

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2013

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 2013

PAGE NUMBER	CONTENTS
3	Patrons and Trustees
4	Hospice Management and details of advisors
5-6	Chairman's Report
7-19	Report of the Board of Trustees
20	Patient Statistics
21-22	Report of the Auditors
23	Statement of Financial Activities
24	Balance Sheet
25	Cash Flow Statement
26-28	Accounting Policies
29-47	Notes to the Accounts

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

PATRONS AND TRUSTEES

PATRONS

The Lord Lieutenant of Hertfordshire, the Countess of Verulam

Joanna Barker D.Litt.

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	C, S
Dr J E Freedman	C
Ms V Fruish	S, R
Dr K Gay (Deputy Chairman)	N, R
Dr P T Heatley	C
Mr PJ Miller	T
Mrs S Noble	F, C
Mr G Obee (Treasurer)	F, R
Mr A J Ogden	F, T
Mr G R Taylor (resigned October 2012)	
Mr C G Toner (Chairman)	N, R
Mr D Williams	F, T

Key to committee membership:

Board Committees

Staff and Volunteers (S)

Nominations and Governance (N)

Finance and Fundraising (F) Clinical Care (C)

Remuneration (R)

Subsidiary Company

Hospice of St Francis Trading Ltd (T)

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013 - continued

HOSPICE MANAGEMENT AND DETAILS OF ADVISORS

HOSPICE DIRECTOR: Dr R Taylor MA MB BChir DL

COMPANY SECRETARY: Mrs J Neville LLB

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

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Email: info@stfrancis.org.uk

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Fairfax House
15 Fulwood Place
London WC1V 6AY

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

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 MARCH 2013

I am pleased to report on another year when our Hospice continued to grow services and reach more patients and families, whilst continuing to maintain high standards of care.

Two new Trustees joined the Board during the year, Susan Noble and David Williams. Each brings considerable experience from successful careers in investment finance and business. There was one Trustee resignation, Graham Taylor, and I would like to record the appreciation of the Board for the significant contribution he made during his time as a Trustee, particularly in the area of business planning.

A notable achievement in the In-Patient unit was the introduction of 24/7 admissions. This means that the hospice now operates round –the- clock admissions, preventing over 35 unnecessary hospital admissions last year. A clinical triage system was introduced and a second nurse-prescriber was added, enabling faster assessment and access to care for new patients. A first full year of using electronic patient records has enhanced vital communication between professional staff. An NHS-funded new post for doctors who are training to become GPs, is enabling them to have first hand experience of palliative care, whilst also assisting our medical team.

The growth in numbers of patients meant a consequent increase in activity for our Supportive Care Team who helped a record number of families, carers and young people facing loss.

In the fourth quarter of the year, the Care Quality Commission made an unannounced inspection visit and the ensuing report was complimentary about the high standards of care which they found.

Our leadership of the NHS funded ABC end of life education programme to over 1000 staff in 170 care homes and care agencies across Herts, Beds and Luton (22 homes in our own catchment area), has been validated as a success, reducing inappropriate hospital admissions and judged as the most cost effective model.

Our financial position, was greatly boosted by much stronger income from major donors and particularly from legacies. A new Corporate Partnership scheme was also introduced. Twenty local companies have joined and are already supporting the hospice in a variety of ways. Income from our various voluntary sources and events held up well despite the economic climate. We also continued to invest in upgrading 3 more of our charity shops and opened a successful furniture store (Returned to Glory) in Northbridge Road in Berkhamsted. The only disappointment has been the fall in profits from Retail this year but good progress is now being made to ensure the expected return on the investment in our shops.

We entered into a Joint Venture with our two neighbouring hospices, Peace and Rennie Grove, to provide domiciliary care services, on a commercial basis. Each hospice invested £100,000 in the new business (named Shine) and it began trading in the last quarter.

Our strengthened finances enabled us to plan further expansion in three ways. Firstly we recruited the staff and fitted out the rooms so that the last two beds could be opened. Our building was designed for 14 beds, when it opened in 2007, with 8 operating at that time. Beds 13 and 14 were ready to open just after the end of the financial year and many patients are benefitting from increased access. The In-Patient unit will now be able to care for approximately 345 patients per annum. The other areas of expansion, which will be developed in the current year, are a range of Outpatient services (in the Spring Centre) and an extension of our Education programme. These will enable us to support a greater number of patients and their families to manage at critical points in the course of their illnesses.

I would like to express the thanks of the Board to Dr Ros Taylor, Hospice Director, the Senior Management Team and all of the staff for their dedication and hard work. We are also very grateful for the wonderful support of so many volunteers, donors, and fundraisers who enable us to do so much.

Charles G Toner Chairman of the Board of Trustees.

REPORT OF THE BOARD OF TRUSTEES

Structure of the Company

Hospice of St Francis (Berkhamsted) Limited (“the Hospice” “the Hospice of St Francis”) is a company limited by guarantee. It was registered in England and Wales, number 01507474, in 1979. Its governing document is its Memorandum and Articles of Association. It is registered with the Charity Commission, number 280825. The Hospice owns 100% of Hospice of St Francis Trading Limited, which runs various trading operations to help to finance the Hospice’s operations. The Hospice also owns:

- 14.28% of the Hospice Lottery Partnership Limited, a company which raises money for a group of seven local hospices.
- 33.34% of Shine Homecare, a domiciliary care agency, set up in 2012 as a joint venture by three hospices to operate as a commercial venture.

Charitable Activities and Public Benefit

The Hospice of St Francis’s principal objective is to promote the relief of adults suffering from terminal or 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 does not discriminate between patients on the grounds of age, sex, race or religion. The benefits it provides are available to all adults suffering from a life-limiting illness within its catchment area. The Hospice’s patients are drawn from Hertfordshire and the Chilterns area of Buckinghamshire, after a referral by GPs, District Nurses, Hospitals and other Hospice teams. No charge is made by the Hospice to patients for the provision of medical, nursing or support services. The decision to admit patients is made on clinical grounds only.

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 on pages 11 to 14 of this Trustees’ Report.

The Hospice runs a bedded inpatient unit (IPU), with 14 beds. From April 2013, the Hospice re-launched its outpatient services under “Spring Centre” branding, offering a wider programme of clinical and counselling care than previously. The Hospice employs a Supportive Care team to provide practical, emotional and psychological support to patients, their families and carers. The Hospice strategic plan is based on the expansion of outpatient provision, reaching a greater number of local patients and carers than previously.

The Hospice also cares for patients in the local community. It provides a team of Specialist Nurses who visit patients in their own homes. Hospice doctors, nurses and physiotherapists also provide care outside the hospice, to patients in nursing homes, in a local hospital, at the premises of other local providers of palliative care, and in patients’ own homes. The Hospice’s educational services spread the expertise contained within the many teams at the Hospice of St Francis to a wider area.

Vision

The vision of the Hospice is of a future where excellent palliative care is available to all those patients, families and carers living with a terminal illness within our catchment area when they need it and wherever they are.

