no Statement of Total Recognised Gains & Losses has been presented. Income and expenditure by fund for the year ended 31 December 2018 is given in note 19 to the accounts.

The notes on pages 43 to 63 form part of these accounts.



# Charity and Group Balance Sheets

at 31 December 2019 Company Number 02141770

St Luke's Hospice (Harrow & Brent) Limited

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		Group		Charity	
	Notes	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>FIXED ASSETS</b>					
Tangible assets	10	5,274	5,432	5,006	5,019
Investments	11	1,652	1,497	1,652	1,497
		<u>6,926</u>	<u>6,929</u>	<u>6,658</u>	<u>6,516</u>
<b>CURRENT ASSETS</b>					
Debtors	12	850	1,224	2,077	1,955
Cash at bank and in hand		1,900	1,646	914	1,331
		<u>2,750</u>	<u>2,870</u>	<u>2,991</u>	<u>3,286</u>
<b>CURRENT LIABILITIES</b>					
Creditors: amounts falling due within one year	13	(512)	(416)	(383)	(349)
<b>NET CURRENT ASSETS</b>		<u>2,238</u>	<u>2,454</u>	<u>2,608</u>	<u>2,937</u>
Long term liabilities (Pension deficit)	20	(630)	(668)	(630)	(668)
<b>NET ASSETS</b>	14	<u>8,534</u>	<u>8,715</u>	<u>8,636</u>	<u>8,785</u>
<b>Represented by</b>					
Unrestricted funds					
Designated funds		7,188	7,228	7,188	7,228
General fund		1,115	1,270	1,217	1,340
		<u>8,303</u>	<u>8,498</u>	<u>8,405</u>	<u>8,568</u>
Endowment funds		225	200	225	200
Restricted funds		6	17	6	17
	15	<u>8,534</u>	<u>8,715</u>	<u>8,636</u>	<u>8,785</u>

The net result of the charity's own activities for 2019 was a deficit of £149,000 (2018: deficit £916,000).

The financial statements were approved and authorised for issue by the Board of Trustees on and signed on their behalf by:

*Gillian Schiller*

G Schiller 11 3-2020  
Chair of Trustees

The notes on pages 43 to 63 form part of these accounts

# Statement of Consolidated Cash Flows

For the Year Ended 31 December 2019

St Luke's Hospice (Harrow &amp; Brent) Limited

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities:</b>				
Net cash flow provided by/(used in) operating activities (note A)		198		(910)
<b>Cash flows from investing activities:</b>				
Dividends, interest and rents from investments	48		51	
Purchase of property, plant and equipment	(11)		(154)	
Disposal of investments	152		48	
Acquisition of investments	(150)		(55)	
Change in investment cash	11		18	
Proceeds from disposal of fixed assets	6		40	
<b>Net cash used in investing activities</b>		56		(92)
Change in cash and cash equivalents in the reporting period		254		(1,002)
Cash and cash equivalents at the beginning of the reporting period		1,646		2,648
<b>Cash and cash equivalents at the end of the reporting period</b>		1,900		1,646
<b>A) Reconciliation of net (expenditure)/income to net cash flow from operating activities</b>		2019		2018
		£'000		£'000
Net expenditure for the reporting period (as per the statement of financial activities)		(181)		(998)
<b>Adjustments for:</b>				
Depreciation charges		143		146
Losses/(gains) on investments		(168)		137
Dividends, interest and rents from investments		(48)		(51)
Decrease/(increase) in debtors		374		(23)
Increase/(decrease) in creditors		58		(121)
Loss on disposal of fixed assets		20		-
<b>Net cash flow provided in/(used in) operating activities</b>		198		(910)
<b>Analysis of cash and cash equivalents</b>		2019		2018
		£'000		£'000
Cash at bank and in hand		1,900		1,646
<b>Total cash and cash equivalents</b>		1,900		1,646

## 1. ACCOUNTING POLICIES

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

### (i) Basis of preparation

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

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

### (ii) Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

Judgements made by the trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and accruing for legacies which have not yet been received.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

### (iii) Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised with the exception of investments which are held at fair value.

Financial assets held amortised cost comprise cash at bank and in hand, together with

trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

**(iv) Preparation of accounts on a going concern basis**

The trustees consider there are no material uncertainties about the charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives trustees confidence the charity remains a going concern for the foreseeable future.

