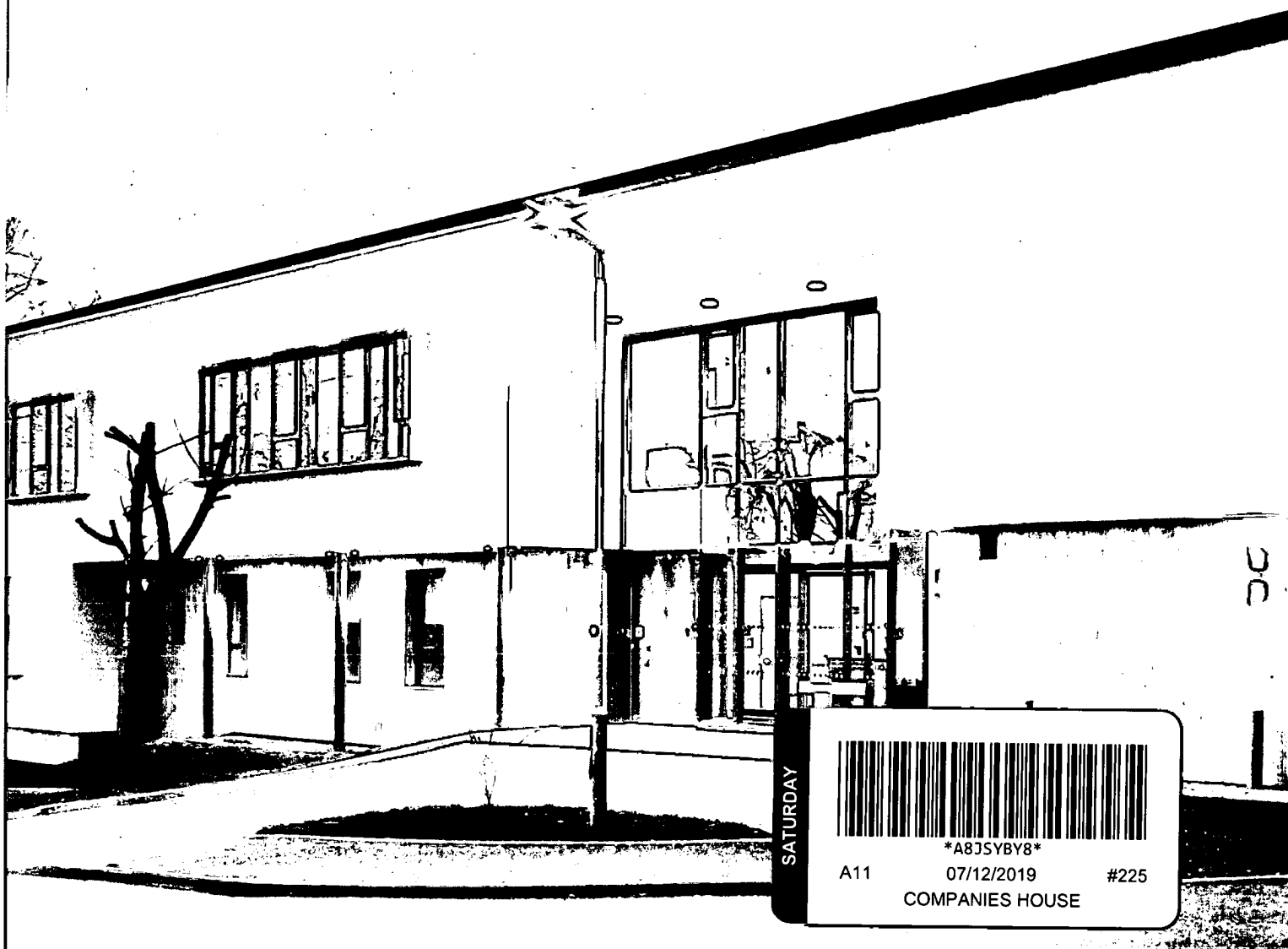


THE MARY STEVENS
HOSPICE LIMITED

REGISTERED CHARITY
NUMBER: 517656

REGISTERED COMPANY
NUMBER: 1963989
(ENGLAND AND WALES)

MARY STEVENS HOSPICE, STOURBRIDGE: A NEW CHAPTER



SATURDAY

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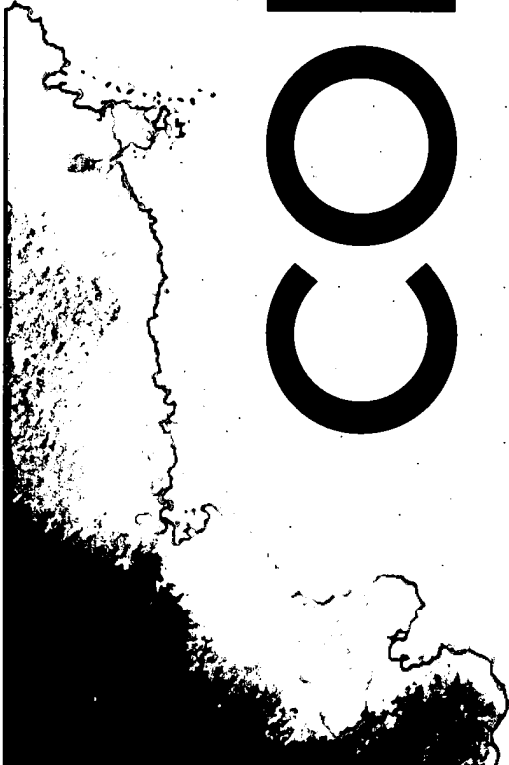
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COMPANIES HOUSE

TRUSTEES AND DIRECTORS' ANNUAL REPORT

TRUSTEES AND DIRECTORS' ANNUAL
REPORT FOR THE MARY STEVENS
HOSPICE LTD INCLUDING
CONSOLIDATED AUDITED FINANCIAL
STATEMENTS FOR THE YEAR ENDED
31 MARCH 2019 FOR THE
MARY STEVENS HOSPICE GROUP

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A WORD FROM THE CHAIR

The tremendous commitment of our dedicated multidisciplinary staff and the diverse, loyal service of all our volunteers are both recognised in the gracious Queen's Award for Voluntary Service received this year by Mary Stevens Hospice. It is a privilege to Chair our Trustees at this time of necessary development under good Governance, yet in challenging times in terms of resources.

Reaching out to our partners in the local health and social care community is a priority as we work to increase our specialist input into services, restructure, expand our Day Services Unit potential, and look forward to extending the possibilities for Hospice at Home Services with a Pilot in local Care Homes.

Trustees are grateful to supportive friends of our hospice in these endeavours, and our Strategy and Business case rely upon the deeply appreciated legacies we receive to offset declining reserves. The Dudley CCG's current contribution to our revenue is down to only 14% of our income, less than half the national average CCG funding of 33% towards hospices. We are pleased that their strategic partnership working is examining our situation, as indeed the Dudley Group NHS Foundation Trust is including Mary Stevens Hospice within their timely review of Palliative Care and End of Life services across the borough. The hospice is proud to have contributed to the leadership of education of Nursing and Care Home staff as well as Strategy reviews. Our diverse and experienced Trustee Board is dedicated to continuous improvement and maturity of our organisation working in partnership with our wonderful staff, whom we have recognised with a first Awards evening during this year, to become a regular event with developing team as well as individual encouragement. We are proud to input to and chair several Governance committees, including specific Fundraising as well as Clinical and Financial, to support and scrutinise our processes and systems. The implementation of GDPR in 2018 has turned 2019 into the year of cyber security, as we would reassure everyone of our commitment to data as well as patient safety. We are pleased to see some further development of our Trustees' Annual Report this year so that our patient stories, service achievements and performance, impact of donations - and who we are as Trustees - are all there for you to see, and us to appreciate the huge support of our community without whom Mary Stevens Hospice would not be sustainable.

JANE FLINT-BRIDGEWATER
CHAIR OF THE
BOARD OF TRUSTEES



A WORD FROM THE CEO

2018 was a year of significant challenge for hospices which are operating in a tough fundraising environment whilst supporting an ageing population, amidst pressures on the wider health and social care systems.

The closure of St Clare's Hospice, Jarrow, in Jan 19, through insolvency, demonstrated how challenging the economic climate is and has prompted us to embark upon an examination of our own sustainability. We have asked Dudley CCG - the NHS body responsible for the planning and commissioning of health care services in our area - to help with this.

Financially, 2018 felt like a perfect storm - legacy income down, interest rates almost non-existent, Trust Fund investments suffering and reducing their grants and commissioners reducing NHS funding to hospices across the country - including ours.



Whilst our business costs are extremely well controlled our personnel costs are rising as a result of mandatory rises in the minimum wage, pension rises, the 6% hike in the employer NHS pension contribution that will cost the hospice sector £20 to £30million. We have posted a financial deficit for the past three years and this is not sustainable.

St Clare's was the first hospice in England to fail but I don't expect it to be the last.

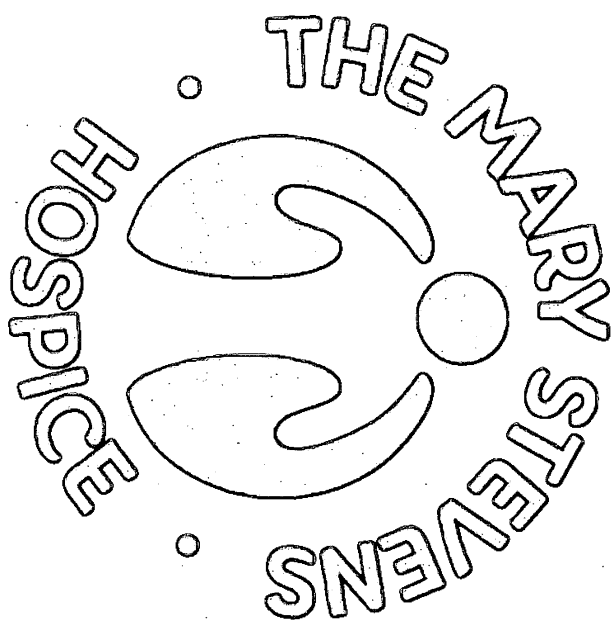
To meet increased demand, we invested £3 million in our infrastructure during 2018 to increase the capacity and capability of our Day Services Unit so that we will be able to do more for more people. We are also developing a working partnership with Dudley Group NHS Foundation Trust (Russells Hall Hospital).

