

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
(Company limited by guarantee)

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2016

Registered Charity Number: 280825

Company Number: 1507474

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

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
(Company limited by guarantee)



REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016

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CHAIR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2016

This is my first report since taking over as Chair of Trustees in February, after having been Treasurer at the Hospice for the previous two years. In February 2016, I replaced Charlie Toner as chair, when he stepped down at the end of his term as a trustee. We owe Charlie our grateful thanks for a long association with and great service to the Hospice since his first involvement in 2000 at the start of the project to create the building we now occupy. He served on the Nominations and Governance Committee, initially as an Association Member, for 15 years and had been Chair since 2010. We wish him a long and happy retirement away from us and are delighted that he has agreed to become a Patron of the Hospice.

This is only one of the changes the Hospice has seen in the last year. We have welcomed two new trustees to the Board – Tim Curry and Mark Hampton. Tim is a Registered Nurse by background, is currently an Associate Director for a NHS care provider and has spent over 20 years in health care management, leadership and advocacy. He will be taking over the Chair of our Clinical Governance Committee later in the year. Mark is Chief Financial Officer for a customer services group and has a successful 20-year track record in senior financial positions, both in the UK and internationally, including the private healthcare sector, and has taken over as Treasurer.

And most significantly our new CEO, Steve Jamieson took over at the start of this financial year. It has been a busy and successful year as he has reviewed the Hospice in all its areas of activity and worked with the Executive Team to introduce improvements and changes as needed. All of our processes and procedures have been reviewed to ensure they are up to date and fit for purpose, a staff survey has been completed and a number of projects are now underway to address issues raised in the survey.

Against this background we have increased our inpatient occupancy rates and added more skills to our multi-disciplinary teams working in the community as well as appointing a full time medical consultant to work with those patients in the community. A priority has been expanding our services to support patients with dementia with a dedicated nurse now working in this area. A Research and Education strategy has been agreed and we have developed links with universities to help improve the evidence base for palliative care.

Financially there has also been a strong performance with income up overall by 12% at £6.6m with legacy income at £1.1m, only our second year ever above £1m and voluntary and fundraising income up 5% at £2.9m. Retail income was down by 3% at £1.5m impacted by the closure of three underperforming shops. Costs were up by 8% at £7m reflecting additional investment in our services delivered. The resulting deficit of £0.4m was less than anticipated due to the better than expected income results and is in line with our long term plan. Reserves, at £9.3m, representing approximately nine months of operational spend, remain above our minimum target of around six months' costs.

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Although our financial results this year are pleasing the fundraising environment for all charities, including the Hospice, remains tough, funding levels from the NHS in the future are uncertain and we still need to raise around £5m every year to continue to deliver our current services.

We continue to deliver exceptional care to patients, families and carers both at home, in our inpatient unit and in our palliative rehabilitation centre. We could not do this without the dedicated teams of staff, volunteers and contributors who deliver and support this care and, on behalf of the trustees, I would like to thank each and every one of them.

Increasingly we are caring for patients with complex physical, psychological and social requirements and need to provide appropriate care. One of the priorities in the next few months is to revisit our strategy for the coming years to understand how we successfully deliver this care and what the hospice will be like in 3-5 years' time. The changes of the past year give us a solid base to start from as we plan how to continue to deliver the high standards and quality of care to which we are committed.

Alison Woodhams Chair of the Board of Trustees

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REPORT OF THE BOARD OF TRUSTEES
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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
David Gauke, MP for South West Hertfordshire
Joan Gentry
The Lady Lyell
Hilary McNair
Mike Penning, MP for Hemel Hempstead
Charles Toner

BOARD OF TRUSTEES:

Membership of committees and directorships of subsidiary company

| | |
|---|------------|
| Mrs A Woodhams (Chair) | F, N, R |
| Ms G Burke | C |
| Ms J Bolsom | F, T |
| Mrs S Byrt | N |
| Mr T Curry (appointed January 2016) | C |
| Mr M Gorman | F |
| Mr M Hampton (Treasurer) (appointed January 2016) | F, R |
| Ms V Fruish | R, T |
| Mr P Miller* | T |
| Mrs V Moore | C |
| Mrs S Noble | F, C |
| Dr B Tipple | C |
| Mr C Toner (resigned February 2016) | N, R |
| Mr D Williams* (Deputy Chairman) | F, N, R, T |

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)

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HOSPICE MANAGEMENT AND DETAILS OF ADVISORS

| | |
|------------------------------------|---|
| CHIEF EXECUTIVE: | Steve Jamieson |
| COMPANY SECRETARY: | Clare Miles |
| EXECUTIVE TEAM: | David Brodala (Trading) Sharon Chadwick (Medical Director) Clare Hearnshaw (Care and Clinical Development) Clare Miles (Finance and Facilities) Angela Proctor (HR and Voluntary Services) Joel Voysey (Fundraising) |
| 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 |
| Telephone: | 01442 869550 |
| Website: | www.stfrancis.org.uk |
| Email: | info@stfrancis.org.uk |
| AUDITORS: | haysmacintyre 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
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OBJECTIVES AND ACTIVITIES

Hospice of St Francis activities

For the past 38 years, Hospice of St Francis has provided expert palliative and end of life care to adults suffering from life-limiting illness in North-West Hertfordshire and the Chilterns region of Buckinghamshire. Our care has been delivered alongside NHS care; we receive almost all referrals from organisations and individuals working within the NHS.

The future we face is challenging. With people living longer, complex interactions between medical problems can be expected to blur the edges between palliative care, elderly care and primary care. Many patients prefer to remain in their own homes at the end of their lives; for this to be a realistic option, resources need to be made available, and processes agreed. A significant concern is that the provision of end of life care remains fragmented and in places poorly coordinated when a better coordinated system would promote equity of access, and ensure that good quality care is universally available.

In the provision of end of life care, Hospice of St Francis has the expertise to deliver high quality care to the populations it serves. The care we deliver is person-focussed, and addresses holistic needs. This means that we work in a patient-centred way, treating people as individuals, caring for them in the context of their family and social networks. And we offer a range of care options – care in our hospice beds, care at home, and outpatient care, to match the care profile to the patient's individual need.

The services we provide are:

- We manage 14 inpatient beds where 297 people were cared for in 2015/16
- We have a team of specialist nurses, supported by carers and a multidisciplinary team working in the community
- We provide care on an outpatient basis to those patients who will benefit from this approach. In 2016/17, we supported 160 patients and 60 carers as outpatients, and we provided bereavement and counselling services to 42 children and 116 adults.
- For the delivery of all patient services, we employ a multidisciplinary team of doctors, nurses, carers, physiotherapists, occupational therapists, complementary therapists, social workers and counsellors.
- We run education services to train our staff, volunteers and other healthcare professionals working in the provision of end of life care.

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Hospice of St Francis objectives

The Hospice of St Francis vision is:

A community where people with life-limiting illnesses live well until the end of their lives and their families receive the support they require.

We believe passionately that each person should be able to access the best quality of care at the end of their lives, wherever they live and wherever they want to die. We know that we have the special skills and expertise to do this: the challenge for us lies in coordinating our work with that of other providers, improving care experiences for all people in our catchment area, and raising sufficient funds to achieve our aims.

Based on our vision, our mission is:

- ***To achieve our vision by providing excellent care and support to patients and those close to them***
- ***To share our expertise with colleagues in other settings through collaboration, innovation and education***
- ***We will only achieve our mission with the support of our community***

Our objectives are:

- To transform the quality of life for people living with life-limiting illnesses and provide support for those close to them
- To ensure high quality provision of care through education and research
- To sustain and expand our services through excellent financial management and governance
- To continually improve efficiency and effectiveness

In determining our priorities, we have had regard to the value of the services we provide, in terms of patient and client evaluation, the impacts of the services we deliver, and the cost / benefit of each service.

Our priorities are:

1. To reach more people by working collaboratively and in partnership with other local healthcare and social care providers
2. To use a clinical marketing approach to refresh current, and develop new relationships with local healthcare colleagues and providers to increase referrals to the Hospice of St Francis across all services
3. To expand the way in which the Hospice of St Francis provides services, to include more outreach services and service provision in other settings
4. To improve the efficiency and the effectiveness of Hospice of St Francis processes, to enhance the coordination of the delivery of the services provided by the Hospice of St Francis and to generate the necessary income to continue to run and grow our services.