**(v) Consolidation**

These accounts consolidate the results of the charity and its wholly owned subsidiary, St Luke's Hospice (Harrow & Brent) Charity Shops Limited, on a line-by-line basis. A separate Income and Expenditure Account and Statement of Financial Activities is not presented for the Charity alone as permitted by the Companies Act 2006 and Charities SORP.

**(vi) Income**

Income from donations, legacies and grants are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Donations include related gift aid income.

The Shops company acts as agent to sell items donated with a gift aid declaration and to pass the resulting cash donations to the Hospice rather than record them as turnover within the Shops Company. The Hospice also receives the gift aid claimed on these donations.

Legacies are included when the Hospice becomes entitled to the funds and the sum receivable can be reliably quantified. Where they rely on the sale of property or investments, and thus do not have a certain valuation, an estimate of their value is disclosed in the notes to the financial statements.

Investment income is recognised on a receivable basis.

Income from charitable activities includes income from NHS contracts from the Harrow & Brent Clinical Commissioning Groups. They have been dealt with on a receivable basis as a contribution to running costs.

There have been no significant gifts in kind or donated goods and services during the year.

The value of services provided by volunteers is not incorporated in these financial statements. Further detail of the substantial contribution by volunteers can be found in the Report of the Trustees.

**(vii) Expenditure**

Expenditure is recognised when a liability is incurred. It includes VAT where this is not recoverable.

Expenditure on raising funds is the costs incurred in attracting donation income, organising and managing fundraising events, and the costs incurred in trading activities which raise funds.

Charitable activities include the hospice care services offered to inpatients, day care patients, those receiving hospice services in their own homes, and their carers and families. There are also a range of clinical and other services which apply to all these forms of hospice care. These costs include both the direct costs and support costs relating to these activities.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g., property costs by floor areas and other costs on the bases shown in Note 7.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with compliance with constitutional and statutory requirements. These have been allocated to activity costs on the same basis as support costs.

**(viii) Tangible fixed assets**

All assets acquired costing more than £2,500 are capitalised.

Leasehold properties	assets acquired prior to 2016 - over the term of the lease assets acquired after 2016 – shorter of 5 years or the remaining term of the lease
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Fixtures and equipment	20%
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Motor vehicles	20%
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IT equipment and systems	20%
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The freehold property is not depreciated as the amount of depreciation is considered to be immaterial.

Tangible fixed assets are held at cost and (except for the freehold property) depreciated on a straight line basis over their estimated useful lives as follows.

**(ix) Investments**

Investments are initially recognised at their transaction cost and subsequently valued at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains/(losses) on investments' in the Statement of Financial Activities.

**(x) Funds**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the charity for specific purposes.

Endowment funds are restricted funds which are to be retained for the benefit of the charity as a capital fund.

The Hospice has a number of restricted income and capital funds. Details of the funds are given in the notes to the financial statements.

**(xi) Pensions**

The Group currently offers a qualifying defined contribution pension scheme to all staff. In addition the Group is a Direction Employer under the NHS Scheme.

**National Health Service Superannuation scheme**

This is a statutory superannuation scheme as defined in Section 6.12 (1) Income and Corporation taxes Act 1988, which has no invested funds. Contribution by employers (currently 14.3%) and members are accounted for to the Treasury and benefits are paid from the consolidated fund. This scheme is only open to staff who have been members of the NHS scheme in previous employment under the dispensation rules. The accounting charge represents the employer's contributions for the period.

**Defined Contribution Scheme (Pensions Trust)**

With effect from 1 May 2015 the group also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the group. There is no liability under the scheme other than the payment of those contributions.

**(xii) Taxation**

No tax is payable due to the charitable status of the parent company. Taxable profits generated by the trading subsidiary are transferred to the parent company under gift aid.

**(xiii) Leases**

Operating lease rentals are charged to the Statement of Financial Activities over the period of the lease.

**(xiv) Legal status**

The charitable company is limited by Guarantee and does not have any share capital.

**(xv) Employee benefits**

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received. Termination benefits are accounted for on an accrual basis and in line with FRS 102.

**(xvi) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**(xvii) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments.