I really want to thank all our supporters, staff and volunteers who continue to strive to help us deliver care in this tough environment. The fantastic work of our volunteers has been specially recognised by being awarded The Queen's Award for Voluntary Services this year. It is wonderful that the tremendous efforts of our many volunteers has been formally recognised by Her Majesty.

Working for Mary Stevens Hospice for the past six years has been a great privilege and I've worked with some of the best people in the world.

I believe our charity is currently in good shape to grow its influence and to meet our goal of providing more care for more people in the borough, however, there is a pressing need for Mary Stevens Hospice to find more income so we can continue to meet the need for our services.

STEVEN JACKSON
CHIEF EXECUTIVE OFFICER



GET TO

KNOW MSH

Meet A Volunteer



Name: Jill Finney
Position: Volunteer Receptionist
Time at MSH: 10 Years

What do you love about your volunteering role?

Welcoming visitors into the in-patient unit

How do you feel you make a difference at Mary Stevens Hospice?

I feel very comfortable and able and willing to talk to people when necessary.

Memorable moment?

When people know they are at life's end and they decide to renew their vows at the hospice, I find that very moving. This has happened on a few occasions here now.

Meet The Team



Name: Ruth Davies
Position: Sister
Time at MSH: 20 Years

What do you love about your job?

Working at the hospice allows me to be the type of nurse I dreamt of when I was 14 years old and considering this as my career. I am lucky enough to work with others who share the same values and wishes to achieve the best possible care we can. I have met some amazing people throughout my time here, and they have taught me such a lot about life and death. Not many people are in such a privileged position to share such intimate moments with strangers and I never forget that.

How do you feel you make a difference at Mary Stevens Hospice?

I think the whole team respect and care for all our patients and families enabling them to have the best experience of this unique time in their lives; comforting in times of sadness and encouraging people to continue a life well lived with some joy and laughter remaining!

Our Work

This is Judith, she spent time with us here at the Hospice during the summer.



Judith first married when she was 16 years old and, due to her age, her parents wouldn't allow her to marry in a church or wear a white dress.

Sadly, Judith's husband has since died and she confided in our team that she wished she'd had the opportunity to have the church wedding she'd dreamed of.

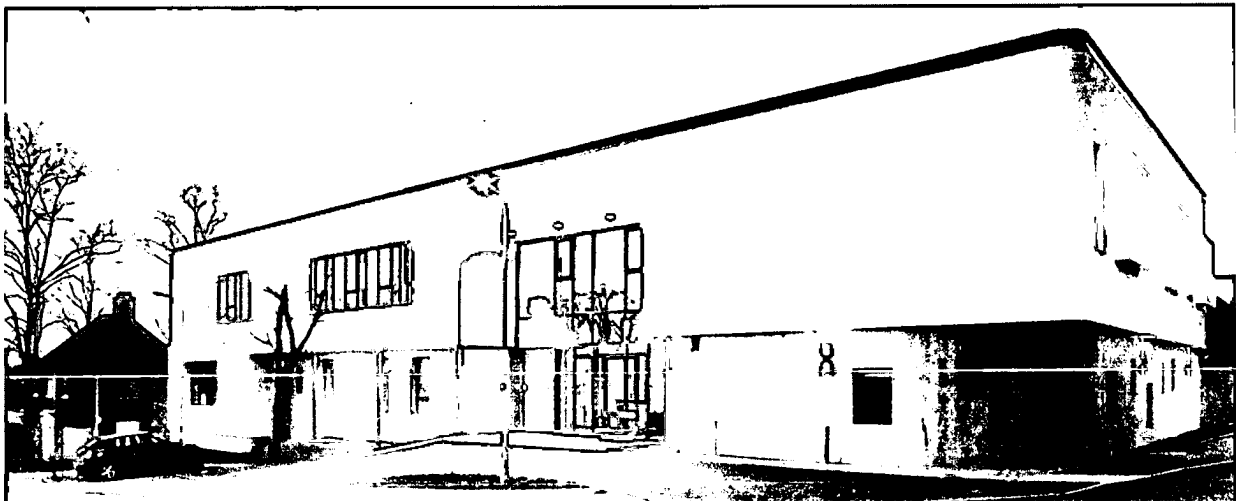
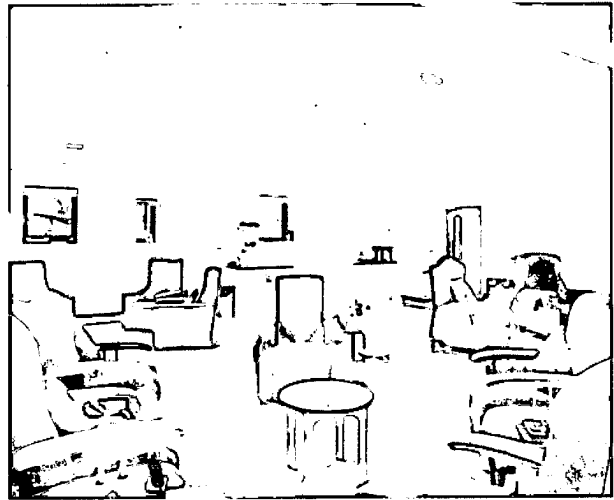
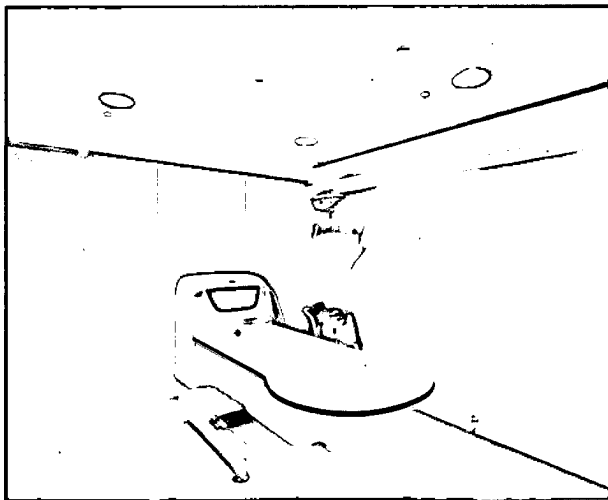
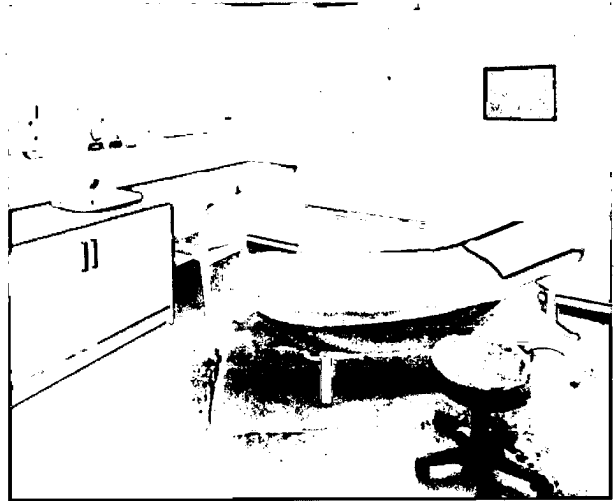
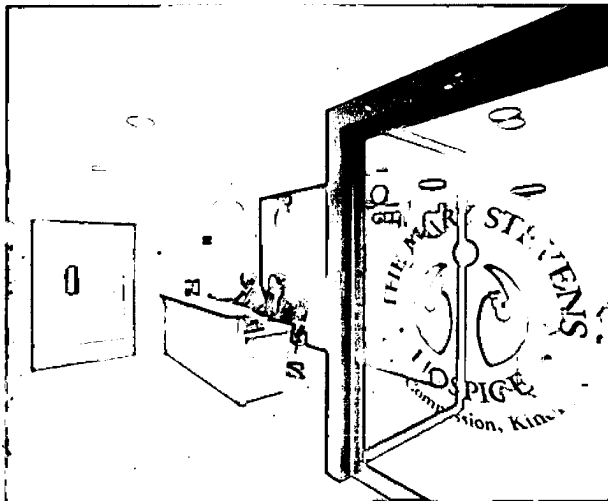
As you know by now, our team don't hear something like that and just get on with their day...

So back in July, Judith wore her white dress and had her church wedding in a ceremony where the pastor blessed her wedding rings, 50 years later.

We also want everyone to know that the incredible team at Hagley Bridal Studio heard about Judith and offered to provide her with the dress of her dreams, completely free of charge.

Every day at this Hospice is a privilege and this was one that everyone involved here will never forget.

THE NEW BUILD



MEET THE TRUSTEES

Dr Jane Flint-Bridgewater

Retired Cardiologist/Hon. Senior Lecturer, first Clinical Director of Black Country Cardiovascular Network 2003-2008
Trustee British Heart Foundation 2006-2014,
National Clinical Adviser for Cardiac Rehabilitation to NHS Improvement
2008-2012 ; Still Medical Director of Action Heart Cardiovascular Prevention and Rehabilitation Programme ; Founding Trustee Cardiovascular Care Partnership UK (Patient Voice), ad hoc adviser to CQC, PHSO.

Brian Blakemore

Brian has over 40 years' experience in financial services covering Corporate Banking and Private Equity.
He has a range of non-executive positions covering venture capital, corporate finance, private equity and online retail.

Spencer Hodgson

Before retiring, Spencer had 30 years experience as a senior manager, gaining a mix of commercial, operational and administrative/financial experience gained across a range of industries and company sizes in the private and semi-public sectors. Outside of work Spencer has been a fundraising volunteer for organisations such as the RNLI and the Hospice.

Angus Lees

Strong commercial background and qualified to MBA standard. Cabinet Member at Dudley MBC holding the portfolio for the West Midlands Combined Authority. Member of the WMCA Overview & Scrutiny Committee, Housing & Land Board, Strategic Economic Development Board & Transport Development Committee. Previously worked within large corporations, and subsequently ran his own company for 11 years.