**REPORT OF THE BOARD OF TRUSTEES
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2016/17 PRIORITIES

| | |
|---|--|
| <p>Objective 1: To reach more people by working collaboratively and in partnership with other local healthcare providers</p> | <p>2016/17</p> <ul style="list-style-type: none"> • Remodel our inpatient area to allow us to treat more patients • Invest in our multidisciplinary community team to allow more people to be cared for at home • Invest in our relationship with Watford General Hospital to promote patient choice <p>Long term</p> <ul style="list-style-type: none"> • Promote a more coordinated local approach to community palliative care provision • Develop collaborative models for patient care and support services |
| <p>Objective 2: To use a clinical marketing approach to refresh current, and develop new relationships with local healthcare colleagues and providers to increase referrals to the Hospice of St Francis across all services</p> | <p>2016/17</p> <ul style="list-style-type: none"> • Improve communications with our key clinical stakeholders • Develop a clinical marketing plan <p>Long term</p> <ul style="list-style-type: none"> • Build community engagement • Increase referrals |
| <p>Objective 3: To expand the way in which the Hospice of St Francis provides services, to include more outreach services and service provision in other settings</p> | <p>2016/17</p> <ul style="list-style-type: none"> • Develop the educational work currently delivered in care homes • Develop palliative rehabilitation services in other settings beyond the hospice • Develop the Care Home project addressing the end of life needs of dementia patients • Continue to promote collaborative education working with local hospices <p>Long term</p> <ul style="list-style-type: none"> • Continue to work with other palliative care providers and academic partners to promote research activity and contribute to the evidence base for palliative care |
| <p>Objective 4: To improve the efficiency and the effectiveness of the Hospice of St Francis processes, to enhance the coordination of the delivery of the services provided by the Hospice and to generate the necessary income to continue to run and grow our services.</p> | <p>2016/17</p> <ul style="list-style-type: none"> • Understand our donors to respond to their needs • Develop new trading ventures to grow trading income • Improve our corporate governance processes • Introduce further staff training and development programmes and opportunities to maximise skills and performance • Refine and develop volunteer roles and programmes to enhance their contribution <p>Long term</p> <ul style="list-style-type: none"> • Invest in the Hospice IT infrastructure |

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Achievements and performance in 2015/16

This section of the report shows the progress we have made towards the objectives we identified in our 2014/15 report.

Our plans for 2015/16 were.....

1. To transform the quality of life for those living with life shortening illness

We planned to:

○ **Aim at increasing occupancy in our inpatient services, continuing to admit patients 24/7**

In 2015/16, our inpatient occupancy rose from 73% to 82%. However, admissions fell from 315 to 296, while average length of stay rose from 11 days to 14 days. These figures reflect to some extent the increasingly complex problems of people referred to the Hospice of St Francis. In the future, we are concerned about the local effect of national nursing staff shortages which may impact on our ability to maintain and to build on the current levels of activity. , and we are looking at options to address this potential shortfall.

We planned to:

○ **Continually improve care quality in our inpatient department**

We have focussed on care quality in the following ways:

- Infection prevention and control, through investment in cleaning services, audits, training and monitoring
- Reviewing the processes around assessing patients' risk of falls, as well as an improved call bell system
- Improving our governance processes to ensure that issues are identified, reported and investigated in a way that leads to improvements in care
- Training, clinical supervision, journal club, case reflection sessions and Schwartz Centre Rounds to educate and empower staff and healthcare professionals from other organisations.

These measures have successfully improved the quality of the care delivered by the Hospice of St Francis.

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We planned to:

- **Invest in community services as part of collaborative service provision to allow all people in the local area to access expert palliative care services**

In 2015/16, we added more skills to the multidisciplinary teams working in the community. The teams are led by specialist nurses, and are supported by our medical team, physiotherapists, occupational therapists and complementary therapists, as well as counsellors and social workers. In 2015/16, we appointed a full time medical consultant to work with patients in the community, and we appointed 2 healthcare assistants to offer “hands on” care and emotional support to patients in their own homes.

We planned to:

- **Identify gaps in community provision to direct wellbeing resources to reach more people in the community**

We worked to identify the unmet need in our area, collaborating with local providers of palliative care services. The collaboration project shifted over time, due to the changing perspectives of the other participants, and there is still lack of agreement. We have not yet succeeded in building a robust community end of life service with other providers, and as a result, we are still aware of unmet need in the community. We will continue to work towards a collaborative solution to community provision of care.

2. To ensure quality through education and research

We planned to:

- **Work with West Herts Hospital Trust and Herts Valleys Clinical Commissioning Group to support the Prostate Cancer follow-up programme**

As Hospice of St Francis already employed a Prostate Cancer Clinical Nurse Specialist, we were very involved in the programme to enable patients with prostate cancer to have their cancer follow up appointments with the GPs rather than within the hospital. This project was handed over to local GPs in 2015.

We planned to:

- **Develop links with universities to become research active to improve the evidence base for care**

The Hospice of St Francis’s Director of Education and Research chairs a collaborative group of providers of Specialist Palliative Care, linking with University of Hertfordshire to develop research to improve the evidence base for palliative care.

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We planned to:

- **Introduce OACC (Outcome Assessment and Complexity Collaborative) reporting**

We are part of the national initiative to introduce palliative care outcome measures (Outcome Assessment and Complexity Collaborative - OACC) which enables clinical teams to be able to evaluate the results of their care to patients and to their families.

3. To raise more money to sustain and expand our services

We planned to:

- **Appoint a head of communications**

In 2015/16, we appointed a head of communications, and we increased investment in communications impact. Developing a communications strategy and plan will inform our clinical marketing programme.

We planned to:

- **Review our shops portfolio, closing underperforming shops and testing new shop formats**
- **Develop re-use and recycling opportunities**

We closed three underperforming shops, and we are currently looking for new sites to open new shops. Our projected profitability and specified footfall requirements mean that we have not found any suitable sites so far; we continue to look. We have been unable to further develop re-use and recycling opportunities, as these ventures partially rely on collaborative working, and agreement has not been reached with potential partners.

4. To continually improve efficiency and effectiveness

We planned to:

- **Analyse staff motivation and encourage engagement with Hospice aims**

In 2015/16 we ran a staff survey, and 70% of staff responded. While the survey showed that staff engagement with the organisation is exceptionally high (97% of respondents were proud to work for the Hospice), we identified three areas in the survey which we felt could benefit from further work. These three areas are: staff training and development, inter team communication and management visibility. These three areas are being developed through working groups.

We planned to:

- **Produce a rolling 10 year plan for building maintenance and facilities investment**

A rolling 10 year plan for facilities was created to ensure that the building and the physical facilities of the organisation are effectively maintained and developed. This is part of the Hospice's programme to ensure an efficient and an effective infrastructure to support service delivery.

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Principal risks and uncertainties

The Board of Trustees is responsible for ensuring that there are effective risk management controls in place to manage the major risks facing the Hospice. The Board of Trustees manages this responsibility through oversight of the Hospice's risk management policy and procedures.

The Hospice's risk management policy establishes a consistent way to:

- identify
- assess
- evaluate
- create action plans
- monitor
- escalate and
- report on all risks.

This framework allows management to take control of risks and the Board of Trustees to oversee risks and ensure that suitable action is taken to respond to identified risks.

The process adopted by the Hospice is:

- Risks are identified at an operational level, and transferred to a risk register.
- A scoring system, based on the National Patient Safety Agency (NPSA) Matrix incident scoring scale, is used to evaluate the risk
- Where a risk is identified as significant, an action plan is designed to mitigate and manage the risk
- The Hospice executive team reviews all risks and action plans regularly
- The Board of Trustees reviews the most significant or strategic risks quarterly
- Formal project groups are set up for major projects, to ensure they are properly planned, managed and implemented

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Principal risks and uncertainties - continued

Significant risks

| Risk | Management / mitigation |
|--|---|
| <p>Financial risks. The principal risks for the Hospice of St Francis are liquidity risk and investment valuation risk.</p> | <ul style="list-style-type: none"> • Cash flow closely managed and monitored by the finance committee • Investment policy managed by the finance committee with external advice • Investment policy focused on capital preservation, liquidity and real terms growth |
| <p>Income generation risks. Reduced income due to the economic environment affecting donors or statutory income, or to regulatory changes.</p> | <ul style="list-style-type: none"> • Continued engagement with NHS commissioners • Strategic income generation plans • Diversification of income where possible • Community engagement |
| <p>Operational risks. Events, including inadequate facilities management, health and safety breaches or IT incidents that could cause harm to Hospice patients, visitors, staff and volunteers.</p> | <ul style="list-style-type: none"> • Training and awareness programmes for all staff • Senior management responsibility for Health and Safety awareness • Information security policies, antivirus software, two factor authentication for remote access • Expert external advice regarding IT estate and investments |
| <p>Reputational risks. Incidents, omissions or press coverage which damages the Hospice reputation.</p> | <ul style="list-style-type: none"> • Risk assessments for all activities, with attention to the safety of external and internal participants • Emergency response plan, on which senior staff have received formal training • Training and awareness programmes for all staff |
| <p>Care delivery risks. Risks relating to patient experience.</p> | <ul style="list-style-type: none"> • Staff training • Hospice policies and procedures regularly updated and communicated • Implementation of new electronic patient records system to allow Hospice participation in EPaCCS systems |
| <p>Staff risks. Risks relating to recruitment and retention of staff and volunteers</p> | <ul style="list-style-type: none"> • Initiatives to attract staff • Reward and recognition policy being designed • Staff training and development programme • Staff and volunteer mandatory training programme • Clear and accessible whistle-blowing procedures |

**REPORT OF THE BOARD OF TRUSTEES
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FINANCIAL REVIEW

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|--|----------------|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total Income | 4,446 | 6,232 | 6,533 | 5,847 | 6,560 |
| Costs of income generation | 1,534 | 1,933 | 2,326 | 2,577 | 2,636 |
| Spending on charitable activities | 3,224 | 3,254 | 3,583 | 3,877 | 4,344 |
| Total reserves | 8,437 | 9,481 | 10,195 | 9,782 | 9,324 |

We are pleased to report that the Hospice of St Francis' income grew by 12% in 2015/16, to £6,560,000. Income includes:

- Legacy income was up by 184% to £1,147,000.
- Voluntary and fundraising income was up by 5% to £2,912,000. The Hospice fundraising department raises money through events and sponsorship, applications to grant making trusts, direct marketing, in memory giving, and other sources. The cost of raising voluntary and fundraising income is £941,000, 32% of the sums raised.
- Income from charitable activities was down by 9% to £1,009,000. This category includes NHS grants and direct payments for service delivery, as well as restricted grants from other organisations to directly support services.
- Retail income was down by 3% to £1,490,000. This income comprises the sale of goods in all the Hospice shops. Where goods are donated under gift aid agreements, the income is accounted for as voluntary income, not retail income, reflecting the legal nature of the transaction. In 2015/16, the Hospice accounted for £276,000 of gift aided donations of goods in its shops, compared to £268,000 relating to the 2014/15 financial year.