**(xviii) Creditors and provisions**

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

# Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

St Luke's Hospice (Harrow &amp; Brent) Limited

## 2. DONATIONS - 2019

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Individual donations	241	-	241	304
<i>In memoriam donations</i>	189	-	189	197
Community groups	160	-	160	48
Trust fund donations	112	150	262	194
Corporate donations	74	-	74	15
Major Donors	57	-	57	22
Gift aid	72	-	72	57
Donations & gift aid from sale of goods in shops	729	-	729	902
	<u>1,634</u>	<u>150</u>	<u>1,784</u>	<u>1,739</u>

Fundraising events in 2019 were successful in raising £337,902 (2018: £383,842). This was thanks to successful midnight and annual walks, challenge events and fundraising events organised by community organisations.

## DONATIONS - 2018

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000
Individual donations	297	7	304
<i>In memoriam donations</i>	197	-	197
Community groups	48	-	48
Trust fund donations	47	147	194
Corporate donations	15	-	15
Major Donors	22	-	22
Gift aid	57	-	57
Donations & gift aid from sale of goods in shops	902	-	902
	<u>1,585</u>	<u>154</u>	<u>1,739</u>

## 3. LEGACIES

In addition to the sum of £1,071,000 from legacies within income (2018: £1,183,000), the Hospice has also received notifications for legacies where the value is currently uncertain until property or equity sales are completed, or probate granted; due to the difficulty with the valuation in light of the uncertainties no estimation has been made for these legacies. In accordance with the Hospice's accounting policy for legacies, these are not included in these accounts on the grounds of uncertainty of measurement.



## 4. INCOME AND EXPENDITURE FROM SHOPS AND LOTTERY

The charity owns the entire share capital of St Luke's Hospice (Harrow & Brent) Charity Shops Limited, a company registered in England and Wales, which operates charity shops in support of the hospice funding. The subsidiary transfers to the Hospice under gift aid an amount not less than its taxable profits.

A summary of the trading results of the subsidiary is shown below. Audited accounts have been prepared in respect of the trading period for the year ended 31 December 2019.

	Total 2019 £'000	Total 2018 £'000
Turnover	2,138	1,921
Income from lottery	274	282
	<u>2,412</u>	<u>2,203</u>
Cost of sale of purchased goods	7	2
Administration expenses	2,237	2,178
Lottery expenditure and prizes	200	105
	<u>2,444</u>	<u>2,285</u>
Gross direct expenditure of shops and lottery		
Net direct income from shops and lottery	(32)	(82)
Lease costs relating to shops recorded in Charity	(64)	-
Donations of goods under gift aid	584	729
Gift aid reclaimed	145	173
	<u>633</u>	<u>820</u>
Contribution generated by Charity Shops Ltd		

In addition to the gross direct expenditure shown above, additional direct and indirect support costs of £292k (2018: £219k) relating to Hospice support services, are allocated to shops and lottery (see note 7).

# Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

St Luke's Hospice (Harrow &amp; Brent) Limited

## 5. CHARITABLE ACTIVITIES - 2019

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
NHS commissioning income Service level agreement	1,873	246	2,119	1,763
Other funding	43	-	43	39
	<u>1,916</u>	<u>246</u>	<u>2,162</u>	<u>1,802</u>

NHS commissioning income in 2019 includes funding for the pilot Fast Track Brokerage project. Discussions are ongoing regarding the extension of the project until 2022.

## CHARITABLE ACTIVITIES -2018

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000
NHS commissioning income Service level agreement	1,517	246	1,763
Other funding	39	-	39
	<u>1,556</u>	<u>246</u>	<u>1,802</u>

## 6. NET EXPENDITURE

	Total 2019 £'000	Total 2018 £'000
Net income is stated after charging:		
Depreciation	143	146
Auditor's remuneration	10	10
Other fees payable to auditors	5	5
Operating lease rental	<u>555</u>	<u>535</u>

## 7. EXPENDITURE - 2019

# Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019  
St Luke's Hospice (Harrow & Brent) Limited