Nigel Dace

Nigel worked as a solicitor in private practice for over 40 years, retiring in 2015. During the next year he became a Trustee of Mary Stevens Hospice and values considerably the high regard in which the hospice is held within and beyond the Stourbridge community.

Peter Marsh

Peter's career spanned 44 yrs working in the N.H.S. managing Major Capital Development, the last 15yrs of which Peter was responsible for delivering non-medical facilities over multiple sites. Peter is currently Vice Chair of the charity The White House Cancer Support and a Trustee of three Educational charities. Peter was appointed a Magistrate in 1997.

Steve Waltho

Steve is a Dudley Councillor and former Mayor of 21 years public service to date for which, along with a lifetime of charity fundraising, he was awarded the MBE in 2018.
He has also served on Health Boards in various capacities and currently serves on both the Fundraising and Trading Board Committees at MSH.

David Martin

David is a Chartered Accountant with over 30 years of experience working as an accountant in industry and now in practice.
Many of his clients are owners of SMEs who he helps to understand the numbers and this experience is proving to be invaluable in his roles as a Trustee of MSH and as a member of the Resources and Fundraising Governance Committees.

John Turner

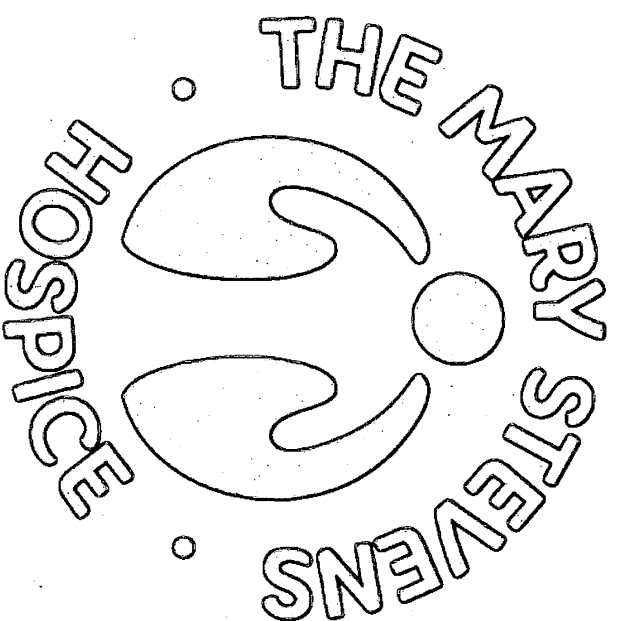
Originally from Hereford, John obtained a degree in theoretical physics before qualifying as a chartered accountant, specialising in taxation, and subsequently becoming a partner in Deloitte. John is treasurer of Stourbridge Tennis Club and a West Bromwich Albion season-ticket holder.

Candy Cooley

Quite recently retired, Candy has over 40 years experience working in or with the NHS, including as a senior lecturer in cancer and palliative care and manager of palliative care services.

Karen Shakespeare

Karen has 25 years experience as a Customer Service Manager in the Manufacturing, Utility and Logistics industry. She has served as a Councillor on Dudley Council for the past 19 years, much of that time as the Cabinet Member for Environment.



THE STRATEGIC REPORT

Please note that some information is not included in the Strategic Report because it is included in the Directors' Report and, vice-versa, some information is not included in the Directors' report because it is included in the following Strategic Report.

WHY?

At Mary Stevens Hospice we believe that people with progressive, incurable, life-shortening illness should be helped to live as fulfilling a life as possible until achieving a natural, peaceful and dignified death free from pain or anxiety and surrounded by those whom they love.

SUMMARY OF MAIN ACTIVITIES

Clinical

- Provide care, compassion and kindness for patients, families and carers from a Consultant-led, multi-disciplinary team.
- Such care to be in accordance with the 'Priorities for Care of the Dying Person' published by the Leadership Alliance for the Care of Dying People.
- Aspire to be a centre of excellence in the provision of specialist palliative and end-of-life care which is safe, caring, effective and responsive to people's needs.
- Provide training and education to improve care at various stages along the patient journey.
- Sustain a diverse, adaptable, well-motivated team of volunteers to support service delivery.

Fundraising

- Mary Stevens Hospice aims to minimise the cost of fundraising activities.
- To ensure we are making the best use of generous donations we benchmark different fundraising channels and techniques to ensure that they are competitive.
- We also work hard to ensure that we can report back to our donors on the results and impacts that their giving achieves for the hospice.
- We do not outsource any fundraising to a commercial fundraiser, though we do directly employ canvassers to generate lottery members.

Income Generation

- Develop a sustainable income generation model.
- Raise income ethically and in a responsible way.
- Develop an improved range of activities for the Trading subsidiary.
- Develop local fundraising support.
- Develop and implement a revised legacy strategy that encourages people to leave us a gift in their will.
- Recruit corporate supporters.
- Develop strong fundraising links with the local community.
- Promote membership of the Mary Stevens Lottery.

Principal Risks and Uncertainties

The Trustees are acutely aware of the need to identify and assess the principal risks and uncertainties faced by the Hospice. A risk register is maintained and is reviewed at all meetings of Trustees. The register extends to 62 separate risks and assesses both the likelihood of a risk occurring and its consequence, enabling the relative significance to be determined. The risks cover clinical, financial and regulatory issues. The principal financial risks and the measures being adopted to minimize them are detailed elsewhere in this report. Risks are also minimized by appropriate training both in clinical areas but also regulatory areas. All staff (and Trustees) have, for example, received training on the revised General Data Protection Regulations.

Our Fundraising Standards

We have become members of the new Fundraising Regulator and we abide by their Fundraising Code of Practice which covers various aspects of fundraising.











We work hard to protect our supporters' data, as well as evolving our systems to ensure that our supporters can choose how they would like to be contacted and with what types of communication. We have acted to ensure we are fully compliant with the new General Data Protection Regulations (GDPR 2016).

The Hospice recognizes its duty of care to members of the public and, in particular, to vulnerable persons. The Trustees have approved a Safeguarding Policy and all members of the Fundraising Department and all Trustees are DBS registered. Risk assessments are carried out for all the fundraising events, wherever held. The fundraising department received only five complaints during the year, each of which was resolved to the satisfaction of the complainant and at no cost.









SUCCESSSES & AIMS

OUR PERFORMANCE AGAINST OUR KEY LONG-TERM TARGETS

FIVE-YEAR AIMS

- | | |
|--|--|
|  Ensure the hospice is adequately and efficiently resourced and is sustainable |  Develop plans to provide support at patients' preferred place of care |
|  Grow the MSH Trading Company business to help fund the future demands of the hospice for its charitable work |  Provide palliative and end-of-life training, education & support to staff |
|  Maximise the use of the Bradbury Day Care Unit services (to do more for more people) |  Improve IT connectivity with the NHS and other local and regional healthcare providers |
|  Further improve adult & child bereavement services |  To contribute to palliative and end of life care research |
|  Become a Consultant-led service by 2020 |  Implement a legacy strategy to increase "gifts in wills" to £1.2m pa by 2024 |

FIVE-YEAR ACHIEVEMENTS

- | | |
|---|---|
|  Completed the rebuild of the Bradbury Day Care Unit, with vastly improved capabilities. |  Partners in the Dudley MacMillan Specialist Care at Home Project |
|  Provided overnight family accommodation at the Hospice |  Recruited a new Head of Trading & implementing a 5-year strategy to increase income |
|  Provided specialist training for care home staff |  Implemented a new legacy strategy to increase "gifts in wills" |
|  Improved training and education facilities |  Implemented a new Fundraising strategy |

ONGOING TARGETS

- Launch a Hospice At Home Service with Care Home Pilot Jan 2020
We have completed almost 90% of the NHS Data Security & Protection (DSP) Toolkit but have yet to gain access to the NHS network. It remains an objective.
- Research ready hospice. Innovative local 'hard to reach' population investigation presented nationally and internationally 2019.