Performance of material fundraising activities

Once again the Hospice has benefited from the significant goodwill of our community, with fundraising events continuing to perform strongly, and a new event - The Bubble Rush - achieving participant numbers totalling nearly 2,700 and income of more than £130k in year one. Other income lines exceeding target within the year included corporate fundraising, with membership of the Corporate Partners Network growing to beyond 100 for the first time, and In-memoriam giving, where the quality of our work with patients and families and our positive relationship management

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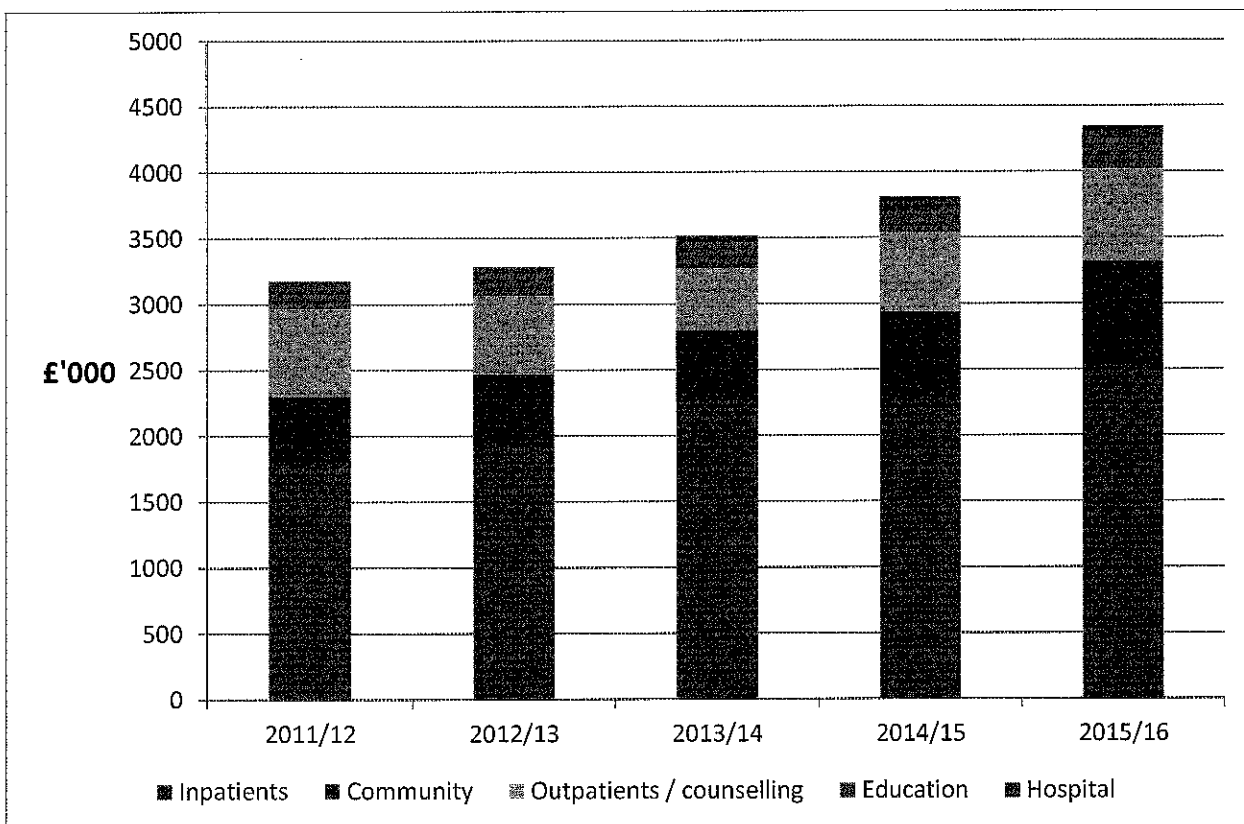
FINANCIAL REVIEW – continued

continues to combine to create positive results. Legacies significantly exceeded their target for the second year in a row, raising more than £1.1m in the year, meaning that the planned deficit is not as large as budgeted. The recruitment process leading to the appointment of a Fundraising Director began towards the end of the year, and it is anticipated that some of the areas where income growth has been slower will benefit in future years as a result of increased management input.

The cost of income generation rose by 2% to £2,636,000. During the year, the post of fundraising director was vacant for 9 months: hence fundraising costs are expected to rise in 2016/17. In 2015/16, the Hospice invested in the areas of community events, major donors and legacies.

The Hospice’s voluntary and fundraising income rose by 5% during the year ended 2016/17, while income from the NHS fell by 6%, and income from other charitable activities fell by 15%. We recognise that this could be a continuing trend in the future. There is therefore a risk that Hospice external funding will fall as needs for palliative care rise, potentially putting service development at risk. As Hospice costs rise, it is likely we will be increasingly dependent on voluntary donations and fundraising income to pay for service development.

Total spend on charitable activities, analysed by clinical departments



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FINANCIAL REVIEW – continued

Spending on charitable activities rose by 14% in the year ended 31 March 2016:

- Total costs of charitable activities were £4,344,000 up by 14% compared to the previous year. Part of the reason for the cost increase, across all departments, was the introduction of a new management and governance structure to strengthen the Hospice's ability to respond to changing environments.
- The inpatient activity accounts for 58% of all spending. Costs were up by 10% in the year as a result of the complexity of the medical needs of the Hospice patients. Drugs costs were up by 33%, due to the complex nature of the problems presented at the inpatient unit. Staffing of the inpatient service is responsive to need and was therefore higher during the year.
- Community palliative care accounts for 18% of all costs, and costs rose by 22% during the year, due to increased investment in the community team. Community services are expected to continue to grow; there remains unmet need for community palliative care.
- The Spring Centre (outpatient and bereavement services) accounted for 16% of all costs, and rose by 16% during the year.
- Education provided by Hospice of St Francis accounted for 6% of all spending.
- Services provided at the hospital accounted for 1% of all spending.

Financial forecasting

The Hospice of St Francis's system of financial management and control operates through a rolling three year business plan and annual budgets. The business plan for the 2017 to 2019 period projects deficits for each year of the plan, as the Hospice continues to invest in the activities defined in its strategic plan. The Board of Trustees has approved the use of some of the Hospice's unrestricted reserves to fund the deficit, within the agreed timescales and within the agreed financial limits, whilst ensuring that reserves do not fall below the minimum specified by the Hospice's reserves policy.

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FINANCIAL REVIEW – continued

Reserves

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Restricted funds | 17 | 37 | 20 | 4 | 26 |
| Designated funds | 5,651 | 5,507 | 5,459 | 5,314 | 5,167 |
| Unrestricted funds | 2,769 | 3,937 | 4,716 | 4,464 | 4,132 |
| Total funds | 8,437 | 9,481 | 10,195 | 9,782 | 9,325 |

The Hospice of St Francis provides important health services to its local community, and is dependent on a number of fluctuating income streams including donations, grants, legacies, and shop profits. The reserves held by the Hospice should allow it to continue operations even when there is an unforeseen downturn in any of these sources of income, or an unforeseen increase in costs.

Restricted funds

Restricted funds arise when a donation or a grant is made to the Hospice for a specific purpose. This money is reserved to be dedicated to this specific use. The balance at the end of each year represents grants or donations received before the end of the year where the related expenditure will fall into future years. These reserves can only be used for the purpose for which the money was donated.

Designated funds

The balance on designated funds represents the undepreciated cost of the Hospice building. These reserves are not available for investment, or spending, unless the hospice buildings were sold.

Unrestricted funds

Unrestricted funds represent the financial resources available to the Hospice to invest or to spend on Hospice services. Unrestricted funds are the Hospice’s free reserves.

The Board of Trustees reviews the level of reserves regularly, to ensure that the Hospice’s operations are sustainable. The Hospice calculates the required level of reserves annually. Required reserves are estimated by reference to:

- The riskiness of different income categories
- The level of funds required to cover unexpected expenditure or future growth
- Working capital requirements
- Provision for the costs of cutting services or restructuring the Hospice of St Francis if this should be needed

**REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016**

FINANCIAL REVIEW – continued

The resulting calculation provides a minimum level of reserves required. In 2015, this calculation produced a required unrestricted reserves level of £2,556,000, which is approximately six months of charitable spending, excluding retail costs. At 31 March 2016, the Hospice's unrestricted reserves were £4,111,000, representing approximately nine months of charitable spending.