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Basis of Allocation	Fundraising Costs £'000	Fundraising event costs £'000	Shops & Lottery expenses £'000	Investment Management costs £'000	Inpatient services £'000	Day care services £'000	Homecare services £'000	General clinical support £'000	2019 Total £'000
Staff costs									
Drugs and medical	347	145	1,181	-	1,086	136	585	921	4,401
Direct	-	-	-	-	56	-	1	-	57
Catering and housekeeping	-	-	-	-	-	-	-	142	142
Direct	-	-	-	-	-	-	-	-	-
Fundraising and community	224	50	-	-	-	-	-	-	274
Direct	-	-	1,263	12	177	49	228	377	2,106
Other direct costs	571	195	2,444	12	1,319	185	814	1,440	6,980
Support costs									
Management	23	23	62	-	12	12	12	11	155
Finance	22	22	72	-	27	14	23	38	218
HR	16	8	93	-	65	9	22	45	258
Premises*	16	7	65	-	96	60	15	36	295
Floor area	25	12	-	-	101	15	34	71	258
Headcount	102	72	292	-	301	110	106	201	1,184
Total expenditure 2019	673	267	2,736	12	1,620	295	919	1,642	8,164
Total expenditure 2018	537	388	2,504	12	1,638	423	999	1,721	8,222

\* The lease rentals borne by the hospice relating to two shops are allocated wholly to Shops and Lottery Expenses

# Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

St Luke's Hospice (Harrow &amp; Brent) Limited

## 7. EXPENDITURE - 2018

	Basis of Allocation	Fundraising Costs £'000	Fundraising event costs £'000	Shops & Lottery expenses £'000	Investment Management costs £'000	Inpatient services £'000	Day care services £'000	Homecare services £'000	General clinical support £'000	2018 Total £'000
Staff costs	Direct	256	249	1,218	-	1,056	261	677	1026	4,743
Drugs and medical	Direct	-	-	-	-	64	1	2	-	67
Catering and housekeeping	Direct	-	-	-	-	-	-	-	44	44
Fundraising and community	Direct	161	58	-	-	-	-	-	-	219
Other direct costs	Direct	-	-	1,066	12	108	9	187	386	1,768
		417	307	2,284	12	1,228	271	866	1,456	6,841
<b>Support costs</b>										
Management	Staff time	13	13	34	-	6	6	6	6	84
Finance	Staff time	31	31	103	-	39	20	33	54	311
HR	Headcount	14	7	83	-	58	8	19	40	229
Premises	Floor area	26	12	-	-	154	96	24	58	370
General overheads	Headcount	36	18	-	-	153	22	51	107	387
		120	81	220	-	410	152	133	265	1,381
<b>Total expenditure 2018</b>		537	388	2,504	12	1,638	423	999	1,721	8,222

## 8. STAFF COSTS AND NUMBERS

	Total 2019 £'000	Total 2018 £'000
Salaries and wages	4,435	4,718
Social security costs	383	411
Pension costs	301	327
<b>Total</b>	<b>5,119</b>	<b>5,456</b>
Average number of employees (full time equivalents)		
Hospice	86	96
Shops	53	55
	<b>139</b>	<b>151</b>

Pension costs include an amount of £21,825 paid in respect of death in service cover for employees of the company.

There were on average 164 people employed (2018 – 178) full and part time.

As at the year-end there were 2 employees with emoluments between £60,000 and £70,000 (2018: 2). As at the year-end there was 1 employee with emoluments between £80,000 and £90,000 (2018: 1).

The total remuneration for key management personnel included in staff costs above is £382,952 (2018: £337,700).

The employees are supported by 875 unpaid volunteers.

## 9. TRUSTEES

None of the trustees received any remuneration or benefits in kind from the charitable company (2018: Nil). Expenses on behalf of one of the trustees or reimbursed during the year amounted to £663 (2018: £549).

**10. TANGIBLE FIXED ASSETS**

	Freehold properties £'000	Leasehold properties £'000	Fixtures & equipment £'000	Motor vehicles £'000	Total £'000
<b>Group</b>					
<b>Cost</b>					
Opening balance	4,932	1,146	952	63	7,093
Additions	-	-	-	11	11
Disposals	-	(547)	(821)	(63)	(1,431)
Closing balance	4,932	599	131	11	5,673
<b>Depreciation</b>					
Opening balance	-	752	853	56	1,661
Charge for the year	-	116	25	2	143
Disposals	-	(547)	(803)	(55)	(1,405)
Closing balance	-	321	75	3	399
<b>Net Book Value</b>					
At 31 December 2019	4,932	278	56	8	5,274
At 31 December 2018	4,932	394	99	7	5,432

