



HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2014

REGISTERED CHARITY NUMBER: 280825

COMPANY NUMBER: 1507474

REGISTERED OFFICE: Hospice of St Francis (Berkhamsted) Limited
Spring Garden Lane
Berkhamsted Herts HP4 3GW

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

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CHAIRMAN'S REPORT

I am pleased to report on another year in which we extended our services to more patients and their families, whilst maintaining high standards of patient care, and a sound financial position.

Dr Ros Taylor, Hospice Director, received the honour of MBE from Her Majesty the Queen, in recognition of her dedication to end of life care. This was richly deserved and gave a real boost to all the staff and volunteers at St Francis.

Keith Gay, Deputy Chairman, Charlotte Davis, Dr Jonathon Freedman and Anothony Ogden retired as Trustees at the AGM in sptember 2013. The Board would like to thank them for their dedicated services over the past six years. Geoff Obee, our excellent Treasurer retired at the end of December 2013. The Board is very grateful to Geoff for his conscientious work and wise advice during his time in office. His successor, Alison Woodhams, brings a wealth of financial management experience from senior positions in Industry, the BBC, and most recently as Director of Finance and Business at University College London. We will have three Trustees retiring after 6 years service at the AGM in September of this year and the recruitment and selection of their replacements is well advanced.

We used some of the windfall boost to our finances from legacies, which I reported last year, to fund expansion. The last two beds (13 & 14) were opened just after the start of the year and admissions to all beds are now managed on a 24/7 basis. The other major step was the opening of the Spring Centre which is now the focal point for our Outpatient Services which include clinical appointments and a range of physical and social therapies. The number of new patients and carers who attended far exceeded expectations in this first year.

Last Autumn Joanna Dew took up the post of Director of Fundraising and Communications. She is experienced in the Charity sector, having held fundraising positions with Oxfam and MacMillan Cancer Support. Her team ensured that, despite a difficult environment, our voluntary and fundraising income increased overall by 11% over the previous year. Most income streams held up well, with legacies again coming in at a high level. The number of Corporate partners increased from 12 to 50. Retail income showed an 8% increase. The expansion of services and the allied growth in costs will continue in the current financial year, and reserves will reduce towards our minimum threshold of 6 months' running costs. We are continuing to invest in our funding effort to support these rising costs. We plan to focus growth on our higher value income streams. The contribution from our retail activities should also improve as turnover grows and we implement more efficient ways of operating.

The performance of the Domiciliary Care joint venture (Shine) with our two neighbouring hospices, has however been disappointing. The slow pace of recruitment of care assistants has been one of the main reasons that business growth is behind plan. Nonetheless, we are committed to supporting the renewed effort being made by the Shine Board to accelerate growth with a greater emphasis on profitability.

On behalf of the Board I would like to thank Dr Ros Taylor, the senior management team, and all the staff and volunteers for their hard work and continued dedication. The Board is also forever grateful to our many donors, fundraisers and the army of supporters who make it all possible.

Charles G Toner Chairman of the Board of Trustees.

REPORT OF THE BOARD OF TRUSTEES

PATRONS AND TRUSTEES OF THE CHARITY

PATRONS

The Lord Lieutenant of Hertfordshire, the Countess of Verulam
Joanna Barker D.Litt. MBE
Jo Connell OBE DL
Vivienne Cox
Joan Gentry
Hilary McNair
David Gauke, MP for South West Hertfordshire
Mike Penning, MP for Hemel Hempstead
Rt Revd Dr Alan Smith, Bishop of St Albans
The Lady Lyell

BOARD OF TRUSTEES:

Membership of committees and directorships of subsidiary company

Ms G Burke	C
Mrs J H Burley	C, N
Mrs S E Crichton*	T
Mrs C Davies (resigned September 2013)	C
Dr J Dickson (appointed September 2013)	C
Dr J E Freedman (resigned September 2013)	C
Mr M Gorman (appointed September 2013)	F
Ms V Fruish	R, T
Dr K Gay (resigned September 2013)	N, R
Dr P T Heatley	C
Mr PJ Miller*	T
Mrs S Noble	F, C
Mr G Obee (resigned December 2013)	F, R
Mr A J Ogden* (resigned September 2013)	F, T
Mr C G Toner (Chairman)	N, R
Mr D Williams*	F, N, T
Mrs A Woodhams (Treasurer, appointed September 2013)	F, R

Key to committee membership:

Board Committees

Finance and Fundraising (F)	Clinical Care (C)	
Nominations and Governance (N)	Remuneration (R)	Trading (T)

Subsidiary Company

*Director of Hospice of St Francis Trading Ltd (T)

REPORT OF THE BOARD OF TRUSTEES

HOSPICE MANAGEMENT AND DETAILS OF ADVISORS

HOSPICE DIRECTOR: Dr R Taylor MA MB BChir DL MBE

COMPANY SECRETARY: Ms C Miles MA ACA

REGISTERED OFFICE: Hospice of St Francis
Spring Garden Lane
Berkhamsted
Hertfordshire HP4 3GW

COMPANY REGISTRATION NUMBER 01507474
Registered in England and Wales

CHARITY REGISTRATION NUMBER 280825

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Website: www.stfrancis.org.uk
Email: info@stfrancis.org.uk

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26 Red Lion Square
London WC1R 4AG

BANKERS: Lloyds TSB
205 High Street
Berkhamsted
Hertfordshire HP4 1AP

SOLICITORS: SA Law
60 London Road
St Albans
Hertfordshire AL1 1NG

INVESTMENT ADVISOR: Barclays Wealth, London
1 Churchill Place
London E14 5HP

REPORT OF THE BOARD OF TRUSTEES - continued

OBJECTIVES AND ACTIVITIES

Charitable Activities and Public Benefit

The Hospice of St Francis's principal objective is to care for adults suffering from life limiting illness. This objective falls within the charitable purposes described in the Charities Act - the relief of suffering due to ill health. The Hospice accepts referrals on the basis of clinical need, and does not discriminate between patients on the grounds of age, sex, race or religion. The Hospice's patients are drawn from Hertfordshire and the Chilterns area of Buckinghamshire, after a referral by GPs, Community teams, Hospitals, other Hospice teams or self-referral. No charge is made by the Hospice to patients for the provision of medical, nursing or support services.

The Trustees of the Hospice of St Francis have had regard to the Charity Commission guidance on public benefit, and consider that the Hospice's activities fall within the definition of public benefit. More detail about the activities of the Hospice, and the charity's achievements and plans for the future are set out in the Strategic Report (pages 10 to 19 of this report).

The Hospice offers inpatient, outpatient and community services to patients, and support and counselling services to carers and those close to the patient.

- Inpatient care is provided in the Hospice's 14 beds (IPU) which admits patients 24/7
- The Hospice offers a range of outpatients' services under the "Spring Centre" branding. The services available comprise a programme of clinical, enabling and psycho-social care, as well as social activities for patients and carers.
- The Hospice's community team comprises specialist nurses, doctors and therapists who visit patients in their own homes.
- Hospice doctors provide medical services in a local nursing home, at Watford General Hospital and at a local Hospice.
- The Supportive Care team (which includes social workers physiotherapists, occupational therapists, counsellors and complementary therapists) provide clinical, practical and psychological care and support in all patient settings
- The Supportive Care team also provides a comprehensive bereavement service to adults and children facing loss.
- The Hospice education team educates and trains professionals working in other care settings, across our catchment area and beyond.

Group Structure

The Hospice of St Francis' owns the following investments:

- 100% of Hospice of St Francis (Trading) Ltd, which manages the Hospice's retail activity
- 33.34% of Shine Homecare Ltd, a domiciliary care agency, set up in 2012 as a joint venture by three hospices to operate as a commercial venture
- 16.67% of Hospice Lottery Partnership Ltd, a company which raises money for a group of six local hospices.

REPORT OF THE BOARD OF TRUSTEES - continued
OBJECTIVES AND ACTIVITIES

Vision and Mission

Hospice of St Francis: Vision and Mission

Our vision is that excellent palliative care be available to all those patients and families living with a terminal illness in our catchment area when they need it and wherever they are

Our mission is to achieve this vision through *direct* provision of care together with *indirect* provision through collaboration and education

Hospice staff will work to achieve this vision by building on the best of the current provision of services with direct provision of care, together with indirect provision through collaboration and education of others in the care of those who are dying or living with advancing illness. The Hospice will keep the guiding principles of “whole person, respectful care” at the heart of all that it does.

The Hospice of St Francis is an active member of the UK Hospice movement, headed by the umbrella charity Help the Hospices. The Hospice Director, Dr Ros Taylor, is a Trustee of Help the Hospices. In the local area, the Hospice coordinates its work with other health and hospice providers. The Hospice works closely with the Peace Hospice, and Rennie Grove Hospice Care, as part of the West Herts Specialist Palliative Care Group, and has identified several areas where joint working can improve the patient experience.