REPORT OF THE BOARD OF TRUSTEES - continued

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 the dying. 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 the local NHS Cancer Networks. The Hospice works closely with the Peace Hospice, and Rennie Grove Hospice Care, as part of the West Herts Palliative Group, and has identified areas where joint working can improve the patient experience.

Clinical 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.

Activities managed within subsidiary and associated companies

Hospice of St Francis Trading Ltd

The Hospice of St Francis raises funds through a chain of nine shops selling mainly donated goods, one shop selling mainly bought in items and an online shop selling donated and bought in goods through eBay and Amazon. The shops are located throughout the Charity's catchment area, and are managed by the Charity's wholly owned subsidiary Hospice of St Francis Trading Ltd. The Charity has introduced a gift aid scheme into its shops.

The value of the direct Gift Aid donation from Hospice of St Francis Trading Ltd to Hospice of St Francis (Berkhamsted) Ltd was £15,000 for the year ended 31 March 2013 (2012 £198,000). This represents the net profit on trading activity excluding the value of goods that are donated under the gift aid scheme which are accounted for as donations in the Charity's accounts. The fall in value of the direct Gift Aid donation from Hospice of St Francis Trading Ltd to the Charity is due to the following factors:

1. Shop costs rose, due to the upgrading of three shops, the initial costs of opening the furniture store, and the initial costs of setting up a central distribution warehouse.
2. Shop income was reduced due to the higher take up of the gift aid scheme (which has the effect of replacing shop sales with charitable donations), and also to the very difficult trading conditions during the year.

The trading activities contributed £244,000 to the consolidated net income for the year ended 31 March 2013, compared to £344,000 for the year ended 31 March 2012. This comprises the net retail income as reported on the Statement of Financial activities, plus the gift aid donations arising from retail activities (note 4A).

REPORT OF THE BOARD OF TRUSTEES - continued

In the year ending 31 March 2014, the Hospice plans to open three more shops selling donated goods, to implement a new stock distribution system using a central distribution warehouse, and to boost the online retail activity.

Shine Homecare Ltd

This joint venture company, 33% owned by the Hospice, was established in August 2012, and started trading in December 2012. It provides domiciliary care, on a commercial basis, to clients in West Hertfordshire and Buckinghamshire.

Shine Homecare made a loss of £133,000 in the period to 31 March 2013, comprising pre-operating costs, and the trading losses during the first four months of operation. Hospice of St Francis accounted for its share of the losses (£44,000) in the consolidated accounts

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 2013 there were 14 Trustees. The Board met 8 times during 2012/13, and Trustees also attended a clinical strategy meeting.

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
- Ensuring effective and efficient administration of the charity and its resources

The Hospice's induction procedure is for all new Trustees to meet with Hospice managers and senior staff, to ensure that they have a working knowledge of all aspects of the functioning of the Hospice. At a later stage, Trustees have the option of tailored induction in areas where they have a particular interest. Trustees are invited to attend Hospice training sessions, and information on outside training courses is circulated to all Trustees. The Company Secretary manages the induction and training programmes.

The Hospice of St Francis has 87 Association Members. They are appointed for an indefinite period. 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 approve the Report and Accounts. They are also informed about Hospice strategy, and they raise issues for the Hospice management's consideration.

In the year under review, there were six 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 Staff and Volunteers Committee, the Remuneration Committee and the Trading Committee. All these committees are chaired by a Trustee, and report to the Board.

REPORT OF THE BOARD OF TRUSTEES - continued

The Clinical Care Committee takes a strategic overview of Hospice clinical care and governance, and promotes the highest possible quality of patient care within the Hospice.

The Finance and Fundraising Committee oversees all financial aspects of the Charity's operations so as to ensure short and long-term viability. It reviews the Charity's investment strategy, and manages the investment portfolio.

The Nominations and Governance Committee makes recommendations for the appointment of Trustees, Patrons and Association Members, oversees the appointment of the Hospice Director and proposes procedures for the governance of the Hospice based on best practice.

The Staff and Volunteers Committee oversees policies for the recruitment, development and motivation of Hospice Staff and Volunteers.

The Remuneration Committee reviews remuneration policy, determines the salary of the Hospice Director and the senior managers, and approves the annual employee percentage salary increase, subject to the approval of the overall spending budget by the Board.

The Trading Committee oversees all retail activity undertaken in the Hospice's chain of shops.

The major risks to which the charity is exposed, as identified by the Trustees, are periodically reviewed and systems are in place to manage those risks. A risk impact and action plan is reviewed by the Senior Management Team and the Board every six months. As part of the Charity's risk management process, the Trustees acknowledge their responsibility for the Charity's system of internal controls and for reviewing its effectiveness.

During the year under review four Hospice Trustees acted as directors on the Board of the Hospice's wholly owned subsidiary, Hospice of St Francis Trading Ltd, where trustees of the Hospice made up a majority of the Board.

Management

The Board has delegated day to day operational management responsibilities to the Senior Management Team, led by the Hospice Director. At 31 March 2013, the Team consisted of four clinical Directors: the Consultant in Palliative Medicine, the Director of Nursing and Clinical Governance, the Director of Supportive Care and the Director of Education and Research, together with four non-clinical Directors: the Director of Finance and Facilities, the Director of Human Resources and Voluntary Services, the Director of Fundraising and the Retail Operations 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 2012/13, the Board conducted a questionnaire-based review of its effectiveness, the results of which were anonymously and independently analysed. The review led to several changes in Board procedures and practices. During the course of the year, the Chairman carried out confidential interviews with Trustees individually to assess performance and to discuss ideas for improving Board performance.

REPORT OF THE BOARD OF TRUSTEES - continued

The Board regularly reviews the Risk Register prepared by the senior management team, to assess whether the systems employed by the management are appropriate to the Charity's risk profile.

A new Trading Committee was formed during the year. There are now six Board Committees and reviews of their performance are planned to take place during the coming year, along with a further review of Board effectiveness.

Achievements and Impact

In the year ended 31 March 2013, the Hospice's achievements were:

Strategic Objective 1

To transform quality of life in the palliative phase of illness for more patients and families

By ensuring excellence and efficiency in direct provision of care from St Francis

By influencing care in other settings through education and training.

- **We cared for more patients in our catchment area:** there was an 11 % increase in patient numbers referred over the year.
- **We have increased access to our beds** by admitting patients to the IPU 24 hours a day, seven days a week.
- **We are sharing our medical expertise** through the establishment of a new post for doctors training to be GPs.
- **We are reducing staff time spent on clinical paperwork and have improved continuity of care** with a successful full year of using electronic patient records.
- **We have streamlined access for referrers** with a clinical triage system.
- **We have improved access to rapid palliative assessment** by training a second specialist nurse prescriber.
- **We have widened access to a new model of out patient services in the Spring Centre** through delivering pilot courses and persuading Macmillan to invest.
- **We have improved the palliative management and processes in our local hospital**, by taking on the clinical leadership of the palliative care team.
- **We have reduced the number of residents in care homes being unnecessarily admitted to hospital** through our leadership of the ABC care Home Education project.