	Freehold properties £'000	Leasehold properties £'000	Fixtures & equipment £'000	Motor vehicles £'000	Total £'000
<b>Charity</b>					
<b>Cost</b>					
Opening balance	4,932	-	858	9	5,799
Additions	-	33	-	-	33
Disposals	-	-	(738)	(9)	(747)
Closing balance	4,932	33	120	-	5,085
<b>Depreciation</b>					
Opening balance	-	-	771	9	780
Charge for the year	-	10	29	-	39
Disposals	-	-	(731)	(9)	(740)
Closing balance	-	10	69	-	79
<b>Net Book Value</b>					
At 31 December 2019	4,932	23	51	-	5,006
At 31 December 2018	4,932	-	87	-	5,019

## 10. TANGIBLE FIXED ASSETS (continued)

Freehold properties otherwise represents the acquisition and conversion costs of Kenton Grange between 1992 and 2002 shown at historic cost and the costs of building the Woodgrange Centre completed in 2015.

## 11. INVESTMENTS

	Total 2019 £'000	Total 2018 £'000
Market value at 1 January 2019	1,497	1,645
Additions	150	55
Disposals	(152)	(48)
Realised and unrealised gains/ (losses)	168	(137)
Movement in investment cash	(11)	(18)
Market value at 31 December 2019	<u>1,652</u>	<u>1,497</u>

The underlying investments of the portfolio are in fixed income (£285k), equities (£1,093k), property (£80k), cash (£46k) and others (£148k).

## 12. DEBTORS: amounts falling due within one year

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade debtors	158	145	149	145
Other debtors	126	67	91	27
Prepayments and accrued income	566	1,012	407	862
Amounts owed by subsidiary undertaking	-	-	1,430	921
	<u>850</u>	<u>1,224</u>	<u>2,077</u>	<u>1,955</u>

## 13. CREDITORS: amounts falling due within one year

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade creditors	184	136	150	125
Other creditors	82	80	75	72
Taxation and social security	133	44	117	44
Accruals and deferred income	113	156	41	108
	<u>512</u>	<u>416</u>	<u>383</u>	<u>349</u>

**14. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

ANALYSIS OF NET ASSETS BETWEEN FUNDS - GROUP – 2019	Unrestricted funds		Endowment Funds	Restricted Funds	Total 2019
	General £'000	Designated £'000	£'000	£'000	£'000
Tangible fixed assets	-	5,274	-	-	5,274
Investments	143	1,284	225	-	1,652
Net current assets	1,602	630	-	6	2,238
Long term liabilities	(630)	-	-	-	(630)
<b>Net assets</b>	<u>1,115</u>	<u>7,188</u>	<u>225</u>	<u>6</u>	<u>8,534</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - GROUP – 2018	Unrestricted funds		Endowment Funds	Restricted Funds	Total 2018
	General £'000	Designated £'000	£'000	£'000	£'000
Tangible fixed assets	-	5,432	-	-	5,432
Investments	-	1,297	200	-	1,497
Net current assets	1,938	499	-	17	2,454
Long term liabilities	(668)	-	-	-	(668)
<b>Net assets</b>	<u>1,270</u>	<u>7,228</u>	<u>200</u>	<u>17</u>	<u>8,715</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CHARITY – 2019	Unrestricted funds		Endowment Funds	Restricted Funds	Total 2019
	General £'000	Designated £'000	£'000	£'000	£'000
Tangible fixed assets	-	5,006	-	-	5,006
Investments	143	1,284	225	-	1,652
Net current assets	1,704	898	-	6	2,608
Long term liabilities	(630)	-	-	-	(630)
<b>Net assets</b>	<u>1,217</u>	<u>7,188</u>	<u>225</u>	<u>6</u>	<u>8,636</u>



## 14. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

### ANALYSIS OF NET ASSETS BETWEEN FUNDS - GROUP – 2018

	Unrestricted funds		Endowment	Restricted	Total 2018
	General £'000	Designated £'000	£'000	£'000	£'000
Tangible fixed assets	-	5,019	-	-	5,019
Investments	-	1,297	200	-	1,497
Net current assets	2,008	912	-	17	2,937
Long term liabilities	(668)	-	-	-	(668)
<b>Net assets</b>	<b>1,340</b>	<b>7,228</b>	<b>200</b>	<b>17</b>	<b>8,785</b>

