

Charity number: 503456
Company number: 1161308

ST. MARY'S HOSPICE LIMITED

Report and Consolidated Financial Statements

Year ended 31 March 2018

ST. MARY'S HOSPICE LIMITED

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Welcome from the Chair and Chief Executive

On behalf of every individual and family who has benefited from the care and support of Birmingham St Mary's Hospice, we begin with a huge "thank you" to all our staff, volunteers and supporters. Referrals to the hospice have increased by 28% over the last two years and we successfully increased fundraising in response so that our incredible staff and volunteers may enable those referred to us to live out their lives in greater dignity and with better care and support. A total of 1,662 local men and women have received direct care from the hospice over the past 12 months together with support for their families, carers and loved ones.

We believe that hospice care should be available to everyone who needs it; most of our care is provided in people's own homes, or community locations close by, in addition to progressive inpatient and day services at the Hospice.

However, the challenge ahead of us is significant. As many of us live longer, the demand for our services will grow, right across the Birmingham, Sandwell and Solihull region. Of concern is that a significant proportion will do so facing extreme poverty, social isolation and deprivation; many will experience the distress of repeated emergency admissions to hospital in the last few months of life, some of which would be avoidable with better support at home.

The response to this challenge cannot be met by Birmingham St Mary's Hospice alone. As a teaching and research hospice, we work alongside other health and social care professionals in prison services, care homes, hospitals, community and mental health services. Our education programmes extend our expertise and approach to this wide network of providers, including GPs and district nurses, so that more professionals are able to deliver high quality supportive care for more people, living with terminal illnesses.

More crucially, we have also taken the step to facilitate collaborative planning across this network of professionals, involving patients, families and local citizens, in order to develop a more co-ordinated approach for the delivery of compassionate end of life care across the whole area.

We are tremendously proud of the way our staff, volunteers and supporters are embracing these challenges and creating the opportunities to deliver the change now and into the future. In particular, we thank the Birmingham Archdiocese for their significant gift of the freehold of the hospice land and buildings in Selly Park.

To all our supporters, across Birmingham, Sandwell and Solihull we are extremely grateful for your ongoing generosity; with your help we will continue our ceaseless endeavour to share our expertise, and meet growing demand, so that every individual and family who needs hospice care, will be able to access it to the standard, quality and responsiveness they require.

Niels de Vos, Chair

Tina Swani, Chief Executive

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TRUSTEES' AND STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

OBJECTIVES AND ACTIVITIES

Our Vision

A future where the best experience of living is available to everyone leading up to and at the end of life

Our Mission and Ambition: Hospice Care for All

To ensure the best hospice care is available for all patients, families and carers across our community, wherever and whenever they need it.

By building partnerships and growing our research and education programme, we will share our expertise and knowledge to help others and work with them to deliver the best end of life care.

Our Values

- Delivering quality care
- Improving access for all
- Sharing expertise
- Working collaboratively
- Changing attitudes

Our Strategic Priorities

Providing a better experience at end of life

- We strive to get the right referral for individuals at the right time, regardless of their diagnosis
- We collect and produce robust data on our services in order to improve them and to demonstrate the difference we make.
- Individuals, their families, carers and loved ones are at the heart of what we do, so we continuously work to improve all services for their benefit.

Expanding our specialist centre of research and learning

- We are committed to developing our skills and understanding so that we can deliver the very best care.
- We provide accredited education for healthcare professionals including GPs and care home workers and for patients, carers and the general public.
- Our focus is to grow the amount of research we undertake to develop understanding and services so we can influence policy makers.

Locating our facilities so we can reach more people

- To ensure that people get access to the best care whenever and wherever they need it, we want to create hospice facilities that are fit for the future.
- We focus on finding new ways to bring hospice care closer to people.
- We want to connect with our communities throughout the city, so we want to grow our profile, our partnerships and our network of shops, so we are truly embedded in our city.

Being an employer and volunteering centre of choice

- Our aim is to attract the best staff by investing in their development.
- We couldn't deliver our work without our valued volunteers and we want to build a new vision for volunteering at the Hospice and put that into action.
- We aim to be a cohesive organisation, where everyone works together as one team to deliver our work and communicate what we do.

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Achieving growth, influence and financial stability

- We want to improve recognition of our brand and make ourselves more visible as a charity.
- We want to communicate more with our many audiences through different methods.
- By connecting with people and encouraging them to support us, we will stabilise our finances more effectively to make us a sustainable organisation.

National policy

A driving document for current national policy on end of life care is "Ambitions for Palliative and End of Life Care: A national framework for local action 2015-2020" (*The National Palliative and End of Life Care Partnership*). This document sets out the following ambitions:

- Ambition 1: Each person is seen as an individual
- Ambition 2: Each person gets fair access to care
- Ambition 3: Maximising comfort and wellbeing
- Ambition 4: Care is co-ordinated
- Ambition 5: All staff are prepared to care
- Ambition 6: Every community is prepared to help

Our priorities support the national ambitions as do our achievements and performance over the past year. The challenge is how to sustain these achievements, both in terms of capacity and funding. This requires collaborative efforts across a whole system of health and social care to plan for the future as well as listening to patients, carers and families to understand what works best right now.

Public benefit

The Trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The Trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the Trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set.

ACHIEVEMENTS AND PERFORMANCE

Birmingham St Mary's Hospice offers a range of services in a number of settings. We welcome individuals, families, partners and carers from our diverse population, mainly across Birmingham and Sandwell. Most of our care is provided in people's homes, or community locations close by, in addition to inpatient and day services at the Hospice.

People of all ages are living longer with terminal and advanced illness and, as our older population increases, there will be more individuals dying alone, unsupported or with avoidable symptoms. Many people are unaware of the difference that hospice care can make to improve this difficult time of life, from diagnosis to end of life care through to bereavement support.

Our ambition is that every citizen, of every background, can live out their lives with dignity, surrounded by those who matter most to them, in their place of choice, and supported by

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professional care at the time they need it. In 2016 we launched our Hospice strategy "Hospice Care for All" to help us achieve just that.

During the 12 months up to 31 March 2018 we provided care to 1,662 individuals, and also to their families and loved ones. This is an increase of 28% since launching Hospice Care for All.

As a teaching hospice, we work alongside other health and social care professionals in prison services, care homes, hospitals, community and mental health services. Our education programmes extend to this wide network of care providers, including GPs and District Nurses so that, together, we can strive to reach more people.

Our award winning research centre not only changes our knowledge of clinical practice, which allows us to look after our patients better, it is also something which patients and their carers value being involved in, allowing them to support patients in the future.

Whilst we need to reach more people, there are local and national constraints in securing funding from health and social care; almost 60% of our running costs come from voluntary income. In response to the challenges we face, we are working collaboratively to deliver a more responsive and cost effective model of service delivery that encourages partnerships across our healthcare network; increases levels of awareness and understanding about the breadth of and accessibility to our end of life care; and encourages our supporters' donations to stretch as far as possible without compromising on the quality of care.

To achieve our vision, we have embarked on an ambitious and innovative transformation programme of service redesign so we can reach more and more individuals and their families, carers and loved ones. We appreciate the efforts of partners across Birmingham, Sandwell and Solihull for empowering this work and vision. This is now a shared success in that end of life care is a priority within the Birmingham & Solihull Sustainability and Transformation Partnership Plan, our Chief Executive has been appointed to chair the End of Life Care Oversight Group and our Medical Director will also continue to have a lead clinical role.

In addition, Birmingham, Solihull and Sandwell, are gaining national recognition for integrated and collaborative working.

Hospice Care for All – our progress during 2017-18

This year we made real progress in all our 5 priorities to provide Hospice Care for All.

1. Providing a better experience at end of life

We launched a new volunteer-led service, Support at Home, to provide befriending support to individuals with life-limiting illness. Funded by the Big Lottery Fund and the People's Postcode Lottery, the service provides individuals valuable social interaction whilst giving families and carers a short break during the day.

In response to an increase in referrals during the year, by 13% across all our services, we expanded some of our Day Hospice services, offering more people access to a therapeutic self-help programme.

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Recognising the importance of providing the right help at the right time, we upskilled our senior nurses this year, training them to become non-medical prescribers.

We have received extremely positive feedback from patients and families, with 97% affirming that every effort had been made to give them the care and support they needed to be as comfortable and free from distress as possible.

2. Expanding our specialist centre of research and learning

Research helps us to understand how to best improve hospice care. Birmingham St Mary's has introduced 'Research Champions' which includes both clinical and non-clinical members of staff. Champions regularly attend research steering group meetings, helping to integrate findings into day-to-day practice and publicise activity hospice wide. This has supported the Research team's ability to lead and take part in many high-quality clinical studies and embed research and learning a top priority for Birmingham St Mary's. It is rewarding to have received national recognition for this work in the form of an award from the National Institute of Health Care Research as one of the UK's most research active hospices.

Our education programmes enable more professionals to gain capability and confidence in delivering hospice and palliative care. This year we trained 1,765 professionals: both our own teams and those from the health and social care sector in Birmingham. Birmingham St Mary's provides education to medical, pharmacy and nursing students from The University of Birmingham, Aston University and Birmingham City University as well as a range of placement opportunities.

A new Community Development and Partnerships Lead Nurse has been appointed. Their remit is to establish a community development programme, working closely with the Head of Research and Education to work with citizens and diverse community groups for two-way learning about what works best at end of life. This will support our aspiration for Birmingham to be recognised as a Compassionate City.

3. Locating our facilities to reach more people

This year we opened a further two satellite clinics at GP practices in local neighbourhoods giving people more choice with where they can access services. As part of our commitment to working with other providers in the city, we are now looking at opening satellite clinics in care homes.

4. Being an employer and volunteer centre of choice

Our staff are deeply committed to their work and dedicated to providing the very best service they can. To support wellbeing and resilience, the Hospice Social and Wellbeing Committee organised a programme of activities throughout the year, including a summer picnic, complementary therapies, and a team step-together challenge.

We have appointed a volunteer ambassador to the Hospice Association. This role will have a direct link to the Board of Trustees and create opportunities for the hospice to benefit from volunteers' specialist and leadership skills as well as improving the experience of volunteering.