Strategic Objective 2

To deliver a sustainable income and a high profile throughout our catchment area

Through diversity of fundraising and other income streams

Through effective and far-reaching PR and public awareness

- **We have engaged with the community through the introduction of new events**, inspiring more people than ever to sign up for challenge events.
- **We have inspired more than 20 local companies** to join our corporate partnership scheme.
- **We have increased our sustainability** with a higher level of major donor and regular giving.

REPORT OF THE BOARD OF TRUSTEES – continued

- We have raised our profile through more local and national newspaper and radio coverage than ever before.
- We have diversified our retail income through the introduction of our first donated furniture store.

Strategic Objective 3

To run an efficient and well-governed charity

Through effective management of staff, volunteers, finances and facilities

By ensuring robust clinical, financial and Board governance and risk management

- We are listening , learning and consulting with volunteers by re-establishing a Volunteer Forum.
- We have implemented a plan for long term support of the building through a maintenance review and 5 year maintenance plan.
- We have improved continuity and safety of clinical care through establishing remote access for our clinical teams.

Future Plans

From 1 April 2013, the Hospice's objectives are:

Strategic Objective 1

To transform the quality of life in life-limiting illness for 250 more patients and their families over the next year, reaching 1000 more over the next 3 years

By service re-design and innovation to reach more people

By developing a new community engagement strategy

By influencing care in other settings through education

A Expansion of clinical services to meet unmet need in catchment area

We will:

- Open beds 13 and 14 in Q2 2013, maintaining occupancy at 80% with an average length of stay of less than 13 days.
- Launch a new outpatients service, the Spring Centre, in Q1-Q2, which will reach 200 new patients in its first year.
- Provide new clinics for patients and carers.
- Redesign our model of community working with the aim to support an increased community caseload with a reduction of home visits and increase in clinic attendances.
- Explore models of geographical integration of our community teams with other community teams to improve cohesion and co-ordination.
- Lead palliative quality initiatives at Watford General Hospital in conjunction with other hospital teams, reporting on interventions and impact.

B To develop a higher level of community engagement and awareness of issues related to death, dying and loss

We will:

- Research concept, consult and devise 3 year action plan and strategy for a hospice community awareness programme.

REPORT OF THE BOARD OF TRUSTEES – continued

C To influence the quality of care throughout our catchment through our education and training programme

We will:

- Introduce a clinical training programme for volunteers and admin staff.
- Roll out the care home education programme to a wider area.
- Explore collaborative education possibilities.

D Clinical innovation

We will:

- Explore digital opportunities to support new ways of delivering care.
- Explore potential of *Expert Carer* initiative and *Patient Communications Skills Training*.
- Remain at forefront of local initiatives to co-ordinate care and create hospice hubs.

Strategic Objective 2

To deliver increased voluntary and retail income to support clinical expansion

Through a focus on donor development, corporate income and legacy marketing

Through increasing retail profit by reducing costs and improving efficiency

Through effective and far-reaching communications to the limits of our catchment area

A Voluntary Income

We will:

- Increase the number of active supporters and corporate partners
- Continue the legacy marketing campaign
- Increase PR and social media coverage across all media
- Review our website structure and implement tailored strategies for our different markets

B Retail income and development

We will:

- Create a central distribution centre
- Develop a strategy to expand e-commerce sales to increase market penetration and profit.
- Open three new shops.
- Develop a strategy to drive sales and footfall in targeted areas, increase donations and gift aid sign-up.

Strategic Objective 3

To run an efficient and well-governed charity

Through effective management of staff, volunteers, finances and facilities

By ensuring robust clinical, financial and Board governance and risk management

We will:

- Review our internal communications strategy
- Implement remote access for key workers, to promote efficiency and clinical safety
- Review our procurement policies, to support financial controls and cost-efficiency.
- Invest in our facilities, under the Department of Health capital grants programme.
- Implement new HR database and integrated payroll system.
- Further improve the collection and usage of clinical data.

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. Over 1,000 volunteers now support the Hospice in a wide variety of roles. Many volunteers 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	207
Supportive Care	103
Complementary Therapists	14
Finance / Administration / Reception	107
Gardening	33
Flower arranging	18
Drivers	36
Fundraising	76
Homebox Collectors / Co-ordinators	209
Retail (including shops, eBay and Christmas Card sales)	314

(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.

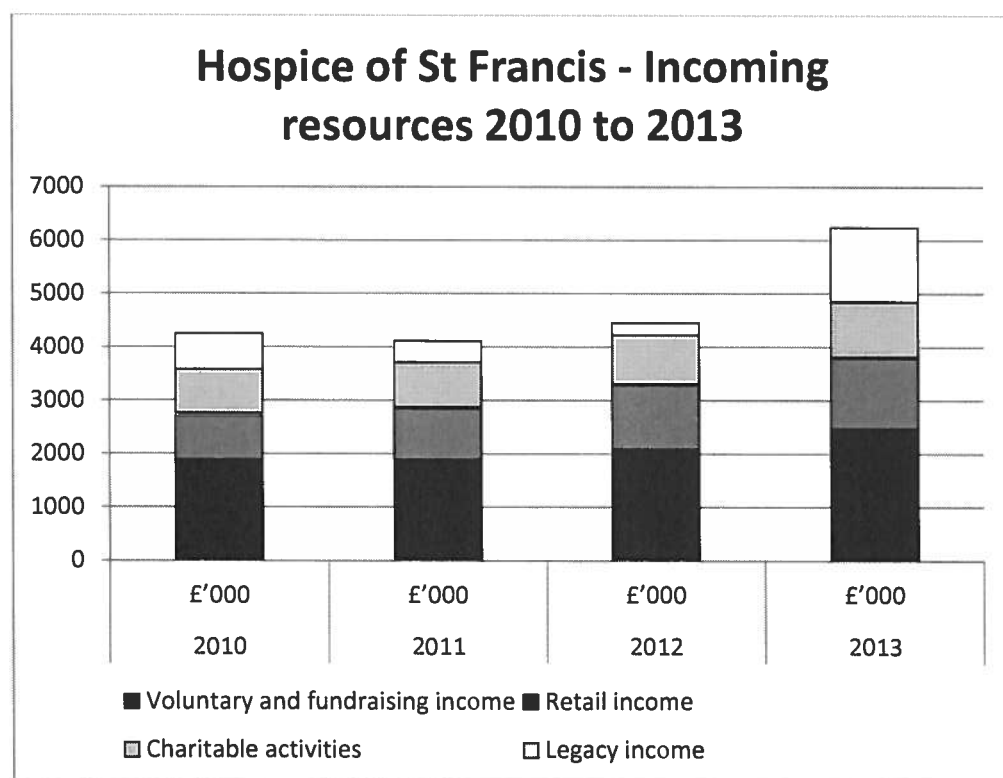
REPORT OF THE BOARD OF TRUSTEES – continued

Financial Review

Overall result

During the year ended 31 March 2013, the Hospice of St Francis reported a surplus of £1,044,000. This surplus was due to exceptionally high legacies received during the year. When it became clear during the year that the Hospice would be reporting a substantial surplus, the Board made plans for expansion of clinical activities, to be funded initially by the 2013 surplus. The surplus has allowed us to open two more beds, taking the Hospice’s total number of beds up to 14. It is also allowing us to accelerate the development of our outpatients’ service, which will allow the Hospice to treat more patients, and at an earlier stage of their illnesses.