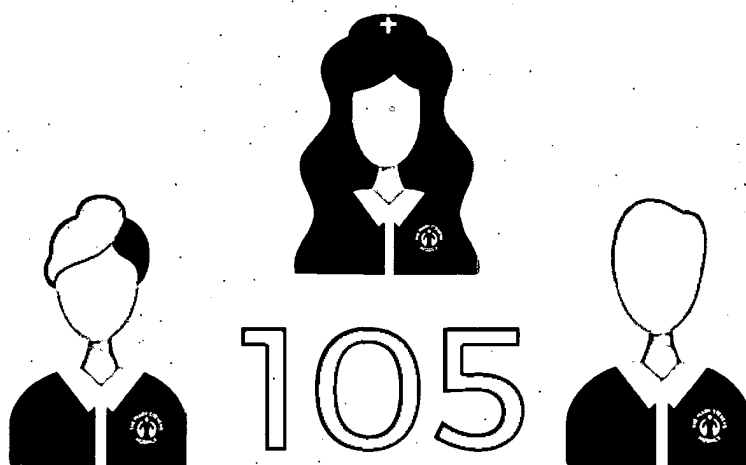


THE DIRECTORS AND TRUSTEES' REPORT

THE HOSPICE IN NUMBERS

PAID STAFF

Across our Clinical,
Trading and
Fundraising/Lottery
Teams



250

Volunteers

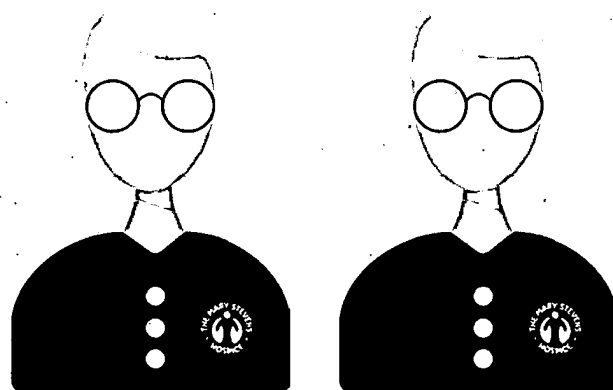
25,908

Hours donated

£212,704

Hours x national living wage

VOLUNTEERS



PATIENTS

Average % Patient
Occupancy in
2018/19

IN-PATIENT UNIT

70%

DAY SERVICES

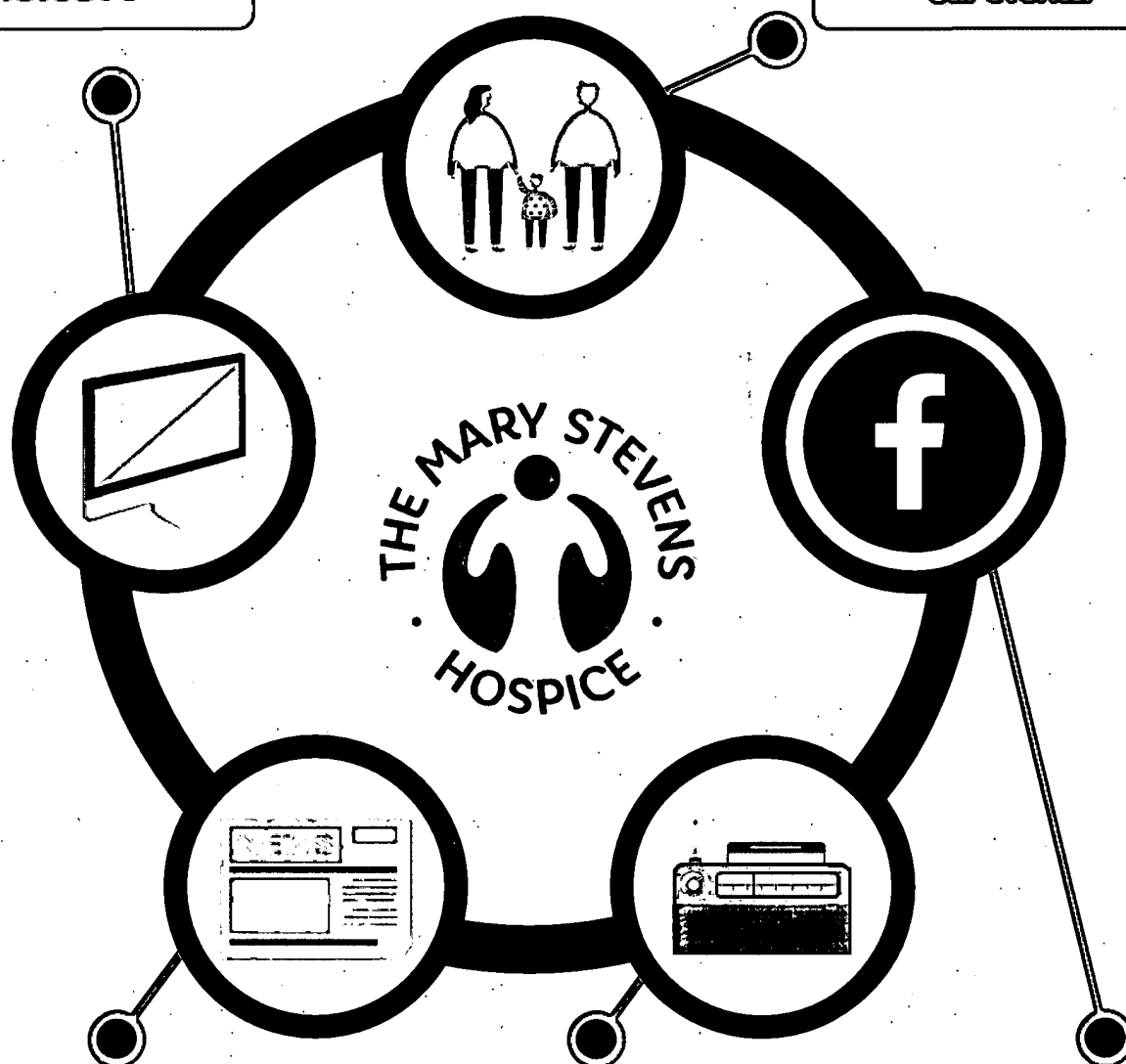
81%

OUR GROWING PROFILE

NUMBERS SOURCED THROUGH GOOGLE ANALYTICS, SOCIAL MEDIA ANALYTICS, EVENT TICKET SALES,
AND KANTAR MEDIA PR MONITORING

174,174
Website
visitors

10,000+
Record number of
people attended
our events!



We appeared in 876
separate print, radio and
TV features, reaching:
16,704,780

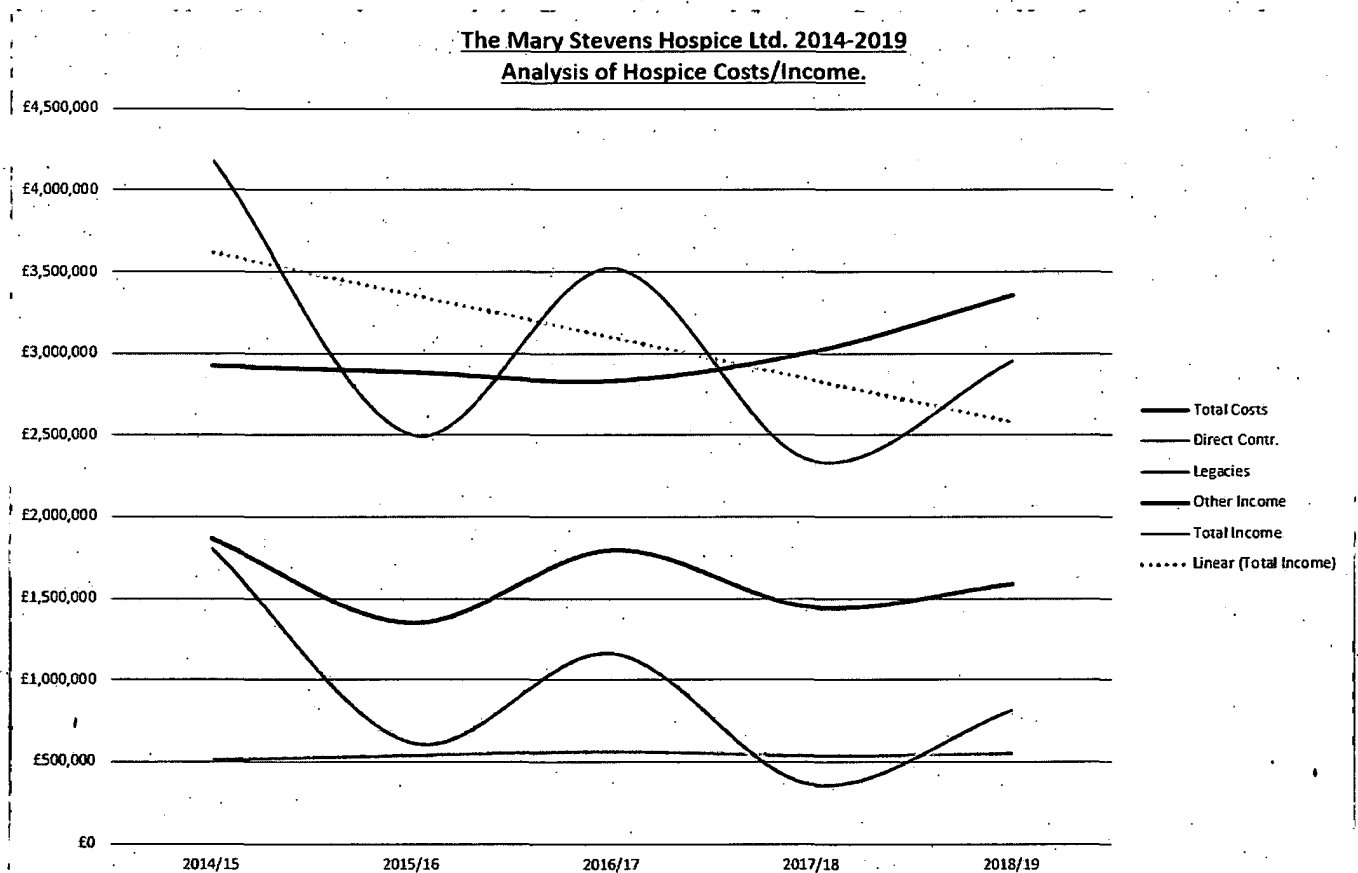
The equivalent
advertising value of our
press coverage was:
£481,142.67

In 2018/19, we
generated a WEEKLY
social media reach of
82,980

FINANCES

A YEAR-ON-YEAR COMPARISON OF HOSPICE FINANCES OVER THE PERIOD 2014-2019

Analysis of Hospice costs/income 2014-2019



The graph highlights the two principal factors that affect the Hospice finances:

- The volatility of our income sources
- The ever widening gap between the support received from the NHS and the costs of delivering our services

FINANCES

CONTINUED...

FINANCIAL REVIEW

The financial results for the year ended 31 March 2019 are given in the audited Financial Statements attached to this report. Those accounts and the related notes have been prepared in accordance with relevant law and the Charities SORP (FRS102).

A deficit of £391,000 was incurred during the year, an improvement from the deficit of £555,000 incurred in the previous year but nevertheless a disappointing outcome. Legacy income showed a welcome increase of £453,000 to £811,000. While legacy income remains unpredictable it is hoped that this is a sign of recovery to the levels in excess of £1m that were witnessed in 2014, 2015 and 2017. A new legacy strategy is about to be introduced to assist in reaching this level.

The Mary Stevens retail shops' performance recovered from a poor 2018, increasing their contribution by £98,000 to £310,000 despite trading in a difficult retail market. The Lottery Company saw a £29,000 reduction in profitability, due to the incurring of costs intended to increase future profits.

The contribution to our costs made by the local NHS Commissioners fell by £28,000 to £509,000 and, as is clear from the graph on the preceding page, the level of contribution has remained almost constant for many years. This is disappointing as many of the cost increases with which the Hospice has been faced are a direct or indirect result of Government decisions in relation to salaries and pension contributions in the NHS and the wider economy. Had the contribution kept pace with the cost increases over the last fourteen years, for example, that contribution would have been £383,000 greater, sufficient to eliminate the current deficit.