GOVERNANCE

The Hospice of St Francis is registered with the Care Quality Commission. The Care Quality Commission monitors and inspects the Hospice of St Francis, as an independent healthcare provider, under the provisions of “The Private and Voluntary Health Care (England) (Amendment) Regulations 2006”. The Registered Manager of the Hospice of St Francis, under the terms of the Care Quality Commission regulatory agreement, is Ms. Alison Allard, the Director of Nursing and Clinical Governance. The Responsible Individual, under the terms of the Care Quality Commission regulatory agreement, is Ms. Geraldine Burke, a Trustee of the Hospice.

Corporate Governance

The governing body of the Charity is the Board of Trustees. Trustees are recruited after a rigorous interview process, to ensure a suitable mix of skills, taking into account geographical location, gender and ethnicity, and are appointed for a fixed period. None of the Trustees receives any remuneration from the Hospice. At 31 March 2014 there were 12 Trustees. The Board met six times during 2013/14, and Trustees also had a Clinical Strategy Meeting focussing on Community Engagement.

REPORT OF THE BOARD OF TRUSTEES - continued

GOVERNANCE

The Board of Trustees has overall responsibility for:

- Ensuring compliance with the Hospice's charitable objectives
- Ensuring compliance with the legal and regulatory framework
- Approving clinical and operating strategy
- Maintaining sound financial management of the charity's resources
- Agreeing financial budgets and longer term business plans
- Ensuring effective and efficient administration of the charity and its resources

During the Hospice's induction procedures, all new Trustees meet with Hospice managers and senior staff, to ensure that they have a working knowledge of all aspects of the functioning of the Hospice.

The Hospice of St Francis has 85 Association Members. Their role is to uphold the Hospice's charitable objectives, and to hold the Board accountable for Hospice management. All Trustees are also Association Members. Members meet formally at the AGM to adopt the Report and Accounts. They are also informed about Hospice strategy, and they raise issues for the Hospice management's consideration.

At 31 March 2014, there were five formally constituted Board Committees, each with specific terms of reference and functions delegated by the Board. These committees were the Clinical Care Committee, the Finance and Fundraising Committee, the Nominations and Governance Committee, the Remuneration Committee and the Trading Committee. All these committees are chaired by a Trustee, and report to the Board.

Management

The Board has delegated day to day operational management responsibilities to the Senior Management Team, led by the Hospice Director.

Reviewing good governance compliance and Board effectiveness

The Board's conduct is guided by the provisions of the 2010 edition of the Good Governance Code for the Voluntary and Community Sector. The Hospice's Governance Document sets out procedures for reviewing compliance with good governance practices. During the year ended 31 March 2014, the Board and the Board Committees carried out a detailed Board Effectiveness Review which was independently analysed, and some changes in the way the Committees operate were made.

REPORT OF THE BOARD OF TRUSTEES - continued
ROLE AND CONTRIBUTION OF VOLUNTEERS

Volunteers have been central to the Hospice of St Francis since it opened. At 31 March 2014, there were 1,094 Hospice volunteers supporting the Hospice in a variety of roles. Many volunteers help our Fundraising team to raise money to pay for Hospice services and many are also involved in the support or delivery of Hospice services. This allows the Hospice to make its money go further, and to extend its service into areas which might not otherwise be funded. Volunteering also allows the local community to participate in the running of the Hospice, influencing services and delivery.

Volunteers contribute in the following operational areas:

Operational Area	Number of volunteers
In Patient Unit	206
Supportive Care	131
Complementary Therapists	17
Finance / Administration / Reception	133
Gardening	34
Flower arranging	13
Drivers	25
Fundraising (including Ambassadors & craft)	94
Homebox Collectors / Co-ordinators	191
Retail (including shops, eBay and Christmas Card sales)	370
Medical & other IPU roles	17
Trustees	12

(Some volunteers act in more than one capacity).

Staff and patients alike welcome the involvement of volunteers in the Hospice of St Francis, and their contribution is integral to all Hospice operations.

REPORT OF THE BOARD OF TRUSTEES - continued STRATEGIC REPORT

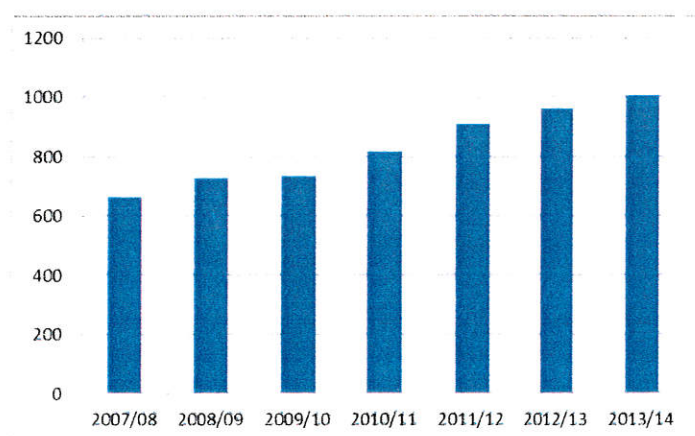
Review of Activities

The Hospice of St Francis is facing a changing future, with challenges and opportunities arising as a result of the ageing UK population and the changing structures in society and healthcare:

- *The demographic challenges* are compelling. Longevity and comorbidity are blurring the edges between palliative care, elderly care and primary care.
- *Resources are needed nationally* to fund care if people chose to be cared for at home.
- *The quality of care of those dying in hospital* (still over 50% of all deaths) remains a huge concern.
- *End of Life care remains fragmented and in places poorly coordinated*
- *The reform of health and social care services* will impact increasingly on Hospices; future funding streams may be affected.
- *The challenge of competition* from new providers and the private sector, with a shift towards outcome – oriented care
- *There are likely to be significant education and training opportunities in health and social care*, to improve care in generalist settings, to develop a more flexible specialist workforce and support new models of care and delivery.

These long term changes to the landscape of end of life care present considerable challenges for the Hospice of St Francis, as well as considerable opportunities for making a difference in our community. There is a growing need for the services the Hospice of St Francis provides; hands on care for the patients who are referred to the Hospice, and sharing our expertise with other care giving institutions in our community – with the hospital, with care homes and nursing homes, with other hospices and with other NHS funded services. Harnessing the capacity of the community to live more independently with long term illness is also an area in which the Hospice could play a role. Supporting the community to become more aware of mortality and plan ahead for incapacity is also an important challenge.

Total patients treated

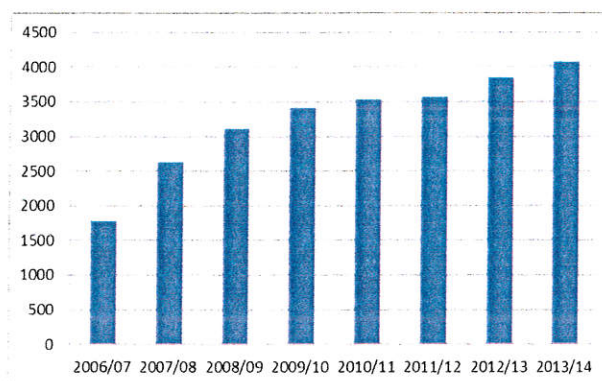


REPORT OF THE BOARD OF TRUSTEES – continued STRATEGIC REPORT

Hospice IPU Services

We opened 2 more beds in April 2013, to take our total to 14. We believe that in the longer term, more beds will be needed in Hertfordshire, to give patients at end of life the range of options to allow them to face their conditions with dignity, and to receive treatment in the place of their choice.

IPU occupied bed nights

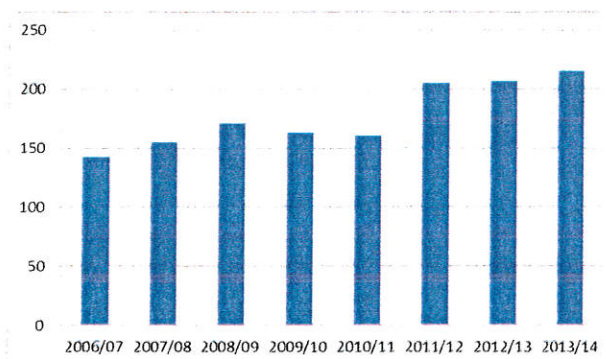


Hospice Services in the Community

We have set up multi-disciplinary teams to work in the community. Our teams are:

- Geographically located
- Linked to GP surgeries
- Able to provide medical expertise – our doctors visit in the community
- Able to refer physiotherapy and occupational therapy services to our community patients

Community Team Caseload – at year end

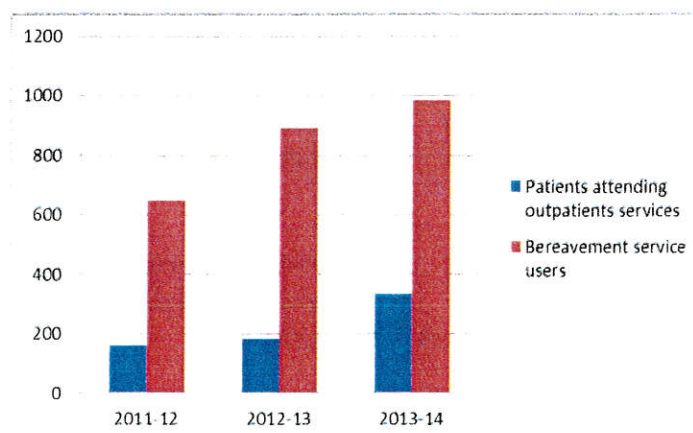


Hospice Outpatient Services (Spring Centre)

We opened our Spring Centre, an outpatient service, providing social and therapeutic services to:

- patients with stable illnesses
- carers of patients
- bereaved families and friends of patients
- children facing bereavement

Outpatient activity 2011/12 to 2013/14 – patients and bereavement service users



REPORT OF THE BOARD OF TRUSTEES - continued
STRATEGIC REPORT

Achievements and performance in 2013-14, and plans for 2014-15.