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Every Trustee on our Board gives their time in a voluntary capacity. We are signed up to the Diversity in the Board Room pledge to demonstrate our commitment to ensuring our leadership reflects the diverse communities we serve.

5. Achieving growth, influence and financial stability

We continue to grow year on year, expanding and developing our services to meet the needs of our diverse population in Birmingham and Sandwell. With 39% of income coming from statutory sector funding, we have been working hard to generate income from voluntary giving to cover our operating costs.

We have conducted significant fundraising campaigns throughout the year, increasing the amounts raised from previous years. This included the innovative Forget-Me-Not campaign and a record breaking Care at Christmas campaign. We continue to benefit from the generosity of corporate supporters who not only raise money but get involved in our work through volunteering.

To raise our profile and increase awareness we have been working to refresh our current brand. A new visual style has been developed and we are testing this out with members of the public ahead of a full launch. Stakeholders involved describe the hospice culture as positive, progressive and person-centred.

Our services

Co-ordination and facilitation

As well as the provision of a comprehensive range of services, Birmingham St Mary's is committed to facilitating the co-ordination of a "whole system approach" to provide a better experience for more people at the end of life. We work with many other services and organisations to deliver care and so redesign and planning must take place with them.

Our Medical Director has initiated and established a Working Party of providers and commissioners who are exploring greater opportunities for better integration of care. The intention is to galvanise energy and resources to create a seamless journey for people needing hospice, palliative and end of life care. This will reduce duplication, strengthen partnership working and enable more individuals to live out their lives in dignity, with symptoms more closely managed; loved ones and carers will also be better supported.

This work aligns directly with the Hospice's own vision. This will support the changing need across the City and surrounding areas in which we operate. Data has been researched and stakeholder events held to look at current issues and challenges in palliative care and what is needed in the future.

The work is supported by key business leaders who share this vision. Briefing sessions were also held throughout March 2018 so that staff and volunteers could contribute to future plans.

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Inpatient Care

The inpatient unit supports people in need of intensive palliative and end of life care. Our specialist team of doctors, nurses and therapists care for people on the ward, helping with symptom management and providing therapies as well as advice and support. In our Harry Moseley Centre, families can stay with their loved ones in a calm and comfortable environment.

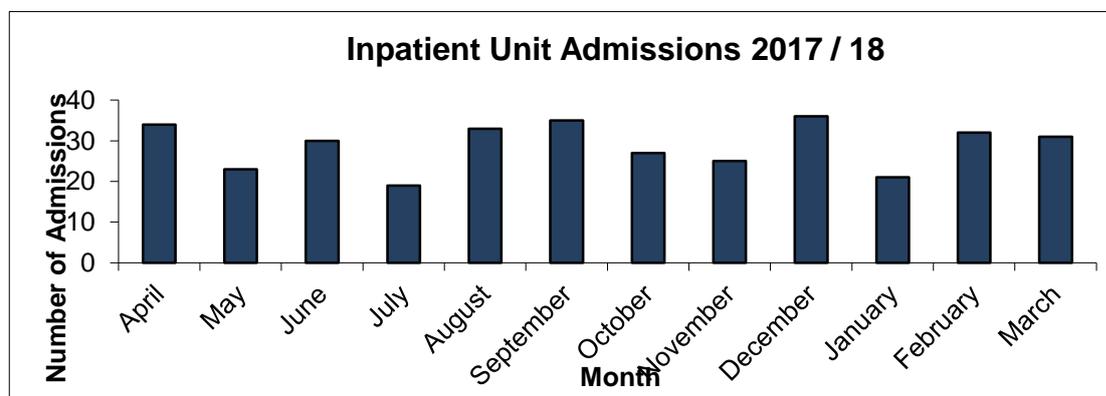
The average length of stay on the inpatient unit is two weeks. Patients are frequently discharged from the unit after receiving expert nursing care and return home with their symptoms under control.

Referrals are taken from health care professionals and are prioritised according to clinical need. Holistic care is planned to address the physical, psychological, social and spiritual needs of the patients, with respect for culture, religious and personal values. Personal choice is central to the ethos of care and decisions are made by the individual, in collaboration with the team. Information is given to enable patients to be involved in the decision-making process. Our care is delivered without judgement, and we respect and uphold every individual's privacy and dignity.

The unit comprises 18 beds and a family centre with en-suite bedrooms, kitchen, family area and a selection of open and private spaces. The remainder are in single rooms with en-suite facilities or small multi-bedded bays. There is a Peace Room with facilities for prayer and quiet reflection. All rooms have access or windows onto private outdoor garden areas with views across parkland.

The main conservatory has been designed to create a home from home setting for those patients with dementia. Improvements to lighting, signage and furnishings aim to offer an environment that is comforting and familiar, to reduce anxiety, isolation and confusion and improve social interaction. Visiting hours are open, providing access 24 hours a day.

In 2017/8, there were 346 admissions to our Inpatient Unit, including patients who may have been admitted more than once. Our bed occupancy rate for the unit during the year has been 89%.



In response to the increase in referrals to all services during 2017/18, three additional nurses were recruited to the inpatient unit nursing team in order to ensure safe staffing levels and our high standards of responsive care.

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A Practice Development Nurse was recruited to work alongside nursing staff to support clinical effectiveness. This innovative role supports openness, accountability and transparency in nursing practice, medicine management and delivery of high quality, responsive care.

Community Care

The community palliative care team provides palliative care, support and advice to patients and carers in their own homes and to other healthcare professionals working with these patients. The team consists of Clinical Nurse Specialists, a Community Palliative Care Consultant, Occupational Therapists and the Family and Carer Support staff. Staff liaise closely with GPs, District Nurses and local hospital staff.

The Community Palliative Care Team, Day Hospice Team and Hospice at Home nurses now operate as one fully integrated service to support a more flexible and responsive approach to hospice care within day therapy and community based services, with a growing caseload:

- 988 new referrals were received for the Community Palliative Care Team.
- There were 15,543 patient contacts and 3,994 multi-disciplinary and professional contacts.
- The team had 250-300 patients per month on their caseload during the year.

The Community Palliative Care Team have had an 18% increase in referrals. In response to this, the team have initiated the role of duty Clinical Nurse Specialist (CNS) to answer any questions, and respond to more urgent contacts from patients, families, carers and referrers requesting advice and support on a daily basis.

A working group led by the Head of Service Improvement and Quality has generated governance around Non-medical Prescribing through the course of this year, with guidance and support from Birmingham Cross City CCG. A group of senior nurses have completed their Non-medical Prescribing, and a rolling programme of training has been activated to expand these skills within the inpatient and community settings.

We are involved with a pilot project to identify the use of Personal Health Budgets to enable individuals to benefit from more timely discharge home.

Satellite Services

The Hospice provides services in other settings such as GP practices and care homes to reach more people across Birmingham and Sandwell and bring care closer to home. Our Satellite Clinic service is a new area of development and created in collaboration with our Clinical Commissioning Group (CCG) and GP partners.

Patients can choose to see a clinical nurse specialist in their choice of location, ranging from their own home, at the Hospice or in a GP practice or a Health Centre. They are offered the same level of service at all locations and can access any of our other services to meet their needs.

We now run 4 Satellite Clinics at GP practices in the following neighbourhoods:

- Sparkbrook Community & Health Centre, Sparkbrook
- Jiggins Lane Medical Centre, Bartley Green
- Druids Heath Surgery, Druids Heath
- Cape Hill Medical Centre, Cape Hill

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During the year:

The pilot Satellite Clinic service was evaluated and positive outcomes were achieved. 10% of individuals on our Community caseload attend the Satellite Clinic service.

Hospice at Home

This service is provided to patients who are at the end stage of a terminal illness who have expressed their wish to die at home and who require additional support. Care is delivered by Registered Nurses and Health Care Assistants in the patient's own home.

Recruitment has also commenced to extend the Hospice at Home service up to 10 pm. The team have also initiated a rapid response resource to assess and support patients, families and carers at home.

54% of Hospice at Home referrals during the winter period were as a result of a need to bridge the gap between discharge from hospice or hospital to home whilst waiting for social care to be put in place.

This facilitated individuals' advance care plan wishes to be achieved, and for patients to return to their preferred place of care and death.

Day Therapy Services

The Day Hospice Therapeutic Programme is a clinically led, 12 week educational programme for people living with a life limiting illness. The programme encourages and promotes people to live well and share experiences with others in a similar position. Day Hospice takes place every Tuesday and Thursday, and on Wednesdays there is an Outpatient Clinic and Welcome Group.

The Welcome Group is a weekly volunteer led service which provides social and peer support for patients. It is run by a senior Healthcare Assistant and an experienced team of volunteers and can accommodate up to 20 patients per session.

Day Hospice patients are assessed by the nursing team at each visit and can be referred to other Hospice clinical services. Patients can, if necessary, be brought in and taken home by volunteer drivers in Hospice vehicles or volunteers' own cars.

Over the last two years, the Day Hospice has continued to develop an integrated and therapeutic approach to palliative care. The therapeutic approach includes advance care planning, disease focused clinics, arts, exercise and individualised programmes.

This approach, together with collaborative partnership working in the locality, has improved cross boundary understanding of Hospice services available. In particular it has increased awareness that the Hospice supports people with non-cancer and cancer, reflecting the growing number of people living with multiple long term conditions. Over the year, there has been an increase in Day Hospice patients who do not have cancer, from 30% to 50%.

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Therapeutic Care

Our expert therapists offer physiotherapy, occupational therapy and complementary therapies to people on the ward in the Hospice, in our Day Hospice and out in the local community. As well as supporting people's emotional and physical well-being, therapeutic services help people to be more independent and to live their lives as fully as possible.

Family and Carer Support

The Family & Carer Support Team provides specialist counselling, spiritual and psychosocial support to patients, carers and family members, including children whose parent or relative is ill. In addition social work staff can assist with questions or concerns about benefits, housing or other social needs and can also point out voluntary and statutory agencies which can deal with these issues most effectively.

We strive to ensure every individual of any faith or no faith have their beliefs respected. The Chaplaincy & Spiritual Care Team provides spiritual support for those who request it.

Support at Home services

The new 'Support at Home' service was launched in July 2017. It provides trained volunteers to visit individuals at home and offer friendly companionship and to listen. Reflecting the diversity of individuals we serve, the Support at Home volunteers speak 13 languages between them.