Donations, other than legacies, were £178,000 lower than in previous year at £559,000, largely because the prior year benefited from capital donations towards the cost of the redevelopment of the Hospice. The cost of generating donations from fundraising events increased, as events become more complex and innovative. This makes ever more important the significance of Gift Aid, the scheme under which the government increases the value of qualifying donations by 25%. Qualifying donations include both cash gifts and gifts in kind. The total value of gift aid received in the year was £172,000 (£164,000 in 2018). Every eligible donor should be encouraged to take the few moments necessary to bring his or her donation within the Gift Aid scheme and so enhance the value of that donation by 25%.

It is encouraging to note that the cost of delivering our charitable services was well managed and remained static at £2,980,000.

The major improvements and redevelopment of the Hospice facilities were completed during the year and those works account for the great majority of the expenditure of £1,725,000 incurred on fixed assets. The funding of the additions was provided from existing cash resources and the benefit of a 25-year loan of £1,000,000 from CAF Bank (a bank owned by the Charities Aid Foundation).

The total accumulated funds of the Hospice amounted to £6,826,000 at the year-end of which £1,676,000 were free reserves. Subject to £200,000 that has been set aside in anticipation of a Hospice at Home service, the remaining reserves were either restricted or represented by fixed assets. These free reserves are sufficient to avoid concerns about the charity as a going concern and amount to more than six months' operating costs.

FINANCES

CONTINUED...

RESERVES POLICY

Reserves are unspent, unrestricted income and are held to assist in the management of the Hospice's future financial requirements. This is important as approximately 85% of the Hospice's income is from volatile sources, namely donations, fundraising events and legacies.

Charities should not hold excessive reserves; their aim should always be to apply their resources to fulfil their charitable purposes. Nevertheless, the volatility of, in particular, the legacy income requires that sufficient reserves are held to enable the Hospice to fund its financial obligations in a year of low legacy income, without disrupting its patient services. Ideally the Hospice would like to hold unrestricted reserves equivalent to at least 6 month's operating costs. This target was satisfied at the 31 March 2019.

It is likely that if the financial pressures affecting the Hospice sector, which are detailed elsewhere in this report, are to continue this level of reserves may not be achievable. The 6 month target is arguably over prudent, however, as it assumes that all income sources cease immediately and simultaneously. As the Hospice income includes support from the CCG and contributions for two trading subsidiaries (amounting in total to approximately £1m pa), none of which is likely suddenly to cease, some weakening of the reserves position would not prejudice the continuing operation of the Hospice.

Measures are being taken to build resilience by improving the long-term profitability of the trading subsidiaries and the levels of legacy income but the Hospice continues to operate in a challenging environment.

FUNDS HELD AS CUSTODIAN TRUSTEES ON BEHALF OF OTHERS

The Hospice holds funds, currently £24,000, on behalf of the regional speciality adviser for palliative medicine in the West Midlands. That adviser, who authorizes all payments from the fund, controls the funds. The funds are used to reimburse charitable hospices, but not Mary Stevens, for costs associated with the training of doctors in palliative care. No administration fee is charged by the Hospice. The funds are subject to the same financial governance as our own assets and are separately held in our accounts.

TRUSTEES/DIRECTORS INDEMNITY POLICY

Insurance arrangements are in place with AXA Insurance UK PLC to indemnify Trustees/Directors. The policy number is LS BDX 6985610/0108 and the indemnity limit is £3,000,000. The premium paid was £1,790.47

FINANCES

CONTINUED...

PAY & REMUNERATION

A 1.5% general pay rise was awarded across the organisation once again in the 2019 round. A Staff Awards Evening was funded as a new venture in the 2018/2019 year, and is being further developed in 2019/2020.

MEMBERSHIP

Dr Jane Flint Bridgewater (Chair), Peter Marsh (Vice Chair), John Turner (Chair Finance & Resources Committee); CEO Stevan Jackson in attendance

QUORUM OF MEETINGS

All present for annual meeting to make above decisions and any exceptional individual awards.

ACCOUNTABILITY

To Finance and Resources and Governance Committee and Main Board

FINANCES

CONTINUED...

INVESTMENT POLICY

The Hospice's investment portfolio is professionally managed. The Trustees have ultimate responsibility for the investment policy and the Finance and Resources Governance committee regularly monitors the performance of the investment portfolio. At least every five years the appointment of investment adviser is formally reviewed.

The investment objectives in accordance with which the investment adviser is required to act are:

- The creation of a sufficient financial return to enable the Hospice to carry out its purposes effectively and without interruption by maintaining a reasonable balance between capital growth and income
- The avoidance of investments regarded as unduly risky

The investment adviser seeks to achieve these aims by maintaining a suitably diverse portfolio of investments but in doing so seeks to avoid investing in assets which could be detrimental to the charitable objectives and aims of the Hospice and in particular does not make direct investment in tobacco companies.

The portfolio is regarded as performing well having produced and still producing, an income yield in excess of 4%pa.

We accept some level of volatility, but while we continue to monitor the performance, no change in the strategy is currently anticipated.

STRUCTURE, GOVERNANCE AND MANAGEMENT

GOVERNING DOCUMENT

The Mary Stevens Hospice Limited is a registered charity, number 517656 and is a company limited by guarantee governed by its Memorandum and Articles of Association dated 4 March 1986, as amended up to 2018.

As outlined in our Articles of Incorporation, Mary Stevens Hospice exists first and foremost to promote welfare and relief of suffering so far as such purpose is charitable.

PUBLIC BENEFIT

The charity's objective and its principal activity is that of providing palliative and end-of-life care for those with progressive incurable life shortening illness. The activities of the Hospice are of benefit to the public generally and the Trustees actively encourage the availability of the services to all members of the public irrespective of race, gender or any other discriminatory factor. The Trustees consider that the Hospice activities are compliant with the requirements of the Charity Commissions guidance on public benefit.

CHARITY GOVERNANCE CODE

Trustees aim to observe the 2017 3rd edition Charity Governance Code to support continuous improvement in purpose, leadership, integrity, decision making and risk control systems, Board effectiveness, Board diversity and transparent accountability. The charity operates a system of sub-committees, each committee being focused on a particular aspect of the charity's operations. That system is frequently reviewed and changes have recently been introduced to the style of main board meetings to improve their effectiveness.

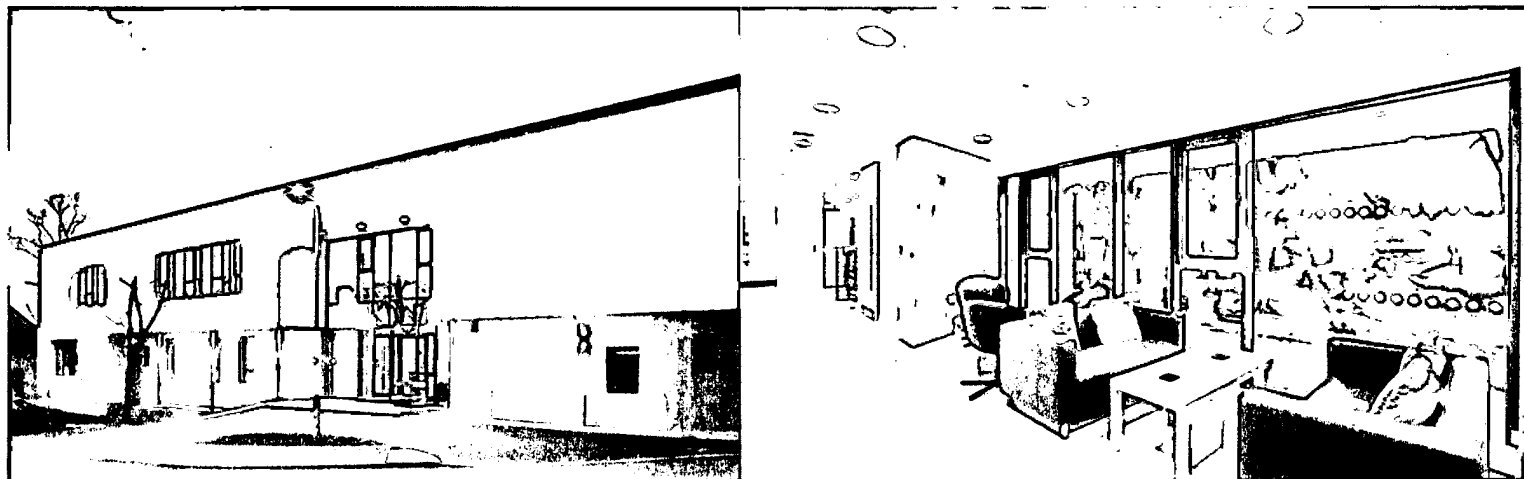
RECRUITMENT AND APPOINTMENT OF NEW TRUSTEES

Diversity considerations have been focussed upon at Governance Committee and Main Board. Current policy includes advertising to recruit diverse interest in serving on the Board moving forward. Both Chair and CEO may be approached to discuss the role and responsibilities, and an induction programme is provided after interview.

ORGANISATIONAL STRUCTURE

The Hospice is governed by the Directors who form the Board of Trustees. The Directors are volunteers who have or have had careers in a wide variety of business and professional activities. They usually come from the Dudley Metropolitan Borough and its surrounding districts. All elected Directors are also Trustees; the names of the Directors are listed below. Two councillors are nominated by Dudley Metropolitan Borough Council to serve as Directors/Trustees. All nominees are subject to ratification by the Board of Trustees.

The Charity is organised so that the Board of Directors of the Company meet regularly, with governance sub-committees (Hospice Governance, Finance & Resources, Clinical Standards, Fundraising Governance and Remuneration) reporting to it, whilst individual directors liaise with senior management on a regular basis. The CEO and his Senior Management Team are responsible to the Board of Directors for the day-to-day running of The Mary Stevens Hospice and the implementation of policies and strategies decided by the Board.