TRANSFORMING QUALITY OF LIFE FOR THOSE LIVING WITH LIFE-SHORTENING ILLNESS

Objective 2013/14	Result 2013/4	Plans 2014/5
Care for more patients in our IPU	Opened beds 13 and 14 in April 2013 and increased out of hours admissions, but did not increase the number of admissions as much as we would have liked due to recruitment difficulties.	Maintain occupancy at over 85% to ensure best value, and keep average length of stay to below 13 days
Launch a new outpatient wellbeing service, the Spring Centre	223 new patients and 254 new carers seen in the Spring Centre in Year 1.	Increase range of outpatient services for those with illness other than cancer
Provide new services for carers	Introduced specific training & coaching sessions for carers in addition to social support	Introduce a wider range of support services for carers
Redesign community nursing model	Started to change the way the community team works, with increased collaborative working with other providers, and multidisciplinary team working	Introduce hands-on care service to help our patients stay at home longer if that is their preference
Explore models of geographic integration	Developed closer links with other community palliative care providers and mapped availability of services across our catchment area	Work in an integrated way with NHS locality teams
Lead palliative quality initiatives at Watford General Hospital	Established and chaired Hospital Compassionate End of Life Group	Support introduction of Individualised Care Plans in hospital (post abolition of Liverpool Care Pathway)
Explore ways of using new technology and social media to improve the delivery of care	Increased clinicians confidence to use social media to learn & share best practice	Combine face to face and digital methods to support more people and connect more widely

REPORT OF THE BOARD OF TRUSTEES - continued
STRATEGIC REPORT

ENGAGEMENT WITH OUR COMMUNITY

Objective 2013/14	Result 2013/4	Plans 2014/5
Devise an Engagement Strategy for HOSF	Board Strategy Day explored concept of 'community engagement' Initiated a collaborative project towards marketing Herts hospices Initiated a pilot to explore new ways to support isolated elderly	Engagement Strategy to focus on <ul style="list-style-type: none"> • Awareness of mortality • User involvement in our services • Harnessing community resilience
Use digital resources to coordinate care and create hospice hubs	HOSF leading on development of an Electronic Palliative Care Co-ordination System for Herts (EPaCCS)	Implement Electronic Co-ordination System to link providers
Involve patients carers and the public in service design and delivery	Explored various models of user involvement in health & social care	Introduce People's Panels to support service development (co-production)

EDUCATION and ENSURING QUALITY

Objective 2013/14	Result 2013/4	Plans 2014/5
Extend the care home education programme to a wider area	Completed ABC care home project: worked with 177 residential homes and other organisations and educated 2,059 care home workers	Secure additional funding to sustain care home education
Explore collaborative education possibilities	Agreed and appointed for joint leadership of education & research across HOSF and the Peace Hospice	Development of inclusive and comprehensive workforce education plan
Explore the potential of Expert Patient initiative	Developed programme of communication skills for prostate cancer patients	Launch prostate cancer education programme
Promote staff resilience	Introduced facilitated meetings for staff to discuss service related concerns, worries and experiences	Introduce more 'protected learning time'
Capture patient experience in a new way	Explored digital possibilities to capture patient experience	Implement real time reporting using trained volunteers
Introduce an accredited outcome measure across services	Objective delayed – waiting for national recommendation	Implement outcome measure in 2014 across all services

REPORT OF THE BOARD OF TRUSTEES - continued
STRATEGIC REPORT

RAISING MORE MONEY TO SUSTAIN and EXPAND OUR SERVICES

Objective 2013/14	Result 2013/4	Plans 2014/5
Increase the number of active supporters and corporate partners	Database increased by 4,988 to 58,870 supporters Corporate partners increased by 38 to 50	Continue to increase support
Reach voluntary income targets to support expanded care services	Did not meet ambitious voluntary income targets. Overall income targets exceeded because of generous legacy income	Continue to invest in team to reach income targets
Continue the legacy marketing campaign & in memoriam strategy	Worked with 9 firms of solicitors on "Make a will week". Did not appoint in memoriam fundraiser.	Appoint in-memoriam fundraiser and implement Tribute project
Increase PR and social media coverage across all media	Twitter Support increased to 2,177 followers Facebook support 2,702 likes	Continue attracting more followers across whole catchment
Create a central distribution centre	This was implemented. A number of the planned benefits failed to materialise	Revise central distribution plans with focus on logistics to save costs
Develop a strategy to expand e-commerce sales	Strategy in place but implementation delayed because of logistical /broadband issues	Expand e-commerce activities in new premises
Open three new shops.	Opened only one new shop (Kings Langley). Unable to find affordable profitable sites	Look for affordable and profitable sites.

REPORT OF THE BOARD OF TRUSTEES - continued
STRATEGIC REPORT

CONTINUALLY IMPROVING EFFICIENCY AND EFFECTIVENESS

Objective 2013/14	Result 2013/4	Plans 2014/5
Review internal communications	Communicated through staff forum, newsletters, staff and volunteer focus groups	Create a new intranet
Review procurement procedure to make sure we spend charity money wisely	Purchased a new telephone system, new broadband provision outsourced facilities maintenance	Rolling review of procurement. Commission energy efficiency audit.
Invest in our facilities	Used Department of Health grant to develop indoor and outdoor clinical spaces	Produce ten year plan of facilities investment

Principal risks and uncertainties

The risks to which the charity is exposed are identified, and defined in relation to the hospice's objectives and KPIs. They are monitored and reported on at a team level, and headline risks are reported to the Board quarterly.

The principle risks identified by the Hospice are:

Reputation risk

Risk of loss of reputation leading to decline in referrals and local support is mitigated by:

- Quality in patient care
- Training and education
- Policies and procedures
- Corporate governance
- Management and supervision

Economic risk

Risk of a prolonged financial crisis leading to a reduction in financial support is mitigated by:

- Diversified income streams
- Budgeting and reforecasting procedures
- Long range financial forecasts

Political risk

Risk of legal changes affecting healthcare in the UK could have implications for HOSF's activities and income streams is mitigated by

- Good communications with local CCGs

- HOSF positioned as an expert provider

REPORT OF THE BOARD OF TRUSTEES - continued STRATEGIC REPORT

- Active progress towards collaboration with other palliative care providers

HR risk

Risk relating to ability to recruit and retain suitably qualified and experienced staff is mitigated by:

- Training and development
- Defined Hospice competencies and values
- A fair remuneration package

Process and resource risk

Risk relating to the ability to manage processes and identify the resources needed to deliver a high quality service is mitigated by:

- Operating policies and procedures
- Compliance with rules set by external regulators
- Effective internal controls

Financial Review

Financial management policies

The Hospice manages its finances through the use of business plans and budgets. The Board agrees the strategy at an annual meeting, when Board members and senior managers meet to discuss and prioritise strategic activities. Following this meeting, Hospice managers revise and update a three year business plan, which:

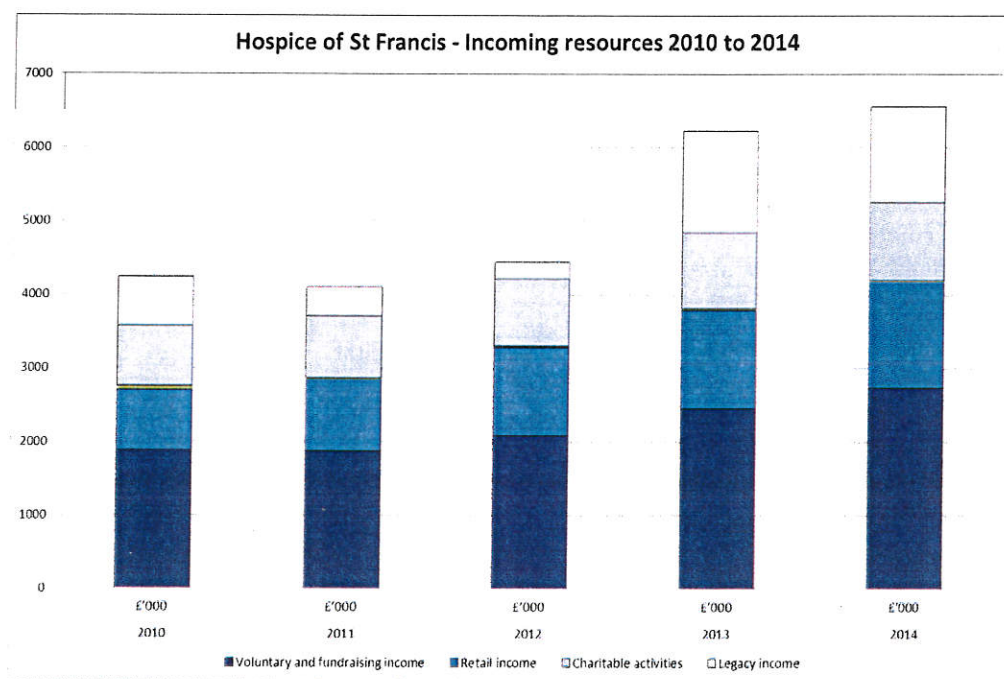
- projects the financial position arising as a result of the activities agreed by the Board; and
- projects the reserves figure, to allow the Board confidence that sufficient reserves will be maintained to provide operational stability

Following the approval of the business plan, Hospice managers create a budget for the following year, with detailed calculations of the costs of the planned services. Variances between activity and budget are monitored throughout the year.

The Trustees note that the financial management procedures work well and allow the Board effective control over Hospice finances.

REPORT OF THE BOARD OF TRUSTEES - continued
STRATEGIC REPORT

Sources of income

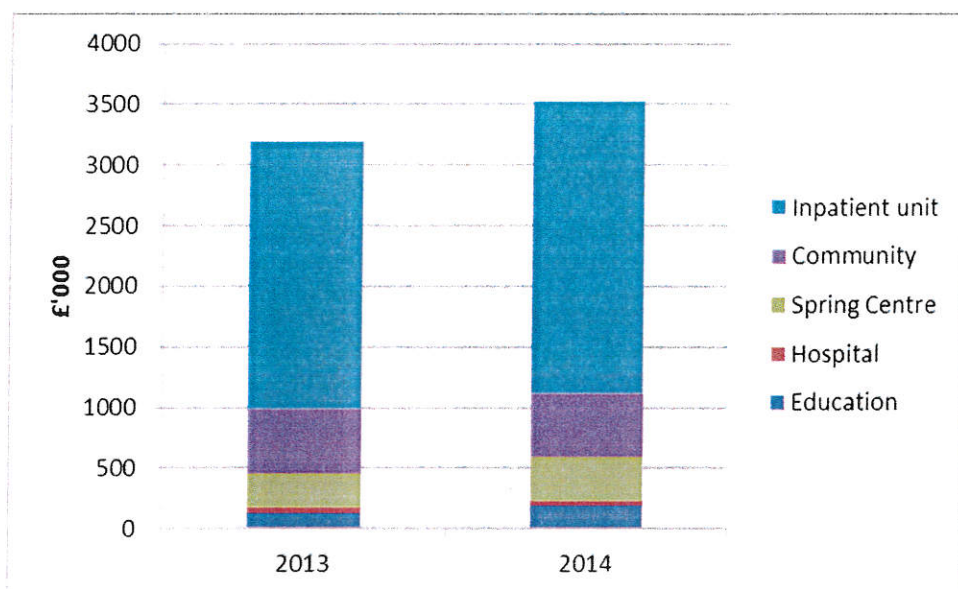


The Hospice of St Francis' main sources of income are:

- Voluntary and fundraising income grew by 11% in the year ended 31 March 2014, and accounted for 41% of income. The Hospice fundraising department raises money through events and sponsorship, applications to grant making trusts, direct marketing, in memory giving, and many other sources. The costs of raising voluntary and fundraising income account for 28% of the income, leaving 72% of all money raised to support Hospice activities.
- Retail income grew by 8% in the year ended 31 March 2014, and accounted for 22% of income. This income comprises the sale of goods in all the Hospice shops. The costs of raising retail income accounted for 80% of the income, leaving 20% of all the money raised to support Hospice activities.
- Income from charitable activities grew by 3% in the year ended 31 March 2014, and accounted for 16% of income. This category includes NHS grants and direct payments for service delivery, as well as restricted grants from other organisations to directly support services.
- Legacy income was slightly lower in the year ended 31 March 2014, but still high compared to previous years.

REPORT OF THE BOARD OF TRUSTEES - continued
STRATEGIC REPORT

Spending on charitable activities



Spending on charitable activities rose by 10% in the year ended 31 March 2014:

- The IPU activity accounts for 68% of all spending. Costs rose by 9%, after the Hospice opened 2 more beds to take the total to 14 beds.
- Community palliative care accounts for 15% of all costs, and was unchanged during the year.
- The Spring Centre (outpatient and bereavement services) accounted for 10% of all costs, and rose by 30% during the year. The Spring Centre was launched in April 2013, with investment from Macmillan Cancer Support.
- Education provided by Hospice of St Francis accounted for 5% of all spending, and rose by 45%. Education costs increasingly include participation and leadership of strategic developments across Hertfordshire.

Reserves

The Hospice's reserves comprise the assets which are available for unrestricted purposes. The Trustees appreciate the importance of managing reserves to provide continuity of service in times of fluctuating income. All income over and above the agreed reserves level will be reinvested in hospice services. The Trustees manage this through rolling three year business plans.

The reserves policy was reviewed by the Board during the year. Required reserves are estimated by reference to:

- The riskiness of income
- The level of funds required to cover unexpected expenditure or future growth

REPORT OF THE BOARD OF TRUSTEES – continued STRATEGIC REPORT

- Working capital requirements
- Provision for the costs of cutting services or restructuring the charity if this should be needed

The resulting calculation provides a minimum level of reserves required. At 31 March 2014, the calculation of reserves indicated that reserves of £2,343,000 would be required. This equals approximately six months of operating costs, excluding retail costs.

At 31 March 2014 the Group's free reserves stood at £4,147,000. This is equivalent to over ten months of charitable operating expenses for the Group.

The Hospice's approved business plan for the three year period to 31 March 2017 includes an 18% increase in spending on patient services: activity in each of the three financial years to 31 March 2017 is expected to result in a financial deficit, as the Hospice reinvests its accumulated surplus in patient services.

In the current political environment, contracts for services are increasingly being allocated by competitive tender. The trustees have noted that a strong reserves position may be an advantage in tendering for services, but will not let reserves fall below the minimum level. Indeed it is possible that this minimum level will need to rise to take into account the increased level of risk in our income streams from contracts like these.

Investment policy

The primary objective of the Hospice's investment policy is the capital preservation of reserves. A secondary objective is capital appreciation. The Hospice has a low tolerance to risk. Investments allocated to cover Hospice reserves are to be held for the long term. Fluctuations in investment values should not affect short to medium term strategic decisions.

Investment portfolio objectives

- **Total target return:** Over the longer term the Trustees' objective for total return is absolute growth in line with operating cost inflation, assessed at 4.5% per annum.
- **Risk Parameters:** The Trustees do not set an overall risk target but consider each investment individually. In addition to statistical and volatility measurements other risks considered are: liquidity risk; reputational risk (both for the Hospice and the issuer); and credit risk.
- **Asset Allocation:** In accordance with a risk adverse strategy the trustees seek a well diversified investment portfolio across all asset classes with a bias towards fixed income and cash. Liquidity is a major consideration in all investment decisions.
- **Social, environmental and ethical considerations:** The Hospice will not invest directly in tobacco related companies.

REPORT OF THE BOARD OF TRUSTEES - continued

STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trustees (who are also directors of Hospice of St Francis (Berkhamsted) Ltd for the purposes of company law) are responsible for preparing the Trustees' Report, including the strategic report, and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP (Statement of Recommended Practice);
- 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 charitable company will continue in business.

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

In so far as we are aware:

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

Appointment of Auditors

A proposal to reappoint haysmacintyre as auditors in accordance with section 485 of the Companies Act 2006 will be put to the AGM.