Unrestricted funds at 31 March 2016 fell by £332,000 during the year ended to end at £4,111,000.

Planned deficits in the business plan for the 2017-2019 period will further reduce reserves, but the Board of Trustees is confident that reserves will remain above the target level. The Board of Trustees carefully monitors the Hospice's income and expenditure and will take any action needed if there is a significant risk to the Hospice's financial position and the sustainability of its 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, and will not let reserves fall below the minimum level. This minimum level may in the future need to rise to take into account any increased level of risk in Hospice income streams.

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 moderate 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 moderate risk 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 but will accept these investments as part of a passive portfolio.

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
(Company limited by guarantee)

REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

The Hospice of St Francis is constituted as a company limited by guarantee and is governed by Memorandum and Articles of Association.

The Hospice of St Francis is registered with the Care Quality Commission, which monitors and inspects the Hospice as an independent healthcare provider. The Registered Manager of the Hospice of St Francis is Ms Clare Hearnshaw, the Director of Care and Clinical Development.

The Hospice of St Francis operates within Hertfordshire and the Chilterns region of Buckinghamshire. Within its catchment area, it works collaboratively with other organisations working in palliative care and end of life care services, including NHS organisations, other hospices and other charities.

Public Benefit Statement

The Hospice of St Francis is a Public Benefit Entity. The Trustees confirm that they have complied with their duty under section 17 of the Charities Act 2011. They have considered the public benefit guidance published by the Charity Commission and believe that they have followed it. This report provides details of the areas of charitable activity undertaken by the Hospice of St Francis.

Corporate Governance

The governing body of the Hospice of St Francis is the Board of Trustees: at 31 March 2016 there were 13 Trustees. Membership of the Board is set out on page 5 of this report.

At 31 March 2016, there were five formally constituted Board Committees, each with specific terms of reference and functions delegated by the Board. These committees, which are chaired by a Trustee and which report to the Board, are:

- the Clinical Care Committee
- the Finance and Fundraising Committee
- the Trading Committee
- the Nominations and Governance Committee
- the Remuneration Committee

Management

The Board is responsible for setting overall Hospice strategy and approving financial plans. It delegates day to day operational management responsibilities via the Chief Executive to the Hospice's Executive Team and other senior managers.

Election and Appointment of Trustees

The Board appoints new Trustees, based on selection criteria which ensure that the Board has access to a wide range of skills and experience. The Board also appoints Trustees to the Board

**REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016**

STRUCTURE GOVERNANCE AND MANAGEMENT – continued

committees. The recruitment of new trustees is through a process of advertisement, application, interview and selection.

Induction and Training

An induction programme is offered to all new Trustees, and updates and training are offered throughout the period of tenure. Trustees have their own performance review process which spans their complete tenure as a trustee.

EMPLOYEES AND VOLUNTEERS

Staff are appointed using value-based competency procedures. Information about the Hospice's aims and activities are communicated to staff and volunteers through briefings, meetings, newsletters and emails. Staff and volunteers are expected to be aware of, and work in accordance with the Hospice values, and these are displayed throughout Hospice premises. The values are:

- Respectful relationships
- Constructive communication
- Excellence through innovation
- Integrity and trust
- Encouraging learning
- Sustainable service
- Community engagement

Volunteers have been central to the Hospice of St Francis since its inception. At 31 March 2016, there were about 900 volunteers supporting the Hospice in a variety of roles, including in the Hospice itself, in our shops, in the offices and in the community. Staff and patients alike welcome the involvement of volunteers in the Hospice of St Francis, and their contribution is integral to all Hospice operations.

REMUNERATION OF SENIOR STAFF

The Board considers that the Trustees, the Chief Executive, the Director of Care and Clinical Development, the Medical Director and the Director of Finance comprise the key management personnel of the Hospice of St Francis in charge of directing and controlling, running and operating the Hospice on a day to day basis.

All trustees give their time freely and no trustee received remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in note 8 to the accounts.

The pay of the Executive Team and all staff are reviewed annually and normally increased in accordance with average earnings to reflect a cost of living adjustment. In view of the nature of the organisation, the Board benchmarks against pay levels in other charities. The remuneration benchmark is the mid-point of the range paid for similar roles in similar charities and sizes.



HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
(Company limited by guarantee)

REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016

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 Accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare Accounts 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 Accounts, 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 Accounts;
- Prepare the Accounts 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 Accounts 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.

Chair of Trustees  Alison Woodhams

PATIENT STATISTICS

FOR THE YEAR ENDED 31 MARCH 2016

PATIENT STATISTICS

| | | 2015/16 | 2014/15 ¹ |
|--------------------------------------|-------------------|---------|----------------------|
| Referrals to all services | | 675 | 637 |
| % non-cancer diagnosis | | 24% | 27% |
| Inpatient unit | | | |
| Number of admissions | | 296 | 315 |
| Occupied bed nights | | 3,869 | 3,726 |
| Occupancy % | | 82% | 73% |
| Average length of stay | | 14 days | 11 days |
| Number of discharges | | 86 | 118 |
| Deaths | | 199 | 205 |
| Community | | | |
| Home visits: | Specialist nurses | 2,064 | 1,938 |
| | Doctors | 61 | 30 |
| Spring Centre | | | |
| Attendances | | 3,527 | 2,935 |
| Outpatient appointments: | Specialist nurses | 480 | 345 |
| | Doctors | 171 | 112 |
| Clinical support services | | | |
| Adult bereavement service contacts | | 1,590 | 1,438 |
| Child bereavement service contacts | | 721 | 550 |
| Complementary therapy contacts | | 346 | 376 |
| Place of death | | | |
| Total deaths ² | | 458 | 451 |
| Out of hospital ³ | | 367 | 354 |
| Percentage of deaths out of hospital | | 80% | 78% |

¹ The method of calculating statistics was reviewed and changed during the year

² Deaths of patients supported by the Hospice during the year

³ 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 2016 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. 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 Accounts 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 Accounts 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

A description of the scope of an audit of Financial Statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016, and of the group's and the parent charitable company's net movement in funds, 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.

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

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 Accounts are prepared is consistent with the Accounts.

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 and group have 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 consolidated 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

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

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
 (Company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating the income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2016

| | Unrestricted Funds Note 1C £'000 | Designated Funds Note 1C £'000 | Restricted Income funds Note 1C £'000 | Total 2016 £'000 | Total 2015 £'000 |
|---|---|---|--|------------------------|------------------------|
| INCOME FROM (NOTE 4) | | | | | |
| Donations and legacies | | | | | |
| Donations | 2,583 | - | 94 | 2,677 | 2,546 |
| Legacies | 1,142 | - | 5 | 1,147 | 404 |
| Charitable activities | | | | | |
| NHS Grants for Hospice care | - | - | 703 | 703 | 748 |
| Other income from charitable activities | 28 | - | 278 | 306 | 361 |
| Other trading activities | | | | | |
| Trading and fundraising | 232 | - | - | 232 | 235 |
| Retail income | 1,490 | - | - | 1,490 | 1,544 |
| Share of incoming resources from joint venture | - | - | - | - | 69 |
| Investments | 5 | - | - | 5 | 9 |
| Total income | 5,480 | - | 1,080 | 6,560 | 5,916 |
| Less share of income from joint venture | - | - | - | - | (69) |
| | 5,480 | - | 1,080 | 6,560 | 5,847 |
| EXPENDITURE ON: | | | | | |
| Raising funds (note 5) | | | | | |
| Voluntary income | 460 | 11 | 2 | 473 | 472 |
| Trading activities | 463 | 4 | 1 | 468 | 407 |
| Retail activities | 1,694 | - | 1 | 1,695 | 1,698 |
| | 2,617 | 15 | 4 | 2,636 | 2,577 |
| Net income available for charitable activities | 2,863 | (15) | 1,076 | 3,924 | 3,270 |
| Charitable activities (note 5) | | | | | |
| Inpatient unit | 1,707 | 74 | 750 | 2,531 | 2,330 |
| Community | 670 | 7 | 111 | 788 | 658 |
| Outpatients (Spring Centre) | 470 | 29 | 32 | 531 | 471 |
| Bereavement (Spring Centre) | 99 | 7 | 60 | 166 | 140 |
| Hospital | 12 | - | 46 | 58 | 87 |
| Education | 216 | 15 | 39 | 270 | 190 |
| | 3,174 | 132 | 1,038 | 4,344 | 3,876 |
| Total expenditure (note 5) | 5,791 | 147 | 1,042 | 6,980 | 6,453 |
| Carried forward | 5,791 | 147 | 1,042 | 6,980 | 6,453 |

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
(Company limited by guarantee)



CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2016

| | Unrestricted Funds Note 1C £'000 | Designated Funds Note 1C £'000 | Restricted Income funds Note 1C £'000 | Total 2016 £'000 | Total 2015 £'000 |
|---|---|---|--|------------------------|------------------------|
| Brought forward | 5,791 | 147 | 1,042 | 6,980 | 6,453 |
| | (311) | (147) | 38 | (420) | (606) |
| Net gains / (losses) on investments (note 9) | (37) | - | - | (37) | 233 |
| Net income/(expenditure) | | | | (457) | (373) |
| Transfers between funds | 16 | - | (16) | - | - |
| Net interests in the results of the joint Venture | - | - | - | - | (40) |
| Net movement in funds | (332) | (147) | 22 | (457) | (413) |
| Total funds brought forward | 4,464 | 5,314 | 4 | 9,782 | 10,195 |
| Total funds carried forward | 4,132 | 5,167 | 26 | 9,325 | 9,782 |

The Accounting Policies and Notes on pages 30 to 50 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 deficit for the year for Companies Act purposes comprises the net outgoing resources plus realised gains and losses on the disposal of investments and other assets and totals £420,000. (2015: £559,000 deficit).