## 15. FUNDS - 2019

	Opening balance £'000	Income £'000	Expenditure £'000	Investment Gains £'000	Transfers £'000	Closing Balance £'000
<b>Restricted funds</b>						
Inpatient funds	-	290	(284)	-	-	6
Day care funds	11	18	(29)	-	-	-
Homecare funds	-	5	(5)	-	-	-
Clinical funds	-	83	(83)	-	-	-
Capital funds	6	-	(6)	-	-	-
<b>Total restricted funds</b>	<b>17</b>	<b>396</b>	<b>(407)</b>	<b>-</b>	<b>-</b>	<b>6</b>
<b>Endowment funds</b>						
Alice Wisbey Capital Fund	20	-	-	3	-	23
D D McPhail	180	1	(2)	23	-	202
<b>Total endowment funds</b>	<b>200</b>	<b>1</b>	<b>(2)</b>	<b>26</b>	<b>-</b>	<b>225</b>
<b>Unrestricted funds</b>						
Designated fixed asset fund	5,019	-	(55)	-	42	5,006
Designated shops assets fund	413	-	(98)	-	(48)	267
Designated risk management fund	1,496	-	(9)	128	-	1,615
Pension liability reserve	300	-	-	-	-	300
<b>Total designated funds</b>	<b>7,228</b>	<b>-</b>	<b>(162)</b>	<b>128</b>	<b>(6)</b>	<b>7,188</b>
<b>Unrestricted funds</b>						
General charitable funds	1,514	5,007	(5,150)	14	(167)	1,218
General non-charitable trading funds	(244)	2,411	(2,443)	-	173	(103)
<b>Total general funds</b>	<b>1,270</b>	<b>7,418</b>	<b>(7,593)</b>	<b>14</b>	<b>6</b>	<b>1,115</b>
<b>Total unrestricted funds</b>	<b>8,498</b>	<b>7,418</b>	<b>(7,755)</b>	<b>142</b>	<b>-</b>	<b>8,303</b>
<b>Total funds</b>	<b>8,715</b>	<b>7,815</b>	<b>(8,164)</b>	<b>168</b>	<b>-</b>	<b>8,534</b>

**Notes to the Financial Statements (continued)**

For the Year Ended 31 December 2019

St Luke's Hospice (Harrow &amp; Brent) Limited

**15. FUNDS (continued)**

2018	Opening balance £'000	Income £'000	Expenditure £'000	Investment Gains £'000	Transfers £'000	Closing Balance £'000
<b>Restricted funds</b>						
Alice Wisbey Income fund	6	-	(6)	-	-	-
Inpatient funds	-	6	(6)	-	-	-
Day care funds	3	37	(29)	-	-	11
Homecare funds	-	334	(334)	-	-	-
Clinical funds	39	23	(62)	-	-	-
Other sundry funds	31	-	(31)	-	-	-
Capital funds	65	-	(59)	-	-	6
<b>Total restricted funds</b>	<b>144</b>	<b>400</b>	<b>(527)</b>	<b>-</b>	<b>-</b>	<b>17</b>
<b>Endowment funds</b>						
Alice Wisbey Capital Fund	19	-	-	(1)	2	20
D D McPhail	200	-	-	(7)	(13)	180
<b>Total endowment funds</b>	<b>219</b>	<b>-</b>	<b>-</b>	<b>(8)</b>	<b>(11)</b>	<b>200</b>
<b>Unrestricted funds</b>						
Designated fixed asset fund	5,039	-	(44)	-	24	5,019
Designated shops assets fund	385	-	(102)	-	130	413
Designated risk management fund	2,496	-	-	-	(1,000)	1,496
Planned Maintenance Fund	300	-	-	-	(300)	-
Designated Development Fund	760	-	-	-	(760)	-
Pension liability reserve	300	-	-	-	-	300
<b>Total designated funds</b>	<b>9,280</b>	<b>-</b>	<b>(146)</b>	<b>-</b>	<b>(1,906)</b>	<b>7,228</b>
<b>Unrestricted funds</b>						
General charitable funds						
General non-charitable trading funds	13	4,758	(5,045)	(129)	1,917	1,514
Trading funds	57	2,203	(2,504)	-	-	(244)
<b>Total general funds</b>	<b>70</b>	<b>6,961</b>	<b>(7,549)</b>	<b>(129)</b>	<b>1,917</b>	<b>1,270</b>
<b>Total unrestricted funds</b>	<b>9,350</b>	<b>6,961</b>	<b>(7,695)</b>	<b>(129)</b>	<b>11</b>	<b>8,498</b>
<b>Total funds</b>	<b>9,713</b>	<b>7,361</b>	<b>(8,222)</b>	<b>(137)</b>	<b>-</b>	<b>8,715</b>