Income and funding



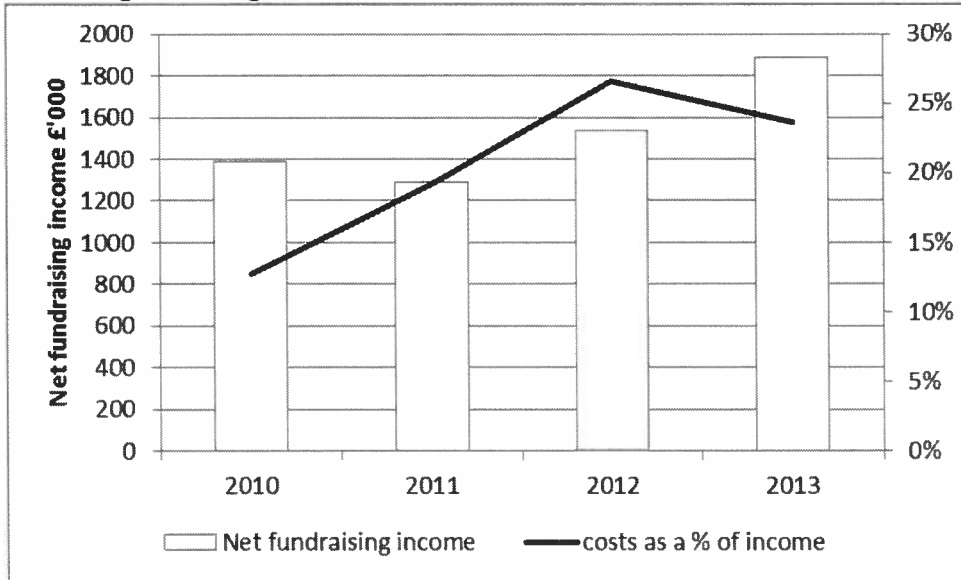
Overall income was 40% higher in the year ended 31 March 2013 than in the previous year. Excluding legacies, income was 15% higher in the year ended 31 March 2013. Total income in the year ended 31 March 2013 was £6,232,000 compared to £4,446,000 in the previous year.

The exceptionally high legacy income received in 2013 is to be used to fund clinical expansion in the 2013 to 2016 period.

REPORT OF THE BOARD OF TRUSTEES – continued

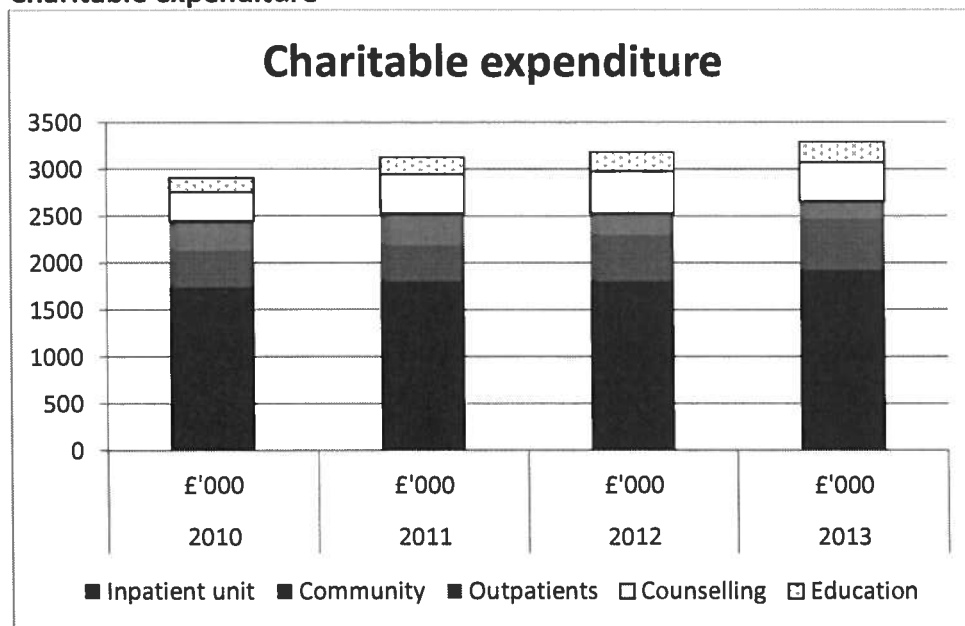
Financial Review

Costs of generating funds



The cost of generating voluntary income, as a percentage of the income raised, has risen over the past four years, but fell in 2013. The general rise reflects the higher costs the Hospice has experienced in generating voluntary income, comprising mainly staff costs, appeal costs and database costs.

Charitable expenditure



Charitable expenditure rose by 3% in the year ended 31 March 2013, from £3,176,000 to £3,285,000. Over this period, the Hospice has had 12 beds open. In 2012, the Hospice closed its Day Hospice service, and at the same time enhanced other outpatient services. For patient numbers, over this period, please see page 20.

REPORT OF THE BOARD OF TRUSTEES – continued

Financial Review

Reserves

The Trustees have adopted a reserves policy which they consider appropriate to ensure the continued ability of the Charity to meet its objectives. The Hospice's reserves comprise the assets which are freely available for its general, unrestricted purposes. The Hospice of St Francis calculates reserves as unrestricted funds, excluding the investment in the subsidiary company, less amounts tied up in fixed assets.

The reserves policy has been reviewed by the Board during the year, and the Trustees have discussed the most appropriate level for reserves, given the Hospice's financial outlook. The Trustees' policy for free reserves is that they should be equivalent to at least six months' worth of projected charitable expenditure, in order to safeguard the continued provision of important clinical services to the local community in the long term. The Board will continue to periodically review the target for reserves, and the minimum level of reserves may be adjusted in the future in the light of the prevailing economic situation.

At 31 March 2013 the Charity's free reserves stood at £3,517,000, and the Group's free reserves stood at £3,459,000. This is equivalent to 10.5 months of charitable operating expenses for the Group, higher than the minimum level of £1,967,000 required by the policy.

Reserves at the end of March 2013 are higher than at the end of March 2012, due to the exceptionally high level of legacy income in the year ended 31 March 2013. This income has been used to create additional reserves to cover planned clinical expansion, over the next three years, which would not have been possible without the legacy income. Following the planned investment, reserves will fall back to a level close to six months of operating expenses. The Board of the Hospice continues to actively manage reserves by agreeing and monitoring a business plan and a budget which are based upon the Board's approved reserves policy.

During the year ended 31 March 2013, the Board started a project to re-assess the level of required reserves, based on known risks.

Investment policy objectives

The primary objective of the Hospice's investment policy is the capital preservation of the reserves which are maintained at a minimum of six months charitable operating costs in line with the Hospice's stated Reserves Policy. A secondary objective is capital appreciation which is to be achieved with an overall 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.

REPORT OF THE BOARD OF TRUSTEES - continued

Financial Review - continued

Investment Strategy

The Trustees have responsibility for asset allocation which is delegated to the Finance and Fundraising committee. The committee is responsible for making all investment decisions in line with investment strategy and the ongoing capital investment and operating requirements of the Hospice as agreed by the Board of Trustees. The committee is responsible for the monitoring and review of the investment strategy and portfolio performance on a regular basis and ensuring regulatory compliance.