As part of our Family and Carer Support Team, volunteers work closely with teams across the Hospice. All volunteers are given extensive training to ensure they have the skills and knowledge required to offer the support that individuals and families need.

Support is available for up to 3 hours per week on a flexible weekly, fortnightly or monthly basis.

The service includes:

- Befriending
- Help to attend any appointments or short visits
- Assistance in finding services, agencies and organisations that can provide additional help
- Support with correspondence and helping people get their affairs in order
- Enabling carers to take a break for a few hours to relax, visit friends or run errands

The service works with the patient, and supports families and carers to improve the psychological wellbeing of those facing life-limiting illness, and their carers, and reduce the social isolation of those most in need.

Bereavement Support Services

Bereavement support is an essential part of quality palliative care. The Bereavement Support Service consists of highly skilled volunteers who have been trained in supporting people in grief; they are managed by a full time Senior Social Worker and receive one to one supervision from external counsellors paid for by the Hospice. The Service currently offers a range of information, facilitated support groups, one to one bereavement support and counselling.

Our specialist Child Bereavement service supports children and young people dealing with the loss of a loved one.

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General advice

Our Triage nurse offers expert advice and signposting to all our specialist services. Outside of office hours, patients known to the Hospice can access telephone advice from our team of specialist nurses.

We offer 'round-the-clock' specialist medical advice and telephone support for any healthcare professional caring for individuals with palliative care needs within our area.

The role of the triage nurse has continued to effectively manage referrals for all teams. This role is providing a more responsive service to referrers by assuring effective support and communication between health and social care professionals.

Education

As a teaching Hospice, we champion end of life care education; training students and professionals from different sectors so they can provide excellent palliative and end of life care. We offer a broad range of accredited training courses and trainee doctors and nurses form part of our clinical teams.

The Hospice takes an active role in promoting education to our staff and wider health and care network. During 2017/18 we held a range of education activities to improve end of life care.

Our education programme

We run an extensive education programme for health and social care practitioners and also for our own staff. In addition we run two courses and examination programmes for the European Certificate in Essential Palliative Care. We are also licensed as a Gold Standards Framework Regional Centre and deliver training to professionals and care homes to improve standards of care at the end of life.

Supporting local health and care practitioners

We have supported pre-registration of nursing and medical students through placements. We have also hosted inter-disciplinary placements for pharmacy students from Aston University. As part of our involvement with the Birmingham Community Healthcare Trust Nursing Associate role pilot, we have supported 13 Trainee Nurse Associates for a one week placement and 14 sessions on Hospice Care for Student Nurses. We have also carried out triennial reviews for Student Nurse Mentors. We also promote access to the British National Formulary resources and various journals.

Research

Research is a vitally important part of the work we do. We work with researchers at universities and in other health care settings and are actively involved in recruiting patients, carers, staff and volunteers for new research projects. The research we do continually improves the care and support we provide.

This year, the Hospice won a national award from the National Institute for Health Research Award for being one of the UK's 'most research active' hospices. This prestigious accolade recognises our commitment to developing and transforming end of life care.

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We have continued to build on the progress made in research within the hospice. All clinical areas have now been involved in at least one research project, and together with learning events, this has contributed to many staff feeling more confident about research.

All hospice staff, whether clinical or non-clinical, are invited to attend journal club, and papers have been presented by a variety of team members including healthcare assistants, physiotherapists, nurses, doctors and social workers. The research team summarises and shares key points for those unable to attend.

Several blogs have been published to promote the hospice as research active. The hospice has a research page on its website.

Our award winning research team includes a consultant in palliative medicine and a research nurse from the hospice, together with a research nurse from the School of Nursing at University of Birmingham. They are supported by Research Champions who assist in dissemination of information about research activity within the hospice and also seek feedback from their own teams about useful future research projects.

The research team have continued to encourage patients and those close to them to take part in research and have recruited strongly for several active projects, locally and nationally, giving patients and their loved ones the opportunity to contribute a lasting legacy to future care.

Highlights of the Year

April 2017 – Creating a field of Forget Me Nots

In April 2017, we launched our first-ever 'Forget Me Not' appeal – a striking, visual campaign which celebrated the lives of loved ones. Over 1,500 specially crafted wrought iron flowers were planted in the heart of Brindleyplace, creating a stunning art display. The campaign was a huge success, raising over £38,000 for the Hospice.

May 2017 – A Volunteer Carnival

At the end of May, we championed the dedication of our volunteers by hosting a two-day celebration in our Day Hospice. We hosted a carnival – complete with crafts and traditional fayre games – to 'give back' to those who give up their time for the Hospice. We wanted to honour our volunteers as over 350 helpers provided an outstanding 100,488 hours of their time for free – equating to £754,000 had they been paid members of staff.

June 2017 – Awards for our volunteers

Two of our fantastic volunteers took home prestigious awards in recognition of their outstanding efforts for our hospice. Richard Green picked up 'Community Volunteer of the Year' at the Birmingham Voluntary Service Council, where he was praised for his exceptional contribution to our annual 'Treecycling' campaign. Mike Price, who volunteered in our catering team for an incredible 20 years, received the national 'Order of the Mercy' medal – a century-old award which he received at a ceremony in London.

July 2017 – Providing support at home

The 'Support at Home' service was launched in July, to extend the range of support on offer to those living with a life-limiting illness. Funded by a number of charitable trusts, the new service is volunteer-led and offers practical, social and emotional support to people in their own homes.

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It also offers additional support to family members, loved ones and carers by offering them a break for a few hours each week.

August 2017 – Celebration following the gift of the hospice freehold

We held an event to celebrate the generous gift from the Archdiocese of Birmingham of the freehold of our premises, 40 years after the first foundation stone was set. The Archbishop of Birmingham, The Most Reverend Bernard Longley, attended a special tea party at the Hospice and spoke with patients, volunteers and staff. The freehold, effective from 21 June 2017, will provide us with more freedom to grow in future years.

September 2017 – Day Hospice expands to Tuesdays

The Day Hospice began opening an additional day, providing the popular 12 week therapeutic programme to more individuals. The sessions offer people the tools and support to live well with a life-limiting illness.

October 2017 – Celebrating Hospice Care week

To mark Hospice Care Week, a national campaign led by Hospice UK, we created a unique photography exhibition which toured corporate offices across the city. Featuring nurses, volunteers, housekeepers, fundraisers amongst other roles, we celebrated the many different faces that make up our hospice by creating a stunning portrait gallery, helping to raise vital awareness of end of life care.

November 2017 – Bringing care closer to home

We launched two more Satellite Clinics in November, ensuring that more people living across Birmingham and Sandwell have access to crucial hospice care. The two clinics based at Cape Hill Medical Centre in Smethwick and at Druids Heath Surgery in South Birmingham, will help improve accessibility, reach, and choice for people living with life-limiting illness.

December 2017 – Care at Christmas

Our 'Care at Christmas' campaign was in full swing during December, with a range of events and activities, such as Jingle Bell Jog and Light up a Life. This year's Care at Christmas was our most successful yet, raising an impressive £135,000 which helps pay for 6,000 hours of nursing care at home.

January 2018 – Turning trees into cash

'Treecycling' returned to Birmingham in January, which is the city's biggest Christmas tree recycling scheme. Supported by corporate partners, over 100 volunteers collected trees from postcodes across Birmingham and Solihull. 2,630 homes took part, raising £50,000 for the Hospice, our biggest Treecycling total to date.

February 2018 – Preparing for non-medical prescribing

This month saw the culmination of a year's hard work to set up and train clinicians in non-medical prescribing. Supported by our board and by the Birmingham Clinical Commissioning

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Group, this initiative will improve pain management and symptom control for individuals, helping people and their carers have a better experience at end of life.

March 2018 – A new shop on the block

Birmingham St Mary's launched its new shop in Sheldon, making it the charity's 17th store across Birmingham. The ribbon was cut by Sarah Gaynor, the longest serving retail volunteer at the previous Sheldon shop, and local shoppers queued to be the first to look around.

The year ahead

Growing demand

In response to the growth in our elderly population projected for the next five to ten years, we are planning new solutions with citizens and partners to co-design hospice care for the future.

With the formation of the new Birmingham & Solihull Clinical Commissioning Group, the Sustainability and Transformation Partnerships structure is beginning to develop. This will accelerate development of a future model of care across the City. It is positive that we have been asked to continue facilitation and leadership in the year ahead, and that the Birmingham & Solihull Co-ordinated End of Life Care Working Party, established by our Medical Director, now has a recognised remit.

We will continue to work with partners including GP groups, NHS Trusts, Social Services, Care Homes, Community Nursing Teams, citizens and leaders of all these organisations, to design a new way of providing services that responds to this changing demand, reduces avoidable hospital admissions and enables individuals to be cared for safely and with dignity in their preferred place.

This also involves working with diverse communities to respond to a wider range of needs as well as those living with dementia and multiple long-term conditions.

We are learning from our alliance in Sandwell & West Birmingham Connected Palliative Care. The co-ordination hub, led by the Sandwell & West Birmingham NHS Trust is already enabling more people to receive care at the end of their lives when they most need it.

To support transformation across the City, we are developing a broader range of education programmes for professional groups as well as citizens, carers, patients and families to strengthen resilience and confidence at all levels in supporting people at end of life.

Creating sustainable partnerships

At a very local level, we have a partnership agreement with John Taylor Hospice; our Medical Director delivers sessions across both hospices, providing medical leadership, supporting development of clinical strategy and governance. We are also developing a Birmingham-wide hospice at home service.

We are doing some exploratory work with homelessness charities and housing providers to scope better support for people who are homeless and living with advanced or terminal illness.

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Investment in services

Whilst we work towards finding transformative solutions for the future, the increase in demand is placing greater pressure on our own services right now. In order to maintain safe, responsive, high quality care, we are investing in additional staffing and service expansion to keep pace with demand. This investment will support new ways of working; make better use of precious specialist staff time; and raise the profile of Birmingham St Mary's so that more people know about us, can use us, and support us. Whilst these services will be funded partly by surpluses from the past year, they will be phased carefully and remain dependent upon the ongoing generosity of voluntary donations and fundraising.