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

21 July 2014

Chairman



Charles G Toner

PATIENT STATISTICS

	2013/14	2012/13	2011/12
Total patients	1040	961	910
% non cancer diagnosis	23%	26%	23%
Inpatients			
Number of admissions	298	289	304
Occupied bed nights	4,005	3,476	3,566
Patients per acute bed per year	22	25	25
Average length of stay	13 days	11 days	11 days
Number of discharges	107	155	134
Deaths	192	203	170
Care at Home			
Specialist nurse caseload at end of year	215	206	205
Home visits:			
	Specialist nurses	2,325	2,621
	Doctors and supportive care team	465	934
		653	653
Outpatient care			
Contacts	1,765	806	652
Outreach care			
Contacts in Hospital and nursing homes	1,196	731	812
Bereavement care			
Support contacts for family members	2,111	1,661	1,084
Support telephone calls	2,580	2,926	3,136
Place of death			
Total deaths	387	352	347
Out of hospital *	321	300	297
	83%	85%	86%

* Deaths out of hospital take place in a hospice, at home, or in a nursing home

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED

We have audited the financial statements of Hospice of St Francis (Berkhamsted) Limited for the year ended 31 March 2014 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, Section 144 of the Charities Act 2011 and regulations made under Section 154 of that act. 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.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' 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.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the trustees' annual report including the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2014, 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 and the Charities Act 2011.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Murtaza Jessa
(Senior Statutory Auditor)
for and on behalf of haysmacintyre
Statutory Auditors

26 Red Lion Square
London WC1R 4AG

21 July 2014

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

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
A company limited by guarantee
Report and Accounts for the Year ended 31 March 2014

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2014

	Unrestricted Funds Note 1C £'000	Designated Funds Note 1C £'000	Restricted Income funds Note 1C £'000	Total 2014 £'000	Total 2013 £'000
Incoming resources (Note 4)					
Incoming resources from generated funds					
Voluntary income	2,190	-	348	2,538	2,231
Legacy income	1,276	-	-	1,276	1,387
Activities for generating funds -trading and fundraising	200	-	-	200	238
Activities for generating funds - retail income (Note 4D)	1,439	-	-	1,439	1,329
Share of incoming resources from joint venture	69	-	-	69	4
Investment income	23	-	-	23	20
	5,197	-	348	5,545	5,209
Incoming resources from charitable activities					
NHS Grants for Hospice care	-	-	802	802	770
Other income from charitable activities	20	-	235	255	257
	20	-	1,037	1,057	1,027
Total Incoming Resources	5,217	-	1,385	6,602	6,236
less share of incoming resources from joint venture	(69)	-	-	(69)	(4)
	5,148	-	1,385	6,533	6,232
Costs of generating funds (note 5)					
Costs of voluntary income	468	10	4	482	389
Costs of activities for generating funds	294	10	1	305	263
Cost of retail activities	1,534	5	-	1,539	1,341
	2,296	25	5	2,326	1,993
Net income available for charitable activities	2,852	(25)	1,380	4,207	4,239
Charitable activities (note 5)					
Inpatient unit	1,328	84	983	2,395	2,199
Community	446	6	76	528	533
Outpatients (Spring Centre)	26	23	214	263	184
Bereavement (Spring Centre)	21	4	70	95	92
Hospital	14	-	33	47	50
Education	175	3	11	189	130
	2,010	120	1,387	3,517	3,188
Governance costs	66	-	-	66	66
Total resources expended (Note 5)	4,372	145	1,392	5,909	5,247
Net income / (expenditure) for the year	776	(145)	(7)	624	985
Net interest in the results of the joint venture	(42)	-	-	(42)	(44)
Gains / (losses) on investment assets (note 9)	132	-	-	132	103
Net movement in funds	866	(145)	(7)	714	1,044
Transfers between funds	(87)	97	(10)	-	-
Net movement in funds	779	(48)	(17)	714	1,044
Total funds brought forward	3,937	5,507	37	9,481	8,437
Total funds carried forward	4,716	5,459	20	10,195	9,481

The Accounting Policies and Notes on pages 26 to 48 form part of the Accounts.

All of the above amounts relate to continuing operations. All gains and losses recognised in the year are included above. The surplus for the year for Companies Act purposes comprises the net incoming resources plus realised gains and losses on the disposal of investments and other assets and totals £664,000. (2013:£966,000 surplus).

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
 A company limited by guarantee
 Report and Accounts for the Year ended 31 March 2014

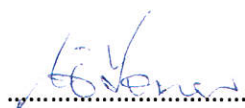
COMPANY NUMBER 1507474
CONSOLIDATED AND CHARITY BALANCE SHEET AS AT 31 MARCH 2014

	Group 2014 £'000	Group 2013 £'000	Charity 2014 £'000	Charity 2013 £'000
Fixed Assets				
Tangible assets (Note 11)	6,050	5,985	6,050	5,927
Investments (Notes 12-13)	2,354	1,775	2,424	1,845
Share of gross assets of joint venture company Shine Homecare (note 13)	13	56	13	56
Total fixed assets	8,417	7,816	8,487	7,828
Current assets				
Stock of goods for resale	39	36	-	-
Debtors (note 14)	590	249	600	249
Short term investments (note 15)	250	-	250	-
Cash at bank and in hand	1,331	1,679	1,273	1,628
Total current assets	2,210	1,964	2,123	1,877
Creditors: amounts falling due within one year (Note 16)	(432)	(299)	(415)	(224)
Net current assets	1,778	1,665	1,708	1,653
Net assets	10,195	9,481	10,195	9,481
Reserves of the Charity (Note 17)				
Unrestricted funds	4,716	3,937	4,716	3,937
Designated funds	5,459	5,507	5,459	5,507
Restricted funds	20	37	20	37
Total funds	10,195	9,481	10,195	9,481

The Accounting Policies and Notes on pages 27 to 49 form part of the Accounts

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 21 July 2014

Chairman



Charles G Toner

Treasurer



Alison Woodhams

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	2014	2013
	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES (Note 21)	701	675
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire new fixed assets	(355)	(174)
Payments to acquire new investments	(766)	(100)
Management of liquid resources – net receipts from investment deposits	70	310
Proceeds from the sale of investments	-	10
	(1,051)	46
(Decrease) / increase in cash in the year	(350)	721

The Accounting Policies and Notes on pages 27 to 49 form part of the Accounts

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

1 ACCOUNTING POLICIES

A. Basis of Accounting

The accounts have been prepared under the historical cost convention as modified by the inclusion of fixed asset investments at market valuation, and in accordance with the SORP "Accounting and Reporting by Charities" issued in March 2005, applicable accounting standards and the Companies Act 2006.

The Charity's wholly owned subsidiary, Hospice of St Francis Trading Limited, manages its trading activities. The consolidated statement of financial activities and balance sheet include the results of the subsidiary, consolidated on a line by line basis.

The Charity has availed itself of part 15 of the Companies Act 2006 and adapted the Companies Act formats to reflect the special nature of the Charity's activities. No separate SOFA has been presented for the Charity alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

B. Fund Accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds that are available for use at the discretion of the Trustees for furtherance of the general objectives of the Charity, and have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been put aside at the discretion of the Trustees for particular purposes. At 31 March 2014, they comprised the total cost of the building, net of depreciation.

Restricted funds are funds subject to special conditions imposed by the donor or with their authority. The funds are not therefore available for work performed by the Hospice of St Francis other than that specified by the donor.

C. Tangible fixed assets for use by the Charity

These are capitalised if they can be used for more than one year and cost over £500. They are valued at cost or, when this is not available, estimated value on receipt.

Depreciation of Tangible Fixed Assets

Freehold land is not depreciated. The cost of other tangible fixed assets is written off over their expected useful lives as follows:-

Freehold Buildings

Buildings	2% straight line
Mechanical and electrical systems	5% per annum straight line
Garden Constructions	20% per annum straight line
Furniture and Equipment	20% per annum reducing balance
Shop fixtures & fittings	20% per annum straight line
IT equipment	33.3% per annum straight line

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014- continued

ACCOUNTING POLICIES – continued

Hospice of St Francis has changed its policy for depreciating IT equipment. From 1 April 2013, IT equipment is depreciated on a straight line basis over three years. Prior to this date, IT equipment was depreciated on a 20% per annum reducing balance basis. The Trustees of Hospice of St Francis feel that the new policy for depreciating IT equipment better reflects the expected useful life of these assets.

D. Investments

Investments are included at market value, except for the unquoted investments in The Hospice Lottery Partnership Ltd, the Hospice of St Francis Trading Ltd and Shine Homecare Ltd which are valued at cost. In the case of these three investments, there is no open market valuation available, and the Trustees of Hospice of St Francis (Berkhamsted) Ltd consider that the cost of obtaining such a valuation would outweigh the benefit to the users of these accounts.

The investment in Shine Homecare comprises a single share (33.3% of the company), and a loan, which is repayable in the medium term and which carries interest of 5% pa. The investment has been accounted for using the gross equity method.

E. Stocks

Stocks comprise the cost at the year end of bought in goods for sale in the Hospice of St Francis' shops. No value is placed on drugs, medical supplies or donated goods for shop sale.

F. Recognition of incoming resources

These are included in the Statement of Financial Activities (SoFA) when:

- The Charity becomes entitled to the resources.
- The Trustees are virtually certain they will receive the resources.
- The monetary value can be measured with sufficient reliability.

G. Gifts in kind

Gifts in kind are accounted for at a reasonable estimate of their value to the Charity, or the amount actually realised. Gifts in kind for the use of the Charity are included in the SoFA as incoming resources when received. Gifts in kind for sale are included in the accounts only when sold.