REFERENCE AND ADMINISTRATIVE DETAILS

REGISTERED COMPANY NUMBER: 1963989 (ENGLAND & WALES)

REGISTERED CHARITY NUMBER: 517656

CHARITY'S PRINCIPAL ADDRESS & REGISTERED OFFICE

221 Hagley Road | Oldswinford | Stourbridge | DY8 2JR

TRUSTEES

Dr E J Flint-Bridgewater

C Cooley

N Dace

S Waltho

Cllr K Shakespeare

S Hodgson

Cllr A Lees

P Marsh

J Turner

D Martin

B Blakemore

OTHER TRUSTEES WHO SERVED DURING 2018/19

C Gammon

R Glaze

J Baines

There are no corporate Trustees and no Trustees hold title to any property belonging to the Charity.

GROUP CHIEF EXECUTIVE

S K Jackson MA, FHEA, FCMI, FInstLM, MCGI, Chartered FCIPD

MEDICAL DIRECTOR

Dr L Martin MB, ChB, DRCOG, MRCCGP, PgDip in Palliative Medicine until end of July 2019

MATRON & REGISTERED MANAGER

C Towns BSc (Hons) Palliative Care



OUR ADVISERS

NAMES AND ADDRESSES OF KEY ADVISERS

AUDITORS

Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury
B69 2DG

SOLICITORS

Higgs & Sons
3 Waterfront Business Park
Brierley Hill
West Midlands
DY5 1LX
Wall James Chappell
15-23 Hagley Road
Stourbridge
West Midlands
DY8 1QW

BANKERS

NatWest Bank PLC
141 High Street
Stourbridge
West Midlands
DY8 1BF

HSBC
114 High Street
Stourbridge
West Midlands
DY8 1PP

INVESTMENT ADVISERS

Hargreave Hale
Saggar House
Princes Drive
Worcester
WR1 2PG

STATEMENT OF TRUSTEE RESPONSIBILITIES

The Trustees (who are also the directors of The Mary Stevens Hospice Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

☐ Select suitable accounting policies and then apply them consistently

☐ Make judgements and estimates that are reasonable and prudent

☐ Observe the methods and principles in the charity SORP

☐ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

In so far as the Trustees are aware:

☐ There is no relevant audit information of which the charitable company's auditors are unaware

☐ 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

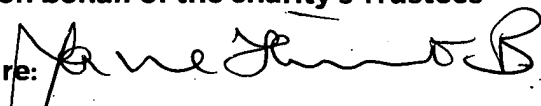
Exemptions from disclosure

Nil.

The Board of Trustees declare that they have approved the Trustees' report incorporating the Directors' Report and the Strategic Report.

Signed on behalf of the charity's Trustees

Signature:


Chair

Full Name:

JANE THOMAS
BRIDGEMAN

Date:

26/11/19

THE MARY STEVENS HOSPICE
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MARY STEVENS HOSPICE

Opinion

We have audited the financial statements of The Mary Stevens Hospice (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2019 set out on pages 27 to 52. 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 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

THE MARY STEVENS HOSPICE
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MARY STEVENS HOSPICE

are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Trustee's Report including the Group Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustee's Report and the Group Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report including the Group Strategic Report.

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

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

Responsibilities of trustees

As explained more fully in the Trustee's responsibilities statement, 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.

THE MARY STEVENS HOSPICE
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MARY STEVENS HOSPICE

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. This description forms part of our Auditor's report.

Use of our report

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



Kerry Brown (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG
26 November 2019

THE MARY STEVENS HOSPICE
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:					
Donations and legacies	3	1,204,585	166,881	1,371,466	1,097,953
Charitable activities:	4				
Patient care		508,821	-	508,821	536,919
Other trading activities	5	3,123,972	-	3,123,972	3,033,198
Investments	6	96,136	-	96,136	113,793
Other income		47,880	-	47,880	117,934
Total income		4,981,394	166,881	5,148,275	4,899,797
Expenditure on:					
Raising funds		2,583,030	-	2,583,030	2,400,419
Charitable activities		2,937,287	42,677	2,979,964	2,980,511
Total expenditure	9	5,520,317	42,677	5,562,994	5,380,930
Net income / (expenditure) before taxation		(538,923)	124,204	(414,719)	(481,133)
Taxation		(763)	-	(763)	-
Net income / (expenditure) before investment gains/(losses)		(539,686)	124,204	(415,482)	(481,133)
Net gains/(losses) on investments		24,261	-	24,261	(73,585)
Net income / (expenditure) before other recognised gains and losses		(515,425)	124,204	(391,221)	(554,718)
Net movement in funds		(515,425)	124,204	(391,221)	(554,718)
Reconciliation of funds:					
Total funds brought forward		6,222,851	994,630	7,217,481	7,772,199
Total funds carried forward		5,707,426	1,118,834	6,826,260	7,217,481

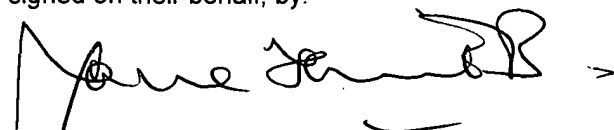
The notes on pages 31 to 52 form part of these financial statements.

THE MARY STEVENS HOSPICE
(A company limited by guarantee)
REGISTERED NUMBER: 1963989

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	12		4,995,175		3,455,449
Current assets					
Stocks	13	1,950		5,618	
Debtors	14	720,448		770,476	
Investments	15	1,830,777		2,792,639	
Cash at bank and in hand		1,033,417		1,116,304	
			<u>3,586,592</u>	<u>4,685,037</u>	
Creditors: amounts falling due within one year	16	(796,259)		(923,005)	
Net current assets			<u>2,790,333</u>		<u>3,762,032</u>
Total assets less current liabilities			<u>7,785,508</u>		<u>7,217,481</u>
Creditors: amounts falling due after more than one year	17	(959,248)			-
Net assets			<u><u>6,826,260</u></u>		<u><u>7,217,481</u></u>
Charity Funds					
Restricted funds	19	1,118,834			994,630
Unrestricted funds	19	5,707,426			6,222,851
Total funds			<u><u>6,826,260</u></u>		<u><u>7,217,481</u></u>

The financial statements were approved and authorised for issue by the Trustee on 26 November 2019 and signed on their behalf, by:



Dr E J Flint-Bridgewater - Chair of trustees

The notes on pages 31 to 52 form part of these financial statements.

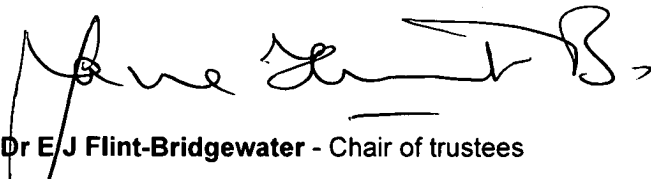
THE MARY STEVENS HOSPICE
(A company limited by guarantee)
REGISTERED NUMBER: 1963989

COMPANY BALANCE SHEET
AS AT 31 MARCH 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	12		4,885,663		3,372,264
Current assets					
Debtors	14	824,687		843,892	
Investments	15	1,830,777		2,792,639	
Cash at bank and in hand		742,615		867,394	
			<u>3,398,079</u>	<u>4,503,925</u>	
Creditors: amounts falling due within one year	16	(502,960)		(660,339)	
Net current assets			<u>2,895,119</u>		<u>3,843,586</u>
Total assets less current liabilities			<u>7,780,782</u>		<u>7,215,850</u>
Creditors: amounts falling due after more than one year	17	(959,248)			
Net assets			<u><u>6,821,534</u></u>		<u><u>7,215,850</u></u>
Charity Funds					
Restricted funds			1,118,834		994,630
Unrestricted funds			5,702,700		6,221,220
Total funds			<u><u>6,821,534</u></u>		<u><u>7,215,850</u></u>

The result for the financial year dealt with in the financial statements of the parent charity was -£394,316 (2018 - -£554,537).

The financial statements were approved and authorised for issue by the Trustees on 26 November 2019 and signed on their behalf, by:


Dr E/J Flint-Bridgewater - Chair of trustees

The notes on pages 31 to 52 form part of these financial statements.

THE MARY STEVENS HOSPICE
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash used in operating activities	21	<u>(368,018)</u>	<u>(491,292)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		96,136	113,793
Purchase of tangible fixed assets		(1,792,285)	(907,649)
Proceeds from sale of investments		-	118,790
Purchase of investments		<u>(200,000)</u>	<u>(118,790)</u>
Net cash used in investing activities		<u>(1,896,149)</u>	<u>(793,856)</u>
Cash flows from financing activities:			
Cash inflows from new borrowing		<u>1,000,000</u>	<u>-</u>
Net cash provided by financing activities		<u>1,000,000</u>	<u>-</u>
Change in cash and cash equivalents in the year		<u>(1,264,167)</u>	<u>(1,285,148)</u>
Cash and cash equivalents brought forward		<u>2,297,584</u>	<u>3,582,732</u>
Cash and cash equivalents carried forward	22	<u><u>1,033,417</u></u>	<u><u>2,297,584</u></u>

The notes on pages 31 to 52 form part of these financial statements.

THE MARY STEVENS HOSPICE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. CHARITY INFORMATION

The Mary Stevens Hospice (the Charity) is a Company Limited by Guarantee (registered number 1963989), registered in England and Wales. Its charity registration number is 517656. The registered office and principal place of business is 221 Hagley Road, Oldswinford, Stourbridge, DY8 2JR.

Its principal activities are end of life care for people as well as provision of education and training in end of life care to healthcare professionals in the surrounding areas.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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 Mary Stevens Hospice 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.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

Trustees have a reasonable expectation that The Mary Stevens Hospice has adequate resources to continue in operational existence for the foreseeable future. There are no material uncertainties about the charity's ability to continue and therefore the Trustees adopt the going concern basis of accounting in preparing the financial statements.

The financial statements have been prepared to give a "true and fair" view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to give a "true and fair view". This departure has involved following the SORP rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

2.2 Company status

The company is a company limited by guarantee incorporated in England. The members of the company are the Trustees named on page 24. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

THE MARY STEVENS HOSPICE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation

The financial statements consolidate the accounts of The Mary Stevens Hospice and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and expenditure account.

2.4 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company 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. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

THE MARY STEVENS HOSPICE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (continued)

2.5 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised and refer to the Trustee's report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

THE MARY STEVENS HOSPICE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (continued)

2.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

2.7 Tangible fixed assets and depreciation

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Assets in the course of construction are in regards to the expansion of the Day Unit, as well as building new family accommodation in the Hospice. They are included at cost. Depreciation on these assets is not charged until they are brought into use.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

Assets with a cost of less than £1,000 are written off in the year of acquisition.