The committee has appointed a professional advisor whose responsibility is to present appropriate investment opportunities to the committee on a regular basis, to attend a minimum of one committee meeting per annum and to be available for interim advice. The advisor is a regulated charity investment specialist.

Total target return: Over the longer term the Trustees' objective for total return is absolute growth in line with operating cost inflation.

Risk Parameters: The Trustees do not set an overall risk target but consider each investment individually. Risk metrics appropriate to each investment are considered and the impact on the total portfolio assessed. 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 averse strategy the trustees seek a well diversified investment portfolio across all asset classes with a bias towards fixed income and cash. Equity investments are primarily made through index or exchange traded funds which are considered more cost effective and mitigate active management risk. Active management investments will be considered for specialist investments such as property. Liquidity is a major consideration in all investment decisions.

Restricted investments: An active investment decision to invest directly in tobacco is not permitted. (Exposure through an index tracker fund is acceptable).

Costs and fees: The cost effectiveness of each investment decision is actively considered.

Income requirements: There are no income requirements. The investment strategy aims at total return and income reinvestment is preferred.

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 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:

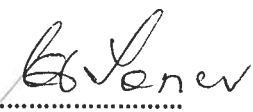
- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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.

By order of the Board of Trustees
22 July 2013

Chairman


.....

Charles G Toner

PATIENT STATISTICS

	2012/13	2011/12	2010/11
Total patients	961	910	817
% non cancer diagnosis	26%	23%	25%
Inpatients			
Number of admissions ¹	292	304	299
Occupied bed nights	3,841	3,566	3,526
Patients per acute bed per year	26	25	25
Average length of stay	11 days	11 days	13 days
Number of discharges ²	117	134	134
Deaths	166	170	170
Care at Home			
Specialist nurse caseload at end of year	206	205	160
Home visits: Specialist nurses ³	2,621	3,049	3,422
Doctors & Supportive Care Team	934	653	173
Outpatient care			
Contacts ⁴	806	652	398
(Doctors, Specialist Nurses & Supportive Care Team)			
Outreach care			
Contacts in Hospital and Kilfillan Nursing Home ⁵	731	812	922
Bereavement care			
Support contacts for family members ⁶	1,661	1,084	929
Support telephone calls	2,926	3,136	2,773
Place of death			
Total deaths	352	347	337
Out of hospital ⁷	300	297	287
	85%	86%	85%

¹ Numbers relatively stable, admitting to 11 beds rather than 12 beds in 2012/13 as one patient in long term bed funded by NHS

² Discharges dropping compared to number of deaths in acute beds – more end of life patients being transferred from hospital

³ Reduced number of visits as team members reduced during year and emphasis on supporting patients in other ways

⁴ Increased focus on supporting patients in outreach settings

⁵ Reduced numbers of patients in Kilfillan Nursing Home for 8 months of 2012

⁶ Increase in overall patient numbers has led to increase in Bereavement Support

⁷ This continues to be an important statistic – 85% of patients who die having been referred to St Francis, die out of hospital

**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 2013 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 144 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 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2013, 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual 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

Fairfax House
15 Fulwood Place
London WC1V 6AY

22 July 2013

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
(A company limited by guarantee and not having a share capital)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2013

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Income funds £'000	Total 2013 £'000	Total 2012 £'000
Incoming resources (Note 4)					
Incoming resources from generated funds					
Voluntary income	2,073	-	158	2,231	1,842
Legacy income	1,387	-	-	1,387	228
Activities for generating funds -trading and fundraising	238	-	-	238	245
Activities for generating funds - retail income	1,329	-	-	1,329	1,205
Share of incoming resources from joint venture	4	-	-	4	-
Investment income	20	-	-	20	14
Incoming resources from charitable activities	5,051	-	158	5,209	3,534
NHS Grants for Hospice care	-	-	770	770	688
Other income from charitable activities	14	-	243	257	224
	14	-	1,013	1,027	912
Total Incoming Resources	5,065	-	1,171	6,236	4,446
less share of incoming resources from joint venture	(4)	-	-	(4)	-
Group incoming resources	5,061	-	1,171	6,232	4,446
Costs of generating funds					
Costs of voluntary income (note 5)	342	7	1	350	339
Costs of activities for generating funds (note 5)	226	7	-	233	215
Cost of retail activities (note 5)	1,313	-	-	1,313	980
	1,881	14	1	1,896	1,534
Net income available for charitable activities	3,180	(14)	1,170	4,336	2,912
Charitable activities					
Inpatient unit	1,042	65	814	1,921	1,801
Outreach	14	-	122	136	125
Home care	370	14	27	411	372
Outpatients	152	29	3	184	56
Daycare	-	-	-	-	169
Supportive Care	303	15	94	412	444
Education	153	7	61	221	208
	2,034	130	1,121	3,285	3,176
Governance costs	66	-	-	66	48
Total resources expended (Note 6)	3,981	144	1,122	5,247	4,758
Net income / (expenditure) for the year	1,080	(144)	49	985	(312)
Net interest in the results of joint venture (note 4D)	(44)	-	-	(44)	-
Gains / (losses) on investment assets (note 9)	103	-	-	103	(24)
Transfers between funds	29	-	(29)	-	-
Net movement in funds	1,168	(144)	20	1,044	(336)
Total funds brought forward	2,769	5,651	17	8,437	8,774
Total funds carried forward	3,937	5,507	37	9,481	8,437

The Accounting Policies and Notes on pages 26 to 47 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 £984,000. (2012:£312,000 deficit).

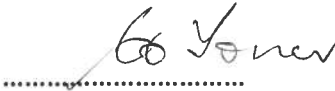
HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
(A company limited by guarantee and not having a share capital)

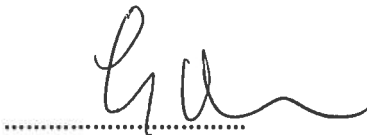
COMPANY NUMBER 1507474
CONSOLIDATED AND CHARITY BALANCE SHEET AS AT 31 MARCH 2013

	Group 2013 £'000	Group 2012 £'000	Charity 2013 £'000	Charity 2012 £'000
Fixed Assets				
Tangible assets (Note 11)	5,985	6,057	5,927	5,982
Investments (Note 12)	1,775	1,681	1,845	1,751
Share of gross assets of joint venture company Shine Homecare (note 13)	56	-	56	-
Total fixed assets	7,816	7,738	7,828	7,732
Current assets				
Stock of goods for resale	36	33	-	-
Debtors (note 15)	249	244	249	359
Short term investments (note 14)	-	310	-	310
Cash at bank and in hand	1,679	958	1,628	854
Total current assets	1,964	1,545	1,877	1,524
Creditors: amounts falling due within one year (Note 16)	(299)	(846)	(224)	(819)
Net current assets	1,665	700	1,653	705
Net assets	9,481	8,437	9,481	8,437
Reserves of the Charity (Note 18)				
Unrestricted funds:				
General funds	3,937	2,769	3,937	2,769
Designated funds	5,507	5,651	5,507	5,651
Restricted funds	37	17	37	17
Total funds	9,481	8,437	9,481	8,437

The Accounting Policies and Notes on pages 26 to 47 form part of the Accounts

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 22 July 2013

Chairman  Charles G Toner

Treasurer  Geoff Obee

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

	2013	2012
	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES (Note 21)	675	504
<hr/>		
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire new fixed assets	(174)	(115)
Payments to acquire new investments	(100)	(163)
Management of liquid resources – net receipts from investment deposits	310	-
Proceeds from the sale of investments	10	240
	46	(38)
<hr/>		
Increase in cash in the year	721	466

The Accounting Policies and Notes on pages 26 to 47 form part of the Accounts

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

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 2013, 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

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

ACCOUNTING POLICIES - continued

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 yearend of bought in goods for sale in the Hospice of St Francis' shops. No value is placed at the period end 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.