H. Donated services and facilities

These are only included in incoming resources (with an equivalent amount in resources expended) where the benefit to the Charity is reasonably quantifiable, measurable and material. The value placed on these resources is the estimated value to the Charity of the service or facility received.

I. Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014- continued

ACCOUNTING POLICIES – continued

J. Governance costs

These costs include the costs of the preparation and examination of statutory accounts, the costs of the Trustee meetings, the costs of any legal advice to Trustees on governance or constitutional matters, and a charge for the salary cost of managers for time spent on corporate governance.

K. Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources. Staff costs have been allocated by the time spent and overheads have been allocated in accordance with staff costs.

L. Pension scheme

Certain nursing staff are members of the National Health Service superannuation scheme, which is a defined benefit scheme. The company is obliged to make contributions to the scheme as instructed by the NHS, but has no commitment to make good an actuarial deficit, nor entitlement to a benefit from surplus funding. Certain other employees are members of defined contribution pension schemes, the assets of which are held separately from those of the Company in independently administered funds. The company's contributions to the pension schemes are charged to the income and expenditure account as they fall due.

M. Leases

The Charity has no finance leases. All operating leases and rental expenses are charged to the SoFA as incurred.

N. VAT

The Charity and its trading subsidiary file VAT returns under a group registration. The Charity reclaims VAT on its activities using an agreed partial exemption calculation. Irrecoverable VAT in the year ended 31 March 2014 amounted to £48,000 (2013 - £31,000) and was written off during the year.

2 CORPORATE STATUS

The Charity is a company limited by guarantee and does not have a share capital. Its members may be required to contribute a sum not exceeding £2 each in the event of the winding-up of the company. The company is a registered charity.

3 TAXATION

Hospice of St Francis (Berkhamsted) Ltd is a registered charity and is thus exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or s256 of the taxation of Chargeable Gains Act 1992, to the extent that these are applied to its charitable objects. No tax charges have arisen during the year ended 31 March 2014.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014- continued

TAXATION – continued

Hospice of St Francis Trading Ltd has arranged to transfer its profits to Hospice of St Francis (Berkhamsted) Ltd under the Gift Aid rules. As a result of this agreement, it has no taxable profits, and no tax is payable for the year ending 31 March 2014.

4 ANALYSIS OF INCOMING RESOURCES

4 (A) VOLUNTARY INCOME

	Unrestricted Funds	Restricted Income funds	Total 2014	Total 2013
	£'000	£'000	£'000	£'000
Memorial register	296	4	300	264
Donations from individuals and companies	1,329	30	1,359	1,384
Trusts	46	53	99	169
Grant received from The Department of Health	-	261	261	-
Donations received through the retail gift aid scheme	310	-	310	228
Collecting boxes	67	-	67	65
Lottery	142	-	142	121
Total voluntary income	2,190	348	2,538	2,231
Legacies	1,276	-	1,276	1,387

4 (B) GRANT RECEIVED FROM THE DEPARTMENT OF HEALTH

In 2013/14, the Hospice of St Francis received a grant of £261,000 from the Department of Health, part of a nationwide programme of capital grants for improving hospice environments. The work financed by the grant was completed in 2013/14. The final tranche of the grant was invoiced in April 2014, and the value has been accrued at the year end.

The grant paid for work to be done to:

1. Adapt indoor spaces to create flexible, multi-purpose areas for volunteer led courses, family care and community activities.
2. Add function to the gardens.
3. Create IT hubs and training space to enhance resilience through digital media.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014- continued

DPEARTMENT OF HEALTH GRANT: Summary of work done

	£'000
Adapting indoor spaces	96
Adding function to the gardens	139
Creating IT hubs	6
Project planning and design costs	20
Total Grant received from the Department of Health	261

The receipt of the grant has enhanced the end of life care we provide by allowing us to deliver key objectives based on patient needs. The grant has helped to create a more flexible and inviting social and therapeutic space for patients, carers and the public with more relevant facilities to promote resilience in patients, families and carers.

4 (C) ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £'000	Restricted Income funds £'000	Total 2014 £'000	Total 2013 £'000
Fundraising events	161	-	161	194
Providing goods and services, other than for the benefit of the charity's beneficiaries	35	-	35	34
Letting property held primarily for the functional use of the charity	4	-	4	10
Total activities for generating funds	200	-	200	238

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014- continued

4 (D) RETAIL ACTIVITIES

	Unrestricted Funds £'000	Restricted Income funds £'000	Total 2014 £'000	Total 2013 £'000
Shop sales	1,439	-	1,439	1,329
Total retail income	1,439		1,439	1,329

Trading operations

HOSF owns 100% of Hospice of St Francis Trading Ltd (Trading) and exercises control over this company by means of a close working relationship, common management and an operating agreement. Trading manages the sale of goods through the Charity's shops and at certain fundraising events. All activities have been consolidated on a line by line basis in the consolidated statement of financial activities. An amount equal to the taxable income is gifted to the Charity within the provisions of Gift Aid. A summary of the results of Hospice of St Francis Trading Limited is shown below.

The contribution to funds provided by HOSF's trading activity is analysed as follows:

	Total 2014 £'000	Total 2013 £'000
Retail income	1,439	1,329
Gift aided donations through the shops (including gift aid)	311	228
Total income	1,750	1,557
Retail costs	(1,539)	(1,341)
Contribution made by retail operations	211	216
Potential gift aided donations: balance carried forward at 31		
March	60	43

The potential gift aided donations comprise the value of goods donated under the gift aid scheme, and sold through the shops, where the gift aid claim has not yet been made.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014- continued

4 (E) INCOME REPORTED BY SUBSIDIARY COMPANY

The results reported in Hospice of St Francis Trading Ltd, a limited company registered in England and Wales, can be analysed as follows:

	31 March 2014	31 March 2013
	£'000	£'000
Turnover	414	1,329
Cost of sales	(164)	(139)
Operating costs	(168)	(1,175)
Amounts donated to Hospice of St Francis (Berkhamsted Ltd) under the Gift Aid scheme	(82)	(15)
Retained in Hospice of St Francis Trading Ltd	-	-

The turnover insofar as this represents sales to third parties, is consolidated with the turnover of the charity shops and included in the retail income line on the SOFA. Included within 2014 turnover above is £71,000 of commission income, payable by the Charity to the Hospice of St Francis Trading Ltd, and which covers the agreed commission on sales of goods in the shops. This income is eliminated on consolidation.

The cost of sales and the operating costs are also consolidated, and included in the retail costs line in the Statement of Financial Activities (SOFA).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014- continued

4 (F) SHARE OF INCOMING RESOURCES FROM JOINT VENTURE

	Unrestricted Funds £'000	Restricted Income funds £'000	Total 2014 £'000	Total 2013 £'000
Share of incoming resources from joint venture	69	-	69	4

The Charity owns 33.34% of Shine Homecare Ltd, a domiciliary care agency based in Watford, Hertfordshire. This company was set up as a joint venture between three Hertfordshire Hospices, Hospice of St Francis, Rennie Grove Hospice Care and Peace Hospice, and started trading in December 2012. The three hospices exercise control over this company by appointing two directors each to the company Board.

The results of Shine Homecare Ltd to 31 March 2014 have been incorporated in the consolidated accounts using the gross equity method.

Each of the founding hospices has one share in Shine Homecare Ltd, and also made a loan to the company of £100,000, which is to be repaid out of future profits.

Shine Homecare results	31 March 2014	31 March 2013
	£'000	£'000
Sales of domiciliary care services	206	12
Operating costs	(333)	(145)
Retained Losses	(127)	(133)

Shine Homecare - Hospice of St Francis share in results	31 March 2014	31 March 2013
	£'000	£'000
Sales of domiciliary care services	69	4
Operating costs	(111)	(48)
Retained Losses	(42)	(44)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014- continued

4 (G) INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Income funds £'000	Total 2014 £'000	Total 2013 £'000
Total investment income	23	-	23	20

4 (G) INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Income Funds £'000	Total 2014 £'000	Total 2013 £'000
NHS Income for service provision				
Hertfordshire	-	701	701	688
Buckinghamshire	-	101	101	82
Total NHS Income for service provision	-	802	802	770
NHS Income for specific projects				
Watford General Hospital	-	33	33	32
East of England ABC Project*	-	36	36	22
East of England GP project**	-	3	3	16
Kilfillan Nursing Home	-	28	28	28
Other	-	(1)	(1)	7
Total income from the NHS	-	901	901	875
Charitable income from other sources				
Service contracts	-	10	10	10
Grants from Help the Hospices	-	3	3	1
Grants from Macmillan Cancer Support	-	59	59	38
Grant from BBC Children in Need	-	33	33	15
Other grants	-	31	31	51
Other income	20	-	20	14
Education income from course fees and sponsorship	-	-	-	23
Total income from charitable activities	20	1,037	1,057	1,027

* The ABC project provides end of life and palliative care education to healthcare professionals working in the Nursing Home environment.