A full comparative Statement of Financial Activities for the year ended 31 March 2015 is included within note 26.

The net deficit of the parent charity prior to consolidation was £457,000 (2015: £368,000)

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
(Company limited by guarantee)


CONSOLIDATED AND CHARITY BALANCE SHEET
AS AT 31 MARCH 2016

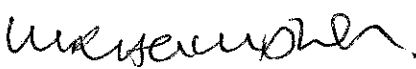
Company Number: 1507474

| | Note | Group | | Charity | |
|---|-------|---------------|---------------|---------------|---------------|
| | | 2016 £'000 | 2015 £'000 | 2016 £'000 | 2015 £'000 |
| FIXED ASSETS | | | | | |
| Tangible fixed assets | 11 | 5,651 | 5,869 | 5,651 | 5,869 |
| Investments | 12,13 | 2,549 | 2,587 | 2,589 | 2,627 |
| TOTAL FIXED ASSETS | | 8,200 | 8,456 | 8,240 | 8,496 |
| CURRENT ASSETS | | | | | |
| Stocks of goods for resale | | 50 | 49 | - | - |
| Debtors | 14 | 325 | 318 | 364 | 471 |
| Short term investments | 15 | 300 | - | 300 | - |
| Cash at bank and in hand | | 825 | 1,323 | 772 | 1,166 |
| TOTAL CURRENT ASSETS | | 1,500 | 1,690 | 1,436 | 1,637 |
| CREDITORS: amounts falling due within one year | 16 | (375) | (364) | (356) | (351) |
| NET CURRENT ASSETS | | 1,125 | 1,326 | 1,080 | 1,286 |
| NET ASSETS | | 9,325 | 9,782 | 9,320 | 9,782 |
| FUNDS OF THE CHARITY | 17 | | | | |
| Unrestricted funds | | 4,132 | 4,464 | 4,127 | 4,464 |
| Designated funds | | 5,167 | 5,314 | 5,167 | 5,314 |
| Restricted funds | | 26 | 4 | 26 | 4 |
| TOTAL CHARITY FUNDS | | 9,325 | 9,782 | 9,320 | 9,782 |

The Accounting Policies and notes on pages 30 to 50 form part of these Accounts.

The Accounts were approved and authorised for issue by the Board on 22 August 2016 and were signed below on its behalf on


.....
Alison Woodhams
Chair of Trustees


.....
Mark Hampton
Treasurer

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
(Company limited by guarantee)



CONSOLIDATED CASH FLOW STATEMENT
AS AT 31 MARCH 2016

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Cash flows from operating activities (note 22) | (81) | (82) |
| Cash flows from investing activities | | |
| Purchase of fixed assets | (117) | (149) |
| Purchase of new investments | - | (2,314) |
| Payments of loans to group company | - | (27) |
| Management of liquid resources | (300) | 250 |
| Proceeds from the sale of investments | - | 2,314 |
| | <u>(417)</u> | <u>74</u> |
| Increase in cash and cash equivalents in the year | <u>(498)</u> | <u>(8)</u> |
| Cash and cash equivalents at the beginning of the year | 1,323 | 1,331 |
| Total cash and cash equivalents at the end of the year | <u>825</u> | <u>1,323</u> |

The Accounting Policies and Notes on pages 30 to 50 form part of the Accounts.

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
(Company limited by guarantee)

NOTES TO THE ACCOUNTS
AS AT 31 MARCH 2016

1 ACCOUNTING POLICIES

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

A. Basis of Accounting

The Hospice of St Francis's previous accounts, for the year ended 31 March 2015, were prepared under previous UK Generally Accepted Accounting Practice and the Charities SORP 2005. The Hospice of St Francis has adopted FRS 102 and the Charities SORP (FRS 102) with a transition date of 1 April 2015. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

The Hospice of St Francis'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 Hospice of St Francis has availed itself of part 15 of the Companies Act 2006 and adapted the Companies Act formats to reflect the special nature of the Hospice's activities. No separate SOFA (Statement of Financial Activities) has been presented for the Hospice of St Francis alone as permitted by section 408 of the Companies Act 2006.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. No restatement has been required in making the transition to FRS 102 and the Charities SORP FRS 102.

B. Going concern

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

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
(Company limited by guarantee)

NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

1 ACCOUNTING POLICIES (continued)

C. 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 Hospice of St Francis, 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 2016, 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.

- D. Tangible fixed assets for use by the Hospice of St Francis** 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% per annum 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 |

E. Investments

Investments are included at market value, except for the unquoted investments in The Hospice Lottery Partnership Ltd and the Hospice of St Francis Trading Ltd which are valued at cost. In the case of these 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 comprised a single share (33.3% of the company), and a loan, repayable in the medium term. During the year to 31 March 2015, Shine Homecare's directors decided that the company would cease trading, effective from February 2015. As a result the value of the investment was written down to zero at 31 March 2015.

NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

1 ACCOUNTING POLICIES (continued)

F. Financial Instruments

The Hospice of St Francis has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments including trade and other debtors and creditors, are initially recognised at transaction value and are subsequently recognised at their settlement value.

G. 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. As permitted by section 6.28 of the SORP, income for donated goods for shop resale is recognised on sale as recognition prior to this is considered to be impracticable.

H. Recognition of incoming resources

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

- The Hospice becomes entitled to the resources.
- The Trustees consider it probable that the charity will receive the resources.
- The monetary value can be measured with sufficient reliability.

I. Gifts in kind

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

J. Donated services and facilities

These are included in incoming resources (with an equivalent amount in resources expended) where the benefit to the Hospice is reasonably quantifiable, measurable and material. The value placed on these resources is the estimated value to the Hospice.

K. Resources expended

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

L. 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. Governance 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. Governance costs are shown as a component of support costs.

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
(Company limited by guarantee)

NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

1 ACCOUNTING POLICIES (continued)

M. 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. On this basis, the scheme is accounted for as a defined contribution scheme. 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.

N. Leases

The Hospice of St Francis has no finance leases. All operating leases and rental expenses are charged to the SoFA as incurred.

N. VAT

The Hospice of St Francis and its trading subsidiary file VAT returns under a group registration. The Hospice of St Francis reclaims VAT on its activities using an agreed partial exemption calculation. Irrecoverable VAT in the year ended 31 March 2016 amounted to £82,000 (2015 - £48,000) and was written off during the year.

2 CORPORATE STATUS

The Hospice of St Francis 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

The Hospice of St Francis is a registered charity and is thus exempt from tax on income and gains falling within chapter 3 of the Corporation Taxes Act 2010 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 2016.

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 2016.

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
(Company limited by guarantee)



NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

| 4. ANALYSIS OF INCOME | Unrestricted Funds £'000 | Restricted Income Funds £'000 | Total 2016 £'000 | Total 2015 £'000 |
|---|--------------------------------|--|------------------------|------------------------|
| a) Donations and legacies | | | | |
| Memorial register | 446 | 2 | 448 | 287 |
| Donations from individuals and companies | 1,533 | 17 | 1,550 | 1,534 |
| Trusts | - | 75 | 75 | 77 |
| Grant received from The Department of Health | - | - | - | - |
| Donations received through the retail gift aid scheme | 352 | - | 352 | 399 |
| Collecting boxes | 59 | - | 59 | 67 |
| Lottery | 193 | - | 193 | 182 |
| Total donations | <u>2,583</u> | <u>94</u> | <u>2,677</u> | <u>2,546</u> |
| Legacies | <u>1,142</u> | <u>5</u> | <u>1,147</u> | <u>404</u> |
| b) Income from other trading activities: trading and fundraising | | | | |
| Fundraising events | 196 | - | 196 | 190 |
| Providing goods and services, other than for the benefit of the charity's beneficiaries | 34 | - | 34 | 43 |
| Letting property held primarily for the functional use of the charity | 2 | - | 2 | 2 |
| Trading and fundraising | <u>232</u> | <u>-</u> | <u>232</u> | <u>235</u> |
| c) Income from other trading activities: retail | | | | |
| Shop sales | 1,490 | - | 1,490 | 1,544 |
| Total retail income | <u>1,490</u> | <u>-</u> | <u>1,490</u> | <u>1,544</u> |

Trading operations

Hospice of St Francis owns 100% of Hospice of St Francis Trading Ltd and exercises control over this company by means of a close working relationship, common management and an operating agreement. Hospice of St Francis Trading Ltd manages the sale of goods through the Hospice of St Francis'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 Hospice of St Francis within the provisions of Gift Aid. A summary of the results of Hospice of St Francis Trading Limited is shown in note 4 (D).