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 the senior management team to cover the 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.

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

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 2013 amounted to £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 2013.

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 2013.

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

4 ANALYSIS OF INCOMING RESOURCES

4 (A) VOLUNTARY INCOME	Unrestricted Funds	Restricted Income funds	Total 2013	Total 2012
	£'000	£'000	£'000	£'000
Memorial register	263	1	264	256
Donations from individuals and companies	1,363	22	1,384	1,192
Trusts	33	135	169	95
Donations received through the retail gift aid scheme	228	-	228	119
Collecting boxes	65	-	65	70
Lottery	121	-	121	110
Total voluntary income	2,073	158	2,231	1,842
Legacies	1,387	-	1,387	228

Analysis of Gift Aid received

Income received under the gift aid scheme and included within voluntary income

Income received directly	198	1	199	149
Income received through third parties	44	-	44	31
Total Gift Aid income received	242	1	243	180

4 (B) ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds	Restricted Income funds	Total 2013	Total 2012
	£'000	£'000	£'000	£'000
Fundraising events	194	-	194	209
Providing goods and services, other than for the benefit of the charity's beneficiaries	34	-	34	33
Letting property held primarily for the functional use of the charity	10	-	10	3
Total activities for generating funds	238	-	238	245

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

4 (C) RETAIL ACTIVITIES

	Unrestricted Funds £'000	Restricted Income funds £'000	Total 2013 £'000	Total 2012 £'000
Shop sales	1,329	-	1,329	1,205
Total retail income	1,329	-	1,329	1,205

Trading operations and subsidiary company

The Charity owns 100% of Hospice of St Francis Trading Ltd and exercises control over this company by means of a close working relationship and common management. Hospice of St Francis Trading Ltd is a limited company registered in England and Wales. The company manages the sale of goods through the Charity's shops and at 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.

During the year ended 31 March 2013, Hospice of St Francis Trading Ltd made a gift aided donation of £15,000 (2012 - £198,000). This represents the net profit on trading activity excluding the value of goods that are donated under the gift aid scheme which are accounted for as donations or potential donations in the Charity's accounts. The fall in value of the direct Gift Aid donation from Hospice of St Francis Trading Ltd to the Charity is due to the following factors:

1. Shop costs rose, due to the upgrading of three shops, the initial costs of opening the furniture store, and the initial costs of setting up a central distribution warehouse.
2. Shop income was reduced due to the higher take up of the gift aid scheme (which has the effect of replacing shop sales with charitable donations), and also to the very difficult trading conditions during the year.

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

The results reported in Hospice of St Francis Trading Ltd can be analysed as follows:

	31 March 2013	31 March 2012
	£'000	£'000
Income recorded in the retail operations	1,531	1,350
Less: relating to sales of gift aided items	<u>(202)</u>	<u>(145)</u>
Retail sales (see above)	1,329	1,205
Cost of sales	139	141
Operating costs	1,175	866
Amounts donated to Hospice of St Francis (Berkhamsted Ltd) under the Gift Aid scheme	15	198
Retained in Hospice of St Francis Trading Ltd	-	-

Included within operating costs above is £12,000 of management costs charged by the Charity to the Hospice of St Francis Trading Ltd, which covers the cost of space licensed to the Hospice of St Francis Trading Ltd. These costs are eliminated on consolidation.

The contribution from trading operations in the consolidated accounts includes donations received through the shops' gift aid scheme which crystallised during the year ending 31 March 2013, and comprises:

	31 March 2013	31 March 2012
	£'000	£'000
Retail income in the consolidated accounts	1,329	1,205
Less: retail costs in the consolidated accounts	<u>(1,313)</u>	<u>(980)</u>
Net retail income	16	225
Donations received through the retail gift aid scheme	228	119
Contribution to consolidated net income	244	344

From April 2013, Hospice of St Francis is to operate its trading activities, insofar as they relate to the sales of donated goods, within the charity. The subsidiary company, Hospice of St Francis Trading Ltd will provide a management service within the shops, and will also trade in bought in goods on behalf of the charity.

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

4 (D) SHARE OF INCOMING RESOURCES FROM JOINT VENTURE

	Unrestricted Funds £'000	Restricted Income funds £'000	Total 2013 £'000	Total 2012 £'000
Share of incoming resources from joint venture	4	-	4	-

The Charity owns 33.3% 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 2013 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 2013	31 March 2012
	£'000	£'000
Sales of domiciliary care services	12	-
Operating costs	(145)	-
Retained Losses	(133)	-

Shine Homecare - Hospice of St Francis share in results	31 March 2013	31 March 2012
	£'000	£'000
Sales of domiciliary care services	4	-
Operating costs	(48)	-
Retained Losses	(44)	-

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

4 (E) INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Income funds £'000	Total 2013 £'000	Total 2012 £'000
Total investment income	20	-	20	14

4 (F) INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Income Funds £'000	Total 2013 £'000	Total 2012 £'000
NHS Income for service provision				
Hertfordshire	-	688	688	572
Buckinghamshire	-	82	82	116
Total NHS Income for service provision	-	770	770	688
NHS Income for specific projects				
Watford General Hospital	-	32	32	30
East of England ABC Project*	-	22	22	18
East of England GP project**	-	16	16	9
Kilfillan Nursing Home	-	28	28	28
Other	-	7	7	8
Total income from the NHS	-	875	875	781
Charitable income from other sources				
Service contracts	-	10	10	9
Grants from Help the Hospices	-	1	1	5
Grants from Macmillan Cancer Support	-	38	38	44
Grant from BBC Children in Need	-	15	15	21
Other grants	-	51	51	35
Other income	14	-	14	12
Education income from course fees and sponsorship	-	23	23	5
Total income from charitable activities	14	1,013	1,027	912

* The ABC project is studying the effect of end of life and palliative care education in the Nursing Home environment.