** The GP education project provides specialist end of life and palliative care education to GPs.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014- continued

5 ANALYSIS OF RESOURCES EXPENDED

	Activities undertaken directly £'000	Support costs £'000	Total 2014 £'000	Total 2013 £'000
Costs of generating voluntary income	472	10	482	389
Costs of activities for generating funds	295	10	305	263
Cost of retail activities	<u>1,533</u>	<u>6</u>	<u>1,539</u>	<u>1,341</u>
	2,300	26	2,326	1,993
Charitable activities				
Inpatient Unit	2,297	98	2,395	2,199
Community	498	30	528	441
Outpatients (Spring Centre)	242	21	263	50
Bereavement (Spring Centre)	88	7	95	184
Hospital	45	2	47	92
Education	<u>181</u>	<u>8</u>	<u>189</u>	<u>130</u>
	3,351	166	3,517	3,188
Governance costs	66		66	66
Total	5,717	192	5,909	5,247

Shared clinical costs have been allocated according to a formula, which reflects the Hospice's best assessment of activity levels in the different services offered, and is calculated in a consistent way year on year.

6 SUPPORT COSTS

	2014 £'000	2013 £'000
Administration and HR costs	171	150
Legal and professional fees	21	37
Total	192	187

Support costs are those costs which are necessary to deliver an activity, but which do not, in themselves, constitute the output of a charitable activity. They include central office functions such as general management, payroll administration, budgeting and accounting, information technology, human resources and financing.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014- continued

All support costs are allocated in accordance with estimated activity in each operational area.

Governance costs comprise the following:

Governance costs	2014	2013
	£'000	£'000
External Audit	12	11
Preparation of tax returns	1	1
Tax advice	2	2
Other Auditor Advice	1	-
Apportionment of senior managers' time	38	40
Apportionment of Company Secretary's time	7	7
Costs of Trustee education programme	1	1
Secretarial support	3	3
Printing and photocopying	1	1
Total	66	66

7 STAFF NUMBERS AND EMOLUMENTS

	2014	2013
	£'000	£'000
Gross wages and salaries	3,238	3,007
Employer's national insurance costs	256	236
Employers' pension costs	269	250
Total Payroll costs	3,763	3,493

Average number of full time equivalent employees in the year, excluding bank staff	Number	Number
Charitable activities	61.7	53.4
Fundraising and retail	40.7	37.7
Support services	13.1	10.7
Average number of staff	115.5	101.8
Higher paid employees	Number	Number
Gross salary in the range		
£80,001 to £90,000	1	1
£90,001 to £100,000	-	1
£100,000 to £110,000	1	-

8 TRUSTEES' EMOLUMENTS AND REIMBURSED EXPENSES

The Trustees received no emoluments for their services during the year ended 31 March 2014 (2013: nil). The Hospice paid expenses for two Trustees during the year, totalling £300 (2013: £176) to cover travel and conference expenses.

9 GAINS AND LOSSES ON INVESTMENTS

	Unrestricted Funds	Restricted Income funds	Total 2014 £'000	Total 2013 £'000
	£'000	£'000	£'000	£'000
Realised losses on investment assets	-	-	-	(1)
Unrealised gains / (losses) on investment assets	132	-	132	104
Total gains / (losses) on investment assets	132	-	132	103

The above gains do not include the unrealised losses arising from the Investment in Shine Homecare Ltd.

10 NET MOVEMENT IN FUNDS

The net movement in funds is arrived at after charging / (crediting):

	2014 £'000	2013 £'000
Depreciation of fixed assets	290	245
Auditors' remuneration	12	11
Other amounts paid to the auditors	2	2
Operating lease rental: land and buildings	227	182
Operating lease rental: equipment	10	9

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014- continued

11 TANGIBLE FIXED ASSETS
Group and Charity

	Freehold land and buildings	Furniture and equipment	Shops' fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2013	6,395	835	211	7,441
Additions	98	218	39	355
Disposals	-	(32)	(49)	(81)
At 31 March 2014	6,493	1,021	201	7,715
Depreciation				
At 1 April 2013	889	513	55	1,457
Charge for the year	144	101	44	289
On disposals	-	(32)	(49)	(81)
At 31 March 2014	1,033	582	50	1,665
Net book value				
At 31 March 2013	5,507	322	156	5,985
At 31 March 2014	5,460	439	151	6,050

Included in freehold land and buildings is land valued at £601,000 (2013: £601,000), which is not depreciated.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014 - continued

12 FIXED ASSET INVESTMENTS

Group	2014 £'000	2013 £'000
Unlisted investments		
The Hospice Lottery Partnership Ltd	85	69
COIF Charities Deposit Fund	-	70
Shine Homecare Ltd	-	-
Total unlisted investments	85	139
Listed investments		
Barclays Wealth Global Beta Portfolio 3	1,734	1,142
Barclays Wealth Global Beta Portfolio 5	363	339
Aviva Property Trust	172	155
Total listed investments at market value	2,269	1,636
Total Investments	2,354	1,775
Listed investments at historic cost	1,950	1,450
Charity		
	2014 £'000	2013 £'000
Total Group investments	2,354	1,775
Investment in Hospice of St Francis Trading Ltd	70	70
Total investments	2,424	1,845

Included within fixed asset investments are:

- 70,000 shares (100%) (2013 – 70,000 shares 100%) in Hospice of St Francis Trading Ltd – see note 4C and note 25.
- 14 shares (16.67%) (2013 – 12 shares 14.28%) in The Hospice Lottery Partnership Ltd.
- 1 share (33.3%) (2013 – nil) in Shine Homecare Ltd - see note 4D and note 14.

These investments are included at cost in the Charity accounts, and the investments in The Hospice Lottery Partnership and Shine Homecare are included at cost in the consolidated accounts. There is no open market valuation available for any of these investments, and the Trustees of the Hospice of St Francis consider that the cost of obtaining such valuations would outweigh the benefit to the users of these accounts.

The management accounts of The Hospice Lottery Partnership Ltd at 31 March 2014 show income for the year of £1,711,000, charitable donations of £978,000, and retained profits at 31 March 2014 of £3,000.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014- continued

ANALYSIS OF MOVEMENTS IN FIXED ASSET INVESTMENTS

Group	2014	2013
	£'000	£'000
Carrying value of investments at 1 April 2013	1,775	1,681
Additions to investments at cost	517	-
Disposals of investments at carrying value	(70)	(9)
Net gain/(loss) on revaluation	132	104
Net loss on sale of investment	-	(1)
Carrying value at 31 March 2014	2,354	1,775

Charity	2014	2013
	£'000	£'000
Carrying value of investments at 1 April 2013	1,845	1,751
Additions to investments at cost	517	-
Disposals of investments at carrying value	(70)	(9)
Net gain/(loss) on revaluation	132	104
Net loss on sale of investment	-	(1)
Carrying value at 31 March 2013	2,424	1,845

13 LOAN TO SHINE HOMECARE

The Charity owns 33.34% of the 3 authorised and issued ordinary shares of the company Shine Homecare Ltd. The Charity also made a long term loan to Shine Homecare of £100,000, which carries interest of 5% pa.

	2014	2013
	£'000	£'000
Loan to Shine Homecare Ltd	100	100
Less share in losses of Shine Homecare	(87)	(44)
Valuation of investment	13	56

The accounts include accrued interest of £2,500 payable by Shine Homecare to Hospice of St Francis.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014- continued

The assets and liabilities of Shine Homecare at 31 March 2014 are shown below, and the trading results of the joint venture are analysed in note 4E.