The contribution to funds provided by Hospice of St Francis's trading activity is analysed as follows:

| | 2016 £'000 | 2015 £'000 |
|---|----------------|----------------|
| Retail income | 1,490 | 1,544 |
| Gift aided donations through the shops (including gift aid) | 352 | 399 |
| Total income | <u>1,842</u> | <u>1,943</u> |
| Retail costs | <u>(1,695)</u> | <u>(1,698)</u> |
| Contributions made by retail operations | 147 | 245 |



HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
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NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

4. ANALYSIS OF INCOMING RESOURCES (continued)

d) Income reported by subsidiary company

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

| | 2016 | 2015 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Turnover | 449 | 456 |
| Cost of sales | (172) | (175) |
| Operating costs | (185) | (166) |
| Amounts donated to Hospice of St Francis (Berkhamsted Ltd) under the Gift Aid scheme | (92) | (115) |
| 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 (page 26). Included within 2016 turnover above is £70,000 of commission income, payable by the Hospice of St Francis 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 SOFA.

e) Share of incoming resources from joint venture

| | Unrestricted | Restricted | Total | Total |
|--|---------------------|-------------------|--------------|--------------|
| | Funds | Income | 2016 | 2015 |
| | £'000 | Funds | £'000 | £'000 |
| Share of incoming resources from joint venture | - | - | - | 69 |

The Hospice of St Francis owned 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 exercised control over this company by appointing two directors each to the company Board. Shine Homecare Ltd ceased trading in February 2015 and the investment value has therefore been written down to zero.

The results of Shine Homecare Ltd to 31 March 2015 were incorporated in the consolidated accounts in previous years using the gross equity method. Each of the founding hospices had one share in Shine Homecare Ltd, and also made loans to the company, which were to be repaid out of future profits. As the company ceased trading in February 2015, the loans were written off in the prior year and there was no income or expenditure in the year ended 31 March 2016.

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NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

| 4. ANALYSIS OF INCOMING RESOURCES (continued) | | 2016 | 2015 |
|--|---------------------|-------------------|-------------------|
| | | £'000 | £'000 |
| e) Share of incoming resources from joint venture (continued) | | | |
| Shine Homecare results | | | |
| Sales of domiciliary care services | | - | 206 |
| Operating costs | | - | (322) |
| | | <u>-</u> | <u>(116)</u> |
| Retained losses | | <u>-</u> | <u>(116)</u> |
| Shine Homecare – Hospice of St Francis share in results | | | |
| Sales of domiciliary care services | | - | 69 |
| Operating costs | | - | (109) |
| | | <u>-</u> | <u>(40)</u> |
| Retained losses | | <u>-</u> | <u>(40)</u> |
| f) Investment income | | | |
| | Unrestricted | Restricted | |
| | Funds | Income | |
| | £'000 | Funds | |
| | | £'000 | |
| | | Total | Total |
| | | 2016 | 2015 |
| | | £'000 | £'000 |
| Total investment income | 5 | - | 5 |
| | <u>5</u> | <u>-</u> | <u>5</u> |
| g) Income from Charitable Activities | | | |
| NHS Income for service provision | | | |
| Hertfordshire | - | 660 | 660 |
| Buckinghamshire | - | 43 | 43 |
| | <u>-</u> | <u>703</u> | <u>703</u> |
| Total NHS Income for service provision | - | <u>703</u> | <u>748</u> |
| NHS Income for specific projects | | | |
| Watford General Hospital | - | 44 | 44 |
| East of England ABC project | - | - | - |
| Kilfillan Nursing Home | - | 28 | 28 |
| | <u>-</u> | <u>72</u> | <u>72</u> |
| Total Income from the NHS | - | 72 | 110 |
| Charitable income from other sources | | | |
| Service contracts | - | 47 | 47 |
| Grants from Macmillan Cancer Support | - | 55 | 55 |
| Grant from BBC Children in Need | - | 22 | 22 |
| Grant from Prostate Cancer UK | - | 19 | 19 |
| Grant from The Henry Smith Charity | - | 32 | 32 |
| Grant from The St. James's Place Foundation | - | 6 | 6 |
| Other income | 28 | 25 | 53 |
| | <u>28</u> | <u>278</u> | <u>306</u> |
| Total income from charitable activities | 28 | 278 | 361 |

Further details relating to restricted income are included in Note 17.

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
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NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

5. ANALYSIS OF RESOURCES EXPENDED

| | Direct costs - Staff £'000 | Direct costs - Other £'000 | Support Costs £'000 | Total 2016 £'000 | Total 2015 £'000 |
|--------------------------------------|----------------------------------|----------------------------------|---------------------------|------------------------|------------------------|
| Costs of generating voluntary income | 250 | 198 | 25 | 473 | 477 |
| Costs of trading and fundraising | 250 | 204 | 14 | 468 | 411 |
| Cost of retail activities | 776 | 841 | 77 | 1,694 | 1,716 |
| | <u>1,276</u> | <u>1,244</u> | <u>116</u> | <u>2,635</u> | <u>2,604</u> |
| Charitable activities | | | | | |
| Inpatient Unit | 1,470 | 904 | 157 | 2,531 | 2,315 |
| Community | 683 | 83 | 22 | 788 | 654 |
| Outpatients (Spring Centre) | 347 | 165 | 19 | 531 | 467 |
| Bereavement (Spring Centre) | 107 | 50 | 9 | 166 | 138 |
| Hospital | 54 | 3 | 1 | 58 | 85 |
| Education | 140 | 117 | 13 | 270 | 187 |
| | <u>2,801</u> | <u>1,322</u> | <u>221</u> | <u>4,344</u> | <u>3,849</u> |
| Total | <u>4,077</u> | <u>2,566</u> | <u>337</u> | <u>6,980</u> | <u>6,453</u> |

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. Costs of retail activities include £172,000 of stock recognised as an expense in the year ended 31 March 2016 (2015: £175,000)

6. SUPPORT COSTS

| | Administration and HR costs £'000 | Professional fees £'000 | Governance £'000 | 2016 £'000 | 2015 £'000 |
|--------------------------------------|---|-------------------------------|---------------------|---------------|---------------|
| Costs of generating voluntary income | 14 | 4 | 7 | 25 | 20 |
| Costs of trading and fundraising | 8 | 2 | 4 | 14 | 12 |
| Cost of retail activities | 43 | 12 | 22 | 77 | 62 |
| | <u>65</u> | <u>18</u> | <u>33</u> | <u>116</u> | <u>94</u> |
| Charitable activities | | | | | |
| Inpatient Unit | 88 | 25 | 44 | 157 | 128 |
| Community | 12 | 4 | 6 | 22 | 18 |
| Outpatients (Spring Centre) | 11 | 3 | 5 | 19 | 16 |
| Bereavement (Spring Centre) | 5 | 1 | 3 | 9 | 7 |
| Hospital | 1 | - | - | 1 | 1 |
| Education | 7 | 2 | 4 | 13 | 10 |
| | <u>124</u> | <u>35</u> | <u>62</u> | <u>221</u> | <u>180</u> |
| Total | <u>189</u> | <u>53</u> | <u>95</u> | <u>337</u> | <u>274</u> |

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
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NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

6. SUPPORT COSTS (continued)

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

Governance costs comprise the following:

| | 2016 | 2015 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Governance costs | | |
| Auditors remuneration - external audit | 13 | 12 |
| Auditors remuneration - other advice | 5 | 2 |
| Salaries | 67 | 52 |
| Other costs | 10 | 1 |
| Total | <u>95</u> | <u>67</u> |

7. STAFF NUMBERS AND EMOLUMENTS

| | 2016 | 2015 |
|-------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Gross wages and salaries | 3,994 | 3,486 |
| Employer's national insurance costs | 312 | 276 |
| Employers' pension costs | 326 | 293 |
| Redundancy payments | 5 | - |
| Total Payroll costs | <u>4,637</u> | <u>4,055</u> |

| | Number | Number |
|---|---------------|---------------|
| Average number of full time equivalent employees in the year, excluding bank staff | | |
| Charitable activities | 69.1 | 64.7 |
| Fundraising and retail | 36.6 | 37.7 |
| Support services | 15.9 | 15.0 |
| Average number of staff | <u>121.6</u> | <u>117.4</u> |
| Highest paid employees | | |
| Gross salary in the range | | |
| £60,000 to £70,000 | 1 | - |
| £80,001 to £90,000 | 1 | 2 |
| £90,001 to £100,000 | 1 | - |
| | <u>3</u> | <u>2</u> |

Pension costs in the year ended 31 March 2016 for the three higher paid employees were £25,840 (2015 - £21,613 for two employees). The Trust considers its key management personnel comprise the trustees, the Chief Executive Officer, the Director of Care and Clinical Development, the Medical Director and the Director of Finance. The total remuneration of the key management personnel was £357,216 (2015: £327,697).

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NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

8 TRUSTEES' EMOLUMENTS AND REIMBURSED EXPENSES

The Trustees received no emoluments for their services during the year ended 31 March 2016 (2015: nil). The Hospice paid no expenses for any Trustee during the year (2015: £110 to cover travel and conference expenses to one trustee). Total donations by trustees were £13,581 (2015: £1,428).