Leasehold buildings prior to 2018 are depreciated on a straight line basis from the date the building is brought into use until the end of the original lease in October 2040 (this lease has since been extended). Leasehold buildings capitalised from 2018 are depreciated on a straight line basis over 50 years.

THE MARY STEVENS HOSPICE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (continued)

2.8 Investments

Investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured 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 'Gains/(losses) on investments' in the Statement of financial activities.

2.9 Interest receivable

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

2.10 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

2.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.12 Debtors

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

2.13 Cash at Bank and in hand

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

2.14 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

THE MARY STEVENS HOSPICE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. ACCOUNTING POLICIES (continued)

2.15 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.16 Pensions

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

2.17 Fund accounting

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. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

3. Income from donations and legacies

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	392,002	166,881	558,883	736,988
Legacies	811,383	-	811,383	358,558
Fundraising groups	1,200	-	1,200	2,407
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and legacies	1,204,585	166,881	1,371,466	1,097,953
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2018	718,148	379,805	1,097,953	
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THE MARY STEVENS HOSPICE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

4. Income from charitable activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Local Clinical Commissioning groups - Patient care	508,821	508,821	536,919
<i>Total 2018</i>	536,919	536,919	

5. Fundraising income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Fundraising events	401,519	401,519	447,081
Shop income	2,109,487	2,109,487	1,981,161
Lottery income	612,966	612,966	604,956
	3,123,972	3,123,972	3,033,198
<i>Total 2018</i>	3,033,198	3,033,198	

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Rents received	17,254	17,254	23,316
Bank interest	3,940	3,940	9,100
Investment income	74,942	74,942	81,377
	96,136	96,136	113,793
<i>Total 2018</i>	113,793	113,793	

THE MARY STEVENS HOSPICE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

7. Direct costs

	Patient care	Total 2019	Total 2018
	£	£	£
Management	89,325	89,325	145,867
Wages and salaries	1,984,661	1,984,661	1,966,015
National insurance	231,386	231,386	239,899
Pension cost	101,035	101,035	96,417
Depreciation	145,550	145,550	122,840
	<u>2,551,957</u>	<u>2,551,957</u>	<u>2,571,038</u>
<i>Total 2018</i>	<u>2,571,038</u>	<u>2,571,038</u>	

8. Support costs

	Governance	Patient care	Total 2019	Total 2018
	£	£	£	£
Management	-	265,572	265,572	307,848
Other	21,520	86,273	107,793	33,636
Wages and salaries	53,481	-	53,481	53,480
Depreciation	-	1,161	1,161	14,509
	<u>75,001</u>	<u>353,006</u>	<u>428,007</u>	<u>409,473</u>
<i>Total 2018</i>	<u>69,430</u>	<u>340,043</u>	<u>409,473</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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9. Analysis of Expenditure by expenditure type

	Staff costs 2019 £	Depreciation 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Costs of raising funds:					
Expenditure on fundraising trading	1,365,373	38,755	1,178,902	2,583,030	2,400,419
Charitable activities:					
Patient care	2,317,082	146,711	441,170	2,904,963	2,911,081
Governance	53,481	-	21,520	75,001	69,430
	<u>3,735,936</u>	<u>185,466</u>	<u>1,641,592</u>	<u>5,562,994</u>	<u>5,380,930</u>
<i>Total 2018</i>	<u>3,622,826</u>	<u>170,981</u>	<u>1,587,123</u>	<u>5,380,930</u>	

10. Net income/(expenditure)

This is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	185,466	170,983
Auditor's remuneration - audit	12,750	12,250
Auditor's remuneration - other services	1,250	1,200
Pension costs	130,055	113,467
Operating lease rentals - property	275,444	333,562
Operating lease rentals - other	5,354	5,354
	<u>740,365</u>	<u>747,776</u>

During the year, no Trustees received any remuneration (2018 - £NIL).

During the year, no Trustees received any benefits in kind (2018 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2018 - £NIL).

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NOTES TO THE FINANCIAL STATEMENTS
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11. Staff costs

Staff costs were as follows:

	2019	2018
	£	£
Wages and salaries	3,357,051	3,269,460
Social security costs	248,830	239,899
Other pension costs	130,055	113,467
	<u>3,735,936</u>	<u>3,622,826</u>

The average number of persons employed by the company during the year was as follows:

	2019	2018
	No.	No.
Average number of employees	203	207

The number of higher paid employees was:

	2019	2018
	No.	No.
In the band £70,001 - £80,000	1	1

The key management personnel of the charity trust comprise the trustees and senior management team as listed on page 15. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the charity was £356,853 (2018: £344,902).

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Tangible fixed assets

Group	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets Under Construction £	Total £
Cost						
At 1 April 2018	3,506,522	600	897,149	193,005	1,158,102	5,755,378
Additions	1,638,216	-	69,596	17,380	-	1,725,192
Transfer between classes	1,158,102	-	-	-	(1,158,102)	-
At 31 March 2019	6,302,840	600	966,745	210,385	-	7,480,570
Depreciation						
At 1 April 2018	1,389,274	468	731,561	178,626	-	2,299,929
Charge for the year	125,739	33	51,584	8,110	-	185,466
At 31 March 2019	1,515,013	501	783,145	186,736	-	2,485,395
Net book value						
At 31 March 2019	4,787,827	99	183,600	23,649	-	4,995,175
At 31 March 2018	2,117,248	132	165,588	14,379	1,158,102	3,455,449

Company	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets Under Construction £	Total £
Cost						
At 1 April 2018	3,329,811	600	675,182	95,678	1,158,102	5,259,373
Additions	1,591,923	-	58,461	9,726	-	1,660,110
Transfer between classes	1,158,102	-	-	-	(1,158,102)	-
At 31 March 2019	6,079,836	600	733,643	105,404	-	6,919,483
Depreciation						
At 1 April 2018	1,256,012	468	543,646	86,983	-	1,887,109
Charge for the year	106,068	33	39,482	1,128	-	146,711
At 31 March 2019	1,362,080	501	583,128	88,111	-	2,033,820
Net book value						
At 31 March 2019	4,717,756	99	150,515	17,293	-	4,885,663
At 31 March 2018	2,073,799	132	131,536	8,695	1,158,102	3,372,264

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Stocks

	<u>Group</u>		<u>Company</u>	
	2019	2018	2019	2018
	£	£	£	£
Finished goods and goods for resale	1,950	5,618	-	-

14. Debtors

	<u>Group</u>		<u>Company</u>	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	46,843	89,033	33,533	84,514
Amounts owed by group undertakings	-	-	189,606	122,453
Other debtors	427,558	530,682	426,723	530,682
Prepayments and accrued income	154,789	87,011	83,567	42,493
Tax recoverable	91,258	63,750	91,258	63,750
	720,448	770,476	824,687	843,892

15. Current asset investments

	<u>Group</u>		<u>Company</u>	
	2019	2018	2019	2018
	£	£	£	£
Listed investments	1,830,777	1,606,516	1,830,777	1,606,516
Cash deposits	-	1,186,123	-	1,186,123
	1,830,777	2,792,639	1,830,777	2,792,639

Within cash deposits the amount of £24,078 (2018: £24,078) in respect of funding for Registrars in Palliative care is held on behalf of designated hospices in the West Midlands region as part of a collaborative working arrangement. Mary Stevens Hospice act only as custodians of the funds and has no ownership of the funds or authority concerning the allocation of funds. The hospice conducts transactions when properly authorised by the appropriate authority in accordance with agreed protocols. Any interest earned on this sum will be retained by Mary Stevens Hospice to offset administrative costs involved in overseeing these funds. The liability for these funds is shown under other creditors.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

16. Creditors: Amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts	40,752	4,843	40,752	-
Trade creditors	98,549	126,634	30,832	43,660
Amounts owed to group undertakings	-	-	282,037	310,962
Corporation tax	763	-	-	-
Other taxation and social security	456,989	447,023	48,453	50,917
Other creditors	28,127	43,831	24,978	41,732
Accruals and deferred income	171,079	300,674	75,908	213,068
	796,259	923,005	502,960	660,339

	Group		Company	
	£	£	£	£
Deferred income				
Deferred income at 1 April 2018	148,738	148,439	68,379	68,080
Resources deferred during the year	87,561	148,738	-	68,379
Amounts released from previous years	(148,738)	(148,439)	(68,379)	(68,080)
Deferred income at 31 March 2019	87,561	148,738	-	68,379

Deferred income comprises lottery income received in advance by Mary Stevens Hospice Lottery Limited.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

17. Creditors: Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	959,248	-	959,248	-

Included within the above are amounts falling due as follows:

	<u>Group</u>		<u>Company</u>	
	2019	2018	2019	2018
	£	£	£	£
Between one and two years				
Bank loans	61,009	-	61,009	-
Between two and five years				
Bank loans	183,028	-	183,028	-
Over five years				
Bank loans	715,211	-	715,211	-

Creditors include amounts not wholly repayable within 5 years as follows:

	<u>Group</u>		<u>Company</u>	
	2019	2018	2019	2018
	£	£	£	£
Repayable by instalments	715,211	-	715,211	-

The loan was drawn down in December 2018 and is repayable over a term of 25 years. The total amount drawn down was £1,000,000 and repayment commenced on 21 January 2018. Repayment is paid interest only for the first twelve months, followed by monthly installments of £5,084 (including interest).

Interest is charged at 2.65% per annum over the Bank of England base rate.

The loan is secured by means of a legal mortgage and fixed and floating charge over 221 Hagley Road, Oldswinford, Stourbridge, DY8 2JR and any property or undertaking of the The Mary Stevens Hospice.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Financial instruments

	2019	2018
	£	£
Financial assets measured at fair value through income and expenditure	1,830,777	2,725,145
Financial assets measured at amortised cost	1,082,511	1,212,102
	<u>2,913,288</u>	<u>3,937,247</u>
Financial liabilities measured at amortised cost	<u>1,210,194</u>	<u>322,401</u>

Financial assets measured at fair value through income and expenditure comprise investments in UK listed securities.