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

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

5 ANALYSIS OF RESOURCES EXPENDED

	Activities undertaken directly £'000	Support costs £'000	Total 2013 £'000	Total 2012 £'000
Costs of generating voluntary income	345	5	350	339
Costs of activities for generating funds	228	5	233	215
Cost of retail activities	<u>1,304</u>	<u>9</u>	<u>1,313</u>	<u>980</u>
	1,877	19	1,896	1,534
Charitable activities				
Inpatient unit	1,809	112	1,921	1,802
Outreach	131	5	136	125
Home care	402	9	411	372
Outpatients	170	14	184	56
Day care	-	-	-	169
Supportive care	393	19	412	444
Education	<u>212</u>	<u>9</u>	<u>221</u>	<u>208</u>
	3,117	168	3,285	3,176
Governance costs	66	-	66	48
Total	5,060	187	5,247	4,758

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.

In 2012, the Hospice closed its day care service. In 2013, it launched a new outpatients' service. In the accounts to 31 March 2013, some costs for 2012 have been restated to show more clearly the development of services. Specifically, certain costs have been reallocated from "Outreach" and from "Supportive Care" to "Outpatients".

6 SUPPORT COSTS

	2013 £'000	2012 £'000
Administration and HR costs	150	141
Legal and professional fees	37	15
Total	187	156

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 2013- continued

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

Governance costs comprise the following:

Governance costs	2013	2012
	£'000	£'000
External Audit	11	11
Preparation of tax returns	1	2
Tax advice	2	2
Apportionment of senior managers' time	40	23
Apportionment of Company Secretary's time	7	7
Costs of Trustee education programme	1	2
Secretarial support	3	-
Printing and photocopying	1	1
Total	66	48

7 STAFF NUMBERS AND EMOLUMENTS

	2013	2012
	£'000	£'000
Gross wages and salaries	3,007	2,761
Employer's national insurance costs	236	220
Employers' pension costs	250	237
Total Payroll costs	3,493	3,218

Average number of full time equivalent employees in the year, excluding bank staff	Number	Number
Charitable activities	53.4	53.2
Fundraising and retail	37.7	31.9
Support services	10.7	9.7
Average number of staff	101.8	94.8
Higher paid employees	Number	Number
Gross salary in the range		
£70,001 to £80,000	-	1
£80,001 to £90,000	1	-
£90,001 to £100,000	1	1

8 TRUSTEES' EMOLUMENTS AND REIMBURSED EXPENSES

The Trustees received no emoluments for their services during the year ended 31 March 2013 (2012: nil). The Hospice paid expenses for two Trustees during the year, totalling £176 (2012: £402) to cover travel and conference expenses.

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

9 GAINS AND LOSSES ON INVESTMENTS

	Unrestricted Funds	Restricted Income funds	Total 2013	Total 2012
	£'000	£'000	£'000	£'000
Realised losses on investment assets	(1)	-	(1)	-
Unrealised gains / (losses) on investment assets	104	-	104	(24)
Total gains / (losses) on investment assets	103	-	103	(24)

10 NET MOVEMENT IN FUNDS

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

	2013	2012
	£'000	£'000
Depreciation of fixed assets	245	232
Auditors' remuneration	11	11
Other amounts paid to the auditors	2	4
Operating lease rental: land and buildings	182	146
Operating lease rental: equipment	9	13

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

11 TANGIBLE FIXED ASSETS

Group

	Freehold land and buildings	Furniture and equipment	Shops' fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2012	6,395	776	105	7,276
Additions	-	67	107	174
Disposals	-	(8)	-	(8)
At 31 March 2013	6,395	835	212	7,442
Depreciation				
At 1 April 2012	744	445	30	1,219
Charge for the year	144	76	26	246
On disposals	-	(8)	-	(8)
At 31 March 2013	888	513	56	1,457
Net book value				
At 31 March 2012	5,651	331	75	6,057
At 31 March 2013	5,507	322	156	5,985

Charity	Freehold land and buildings	Furniture and equipment	Shops' fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2012	6,395	776	-	7,171
Additions	-	67	105	172
Disposals	-	(8)	-	(8)
At 31 March 2013	6,395	835	105	7,335
Depreciation				
At 1 April 2012	744	445	-	1,189
Charge for the year	144	76	7	227
On disposals	-	(8)	-	(8)
At 31 March 2013	888	513	7	1,408
Net book value				
At 31 March 2012	5,651	331	-	5,982
At 31 March 2013	5,507	322	98	5,927

Included in freehold land and buildings is land valued at £601,000 (2012: £601,000), which is not depreciated.

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

12 FIXED ASSET INVESTMENTS

Group	2013 £'000	2012 £'000
Unlisted investments		
The Hospice Lottery Partnership Ltd	69	69
COIF Charities Deposit Fund	70	70
Shine Homecare Ltd	-	-
Total unlisted investments	139	139
Listed investments		
Barclays Wealth Global Beta Portfolio 3	1,142	1,067
Barclays Wealth Global Beta Portfolio 5	339	313
Aviva Property Trust	155	152
Eurovestech plc	0	10
Total listed investments at market value	1,636	1,542
Total Investments	1,775	1,681
Listed investments at historic cost	1,450	1,450
Charity		
	2013 £'000	2012 £'000
Total Group investments	1,775	1,681
Investment in Hospice of St Francis Trading Ltd	70	70
Total investments	1,845	1,751

Included within fixed asset investments are:

- 70,000 shares (100%) (2012 – 70,000 shares 100%) in Hospice of St Francis Trading Ltd – see note 4C and note 25.
- 12 shares (14.28%) (2012 – 12 shares 14.28%) in The Hospice Lottery Partnership Ltd.
- 1 share (33.3%) (2012 – 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 2013 show income for the year of £1,589,000, charitable donations of £831,000, and retained profits at 31 March 2013 of £4,000.

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

ANALYSIS OF MOVEMENTS IN FIXED ASSET INVESTMENTS

Group	2013 £'000	2012 £'000
Carrying value of investments at 1 April 2012	1,681	1,542
Additions to investments at cost	-	164
Disposals of investments at carrying value	(9)	-
Net gain/(loss) on revaluation	104	(25)
Net loss on sale of investment	(1)	-
Carrying value at 31 March 2013	1,775	1,681

Charity	2013 £'000	2012 £'000
Carrying value of investments at 1 April 2012	1,751	1612
Additions to investments at cost	-	164
Disposals of investments at carrying value	(9)	-
Net gain/(loss) on revaluation	104	(25)
Net loss on sale of investment	(1)	-
Carrying value at 31 March 2013	1,845	1,751

13 LOAN TO SHINE HOMECARE

The Charity owns 33.3% 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.

	2013 £'000	2012 £'000
Loan to Shine Homecare Ltd	100	-
Less share in losses of Shine Homecare	(44)	-
Valuation of investment	56	-

The accounts include accrued interest of £3,000 payable by Shine Homecare to Hospice of St Francis.

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

The assets and liabilities of the Shine Homecare at 31 March 2013 are shown below, and the trading results of the subsidiary are analysed in note 4D.