Trust and confidence

We are grateful for all the letters of thanks that patients and families send to us about their experience of our care. It goes a long way to establishing the trust and confidence in our services. It is essential that we provide ongoing assurance to our patients, families, funders and supporters. We continue to develop a culture where staff and volunteers can report something they feel is wrong and earn the trust of our supporters, patients and families

Our most recent Employee survey, in November 2016, showed that 91% of staff would know what to do if they saw a wrong-doing. To strengthen this position, we have appointed a Freedom to Speak Up Guardian and five Champions, including two Trustees. Our Guardian and two Champions have attended the national Freedom to Speak Up Guardian's Office training in November 2017 and a campaign about speaking up will be rolled out to staff and volunteers in the coming months.

To advance equality, diversity and inclusion at the hospice, we are also working towards the Level 2 Investors in Diversity award. Achieving this award will help attract potential employees and volunteers from across our diverse communities.

Thank you

Our Volunteers

Tribute to Ed Doolan MBE

Our Honorary Vice-President, the acclaimed BBC WM broadcaster Ed Doolan MBE, died this year. Ed was a great supporter of the Hospice, acting as a volunteer patron and championing our volunteers and the work they do. Ed hosted the Hospice's first Light up a Life event, in 1998 and did so for 15 years, from 1998 to 2013.

Tribute to Sir David Perris

We are grateful to Sir David's ongoing support since the Hospice's earliest days. As Chair of the Birmingham Regional Hospital Board at the time, he was instrumental in securing an ongoing collaborative working relationship between the NHS and Birmingham St Mary's. He continued his support up until his death in 2017 and regularly expressed his appreciation for his Honorary Vice-President role.

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Birmingham St Mary's benefits from the generous gift of time from over 350 volunteers; this includes our Trustees who support the governance and leadership of our organisation.

Those benefits and the reasons for volunteering are wide ranging: from the feeling of making a difference to people with life-limiting illness, to joining a team and making new friends, to learning new skills and gaining valuable career experience. Volunteers are supported and involved in inductions, briefings and special thank you events each summer.

This year, two long-serving volunteers received notable awards for their remarkable dedication to the Hospice. Richard Green was awarded 'Community Volunteer of the Year' by Birmingham Voluntary Service Council, for his exceptional contribution to our annual 'Treecycling' campaign. Michael Price, who volunteered for 20 years serving patients' meals, received the national 'Order of the Mercy' medal, a century-old award which he received at a ceremony in London.

Volunteer Bereavement Workers and Volunteer Counsellors held 561 face-to-face sessions with individuals and made 78 phone calls

Volunteers in the Family and Carer Support team sent 689 letters to people offering support after their loved one had died.

Our fantastic collection volunteers have given over 200 hours of their time and raised more than £8,000 in 27 collections this past year.

Our fundraising groups have raised over £15,000 and 1 new fundraising group has been set up at the University of Birmingham.

Collection box coordinators helped raise £35,000 from collection tins across various locations in Birmingham and Sandwell.

With over 100 volunteers and over one weekend, we raised over £11,000 during The Big Brum Bucket Collection 2017.

Hospice Ambassadors have given over 50 hours of their time to represent the hospice at 27 events this year, raising awareness of Birmingham St Mary's in the community.

Gardening volunteers have dedicated 415 hours of their time to maintaining our garden and grounds.

Maintenance volunteers have made 245 checks on hospice vehicles.

Reception volunteers have welcomed 1,203 visitors, answered 19,063 telephone calls and franked 37,537 letters and parcels.

Catering volunteers have served over 18,396 cups of tea and coffee and over 16,425 patient meals to visitors, patients and staff.

140 retail volunteers have given 38,405 hours of their time supporting our chain of shops.

Trusts and Foundations

This year we received donations from 63 Trusts and Foundations.

Highlights include:

- Funding from the Edward & Dorothy Cadbury Trust and the Connie & Albert Taylor Trust towards the cost of running Satellite Clinics to provide support and information services in local communities.
- Funding from BBC Children in Need for a Children's Support Worker for three years, and to increase our volunteer capacity for children's bereavement support services.

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- Grants from the February Foundation and the D'Oyly Carte Charitable Trust towards the cost of a 12 month trial for an Art Therapy project, providing pain and stress relief and improving wellbeing through the use of art and drama, utilising the specialist skills of two art practitioners.
- A grant from the George Fentham Birmingham Charity towards the cost of replacing a combination oven, which contributes to the provision of nutritious and healthy meals for individuals in our care at the Hospice.

Major Giving and Philanthropy

- Last year we generated over £42,000 in personal major gifts.
- With the kind sponsorship and support of Park Regis we held a private dining event in June 2017, to showcase our work to a number of regional and national philanthropists for a shared vision for the future.

Corporate Supporters

Our corporate partners were:

- Fitzgerald Civil Engineering Contractors
- Brindleyplace
- EY
- Gowling WLG
- Secure Trust Bank
- Park Regis Hotel
- Shoosmiths

We were also supported by many more local businesses contributing to a significant growth in income from corporate partners for 2017/18

The corporate fundraising highlight of the year was The Chocolate Gunge tank challenge which saw 28 regional bosses dunked in 'chocolate' raising over £25,000 for the hospice.

We were also delighted to welcome ten teams from Birmingham businesses to create a Winter Wonderland display in the Hospice gardens throughout December. Each company's own section of the magical winter wonderland was judged by Selfridges, with Shoosmiths crowned the winners.

Our charity shops - at the heart of local communities

The Hospice retail chain now has 17 shops across the City, continuing to be a valued part of many local high streets. As well as providing customers with a great shopping experience, our shops promote public awareness.

The shops comprise two boutiques, one furniture shop, one shop offering both clothing and furniture, one clearance shop and 13 general shops (including the Butterfly Lounge shop next to the Inpatient Unit in the Hospice)

Highlights:

- Total income from donated stock in these shops rose to over £1 million this year.
- Helped by a team of 140 volunteers who gave us 38,405 hours of their time
- We served 204,345 customers in our shops this year.

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Donated stock has always been key to successful charity retailing; new initiatives such as mobile corporate stock donation stations have helped improve the quality of stock this year.

At the end of September 2017 we closed our long standing Sheldon shop due to re-development of the Poolside site by the landlord, but successfully re-located to a new look unit on Coventry Rd in March 2018.

We successfully re-launched our own eBay online website, getting numerous new community eBay sellers selling items and donating the proceeds on our behalf.

We have improved income from each bag donated, from £9.92 last year to £11.44 this year.

During the year we have worked hard to generate maximum value from each kindly donated item and plan to open three new shops in 2018/19.

Our approach to fundraising

As a charity reliant on voluntary income we take an active and responsible approach to fundraising. We are registered with the Fundraising Regulator and are firmly committed to ensuring we are compliant with their Code of Practice.

Our fundraising activity is carefully planned and all supporter data on our fundraising database is governed by strict consent, unsubscribe and complaints processes. Oversight of these processes is carried out by an internal committee of staff, ensuring we are kept up to date with new legislation as well as supporter feedback.

All of our Hospice events are risk assessed and covered by professional insurers whom we work closely with to ensure our supporters are properly protected when registering for our events.

Overall oversight of fundraising activity carried out by the Hospice is the responsibility of the Trustees, Senior Management Team and specifically the Director of Income Generation and Marketing. All receive regular reports on incidents and complaints .

Ensuring excellent fundraising customer service

The Hospice is committed to providing an excellent service to supporters and retail customers but we recognise that occasionally things don't always go to according to plan. With this in mind, we encourage complaints and suggestions to help shape the ongoing development of services and the way in which we work with our supporters.

During 2017-2018 the Hospice received 17 complaints relating to fundraising:

4 via email; 4 via letter; 8 via telephone and 1 face-to-face

Ongoing evaluation

Complaints help us to monitor the effectiveness of our fundraising activities and we actively review and analyse the complaints we receive in order to recognise trends and take appropriate action at an early stage. Once resolution of the complaint is achieved, learning outcomes are identified and publicised to improve the quality of the service provided, improve relationships with service users, customers and supporters and to promote best practice with staff. Should the complainant not be satisfied with the response from the Hospice, we refer them to the Fundraising Regulator for independent adjudication.

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The Fundraising Team share and review all feedback received. We respect and value every one of our supporters and strive to learn from each comment and amend our processes where possible, in an endeavour to provide the highest quality service. During the year, we worked hard to ensure that we were communicating with our supporters appropriately and thanking them in a timely manner for their kind donations.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Reference and administrative information set out on page 30 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

The Articles of Association

The Articles of Association is the governing document that sets out rules and requirements relating to Association Members; terms of office and election of Trustees and Honorary Officers; disqualification of Trustees; and proceedings of the Board.

There are 65 (2017: 63) members of the Association, with provision for up to 100 members. All Trustees or Directors of the Hospice, its Charitable Trust Fund and Trading Company, are required to be members of the Association. Association Members are appointed after attending an open recruitment or open evening, to learn more about the Hospice, followed by interview process with an appointments panel selected from Trustees, Association Members and Executive Directors, and usually including the Chairman and Chief Executive.

Association Members bring their expertise and professionalism in a voluntary capacity to support our planning, governance committees and other groups.

Board of Trustees

The Board of Trustees (the Board) is the governing body of the Hospice. The purpose of the Board is to agree the strategic direction of the Hospice and to ensure the organisation delivers on its plans and objectives as set out in the governing documents. The Board is accountable for the Hospice's compliance with regulation and legislation as well as ensuring that the values, philosophies and reputation of the Hospice are upheld.

The Board also supports the Chief Executive and Executive Team in carrying out their executive responsibilities and holds them to account for their delegated responsibility for the strategic and operational leadership and management of the Hospice. There is a clear understanding of the distinction between Governance and Management.

There can be up to 15 Trustees on the Hospice Board (with a quorum of five). The Board holds ultimate responsibility for the employment of all Hospice staff who are employees of the Hospice. The Board meets at least four times a year and is the final decision-making body for new policy, strategic planning and approval of financial budgets. The Board is also responsible for monitoring the implementation of the strategy and financial activity. The Hospice Chief Executive and Executive Directors attend Board meetings. Trustee and Director Indemnity insurance was provided for the year at an annual cost to the Hospice of £484 with a limit of indemnity of £1 million.

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A maximum of two staff or volunteer observers may attend each Board meeting by prior arrangement.