## 15. FUNDS (continued)

A Pension Liability Reserve was set up in 2016 to reflect potential increases in the pension liability. When it was provided in full in 2017, the reserve was reduced. The balance in this fund of £300k will be used towards the cost of any future buy-out of the liability.

The net deficit arising out of the activities during the year of £181k resulted in the reduction of the Unrestricted General Charitable funds balance. A reduction in legacy income, a decrease in the net income from lottery and an increase in shops' costs resulted in the deficit during the year. While the activities of the Hospice are budgeted to result in a deficit for 2020 also, steps are being taken to reduce the deficit over the next 2 years through a combination of income generating and cost saving initiatives. The activities are expected to generate a surplus from 2021 onwards.

The late Mrs Alice Wisbey made a bequest to the Hospice with the instruction that the income therefrom should be applied for the comfort of the nursing staff. This is split between Income and Capital funds.

The sundry restricted funds represent grants and donations received, from Trusts and individuals, where the use of the funds was restricted to a specific purpose by the donor. These funds have included contributions toward the cost of our Community and Homecare services, to the provision of complementary therapies and a number of other items.

The D D McPhail Charitable Settlement originally gave £150k as an endowment fund. No instructions were given about income so this is applied for the general purposes of the charity. The difference between the original fund value and the current fund value arises through revaluation of the underlying investment.

The designated fixed asset fund represents the net book value of the Hospice's fixed assets. It has been set up to assist in identifying funds which are not free funds. Similarly the designated shops asset fund has been set up to identify fixed assets of the shops company not covered by their working capital.

The designated risk management fund represents funds to provide a cushion against unexpected costs or shortfalls of income and thus to support the long-term future of the hospice. A review of risks in 2016 concluded that £2,650k was the appropriate sum to hold for his purpose. This included an amount of £1,000k set aside for absorbing future deficit. As a deficit of £998k was recorded during 2018, an amount of £1,000k was transferred from this Reserve to the General fund in order to cover the deficit during the previous year. No transfers were made out of the fund during the year. The balance in this fund as at 31 December 2019 was £1,496k a majority of which is managed by Rathbones, our investment manager.

The general funds represent the unrestricted funds of the group and are therefore "free reserves."

# Notes to the Financial Statements (continued)

For the Year Ended 31 December 2019

St Luke's Hospice (Harrow &amp; Brent) Limited

## 16. OPERATING LEASE COMMITMENTS

The group has the following total commitments under non-cancellable operating leases:

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Amounts due:				
Within 1 year	510	535	60	-
Within one to two years	501	528	62	-
Within two to five years	1,206	1,751	188	-
After five years	657	619	237	-
	<u>2,874</u>	<u>3,433</u>	<u>547</u>	<u>-</u>

## 17. CAPITAL COMMITMENTS

The group has no capital commitments at the year-end (2018: none).

## 18. RELATED PARTY TRANSACTIONS

During the year, Trustees and their close family members donated £3,481 to the Hospice. There were no other transactions with related parties during the year (2018: None).

## 19. STATEMENT OF FINANCIAL ACTIVITIES IN THE PREVIOUS YEAR (2018)

	Unrestricted funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2018 £'000
Income from:				
<i>Donations and legacies</i>				
. Donations	1,585	154	-	1,739
. Legacies	1,183	-	-	1,183
	<u>2,768</u>	<u>154</u>	<u>-</u>	<u>2,922</u>
<i>Charitable Activities</i>				
. NHS commissioning	1,517	246	-	1,763
. Other income	39	-	-	39
	<u>1,556</u>	<u>246</u>	<u>-</u>	<u>1,802</u>
<i>Other trading activities</i>				
. Fundraising events	383	-	-	383
. Gross income from shops and lottery	2,203	-	-	2,203
	<u>2,586</u>	<u>-</u>	<u>-</u>	<u>2,586</u>
<i>Investments</i>	51	-	-	51
<b>Total income</b>	<u>6,961</u>	<u>400</u>	<u>-</u>	<u>7,361</u>