Shine Homecare Ltd

	2013	2012
	£'000	£'000
Current Assets	2	-
Cash at bank and in hand	184	-
Creditors falling due within one year	(19)	-
Net Assets	167	-
Shareholders' equity	-	-
Creditors falling due after more than one year	300	-
Profit and loss account	(133)	-
Total Shareholders' funds	167	-

14 CURRENT ASSET INVESTMENTS

Group and Charity	2013	2012
	£'000	£'000
Fixed term bank deposits	-	310
Total	-	310

ANALYSIS OF MOVEMENTS IN CURRENT ASSET INVESTMENTS

Group and charity

	2013	2012
	£'000	£'000
Carrying value of investments at 1 April 2012	310	550
Additions to investments at cost		310
Disposals at carrying value	(310)	(550)
Carrying value at 31 March 2013	-	310

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

15 DEBTORS

Group

	2013	2012
	£'000	£'000
Taxation recoverable	46	31
Other debtors	47	62
Prepayments	109	74
Accrued income	47	77
Total	249	244

Charity

	2013	2012
	£'000	£'000
Taxation recoverable	34	31
Amounts owed by group companies	82	178
Other debtors	38	48
Prepayments	48	25
Accrued income	47	77
Total	249	359

Taxation recoverable comprises Gift Aid tax recovery and VAT.

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group

	2013	2012
	£'000	£'000
Taxation and social security	64	74
Other creditors	163	95
Deferred income	46	657
Accruals	26	20
Total	299	846

Charity

	2013	2012
	£'000	£'000
Taxation and social security	65	63
Other creditors	97	88
Deferred income	46	657
Accruals	16	11
Total	224	819

Included within other creditors is an amount outstanding at the year-end of £12,604 (2012: £12,667) relating to the defined contribution pension scheme and £15,737 (2012: £14,460) relating to the defined benefit pension scheme.

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

17 FUNDS

UNRESTRICTED FUNDS

Group and Charity

	General reserves	Designated reserves	Total unrestricted reserves
	£'000	£'000	£'000
At 1 April 2012	2,769	5,651	8,420
Incoming resources	5,061	-	5,061
Outgoing resources	(3,981)	(144)	(4,125)
Results of joint venture	(44)	-	(44)
Gains on investment assets	103	-	103
Transfers	29	-	29
At 31 March 2013	3,937	5,507	9,444

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

	General reserves £'000
At 1 April 2012	17
Incoming resources	1,171
Outgoing resources	(1,122)
Results of joint venture	-
Gains on investment assets	-
Transfers	(29)
At 31 March 2013	37

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

RESTRICTED FUNDS

	At 1 April 2012	Incoming resources	Outgoing resources	Transfers	At 31 March 2013
Group and charity	£'000	£'000	£'000	£'000	£'000
Restricted Donations	17	158	(109)	(29)	37
Hertfordshire PCT grants	-	687	(687)	-	-
Hertfordshire PCT nursing home medical cover	-	28	(28)	-	-
Hertfordshire PCT 7 day working grant	-	7	(7)	-	-
Buckinghamshire PCT grants	-	82	(82)	-	-
Watford General Hospital East of England – SWIFT project	-	32	(32)	-	-
East of England – GP Education project	-	22	(22)	-	-
Macmillan Cancer Support grants	-	16	(16)	-	-
BBC Children in Need grant	-	38	(38)	-	-
Rennie Grove Hospicecare medical cover	-	15	(15)	-	-
Other trusts	-	10	(10)	-	-
Education from various sources	-	53	(53)	-	-
Total Restricted funds	17	1,171	(1,122)	(29)	37

Restricted funds

The restricted funds at 31 March 2013 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 2013 - 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 Hertfordshire PCT 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 Hertfordshire PCT nursing home medical cover grant contributed towards the cost of medical services to continuing care beds at a nursing home.

The Hertfordshire PCT 7 Day working grant supported the costs of weekend working for specialist nurses working in the community

The Buckinghamshire PCT grants comprised an annual grant for palliative care service provision, plus additional amounts for the continued 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 Macmillan Cancer Support grants covered the employment costs of the Hospice's occupational therapists.

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

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.

The other grants were awarded to the Hospice for various projects, including support for part of the costs of employment for the advance care planning nurse working with nursing homes and for the Hospice home volunteers' project.

Grants for education projects included funding related to two projects, the ABC nursing home education project, and the GP-EFE GP end of life education project.

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

18 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds at 31 March 2013 £'000	Designated funds at 31 March 2013 £'000	Restricted funds at 31 March 2013 £'000	Total funds at 31 March 2013 £'000
Tangible fixed assets	478	5,507	-	5,985
Investments	1,831	-	-	1,831
Current Assets	1,927	-	37	1,964
Creditors falling due within one year	(299)	-	-	(299)
Total	3,937	5,507	37	9,481

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, was paid £370 in total during the year ended 31 March 2013 (2012 - £1,522), 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 (2012 £nil).

20 FINANCIAL COMMITMENTS

As at 31 March 2013 annual commitments under operating leases were as follows: -

Group and charity	2013	2012
Financial commitments	£'000	£'000
Land and buildings:		
Operating leases which expire:		
-Within one year	19	-
-From two to five years	111	63
-Over five years	95	141
Total land and buildings	225	204
Equipment hire agreement		
Operating leases which expire:		
-Within one year	-	-
-From two to five years	9	9
-Over five years	-	-
Total equipment	9	9
Total	234	213

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013 - 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	2013	2012
Group	£'000	£'000
Net incoming / (outgoing) resources	1,044	(337)
Depreciation	245	233
Unrealised deficit / (surplus) on revaluation of investments	(60)	25
Increase in stocks	(3)	(5)
(Increase)/ decrease in debtors	(4)	122
(Decrease) / increase in creditors	(547)	466
Net cash inflow from operating activities	675	504

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 2012	Cashflow	Other non cashflow changes	At 31 March 2013
	£'000	£'000	£'000	£'000
Cash at Bank and in hand	958	721	-	1,679
Current asset investments	310	(310)	-	-
Net Funds	1,268	411	-	1,679

23 RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

	2013	2012
	£'000	£'000
Increase in cash in period	721	466
Decrease in current asset investments	(310)	(240)
Movement in net funds in the year	411	226
Opening net funds	1,268	1,042
Closing net funds	1,679	1,268

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.

	2013	2012
	£'000	£'000
Tangible fixed assets	58	75
Stocks	36	33
Debtors	82	62
Cash at bank and in hand	52	104
Creditors falling due within one year	(158)	(204)
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
	2013	2013	2013
	£'000	£'000	£'000
Incoming Resources			
Voluntary funds	-	3,618	3,618
Activities for generating funds	1,329	251	1,568
Investment income	-	20	20
Incoming resources from charitable activities	-	1,026	1,026
Gift Aid transfer from Hospice of St Francis	-	-	-
Trading Ltd	-	15	-
Total Incoming Resources	1,329	4,930	6,232
Resources Expended			
Costs of generating voluntary income	-	(350)	(350)
Trading costs	(1,309)	(249)	(1,546)
Costs of charitable activities	-	(3,285)	(3,285)
Governance costs	(5)	(61)	(66)
Gift Aid transfer to Hospice of St Francis	-	-	-
Trading Ltd	(15)	-	-
Total resources expended	(1,329)	(3,945)	(5,247)
Net operating expenditure for the year	-	985	985
Net interest in the results of the joint venture	-	(44)	(44)
Realised and unrealised gains on investments	-	103	103
Consolidated total after adjustments	-	1,044	1,044