Appointment of Trustees

Appointment of Hospice Trustees may either be by election by the Association at the Annual General Meeting or co-opted by the Board. There is a term of office of three years following which there may be re-election by the Association. The number of re-elections is not limited although this is currently being reviewed.

Trustees are appointed following a recruitment process which may include advertisement or a recruitment event. An expression of interest form and Curriculum Vitae is requested followed by interview with an Appointments Panel of Trustees, Association Members and Executive Directors. The panel will normally include the Chairman and Chief Executive. References are taken and appropriate suitability checks are made prior to appointment, as Trustees may be given power of inspection.

The role of Chair is for up to two terms of 3 years. This also follows a recruitment process supported by succession plan and/or advertisement and search. This includes interview with an Appointments Panel of Trustees, Association Members and Executive Directors. The Honorary President of the Association may also chair the Panel. Vij Randeniya was appointed according to this process in 2014 and pre-determined a 3 year term. Search and advertisement for his successor commenced in early 2017 and Niels de Vos was appointed for a 6 year term, joining the Board in September and taking up the position of Chair in November 2017.

Induction and training of Trustees and Association Members

Trustees and Association Members have a core induction programme supported by bespoke induction activities depending upon their role. All Trustees now have Information Governance training as they are encouraged to participate in provider visits. There are brief Trustee training sessions prior to at least two Board Meetings a year and an annual Away Day of Trustees and Executive Directors. All Away Days consider the Hospice's position in relation to national and local policy in relation to the needs of our local population.

Strategic Leadership and Governance Framework

The Chief Executive is responsible for the leadership of the Hospice, which involves assisting the Board in determining the strategic vision and plans for the Hospice, and for ensuring effective achievement of those plans. The Chief Executive and Executive Team also ensure that Trustees are actively engaged in exercising their accountabilities and assure effective and transparent governance across the whole organisation. This is provided through a leadership and governance framework of which there is a core leadership and governance structure.

Leadership

Executive Team

The Executive Director Team comprises:

- Chief Executive
- Medical Director/Consultant in Palliative Medicine
- Nursing Director
- Finance Director
- Director of Income Generation & Marketing

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Meeting fortnightly, this team is engaged at looking at the wider strategic implications of changes that affect the charity sector and the operational environment. Executive Directors have powers to make decisions within the approved budget, operational plan and hospice policies and procedures, including Standing Financial Instructions which set out delegated authority for financial decisions. Finance and Audit Committee (within given limits) or Board Authority is required for investment or service changes outside these parameters.

The Executive Directors have specific responsibilities within the Grievance and Disciplinary procedures.

Governance

Finance and Audit Committee

The Finance and Audit Committee is a sub-committee of the Board, chaired by the Honorary Treasurer. Executive Directors are members of the Finance and Audit Committee.

The Committee meets bi-monthly between Board Meetings and has specific delegated decision making authority from the Board and also makes recommendations to the Board.

The purpose of the Committee is to monitor the strategic, financial and operational planning of the Hospice and acts as the remuneration committee for Executive Director and Chief Executive pay for Board recommendation. It also assesses the audit process and recommends approval of the financial statements to the Board.

Governance Committees

The Executive Team is responsible for management and assurance of quality and risk through three Governance Committees ensuring that courses of action are taken to minimise and remedy identified risk and poor performance, and that systems are in place to share good practice and continually improve the quality of care, clinical effectiveness and leadership across the Hospice.

Governance Committees have delegated responsibility to approve policies which are then recommended to the Board for ratification. Each committee meets at least once a quarter.

The Governance Committees are:

- Compliance Committee (Health & Safety, Environment, Risk, Information Governance)
- Clinical Governance Committee
- HR Committee

The Compliance and Clinical Governance committees are chaired by a Trustee and attended by at least one Executive Director. The HR Committee is chaired by an Executive Director, with committee membership also including a Trustee and an Association Member with relevant expertise in this field.

Associated Trust Fund and Subsidiary

The St Mary's Hospice Charitable Trust Fund

The Charitable Trust Fund is a registered charity which has the purpose of managing the investment fund for the Hospice. During the year ended 31 March 2018 there were five Trustees, three of whom are currently Hospice Trustees. Meetings are held once a quarter, with a quorum of two Trustees (at least one of which must be a Director of St Mary's Hospice Limited). The Hospice Chief Executive and Finance Director attend with the Investment Manager from Quilter Cheviot, in an advisory capacity.

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St Mary's Hospice (Trading) Ltd ("the Trading Company")

The Trading Company is a wholly owned subsidiary of the Hospice. There were 6 directors serving during the year who have accountability for retail and other trading and commercial activities. The Hospice Chief Executive has ultimate responsibility for the management of the Hospice and Trading Company. Three of the current directors are Hospice Trustees. The Head of Financial Planning and Performance, the Director of Income Generation and the Head of Trading attend the Board meetings, which are held once every three months.

The Trading Company owns a one third share of the equity of TLC Lotteries Ltd (TLC). This company is a joint venture between the Hospice, Acorns Children's Hospice and Focus Birmingham. TLC is managed by a Lottery Manager. The TLC Board of Directors comprises two representatives from each of the three charities. The Hospice representatives are a Trading Company Director and the Director of Income Generation. TLC is a decision-making organisation unless Trustee approval is required from any of the owner charities.

The Birmingham Hospice Ltd

This company is a wholly owned subsidiary of the Hospice. It was incorporated on 11 August 2017 and is a company limited by guarantee. There were two directors who served during the period, the Hospice Chief Executive and the Hospice Honorary Treasurer. The company was dormant throughout the period.

FINANCIAL REVIEW

There was a consolidated surplus overall of £81,920 for the year. In the year to 31 March 2017 the group reported a consolidated surplus of £1,086,507. The surplus in 2017 was mainly attributable to the donation (accounted for as a gift in kind) of the freehold land and buildings by the Birmingham Archdiocesan Trust, the value of which was £740k. If this gift in kind were excluded from the 2017 result there would have been a surplus for the year ended 31 March 2017 of £346,507. After adjusting for this one off donation, the prior year surplus of £347k has reduced to a surplus in the current year of £82k. This is mainly as a result of the fall in realised and unrealised gains on investments from a gain of £399,846 in 2016/17 to a £110,685 gain in 2017/18.

Unrestricted funds are reporting a surplus in the year of £490,132 (2017: £419,913). The large surplus has arisen due to legacy donations which significantly exceeded expectations.

Restricted funds are reporting a deficit in the year of £408,212. The deficit has arisen due to timing differences. Restricted funding has been received in previous years, in advance of the projects/services starting. In 2017/18 a number of these activities commenced, being funded by the income that had been received in prior years, thus resulting in expenditure in the 2017/18 accounts that is not matched by income in the same year. See note 16 for more detail of the restricted fund movements.

Realised and unrealised investment gains totalled £110,685 (£399,846).

Charitable activities consisting of Inpatient Services, Community Palliative Care, Day Hospice, Hospice at Home service and Education accounted for 72% of expenditure for the year.

Only 39% of total incoming resources were generated directly by these charitable activities from the NHS, and therefore the Hospice continues to rely on fundraising and trading activities to help sustain its core services for patients and their families.

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Principle sources of funding

Donations and gifts

The Hospice was pleased to receive donations and gifts of £444,246 (2017: £474,453 excluding the £740,000 gift in kind donation), a decrease of £30,207 (6%).

Legacies

Income of £1,572,126 (2017: £1,243,348) was received from gifts generously left by supporters in their wills. This was an increase of £328,778 (26%) year on year; it represents 19% of the Hospice's total funding. Bequests remain vital to the Hospice's continued financial viability, and sincere thanks are due to all those people who have remembered the Hospice in this way during the year.

National Health Service grants

Income received from the NHS remained fairly stable at £3.21 million (2017: £3.21 million), representing 39% (2017: 39%) of total group income.

Fundraising events and appeals

Fundraising events and appeals generated income of £1,259,356 (2017: £1,015,524), including £283,196 (2017: £269,392) restricted funding. This was £243,832 (19%) higher than the previous year (2017: £175,309 (21%)). The main drivers behind the increase were some extremely successful events, such as Forget-me-Not which substantially exceeded their targets and increased activity and brand awareness.

The Trustees remain very grateful for the extremely high level of support received from a range of Charitable Trusts and Foundations.

TLC Lotteries Ltd

TLC Lotteries Ltd, a joint venture with Acorns Children's Hospice and Birmingham Focus on Blindness, continued to generate net incoming resources of £133,747 (2017: £137,466) for Birmingham St Mary's Hospice. This was £3,719 (3%) less than the previous year's income but the Hospice is very appreciative to consistently receive over £100,000 each year from this venture.

Trading activities and education

Income from trading increased by £76,897 (8%) compared with the previous year. Trading costs increased by £69,708 (8%). During the year one new shop was opened. Trading income included £223,758 (2017: £256,508) relating to donations under the retail Gift Aid scheme, which operates in all of our charity shops. Under this scheme, the Trading Company acts as an agent in selling goods and the owner of the goods can opt to donate the proceeds to the Hospice. The Hospice claims Gift Aid on the amount donated, increasing the total income generated.

Education activities generated income of £114,972 an increase of £70,389 compared with 2016/17.

Investment income

Investment income increased (by 32%) to £106,959. The majority of this income was earned through the activities of The St Mary's Hospice Charitable Trust Fund.

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Reserves policy

The reserves policy of the Hospice takes into account the nature of the income and expenditure streams and the need to provide against the uncertainty of voluntary income, especially the significant variability of legacy income.

The Trustees have reviewed the risks associated with each major income and expenditure stream and quantified potential variability to determine the value of reserves required. On this basis, the reserves target was set at a minimum of £1.98 million for 2017/18, a level deemed necessary as we went through a period of transformation. Due to a good outturn compared to budget, resulting from a favourable legacy performance and continued good cost control mechanisms, reserves remained ahead of this target at £3.43 million at 31 March 2018. The Groups three year financial forecast details deficits in excess of £750k, therefore the excess reserves and designated funds provide the financial stability required to support a period on ongoing transformation. We have a budgeted reserves target for 2018/19 of £1.93 million, which reflects the continued investment in services and potential voluntary income fluctuations.