9. GAINS AND LOSSES ON INVESTMENTS

| | Unrestricted Funds £'000 | Restricted Income Funds £'000 | Total 2016 £'000 | Total 2015 £'000 |
|--|--------------------------------|--|------------------------|------------------------|
| Realised gains / (losses) on investment assets | - | - | - | 47 |
| Unrealised gains / (losses) on investment assets | (37) | - | (37) | 186 |
| Total gains on investment assets | (37) | - | (37) | 233 |

The above gains do not include the losses arising in 2015 from the investment in Shine Homecare Ltd.

10. NET MOVEMENT IN FUNDS

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| The net movement in funds is arrived at after charging/(crediting): | | |
| Depreciation of fixed assets | 336 | 330 |
| Auditors remuneration | 13 | 12 |
| Other amounts paid to the auditors | 5 | 2 |
| Operating lease rental: land and buildings | 222 | 246 |
| Operating lease rental: equipment | 13 | 10 |

11. TANGIBLE FIXED ASSETS

| Group and Charity | Freehold land and buildings £'000 | Furniture and equipment £'000 | Shops' fixtures and fittings £'000 | Total £'000 |
|-------------------------|--|--|---|---------------------|
| Cost | | | | |
| At 1 April 2015 | 6,491 | 1,167 | 178 | 7,836 |
| Additions | 31 | 87 | - | 118 |
| Disposals | - | (150) | - | (150) |
| At 31 March 2016 | <u>6,522</u> | <u>1,104</u> | <u>178</u> | <u>7,804</u> |
| Depreciation | | | | |
| At 1 April 2015 | 1,177 | 703 | 87 | 1,967 |
| Charge for the year | 147 | 145 | 44 | 335 |
| On disposals | - | (150) | - | (150) |
| At 31 March 2016 | <u>1,324</u> | <u>698</u> | <u>131</u> | <u>2,153</u> |
| Net book value | | | | |
| At 31 March 2015 | <u>5,314</u> | <u>464</u> | <u>91</u> | <u>5,869</u> |
| At 31 March 2016 | <u>5,198</u> | <u>406</u> | <u>47</u> | <u>5,651</u> |

Included in freehold land and buildings is land valued at £601,000 (2015: £601,000), which is not depreciated.

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
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NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

| 12. FIXED ASSET INVESTMENTS | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Group | | |
| Unlisted investments | | |
| The Hospice Lottery Partnership Ltd | 85 | 85 |
| Shine Homecare Ltd | - | - |
| Total unlisted investments | <u>85</u> | <u>85</u> |
| Listed investments | | |
| iShares V PLC –iShares MSCI | 1,164 | 1,233 |
| Jupiter Global Fund | 481 | 483 |
| PIMCO funds | 487 | 482 |
| M&G Property Portfolio Shares | 332 | 304 |
| Total listed investments at market value | <u>2,464</u> | <u>2,502</u> |
| Total investments | <u>2,549</u> | <u>2,587</u> |
| Listed investments at historic cost | <u>2,315</u> | <u>2,315</u> |
| Charity | | |
| Total Group investments | 2,549 | 2,587 |
| Investment in Hospice of St Francis Trading Ltd | 40 | 40 |
| Total investments | <u>2,589</u> | <u>2,627</u> |

Gains on investments have resulted in a revaluation reserve of £234,000 at 31 March 2016 (2015: £272,000).

Included within fixed asset investments are:

- 40,000 shares (100%) (2015 – 40,000 shares 100%) in Hospice of St Francis Trading Ltd – see note 4C and note 25. In April 2015, Hospice of St Francis Trading reduced its capital from £70,000 to £40,000.
- 14 shares (16.67%) (2015 – 14 shares 16.67%) in The Hospice Lottery Partnership Ltd.

These investments are included at cost in the Hospice of St Francis accounts, and the investment in The Hospice Lottery Partnership is included at cost in the consolidated accounts. There is no open market valuation available for this investment, and the Trustees 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 2016 show income for the year of £1,899,852, charitable donations of £1,155,000, and retained profits at 31 March 2016 of £32,549.

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
(Company limited by guarantee)

NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

| 13. ANALYSIS OF MOVEMENTS IN FIXED ASSET INVESTMENTS | 2016 | 2015 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Group | | |
| Carrying value of investments at 1 April 2015 | 2,587 | 2,354 |
| Additions to investments at cost | - | 2,314 |
| Disposals of investments at carrying value | (1) | (2,314) |
| Net gain/(loss) on revaluation | (37) | 233 |
| Carrying value at 31 March 2016 | <u>2,549</u> | <u>2,587</u> |
| Charity | | |
| Carrying value of investments at 1 April 2015 | 2,627 | 2,424 |
| Additions to investments at cost | - | 2,314 |
| Disposals of investments at carrying value | (1) | (2,344) |
| Net gain/(loss) on revaluation | (37) | 233 |
| Carrying value at 31 March 2016 | <u>2,589</u> | <u>2,627</u> |
| 14. DEBTORS | 2016 | 2015 |
| | £'000 | £'000 |
| Group | | |
| Taxation recoverable | 38 | 45 |
| Other debtors | 68 | 54 |
| Prepayments | 142 | 168 |
| Accrued income | 77 | 51 |
| Total | <u>325</u> | <u>318</u> |
| Charity | | |
| Taxation recoverable | 39 | 45 |
| Amounts owed by group companies | 49 | 161 |
| Other debtors | 68 | 54 |
| Prepayments | 130 | 160 |
| Accrued income | 78 | 51 |
| Total | <u>364</u> | <u>471</u> |

Taxation recoverable comprises Gift Aid recovery and VAT.

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
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NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

| 15. CURRENT ASSET INVESTMENTS | 2016 | 2015 |
|---|------------|------------|
| | £'000 | £'000 |
| Group and Charity | | |
| Fixed term bank deposits | 300 | - |
| | <u>300</u> | <u>-</u> |
| ANALYSIS OF MOVEMENTS IN CURRENT ASSET INVESTMENTS | | |
| Group and charity | | |
| Carrying value of investments at 1 April 2015 | - | 250 |
| Additions to investments at cost | 300 | - |
| Disposals at carrying value | - | (250) |
| | <u>300</u> | <u>-</u> |
| Carrying value at 31 March 2016 | <u>300</u> | <u>-</u> |
| | | |
| 16. CREDITORS: amounts falling due within one year | 2016 | 2015 |
| | £'000 | £'000 |
| Group | | |
| Taxation and social security | 86 | 81 |
| Other creditors | 166 | 199 |
| Deferred income | 89 | 64 |
| Accruals | 34 | 20 |
| | <u>375</u> | <u>364</u> |
| Total | <u>375</u> | <u>364</u> |
| | | |
| Charity | | |
| Taxation and social security | 86 | 81 |
| Other creditors | 152 | 186 |
| Deferred income | 89 | 64 |
| Accruals | 29 | 20 |
| | <u>356</u> | <u>351</u> |
| Total | <u>356</u> | <u>351</u> |

Included within other creditors is an amount outstanding at the year-end of £ 19,000 (2015: £17,000) relating to the defined contribution pension schemes and £ 17,000 (2015: £18,000) relating to the defined benefit pension scheme.

Income is deferred when it is received in advance of the income recognition criteria set out in note 1(H) having been met. All income deferred at 31 March 2015 was released in the year ended 31 March 2016.

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
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NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

17. FUNDS

| Group and charity | Unrestricted Reserves £'000 | Designated reserves £'000 | Total unrestricted reserves £'000 |
|----------------------------|-----------------------------------|---------------------------------|--|
| At 1 April 2015 | 4,464 | 5,314 | 9,778 |
| Incoming resources | 5,480 | - | 5,480 |
| Outgoing resources | (5,791) | (147) | (5,938) |
| Gains on investment assets | (37) | - | (37) |
| Transfers | 16 | - | 16 |
| At 31 March 2016 | 4,132 | 5,167 | 9,299 |

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.

RESTRICTED FUNDS

| Group and charity | At 1 April 2015 £'000 | Incoming Resources £'000 | Outgoing Resources £'000 | Transfers £'000 | At 31 March 2016 £'000 |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------|---------------------------------|
| Restricted donations | 2 | 94 | (66) | (16) | 14 |
| Legacies | - | 5 | - | - | 5 |
| Herts Valley CCG grants | - | 673 | (673) | - | - |
| Chilterns CCG grants | - | 30 | (30) | - | - |
| Macmillan Cancer Support grants | - | 56 | (51) | - | 5 |
| Prostate Cancer UK | - | 19 | (19) | - | - |
| Hertfordshire County Council and Herts Valley CCG - | | | | | |
| ABC Nursing Home education project | - | 12 | (12) | - | - |
| Watford General Hospital | - | 44 | (44) | - | - |
| The St James's Place Foundation | - | 6 | (6) | - | - |
| The Henry Smith Charity | - | 32 | (32) | - | - |
| Herts Valley CCG Nursing Home medical cover | - | 28 | (28) | - | - |
| BBC Children in Need grant | 2 | 22 | (22) | - | 2 |
| Peace Hospice – Joint Director of Education | - | 30 | (30) | - | - |
| Rennie Grove Hospice Care – medical cover | - | 17 | (17) | - | - |
| Training Grants | - | 12 | (12) | - | - |
| Total restricted funds | 4 | 1,080 | (1,042) | (16) | 26 |

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NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

17. FUNDS (continued)

Restricted funds

The restricted funds at 31 March 2016 comprise the assets which have been donated to the Hospice for a restricted purpose but which have not yet been applied to that purpose.