## 19. STATEMENT OF FINANCIAL ACTIVITIES IN THE PREVIOUS YEAR (continued)

	Unrestricted funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2018 £'000
<b>Expenditure on:</b>				
<i><b>Raising funds</b></i>				
- Fundraising costs	537	-	-	537
. Fundraising events costs	388	-	-	388
. Shops and lottery expenditure	2,504	-	-	2,504
. Investment management costs	12	-	-	12
	<u>3,441</u>	<u>-</u>	<u>-</u>	<u>3,441</u>
<i><b>Charitable Activities</b></i>				
. In patient services	1,632	6	-	1,638
. Day care services	394	29	-	423
. Homecare services	665	334	-	999
. Overall clinical support	1,563	158	-	1,721
	<u>4,254</u>	<u>527</u>	<u>-</u>	<u>4,781</u>
<b>Total expenditure</b>	<u>7,695</u>	<u>527</u>		<u>8,222</u>
 Net (expenditure)//income before (losses)/gains on investments	 (734)	 (127)	 -	 (861)
(Losses)/gains on investments	(129)	-	(8)	(137)
	<u>(863)</u>	<u>(127)</u>	<u>(8)</u>	<u>(998)</u>
<b>Net expenditure</b>	<u>(863)</u>	<u>(127)</u>	<u>(8)</u>	<u>(998)</u>
Transfer between funds	11	-	(11)	-
	<u>(852)</u>	<u>(127)</u>	<u>(19)</u>	<u>(998)</u>
<b>Net movement in funds</b>	<u>(852)</u>	<u>(127)</u>	<u>(19)</u>	<u>(998)</u>
<b>Reconciliation of funds</b>				
Total funds brought forward	9,350	144	219	9,713
Total funds carried forward	<u>8,498</u>	<u>17</u>	<u>200</u>	<u>8,715</u>

## 20. THE CAREER AVERAGE REVALUED EARNING SCHEME (PENSIONS TRUST)

Before 1 May 2015, the group offered a multi-employer pension scheme providing a defined benefit (career average) pension for members.

The company participated in the scheme, a multi-employer scheme which provides benefits to some 36 non-associated employers. The scheme is a defined benefit scheme in the UK.

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2016. This actuarial valuation showed assets of £60.45m, liabilities of £85.3m and a deficit of £24.6m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

### Deficit contributions

From 1 July 2018 to 31 April 2027:	£1,400,000 per annum (payable monthly and increasing by 3.0% each year on 1st April)
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The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

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

PRESENT VALUES OF PROVISION	31 December 2019 (£000s)	31 December 2018 (£000s)
Present value of provision	704	742

RECONCILIATION OF OPENING AND CLOSING PROVISIONS	Year ended 31 December 2019 (£000s)
Provision at start of period	742
Unwinding of the discount factor (interest expense)	13
Deficit contribution paid	(72)
Re measurements - impact of any change in assumptions	21
Re measurements - amendments to the contribution schedule	-
Provision at end of period	<u>704</u>

RECONCILIATION OF OPENING AND CLOSING PROVISIONS	2019 £'000	2018 £'000
Amounts due within one year	74	74
Amounts due after one year	630	668
	<u>704</u>	<u>742</u>

\*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

ASSUMPTIONS	31 December 2019 % per annum	31 December 2018 % per annum
Rate of discount	<u>1.31</u>	<u>1.98</u>

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

## 21. FINANCIAL INSTRUMENTS

	Total 2019 £'000	Total 2018 £'000
Financial assets measured at fair value	<u>1,652</u>	<u>1,497</u>
Financial assets measured by amortised cost	<u>284</u>	<u>212</u>
Financial liabilities measured by amortised cost	<u>266</u>	<u>216</u>

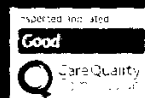
Financial assets measured at fair value include investments.

Financial assets measured at amortised cost include trade and other debtors.

Financial liabilities measured at amortised cost include trade and other creditors.



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