The Executive Team and Board are continuing to work to improve the Hospice's future financial position and to ensure that reserves are maintained in line with the risk-based policy.

The Executive Team work closely with Commissioners regarding future services and sustainability. The Finance and Audit Committee, a sub-committee of the Board, meet bi-monthly and closely monitor results and future forecasts.

The Trustees have designated funds totalling £2.2 million (2017: £1.9 million) to ring-fence the value of fixed assets retained for the Hospice's operations and to support ongoing transformation and investment in services.

Principal risks and uncertainties

Every year an organisation-wide risk assessment is conducted by the Executive and Business Development Team which includes assessment of governance, operational activities and strategic risks. This register is reviewed twice yearly by the Senior and Middle managers and scrutinised at our Compliance Committee.

The risk register is presented to the Board annually in the form of a risk management matrix identifying the procedures and systems in place to manage those risks with high risk ratings.

During the year we have been developing the organisational risk register to ensure it delivers robust risk management. As a result the risk register now includes a score for Gross Risk, Net Risk and Residual Risk score. This enables the Trustees to give the appropriate challenge to the executive regarding those risks with a high residual score as well as allowing the executive to assess whether we are focusing our attentions on the correct risks. For example if a risk has a low gross risk there may be an argument for toleration and not spending resource to mitigate that risk.

Financial uncertainty

Income streams of the Hospice are significantly affected by the economy and external factors out of our control. By way of an example, legacies form a significant part of our income, but predicting future income streams from legacies is very difficult. Further, as the Hospice receives just over 39% of its funding from the NHS, the increasing need and competition for NHS End of Life Care contracts presents a considerable risk. To mitigate against this the charity is developing collaborative strategies and partnerships that both demonstrate better value for Commissioners and improved outcomes for our population and co-design with Commissioners and partners to transform and improve care for the future.

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Attracting and retaining skilled staff

It is widely reported that a lack of qualified medical, nursing and care staff is adversely affecting public services. For this reason we believe attracting and retaining skilled staff is a key risk. Failure to retain key staff could result in knowledge gaps and strategic objectives not being achieved. We are therefore working hard to attract and retain the best staff on the market. Our initiatives, such as recruitment open days; employee engagement survey and forums; and development of a well-being strategy have supported positive recruitment and retention.

2018 NHS Pay Deal

The NHS pay deal, formally accepted by healthcare unions in June 2018, could result in at least a 6.5% increase for the majority of our staff. If we are not able to match the award we may struggle to attract and retain good quality staff (the risks of which are covered above). If we were to match the award we would use up a significant amount of our reserves which in the long term would not be sustainable. To mitigate the impact of this risk the Hospice will be joining Hospice UK in its lobbying of the UK government to seek a share for Hospices of the additional funding that is being given to the NHS. In addition to this the Executive is taking part in scenario planning sessions, to devise an approach to further address this relatively new issue.

Ability to demonstrate impact

As an organisation it is important for us to demonstrate impact in order to attract voluntary income, improve access to services and also to ensure we can demonstrate to major funders such as the NHS that we are fulfilling their requirements. In order to mitigate this risk we are developing our data systems and capturing the experience of patients, families, carers and loved ones to demonstrate and ensure that we are providing the best quality of care.

Investment policy and performance

The supervision of the Hospice's investments is undertaken by the St Mary's Hospice Charitable Trust Fund. The investment policy, which was set in conjunction with the investment managers Quilter Cheviot, has the following objectives:

- To aid the creation of a sufficient financial return to enable St Mary's Hospice Limited to carry out its purposes effectively and without interruption, and
- The maintenance and, if possible, enhancement of the funds whilst they are invested

Although generally, the interests of a charity's beneficiaries are best served by seeking to obtain a financial return from a suitably diverse portfolio of investments, the investment manager does have due regard to those assets which could be detrimental to the aims and objectives of St. Mary's Hospice. Investment in the Tobacco sector is not permitted.

Performance targets have been set for the Investment Manager to achieve a return consistent with the objectives set out above whilst maintaining an acceptable level of risk with no holding in a single equity share or pooled investment having a value of more than 7% of the total equity portfolio. Performance of the portfolio is reviewed quarterly with the Investment Manager.

The Trust's portfolio achieved a total return of 6.1% to 31 March 2018, compared to a return of 18.7% in the previous year.

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Remuneration Policy

The Hospice has published pay scales, which are reviewed annually by the Board of Trustees and staff are remunerated in accordance with them. All new employee job descriptions, and substantive changes, are subject to evaluation by an external HR specialist to determine pay level. Annually all roles are reviewed as part of the standardised Hospice wide appraisal process, and re-evaluated if job descriptions have changed materially. The Finance & Audit Committee oversees remuneration process for the Chief Executive and Executive Directors.

Trustees and committee members do not receive any form of remuneration for their roles.

STATEMENT OF RESPONSIBILITIES OF THE BOARD OF TRUSTEES

The trustees (who are also Directors of St. Mary's Hospice Limited for the purposes of company law) are responsible for preparing the trustees' annual report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The Trustees are responsible for ensuring adequate accounting records are maintained that disclose, with reasonable accuracy at any time, the financial position of the charitable company and enable assurance that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ST. MARY'S HOSPICE LIMITED

TRUSTEES' AND STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at Year End was 65 (2017: 63)

The Trustees are members of the charity but this entitles them only to voting rights. The Trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The Trustees' annual report which includes the strategic report has been approved by the Trustees on 25 July 2018 and signed on their behalf by

NIELS DE VOS

Chairman

ST. MARY'S HOSPICE LIMITED

TRUSTEES' AND STRATEGIC REPORT

REFERENCE AND ADMINISTRATION DETAILS

PATRONS

Mrs Judy Dyke LLB, TEP
Mr Nick Owen BA (Hons)
Mrs Llewela Bailey
Mr Brendon Batson OBE

HONORARY PRESIDENT

Mrs J Millward FCA

HONORARY VICE PRESIDENTS

Digby, Lord Jones of Birmingham LLB (Hons)
Mr Ed Doolan MBE (deceased January 2018)
His Eminence Vincent Nichols, The Cardinal Archbishop of Westminster MA, M.Ed., STL
Sir David Perris MBE, JP, Hon LLD (deceased May 2017)

BOARD OF TRUSTEES

Mr V Randeniya OBE, DSc, MA, MIFireE, FRSA (Chairman until November 2017)
Mr N de Vos BA (Hons) (joined board September 2017, Chairman from November 2017)
Mr M J Russell JP, FCA (Vice Chairman and Honorary Treasurer)
Ms S Ali (joined November 2017)
Ms S Benton BA (Hons) CIM (joined July 2017)
Mr J K Crawford MRICS
Ms K E Dowman MSc Dip IHSM (joined July 2017)
Mr C L Graham BSc, MSs, AIOSH
Dr S Y Jameel FRCGP, MBBS, BMedSci, DFRSH, M.MedEd (joined November 2017)
Mr S W Leyland AIB
Mr G S Mandla LLB (Hons) Solicitor
Mrs D H McLellan LLB (Hons)
Dr S J Mitchell MB ChB MRCGP MSc (resigned May 2018)
Mrs G M Stanley BDS, MSc
Prof A D Walmsley BDS, MSc, PhD, FDSRCPS (resigned May 2017)
Mr A S Williams BSc, FCA

HONORARY SECRETARY

Ms T L Swani, MBA, FCIM Chartered Marketer

EXECUTIVE OFFICERS

| | |
|--|---|
| Chief Executive | Ms T L Swani MBA, FCIM Chartered Marketer |
| Nursing Director | Mrs H O'Halloran RN, MSc, BSc (Hons) |
| Finance Director | Mrs L V Breeze FCCA |
| Director of Income Generation and Marketing | Mrs S Newcombe MInstF (Cert) (until March 2018) |
| Medical Director/Consultant in Palliative Medicine | Dr D Talbot MBChB, MRCP, AHEA |

ST. MARY'S HOSPICE LIMITED

TRUSTEES' AND STRATEGIC REPORT

REGISTERED OFFICE

176 Raddlebarn Road
Selly Park
Birmingham
B29 7DA

AUDITOR

Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108-114 Golden Lane
London
EC1Y0TL

BANKERS

National Westminster Bank Plc
33 Park Street
Walsall
WS1 1ER

INVESTMENT MANAGERS

Quilter Cheviot
8th Floor
Two Snowhill
Birmingham
B4 6GA

REGISTERED CHARITY NUMBER

503456

COUNTRY OF REGISTRATION

England and Wales

REGISTERED COMPANY NUMBER

1161308

COUNTRY OF INCORPORATION

United Kingdom

ST. MARY'S HOSPICE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF ST. MARY'S HOSPICE LIMITED FOR THE YEAR ENDED 31 MARCH 2018

We have audited the financial statements of St Mary's Hospice Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the consolidated and parent charitable company statement of financial activities, the consolidated and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2018 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

ST. MARY'S HOSPICE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF ST. MARY'S HOSPICE LIMITED FOR THE YEAR ENDED 31 MARCH 2018

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, including the strategic report, has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report, including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ST. MARY'S HOSPICE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF ST. MARY'S HOSPICE LIMITED FOR THE YEAR ENDED 31 MARCH 2018

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Orchard (Senior statutory auditor)

25 July 2018

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

ST. MARY'S HOSPICE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT) For the year ended 31 March 2018

| | Note | 2018 | | | 2017 | |
|--|------|------------------|------------------|------------------|------------------|------------------|
| | | Unrestricted | | Restricted £ | Total £ | Total £ |
| | | General £ | Designated £ | | | |
| Income | | | | | | |
| Donations and legacies | 3 | 2,016,372 | - | - | 2,016,372 | 2,457,801 |
| Charitable activities | 4 | 3,326,384 | - | - | 3,326,384 | 3,252,967 |
| Activities for generating funds | 5 | 2,207,645 | - | 283,196 | 2,490,841 | 2,278,455 |
| Investments | 6 | 106,959 | - | - | 106,959 | 80,795 |
| Other income | | 155,474 | - | - | 155,474 | 96,091 |
| Share of net income in joint venture | | 133,747 | - | - | 133,747 | 137,466 |
| Total Income | | 7,946,581 | - | 283,196 | 8,229,777 | 8,303,575 |
| Expenditure | | | | | | |
| Expenditure on raising funds | 8 | 2,258,259 | 52,723 | 0 | 2,310,982 | 2,205,116 |
| Expenditure on charitable activities | 8 | 5,202,858 | 53,294 | 691,408 | 5,947,560 | 5,411,798 |
| Total expenditure | | 7,461,117 | 106,017 | 691,408 | 8,258,542 | 7,616,914 |
| Net group income/(expenditure) before net gains/(losses) on investments | | 485,464 | (106,017) | (408,212) | (28,765) | 686,661 |
| Net gains / (losses) on investments | | 154,844 | (44,159) | - | 110,685 | 399,846 |
| Net income / (expenditure) for the year | | 640,308 | (150,176) | (408,212) | 81,920 | 1,086,507 |
| Transfer between funds | | (481,403) | 481,403 | - | - | - |
| Net movement in funds | | 158,905 | 331,227 | (408,212) | 81,920 | 1,086,507 |
| Total funds brought forward | | 3,276,083 | 1,883,163 | 3,123,375 | 8,282,621 | 7,196,114 |
| Total funds carried forward | | 3,434,988 | 2,214,390 | 2,715,163 | 8,364,541 | 8,282,621 |

All amounts relate to continuing activities. All recognised gains and losses are included in the consolidated statement of financial activities.