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 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 Chilterns CCG grant comprises an annual grant for palliative care service provision, plus additional amounts for the care of specific patients.

The Macmillan Cancer Support grants covered:

- A proportion of the costs of one of the Hospice consultants
- A proportion of the employment costs of certain therapy staff
- The set up costs of several projects including patient nutrition and wellbeing.

The Prostate Cancer UK grant funded the salary of a specialist nurse dedicated to providing advice and support to men living with prostate cancer. The project came to an end in 2015.

Hertfordshire County Council and Herts Valleys CCG part funded the ABC nursing home education project, which provides end of life training in Hertfordshire nursing homes.

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

The St. James's Place Foundation grant covered:

- the costs of a Hospice education post based at Watford General Hospital (this project ended in May 2015)
- a proportion of the costs of a Hospice dementia education post to provide palliative and end of life care education in Hertfordshire Nursing Homes which care for patients suffering from dementia.

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

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

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

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AS AT 31 MARCH 2016

17. FUNDS (continued)

Peace Hospice contributed towards the salary cost of a director of education post which operates across Peace Hospice and Hospice of St Francis

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.

| 18. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS | Unrestricted | Designated | Restricted | Total 2016 |
|---|---------------------|-------------------|-------------------|-----------------------|
| | Funds | Funds | Funds | |
| | £'000 | £'000 | £'000 | £'000 |
| Tangible fixed assets | 484 | 5,167 | - | 5,651 |
| Investments | 2,549 | - | - | 2,549 |
| Current assets | 1,474 | - | 26 | 1,500 |
| Creditors: falling due within one year | (375) | - | - | (375) |
| Total | 4,132 | 5,167 | 26 | 9,325 |

19. RELATED PARTIES

During the year there were no related party transactions (2015: £Nil). Expenses paid to Trustees and donations from Trustees are shown in Note 8.

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
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NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

| 20. FINANCIAL COMMITMENTS | 2016 | 2015 |
|--|--------------|--------------|
| | £'000 | £'000 |
| At 31 March 2016 total commitments under operating leases were as follows: | | |
| Group and charity | | |
| Financial commitments | | |
| Land and buildings: | | |
| Operating leases which expire: | | |
| - within one year | 22 | 44 |
| - from two to five years | 86 | 130 |
| - over five years | 903 | 1,105 |
| | <u>1,011</u> | <u>1,279</u> |
| Total land and buildings | <u>1,011</u> | <u>1,279</u> |
| Equipment hire agreement | | |
| Operating leases which expire: | | |
| - within one year | 2 | - |
| - from two to five years | 7 | 9 |
| - over five years | 36 | 41 |
| | <u>45</u> | <u>50</u> |
| Total equipment | <u>45</u> | <u>50</u> |
| Total | <u>1,056</u> | <u>1,329</u> |

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.

Operating lease costs of £235,000 were expensed in the year ended 31 March 2016 (2015: £254,000)

21 CAPITAL COMMITMENT

In February 2016, the Hospice committed to the purchase of SystmOne electronic patient records software, with a committed cost of £49,423 plus VAT to cover the purchase of licences plus project management to deliver the new IT system.

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NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

| 22. RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Group | | |
| Net movement in funds | (457) | (413) |
| Unrealised loss / (profit) on investments | 37 | (233) |
| Depreciation | 336 | 330 |
| Write off investment in Shine Homecare Ltd | - | 40 |
| (Increase) in stocks | (1) | (10) |
| (Increase) / decrease in debtors | (7) | 272 |
| Increase / (decrease) in creditors | 11 | (68) |
| Net cash used in operating activities | <u>(81)</u> | <u>(82)</u> |

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.

23. TRADING SUBSIDIARY: Hospice of St Francis Trading Limited (Company number 06140240)

Hospice of St Francis owns 100% of the 40,000 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.

| | 2016 £'000 | 2015 £'000 |
|---------------------------------------|---------------|---------------|
| Stocks | 50 | 49 |
| Debtors | 12 | 8 |
| Cash at bank and in hand | 53 | 157 |
| Creditors falling due within one year | (70) | (169) |
| Net Assets | <u>45</u> | <u>45</u> |
| Shareholders' equity | 40 | 40 |
| Profit and loss account | 5 | 5 |
| Total Shareholders' funds | <u>45</u> | <u>45</u> |

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NOTES TO THE ACCOUNTS (continued)
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24. ANALYSIS OF STATEMENT OF FINANCIAL ACTIVITIES BETWEEN CHARITY AND TRADING SUBSIDIARY

| | Trading Subsidiary £'000 | Charity £'000 | Consolidated Total £'000 |
|---|--------------------------------|------------------|--------------------------------|
| Incoming resources | | | |
| Voluntary funds | - | 3,824 | 3,824 |
| Activities for generating funds | 449 | 1,273 | 1,722 |
| Investment income | - | 5 | 5 |
| Incoming resources from charitable activities | - | 1,009 | 1,009 |
| | <hr/> | <hr/> | <hr/> |
| Total incoming resources | 449 | 6,111 | 6,560 |
| | <hr/> | <hr/> | <hr/> |
| Resources expended | | | |
| Costs of generating voluntary income | - | 473 | 473 |
| Trading costs | 357 | 1,806 | 2,163 |
| Costs of charitable activities | - | 4,344 | 4,344 |
| | <hr/> | <hr/> | <hr/> |
| Total resources expended | 357 | 6,623 | 6,980 |
| | <hr/> | <hr/> | <hr/> |
| Net operating surplus for the year | 92 | (512) | (420) |
| | <hr/> | <hr/> | <hr/> |
| Gift Aid Donation from Trading to Hospice of St Francis | 92 | (92) | - |
| | <hr/> | <hr/> | <hr/> |
| Realised and unrealised gains on investments | - | (37) | (37) |
| | <hr/> | <hr/> | <hr/> |
| Total after adjustments | - | (457) | (457) |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

HOSPICE OF ST FRANCIS (BERKHAMSTED) LIMITED
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NOTES TO THE ACCOUNTS (continued)
AS AT 31 MARCH 2016

26. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES (31 MARCH 2015)

| | Unrestricted Funds Note 1C £'000 | Designated Funds Note 1C £'000 | Restricted Income funds Note 1C £'000 | Total 2015 £'000 |
|---|---|---|--|------------------------|
| INCOME FROM (NOTE 4) | | | | |
| Donations and legacies | | | | |
| Donations | 2,506 | - | 40 | 2,546 |
| Legacies | 404 | - | - | 404 |
| Charitable activities | | | | |
| NHS Grants for Hospice care | - | - | 748 | 748 |
| Other income from charitable activities | 13 | - | 348 | 361 |
| Other trading activities | | | | |
| Trading and fundraising | 235 | - | - | 235 |
| Retail income | 1,544 | - | - | 1,544 |
| Share of incoming resources from joint venture | 69 | - | - | 69 |
| Investments | 9 | - | - | 9 |
| Total income | 4,780 | - | 1,136 | 5,916 |
| Less share of income from joint venture | (69) | - | - | (69) |
| | 4,711 | - | 1,136 | 5,847 |
| EXPENDITURE ON: | | | | |
| Raising funds (note 5) | | | | |
| Voluntary income | 461 | 10 | 1 | 472 |
| Trading activities | 397 | 10 | - | 407 |
| Retail activities | 1,690 | 8 | - | 1,698 |
| | 2,548 | 28 | 1 | 2,577 |
| Net income available for charitable activities | 2,163 | (28) | 1,135 | 3,270 |
| Charitable activities (note 5) | | | | |
| Inpatient unit | 1,455 | 79 | 796 | 2,330 |
| Community | 559 | 5 | 94 | 658 |
| Outpatients (Spring Centre) | 360 | 25 | 86 | 471 |
| Bereavement (Spring Centre) | 96 | 4 | 40 | 140 |
| Hospital | 13 | - | 74 | 87 |
| Education | 125 | 4 | 61 | 190 |
| | 2,608 | 117 | 1,151 | 3,876 |
| Total expenditure (note 5) | 5,156 | 145 | 1,152 | 6,453 |
| Carried forward | 5,156 | 145 | 1,152 | 6,453 |

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NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016

26. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES (31 MARCH 2015) (CONTINUED)

| | Unrestricted Funds Note 1C £'000 | Designated Funds Note 1C £'000 | Restricted Income funds Note 1C £'000 | Total 2015 £'000 |
|---|---|---|--|------------------------|
| Brought forward | 5,156 | 145 | 1,152 | 6,453 |
| Net gains on investments (note 9) | 233 | - | - | 233 |
| Net Expenditure | (212) | (145) | (16) | (373) |
| Transfers between funds | - | - | - | - |
| Net interests in the results of the joint Venture | (40) | - | - | (40) |
| Net movement in funds | (252) | (145) | (16) | (413) |
| Total funds brought forward | 4,716 | 5,459 | 20 | 10,195 |
| Total funds carried forward | 4,464 | 5,314 | 4 | 9,782 |