Shine Homecare Ltd

	2014	2013
	£'000	£'000
Fixed assets	2	-
Current Assets	22	2
Cash at bank and in hand	46	184
Creditors falling due within one year	(30)	(19)
Net Assets	40	167
Shareholders' equity	-	-
Creditors falling due after more than one year	300	300
Profit and loss account	(260)	(133)
Total Shareholders' funds	40	167

14 DEBTORS

Group

	2014	2013
	£'000	£'000
Taxation recoverable	58	46
Other debtors	55	47
Prepayments	154	109
Accrued income	323	47
Total	590	249

Charity

	2014	2013
	£'000	£'000
Taxation recoverable	58	34
Amounts owed by group companies	19	82
Other debtors	55	38
Prepayments	145	48
Accrued income	323	47
Total	600	249

Taxation recoverable comprises Gift Aid tax recovery and VAT.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014 – continued

15 CURRENT ASSET INVESTMENTS

Group and Charity	2014	2013
	£'000	£'000
Fixed term bank deposits	250	-
Total	250	-

ANALYSIS OF MOVEMENTS IN CURRENT ASSET INVESTMENTS

Group and charity

	2014	2013
	£'000	£'000
Carrying value of investments at 1 April 2013	-	310
Additions to investments at cost	250	-
Disposals at carrying value	-	(310)
Carrying value at 31 March 2014	250	-

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group

	2014	2013
	£'000	£'000
Taxation and social security	82	65
Other creditors	178	163
Deferred income	83	46
Accruals	89	25
Total	432	299

Charity

	2014	2013
	£'000	£'000
Taxation and social security	75	65
Other creditors	171	97
Deferred income	83	46
Accruals	86	16
Total	415	224

Included within other creditors is an amount outstanding at the year-end of £16,290 (2013: £12,604) relating to the defined contribution pension scheme and £15,685 (2013: £15,737) relating to the defined benefit pension scheme.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014 - continued

17 FUNDS

UNRESTRICTED FUNDS

Group and Charity

	General reserves	Designated reserves	Total unrestricted reserves
	£'000	£'000	£'000
At 1 April 2013	3,937	5,507	9,444
Incoming resources	5,148	-	5,148
Outgoing resources	(4,372)	(145)	(4,517)
Results of joint venture	(42)	-	(42)
Gains on investment assets	132	-	132
Transfers	(87)	97	10
At 31 March 2014	4,716	5,459	10,175

Designated fund

The designated fund comprises the net book value of the building from which the Hospice of St Francis operates. It has been segregated from unrestricted funds to give a clearer picture of the assets of the Hospice. The costs assigned to this fund equal the depreciation of the building: thus over the life of the building, the value of this fund will be reduced to zero.

The transfer into the unrestricted fund represents the cost of capital equipment purchased with restricted funds, but now available for the Hospice to use in any way it sees fit.

RESTRICTED FUNDS

	Restricted reserves £'000
At 1 April 2013	37
Incoming resources	1,385
Outgoing resources	(1,392)
Transfers	(10)
At 31 March 2014	20

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014 - continued

RESTRICTED FUNDS

	At 1 April 2013	Incoming resources	Outgoing resources	Transfers	At 31 March 2014
Group and charity	£'000	£'000	£'000	£'000	£'000
Restricted Donations	37	338	(345)	(10)	20
Macmillan Cancer Support grants	-	59	(59)	-	-
BBC Children in Need grant	-	33	(33)	-	-
The Henry Smith Charity grant	-	31	(31)	-	-
Big Lottery Fund grant	-	8	(8)	-	-
Graham Rowlandson Foundation grant	-	5	(5)	-	-
Herts Valleys CCG grants	-	701	(701)	-	-
Herts Valleys CCG nursing home medical cover grant	-	28	(28)	-	-
Chilterns CCG grants	-	99	(99)	-	-
Aylesbury Vale CCG grant	-	2	(2)	-	-
Watford General Hospital NHS England – ABC Nursing Home education project	-	32	(32)	-	-
NHS England - GP Education project	-	36	(36)	-	-
Rennie Grove Hospice Care medical cover	-	3	(3)	-	-
Total Restricted funds	37	1,385	(1,392)	(10)	20

Restricted funds

The restricted funds at 31 March 2014 comprise the assets which have been donated to the Hospice for a restricted purpose but which have not yet been applied to that purpose.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014 - continued

Restricted donations comprised voluntary income given to the Hospice to be used for a specific purpose. The Hospice segregates these funds, and matches them with expenditure when it is incurred. Transfers from restricted funds represent capital grants relating to items purchased where there is no continuing restriction as to use, and are, for this reason, transferred to unrestricted funds.

The Macmillan Cancer Support grants covered the employment costs of a physiotherapist, an occupational therapist, and a rehabilitation practitioner working in the Hospice's Spring Centre for outpatients.

The BBC Children in Need grant contributed towards the costs of the children's support workers.

The Henry Smith Charity grant covered the costs of the Hospice's home sitters service, providing support for local carers.

The Big Lottery Fund grant contributed towards the cost of creating and managing a volunteer database, and towards the IT costs associated with the project.

The Graham Rowlandson Foundation grant contributed towards pharmacy costs, and the training costs of the Hospice pharmacist.

The Herts Valleys CCG grants comprised an annual grant for palliative care service provision, plus additional amounts for continued care of specific patients, the costs of drugs and dressings, and pharmacy costs.

The Herts Valleys CCG nursing home medical cover grant contributed towards the cost of medical services to continuing care beds at a nursing home.

The Chilterns CCG and Aylesbury Vale CCG grants comprise an annual grant for palliative care service provision, plus additional amounts for the care of specific patients.

The income from Watford General Hospital covered the salary costs of the Hospice's employed Consultant in Palliative Care to treat hospital patients.

The Rennie Grove Hospice Care payment comprised the cost to The Hospice of St Francis of supplying a medical service to Rennie Grove Hospice Care.

NHS England part funded two education projects, the ABC nursing home education projects, and the GP end of life education project.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014 - continued

18 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds at 31 March 2014 £'000	Designated funds at 31 March 2014 £'000	Restricted funds at 31 March 2014 £'000	Total funds at 31 March 2014 £'000
Tangible fixed assets	591	5,459	-	6,050
Investments	2,617	-	-	2,617
Current Assets	1,940	-	20	1,960
Creditors falling due within one year	(432)	-	-	(432)
Total	4,716	5,459	20	10,195

19 RELATED PARTIES

During the year, the Hospice employed Mrs Ann Obee on a casual basis to provide secretarial cover. Mrs Obee, the wife of Mr Geoff Obee, a Trustee of the Hospice of St Francis for part of the year, was paid £1,412 in total during the year ended 31 March 2014 (2013 - £370), which equated to the standard hourly rate normally paid for casual secretarial cover. There were no amounts owed at the year end to Mrs Obee (2013 £nil).

20 FINANCIAL COMMITMENTS

As at 31 March 2014 annual commitments under operating leases were as follows: -

Group and charity	2014	2013
Financial commitments	£'000	£'000
Land and buildings:		
Operating leases which expire:		
-Within one year	38	19
-From two to five years	131	111
-Over five years	75	95
Total land and buildings	244	225
Equipment hire agreement		
Operating leases which expire:		
-Within one year	6	-
-From two to five years	4	9
-Over five years	-	-
Total equipment	10	9
Total	254	234

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014 - continued

The operating leases relating to land and buildings comprise the leases for the shops and the warehouse. The operating leases for equipment relate to hire contracts for laundry equipment and for photocopiers.

21 NET CASH INFLOW FROM OPERATING ACTIVITIES

Group	2014	2013
	£'000	£'000
Net incoming resources	714	1,044
Depreciation	290	245
Unrealised deficit / (surplus) on revaluation of investments	(90)	(60)
Increase in stocks	(3)	(3)
Increase in debtors	(342)	(4)
Increase /(decrease) in creditors	132	(547)
Net cash inflow from operating activities	701	675

Cash flow from investment income is considered part of operational activities, rather than a return on investment, as the Hospice considers its investments to be an integral part of its operations.

22 ANALYSIS OF CHANGES IN NET FUNDS

Group	At 1 April 2013	Cashflow	Other non cashflow changes	At 31 March 2014
	£'000	£'000	£'000	£'000
Cash at Bank and in hand	1,679	(348)	-	1,331
Net Funds	1,679	(348)	-	1,331

23 RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

	2014	2013
	£'000	£'000
(Decrease) / Increase in cash in period	(348)	721
Increase / (Decrease) in current asset investments	250	(310)
Movement in net funds in the year	(98)	411
Opening net funds	1,679	1,268
Closing net funds	1,581	1,679

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013 - continued

24 TRADING SUBSIDIARY: Hospice of St Francis Trading Limited

The charity owns 100% of the 70,000 authorised and issued ordinary shares of the company Hospice of St Francis Trading Limited. The assets and liabilities of the trading subsidiary are shown below, and the trading results of the subsidiary are analysed in note 4C.

	2014	2013
	£'000	£'000
Tangible fixed assets	-	58
Stocks	39	36
Debtors	9	82
Cash at bank and in hand	56	52
Creditors falling due within one year	(34)	(158)
Net Assets	70	70
Shareholders' equity	70	70
Profit and loss account	-	-
Total Shareholders' funds	70	70

25 ANALYSIS OF STATEMENT OF FINANCIAL ACTIVITIES BETWEEN CHARITY AND TRADING SUBSIDIARY

	Trading subsidiary	Charity	Consolidated total
	2014	2014	2014
	£'000	£'000	£'000
Incoming Resources			
Voluntary funds	-	3,814	3,814
Activities for generating funds	414	1,225	1,639
Investment income	-	23	23
Incoming resources from charitable activities	-	1,057	1,057
Total Incoming Resources	414	6,119	6,533
Resources Expended			
Costs of generating voluntary income	-	787	787
Trading costs	332	1,207	1,539
Costs of charitable activities	-	3,517	3,517
Governance costs	-	66	66
Total resources expended	332	5,577	5,909
Net operating surplus for the year	82	542	624
Net interest in the results of the joint venture	-	(42)	(42)
Realised and unrealised gains on investments	-	132	132
Consolidated total after adjustments	82	632	714