Financial assets measured at amortised cost comprise cash at bank, trade debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, accruals and other creditors.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

19. Statement of funds

Statement of funds - current year

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2019 £
Designated funds						
Fixed assets	2,866,831	-	(116,472)	1,080,966	-	3,831,325
Hospice re-development and extension	1,819,775	-	-	(1,819,775)	-	-
Hospice at home	200,000	-	-	-	-	200,000
	<u>4,886,606</u>	<u>-</u>	<u>(116,472)</u>	<u>(738,809)</u>	<u>-</u>	<u>4,031,325</u>
General funds						
General Funds - all funds	1,336,245	4,981,394	(5,404,608)	738,809	24,261	1,676,101
Total Unrestricted funds	<u>6,222,851</u>	<u>4,981,394</u>	<u>(5,521,080)</u>	<u>-</u>	<u>24,261</u>	<u>5,707,426</u>
Restricted funds						
Donations	193,006	69,338	(24,804)	-	-	237,540
Department of health grant	440,444	-	(10,162)	-	-	430,282
Capital appeal	361,180	97,543	(7,711)	-	-	451,012
	<u>994,630</u>	<u>166,881</u>	<u>(42,677)</u>	<u>-</u>	<u>-</u>	<u>1,118,834</u>
Total of funds	<u>7,217,481</u>	<u>5,148,275</u>	<u>(5,563,757)</u>	<u>-</u>	<u>24,261</u>	<u>6,826,260</u>

Restricted funds

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

Designated funds

The Hospice re-development and extension fund is earmarked for the Phase 3 development of the Hospice which commenced in June 2017.

The Hospice at Home fund is earmarked for the potential establishment of a "Hospice at Home" service in the future.

The fixed asset fund represents value embodied in the charity's buildings and equipment.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

19. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2018 £
Designated funds						
Fixed assets	1,942,097	-	-	924,734	-	2,866,831
Hospice re-development and extension	2,800,000	-	-	(980,225)	-	1,819,775
Hospice at home	200,000	-	-	-	-	200,000
	<u>4,942,097</u>	<u>-</u>	<u>-</u>	<u>(55,491)</u>	<u>-</u>	<u>4,886,606</u>
General Funds - all funds	<u>2,188,591</u>	<u>4,519,992</u>	<u>(5,354,244)</u>	<u>55,491</u>	<u>(73,585)</u>	<u>1,336,245</u>
Restricted funds						
Donations	210,047	18,625	(15,971)	(19,695)	-	193,006
Department of health grant	431,464	-	(10,715)	19,695	-	440,444
Capital appeal	-	361,180	-	-	-	361,180
	<u>641,511</u>	<u>379,805</u>	<u>(26,686)</u>	<u>-</u>	<u>-</u>	<u>994,630</u>
Total of funds	<u>7,772,199</u>	<u>4,899,797</u>	<u>(5,380,930)</u>	<u>-</u>	<u>(73,585)</u>	<u>7,217,481</u>

Summary of funds - current year

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2019 £
Designated funds	4,886,606	-	(116,472)	(738,809)	-	4,031,325
General funds	1,336,245	4,981,394	(5,404,608)	738,809	24,261	1,676,101
	<u>6,222,851</u>	<u>4,981,394</u>	<u>(5,521,080)</u>	<u>-</u>	<u>24,261</u>	<u>5,707,426</u>
Restricted funds	994,630	166,881	(42,677)	-	-	1,118,834
	<u>7,217,481</u>	<u>5,148,275</u>	<u>(5,563,757)</u>	<u>-</u>	<u>24,261</u>	<u>6,826,260</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Statement of funds (continued)

Summary of funds - prior year

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2018 £
Designated funds	4,942,097	-	-	(55,491)	-	4,886,606
General funds	2,188,591	4,519,992	(5,354,244)	55,491	(73,585)	1,336,245
	<u>7,130,688</u>	<u>4,519,992</u>	<u>(5,354,244)</u>	<u>-</u>	<u>(73,585)</u>	<u>6,222,851</u>
Restricted funds	641,511	379,805	(26,686)	-	-	994,630
	<u>7,772,199</u>	<u>4,899,797</u>	<u>(5,380,930)</u>	<u>-</u>	<u>(73,585)</u>	<u>7,217,481</u>

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	3,940,837	1,054,338	4,995,175
Current assets	3,522,096	64,496	3,586,592
Creditors due within one year	(1,755,507)	-	(1,755,507)
	<u>5,707,426</u>	<u>1,118,834</u>	<u>6,826,260</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	2,866,831	588,618	3,455,449
Current assets	4,419,192	406,012	4,685,037
Creditors due within one year	(1,063,172)	-	(923,005)
	<u>6,222,851</u>	<u>994,630</u>	<u>7,217,481</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

21. Reconciliation of net movement in funds to net cash flow from operating activities

	Group	
	2019	2018
	£	£
Net expenditure for the year (as per Statement of Financial Activities)	(391,221)	(554,718)
Adjustment for:		
Depreciation charges	185,466	170,983
(Gains)/losses on investments	(24,261)	73,585
Dividends, interest and rents from investments	(96,136)	(113,793)
Decrease in stocks	3,668	1,139
Decrease/(increase) in debtors	50,028	(204,652)
(Decrease)/increase in creditors	(95,562)	136,164
Net cash used in operating activities	(368,018)	(491,292)

22. Analysis of cash and cash equivalents

	Group	
	2019	2018
	£	£
Cash in hand	1,033,417	1,111,461
Short term deposits	-	1,186,123
Total	1,033,417	2,297,584

23. Capital commitments

At 31 March 2019 the group and company had capital commitments as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Contracted for but not provided in these financial statements	-	1,528,432	-	1,528,432

24. Pension commitments

Staff may opt to join a defined contribution pension scheme, the assets of which are held separately from those of the charity in independently administered funds. The employer's contribution to this scheme is between 3% and 4% (2018: 3% and 4%) of pensionable pay. Future contributions are expected to be at a similar level.

Staff previously employed by the National Health Service and who were members of the NHS Superannuation Scheme continue to be members of that scheme. The NHS scheme is a defined benefit pension scheme. However, the scheme is a multiple employer scheme and the group is unable to identify

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24. Pension commitments (continued)

its share of the underlying assets and liabilities. The scheme is therefore accounted for as a defined contribution scheme. Contributions are charged to the SOFA so as to spread the cost of pensions over employees' working lives with the charity.

Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.pensions.nhsbsa.nhs.uk.

The employer's contribution to the scheme is 14.38% (2018: 14.38%) of pensionable pay.

The pension cost charges, representing employer's contributions to both schemes, amounted to £130,055 (2018: £113,467). This is net of a NHS pension contribution of £43,563 (2018: £43,563) received as part of the Dudley CCG grant. Contributions totalling £4,049 (2018: £19,753) were payable at the year end and are included in other creditors.

No trustee qualified for benefits under either of these schemes.

25. Operating lease commitments

At 31 March 2019 the total of the group's future minimum lease payments under non-cancellable operating leases was:

Group	2019	2018
	£	£
Amounts payable:		
Within 1 year	251,009	280,798
Between 1 and 5 years	715,896	809,715
After more than 5 years	386,748	345,065
Total	1,353,653	1,435,578

At 31 March 2019 the company had annual commitments under non-cancellable operating leases as follows:

Company		
Amounts payable:		
Within 1 year	5,712	5,354
Between 1 and 5 years	10,978	16,016
Total	16,690	21,370

26. Related party transactions

There have been no other related party transactions that require disclosure other than the transactions with the subsidiary companies, The Mary Stevens Hospice Trading Company Limited and Mary Stevens Hospice Lottery Limited, as set out below:

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26. Related party transactions (continued)

	2019 £	2018 £
The Mary Stevens Hospice Trading Company Limited - Recharge for management and operation of the retail gift aid scheme	<u>(771,226)</u>	<u>(700,835)</u>

Income from donated goods under the retail Gift Aid scheme are sales which were processed by The Mary Stevens Hospice Trading Company Limited on behalf of the Charity and are included under retail income.

The subsidiary companies also made a gift aid distribution to the Charity as disclosed in Note 26.

The balance outstanding at the year end owed to The Mary Stevens Hospice Trading Company Limited was £282,037 (2018 - £310,962).

The balance outstanding at the year end owed from Mary Stevens Hospice Lottery Limited was £189,606 (2018 - £122,453).

27. Principal subsidiaries

The Charity has two wholly owned trading subsidiaries which are registered and incorporated in England. The Mary Stevens Hospice Trading Company Limited sells goods and gift aids taxable profits to The Mary Stevens Hospice. Mary Stevens Hospice Lottery Limited runs a lottery. The subsidiaries were acquired on 1 April 2012. They both have the same registered office and principal place of business which is 221 Hagley Road, Oldswinford, Stourbridge, DY8 2JR.

The Mary Stevens Hospice Trading Company Limited

Subsidiary names	The Mary Stevens Hospice Trading Company Limited
Company registration number	02648133

Total assets as at 31 March 2019	£ 478,080
Total liabilities as at 31 March 2019	£ 478,080
Total equity as at 31 March 2019	£ -
Turnover for the year ended 31 March 2019	£ 2,109,487
Expenditure for the year ended 31 March 2019	£ 1,799,589
Profit for the year ended 31 March 2019	£ 309,898

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27. Principal subsidiaries (continued)

Mary Stevens Hospice Lottery Limited

Subsidiary name	Mary Stevens Hospice Lottery Limited
Company registration number	03885815

Total assets as at 31 March 2019	£ 292,111
Total liabilities as at 31 March 2019	£ 287,385
Total equity as at 31 March 2019	£ 4,726

Turnover for the year ended 31 March 2019	£ 619,046
Expenditure for the year ended 31 March 2019	£ 431,728
Profit for the year ended 31 March 2019	£ 187,318

At the end of the financial year, Mary Stevens Hospice Lottery Limited made a gift aid distribution of £184,157 (2018: £218,835) and Mary Stevens Hospice Trading Company Limited made a gift aid donation of £309,964 (2018: £228,100).