The surplus for the year for Companies Act purposes is £126,079 (2017 surplus £737,323) comprising net income/expenditure after realised gains.

The notes on pages 41 to 56 form part of these financial statements.

ST. MARY'S HOSPICE LIMITED

PARENT CHARITY STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2018

| | 2018 | | | | 2017 |
|---|------------------|----------------|------------------|------------------|------------------|
| | Unrestricted | | Restricted | Total | Total |
| | General | Designated | | | |
| | £ | £ | £ | £ | £ |
| Income | | | | | |
| Donations and legacies | | | | | |
| Legacies | 1,572,126 | - | - | 1,572,126 | 1,243,348 |
| Donations & gifts | 444,246 | - | - | 444,246 | 1,214,453 |
| Other trading activities | | | | | |
| Fundraising events and appeals | 976,160 | - | 283,196 | 1,259,356 | 1,015,525 |
| Activities for generating funds | 747,617 | - | - | 747,617 | 737,961 |
| Income from TLC Lotteries Ltd | 132,640 | - | - | 132,640 | 140,015 |
| Investment income | 57,537 | - | - | 57,537 | 2,425 |
| Income from charitable activities | | | | | |
| NHS Grant | 3,211,412 | - | - | 3,211,412 | 3,208,384 |
| Education | 99,573 | - | - | 99,573 | 14,663 |
| Other income | 155,474 | - | - | 155,474 | 96,054 |
| Total Income | 7,396,785 | - | 283,196 | 7,679,981 | 7,672,828 |
| Expenditure | | | | | |
| Expenditure on raising funds | | | | | |
| Expenditure on donations and legacies | 1,158,989 | 4,100 | 0 | 1,163,089 | 1,084,820 |
| Trading | 693,506 | 1,171 | - | 694,677 | 624,264 |
| Expenditure on charitable activities | | | | | |
| Inpatient services | 3,342,158 | 38,615 | 220,502 | 3,601,275 | 3,306,976 |
| Community Palliative Care | 1,056,234 | 3,280 | 264,433 | 1,323,947 | 1,158,137 |
| Day Hospice | 378,689 | 8,841 | 164,125 | 551,655 | 433,399 |
| Hospice at Home | 321,727 | 1,343 | 17,128 | 340,198 | 362,820 |
| Education | 93,669 | 1,215 | 25,220 | 120,104 | 124,367 |
| Total expenditure | 7,044,972 | 58,565 | 691,408 | 7,794,945 | 7,094,783 |
| Net income/ (expenditure) before transfers | 351,813 | (58,565) | (408,212) | (114,964) | 578,045 |
| Transfer between funds | (453,683) | 453,683 | - | - | - |
| Net movement in funds | (101,870) | 395,118 | (408,212) | (114,964) | 578,045 |
| Total funds brought forward | 952,910 | 1,082,374 | 3,123,375 | 5,158,659 | 4,580,614 |
| Total funds carried forward | 851,040 | 1,477,492 | 2,715,163 | 5,043,695 | 5,158,659 |

CONSOLIDATED BALANCE SHEET
As at 31 March 2018

| | Notes | 2018 | | 2017 | |
|---|-------|------------------|-------------------------|------------------|-------------------------|
| | | £ | £ | £ | £ |
| Fixed Assets | | | | | |
| Tangible Assets | 10 | | 3,537,572 | | 3,689,222 |
| Listed investments | 11 | | 3,403,087 | | 3,436,044 |
| Investment in joint venture | 11 | | 16,407 | | 15,301 |
| | | | <u>6,957,066</u> | | <u>7,140,567</u> |
| Current Assets | | | | | |
| Inventories | 12 | 23,190 | | 52,786 | |
| Debtors | 13 | 848,390 | | 1,036,232 | |
| Cash at bank and in hand | | 1,172,991 | | 845,331 | |
| | | <u>2,044,571</u> | | <u>1,934,349</u> | |
| Creditors: Amounts falling due within one year | 14 | | <u>637,096</u> | | <u>792,295</u> |
| Net Current Assets | | | <u>1,407,475</u> | | <u>1,142,054</u> |
| Net Assets | | | <u><u>8,364,541</u></u> | | <u><u>8,282,621</u></u> |
| Funds | | | | | |
| Restricted funds | 16 | | 2,715,163 | | 3,123,375 |
| <i>Unrestricted funds:</i> | | | | | |
| Designated funds | 16 | | 2,214,390 | | 1,883,163 |
| General charitable funds | 16 | | 3,154,807 | | 3,038,385 |
| Non-charitable trading funds | 16 | | 280,181 | | 237,698 |
| | | | <u>8,364,541</u> | | <u>8,282,621</u> |

Approved and authorised for issue by the board on 25 July 2018 and signed on its behalf

M J Russell
Treasurer

The notes on pages 41 to 56 form part of these financial statements.

PARENT CHARITY BALANCE SHEET
As at 31 March 2018

| | Notes | 2018 | | 2017 | |
|---|-------|-----------|-------------------------|-----------|-------------------------|
| | | £ | £ | £ | £ |
| Fixed Assets | | | | | |
| Tangible Fixed Assets | 10 | | 3,438,217 | | 3,569,029 |
| Investments | 11 | | 1,000 | | 1,000 |
| | | | <u>3,439,217</u> | | <u>3,570,029</u> |
| Current Assets | | | | | |
| Debtors | 12 | 1,188,581 | | 1,605,314 | |
| Cash at bank and in hand | | 984,499 | | 695,108 | |
| | | | <u>2,173,080</u> | | <u>2,300,422</u> |
| Creditors: Amounts falling due within one year | 14 | 568,602 | | 711,792 | |
| | | | <u>1,604,478</u> | | <u>1,588,630</u> |
| Net Current Assets | | | <u>1,604,478</u> | | <u>1,588,630</u> |
| Net Assets | | | <u><u>5,043,695</u></u> | | <u><u>5,158,659</u></u> |
| Funds | | | | | |
| Restricted funds | 16 | | 2,715,163 | | 3,123,375 |
| <i>Unrestricted funds:</i> | | | | | |
| Designated funds | 16 | | 1,477,492 | | 1,082,374 |
| General charitable funds | 16 | | 851,040 | | 952,910 |
| | | | <u>5,043,695</u> | | <u>5,158,659</u> |

Approved and authorised for issue by the board on 25 July 2018 and signed on its behalf

M J Russell
Treasurer

The notes on pages 41 to 56 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

| | 2018 | 2017 |
|--|------------------|------------------|
| Cash flows from operating activities | | |
| Net income / (expenditure) for the reporting period | (28,765) | 686,661 |
| Adjustments for: | | |
| Depreciation | 278,423 | 338,310 |
| Loss on sale of property, plant and equipment | 1,580 | 3,660 |
| (Gains)/loss on investments | (1,102) | 2,549 |
| Investment income | (106,959) | (80,795) |
| Trade and other receivables | 187,842 | (114,759) |
| Inventories | 29,596 | 6,508 |
| Trade and other payables | (155,200) | 269,903 |
| Property donation in kind | - | (740,000) |
| Net cash inflow from operating activities | <u>205,416</u> | <u>372,036</u> |
| Cashflows from investing activities: | | |
| Purchase of property, plant and equipment | (128,359) | (153,384) |
| Purchase of investments | (749,085) | (1,047,181) |
| Proceeds on disposal of investments | 847,957 | 390,748 |
| Interest received | 387 | 2,425 |
| Investment income | 106,573 | 78,370 |
| Net cash outflow from investing activities | <u>77,473</u> | <u>(729,022)</u> |
| Change in cash and cash equivalents | <u>282,889</u> | <u>(356,987)</u> |
| Reconciliation of net cash flow to movement in net funds | | |
| Change in net funds from cash flow and movement in net funds in the period | 282,889 | (356,987) |
| Net cash at previous year end | 977,666 | 1,334,653 |
| Net cash and cash equivalents at year end | <u>1,260,555</u> | <u>977,666</u> |
| Analysis of cash and cash equivalents | | |
| Cash at bank and in hand | 1,172,991 | 845,331 |
| Cash held by investment managers | 87,564 | 132,335 |
| | <u>1,260,555</u> | <u>977,666</u> |

The notes on pages 41 to 56 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

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:

Statutory information

St. Mary's Hospice Limited is a charitable company limited by guarantee and is incorporated in England. The registered office is 176 Raddlebarn Road, Selly Park, Birmingham, B29 7DA.

Basis of preparation

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

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

Consolidation

The financial statements include the results of St. Mary's Hospice (Trading) Limited and The St. Mary's Hospice Charitable Trust Fund.

TLC Lotteries Ltd (TLC) is a joint venture where the Group holds its interest on a long-term basis and TLC is jointly controlled by the Group and other ventures under a contractual agreement. The investment in TLC is therefore included in the consolidated financial statements using the equity method. The Group discloses its share of TLC's turnover and operating result in the Statement of Financial Activities. The year end of TLC is 31 December. Therefore the investment in the joint venture is included using management accounts to 31 March 2018.

Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

Going concern

The Trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Income

Income is recognised in the year in which it is receivable. For legacies, entitlement is taken as the earlier of the date on which either:

- the Charity is aware that probate has been granted;
- the estate has been finalised and notification has been made by the executor(s) to the Charity that a distribution will be made;
- when a distribution is received from the estate.

Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

The value of voluntary work is not included in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018**1 ACCOUNTING POLICIES (Continued)****Gifts in kind**

Donated land and buildings are recognised in income at their fair value when the economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity.

Designated funds

The group has created designated funds in order to:

- ring fence the value of fixed assets, to the extent that this is not covered by relevant restricted funds; and
- reflect the unrealised element of gains on investments
- support transformation and investment in services.

Restricted funds

These are funds for a specific purpose which have been allocated solely according to the terms of each appeal. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work.

Depreciation on assets purchased from restricted funds is classified according to the area in which the related assets are used.

Depreciation

Depreciation is provided at the following annual rates to write off the cost less the estimated residual value of the assets over their expected useful economic lives:

| | | |
|-------------------------------------|---|---|
| Freehold buildings | - | 2% straight line |
| Leasehold premises and improvements | - | Over the term of the leases, or to the date of first break clause |
| Fittings and equipment | - | 10% to 20% straight line |
| Computer equipment | - | 33 ¹ / ₃ % straight line |
| Motor vehicles | - | 20% straight line |
| Plant and machinery | - | 20% straight line |

No depreciation is provided on freehold land.

Capitalisation

Expenditure of a capital nature will be expensed in the year of acquisition if the value is less than £750 for the Hospice and less than £350 for St. Mary's Hospice (Trading) Limited.

Inventories

Inventories comprise merchandising goods for resale and are stated at the lower of cost and net realisable value, on a first in, first out basis.

Repairs and renewals

All expenditure on repairs and renewals is written off in the year in which it is incurred.

Operating leases

Payments made under operating leases are charged to the income and expenditure account on a straight line basis over the term of the lease or until the next review point, whichever is earlier.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1 ACCOUNTING POLICIES (Continued)**Pension costs**

The Charity is one of a number of participating employers in the National Health Service Pension Scheme. It is, therefore, not possible to allocate any actuarial surplus or deficit and consequently, contributions to the National Health Service Pension Scheme are charged to the income and expenditure account in the year in which they become payable. The scheme has both defined benefits and contributions, any shortfall in the national fund being met by the Exchequer. In addition, contributions are made into two defined contribution pension schemes which are also charged to the income and expenditure account in the year in which they become payable.

Fundraising costs

Fundraising costs represent expenditure in relation to staff members who are directly engaged in fundraising and the related costs of fundraising. These have been allocated to 'costs of generating voluntary income'. Details of allocated support costs can be found in note 8.

Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and include the audit fees and costs linked to the strategic management of the Charity. Details of allocated support costs can be found in note 8.

Cost allocation

Where possible, costs have been allocated directly to the activity to which they relate. However, there are also shared support costs that enable the Hospice's charitable, income generating and governance activities to be undertaken. These costs have been allocated to the Hospice's activities using appropriate cost drivers as follows:

- staff numbers for administration, human resources, finance, information management and facilities costs; and
- floor area for maintenance.

Investment accounting

Investments are stated at their fair value as at the balance sheet date. All movements in value arising from a change in the fair value of an investment are shown in the consolidated statement of financial activities as an unrealised gain or loss. Realised gains or losses on investments are calculated as the difference between the disposal proceeds and the cost of the investment.

Use of estimates

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. No significant judgements, estimates or assumptions were made in the preparation of these financial statements other than those identified in the other accounting policies disclosed.

Financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2 NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The Charity has a wholly owned trading subsidiary incorporated in the UK, St. Mary's Hospice (Trading) Limited which is involved in the sale of donated goods and provision of education services. A summary of its trading results are shown below:

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Statement of income and retained earnings | | |
| Turnover | 992,710 | 915,813 |
| Cost of sales | (77,005) | (44,365) |
| Gross profit | 915,705 | 871,448 |
| Administrative expenses | (874,269) | (837,201) |
| Interest receivable | 47 | 29 |
| Total comprehensive income | 41,483 | 34,276 |
| Retained earnings | 41,483 | 34,276 |
| Retained earnings at the beginning of the year | 237,698 | 203,422 |
| Total comprehensive income | 41,483 | 34,276 |
| Retained earnings at the end of the year | 279,181 | 237,698 |

At the end of the year, the company had aggregate assets of £451,201 (2017: £457,241), liabilities of £171,020 (2017: £218,543) and net shareholders' funds of £280,181 (2017: £238,698).

3 DONATIONS AND LEGACIES

| | 2018 £ | 2017 £ |
|-------------------------------|-----------|-----------|
| Donations and legacies | | |
| Legacies | 1,572,126 | 1,243,348 |
| Donations & gifts | 444,246 | 1,214,453 |
| | 2,016,372 | 2,457,801 |

Of the above total £2,016,372 (2017: £1,717,801) were attributable to unrestricted activities and £nil (2017: £740,000) were attributable to restricted activities.

4 INCOME FROM CHARITABLE ACTIVITIES

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Income from charitable activities | | |
| NHS Grant | 3,211,412 | 3,208,384 |
| Education | 114,972 | 44,583 |
| | 3,326,384 | 3,252,967 |

All of the above income £3,326,384 (2017: £3,252,967) was attributable to unrestricted activities and £nil (2017: £nil) was attributable to restricted activities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

5 ACTIVITIES FOR GENERATING FUNDS

| | 2018 £ | 2017 £ |
|--------------------------------|-----------|-----------|
| Fundraising events and appeals | 1,259,356 | 1,015,524 |
| Trading activities | 1,231,485 | 1,262,931 |
| | 2,490,841 | 2,278,455 |

Of the above total £2,207,645 (2017: £2,270,725) were attributable to unrestricted activities and £283,196 (2017: £269,392) were attributable to restricted activities.

6 INVESTMENT INCOME

| | 2018 £ | 2017 £ |
|-------------------|-----------|-----------|
| Investments | 106,572 | 78,370 |
| Interest received | 387 | 2,425 |
| | 106,959 | 80,795 |

All of the above income was attributable to unrestricted activities.

7 NET INCOME / (EXPENDITURE) FOR THE YEAR

This is stated after charging / (crediting):

| | 2018 £ | 2017 £ |
|-------------------------------------|-----------|-----------|
| Expenditure includes the following: | | |
| Depreciation charges | 278,423 | 338,310 |
| Auditor's remuneration: | | |
| - Audit | 13,510 | 14,750 |
| - Other | 1,500 | 1,165 |
| Hire of office equipment | 4,978 | 7,021 |
| Hire of other assets | 190,722 | 197,684 |
| Loss on sale of fixed assets | 1,587 | 3,660 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

8 ANALYSIS OF EXPENDITURE

| | Direct costs | | | Staff & agency | Support Costs | | | 2018 | 2017 | |
|---|----------------|---------|------------|----------------|---------------|--------|------------|---------|-----------|-----------|
| | Staff & agency | Depn | Governance | | Other | Depn | Governance | Other | Total | Total |
| Expenditure | | | | | | | | | | |
| Expenditure on raising funds | | | | | | | | | | |
| Expenditure on donations and legacies | 643,047 | - | - | 260,437 | 197,827 | 4,100 | - | 57,678 | 1,163,089 | 1,084,820 |
| Trading | 678,594 | 47,452 | - | 413,912 | 1,311 | 1,171 | - | 3,933 | 1,146,373 | 1,118,946 |
| Investment Management | - | - | - | 1,520 | - | - | - | - | 1,520 | 1,350 |
| | 1,321,641 | 47,452 | - | 675,869 | 199,138 | 5,271 | - | 61,611 | 2,310,982 | 2,205,116 |
| Expenditure on charitable activities | | | | | | | | | | |
| Inpatient services | 2,342,268 | 91,689 | 21,311 | 323,800 | 537,230 | 38,615 | 30,945 | 221,037 | 3,606,895 | 3,309,752 |
| Community palliative care | 1,036,341 | 5,119 | 6,603 | 62,972 | 156,732 | 3,280 | 9,588 | 45,054 | 1,325,689 | 1,158,916 |
| Day Hospice | 347,122 | 62,915 | 1,060 | 66,083 | 34,458 | 8,841 | 1,539 | 29,917 | 551,935 | 433,442 |
| Hospice at home | 225,730 | - | 3,234 | 8,452 | 76,460 | 1,343 | 4,695 | 21,137 | 341,051 | 363,271 |
| Education | 71,843 | 14,433 | 815 | 4,536 | 20,256 | 1,215 | 1,184 | 7,708 | 121,990 | 146,417 |
| Total Expenditure | 5,344,945 | 221,608 | 33,023 | 1,141,712 | 1,024,274 | 58,565 | 47,951 | 386,464 | 8,258,542 | 7,616,914 |

Of the above expenditure £7,461,117 (2017: £7,170,200) was attributable to unrestricted activities, £106,017 (2017: £103,910) was attributable to designated activities and £691,408 (2017: £341,173) was attributable to restricted activities.

Support costs and Governance costs have been allocated based on staff numbers, floor area or direct costs as appropriate.

Governance costs comprise:

| | |
|-----------------------------------|--------|
| | £ |
| Audit & accountancy | 15,010 |
| Legal & professional fees | 7,820 |
| Professional subscriptions | 6,089 |
| Allocated support costs - pay | 34,933 |
| Allocated support costs - non pay | 17,123 |
| | 80,974 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

9 EMPLOYEES

The average number of employees employed by the group during the year was as follows:

| | 2018 | 2017 |
|------------------------------------|-------------|-------------|
| | No. | No. |
| Full time | 101 | 92 |
| Part time | 139 | 124 |
| <hr/> | | |
| Staff and agency costs consist of: | £ | £ |
| Wages and salaries | 4,940,759 | 4,278,895 |
| Social security costs | 427,457 | 367,606 |
| Pension costs | 372,787 | 355,906 |
| | <hr/> | <hr/> |
| | 5,741,003 | 5,002,407 |
| Agency staff | 660,413 | 690,016 |
| Chaplaincy costs | 2,735 | 1,789 |
| | <hr/> | <hr/> |
| | 6,404,151 | 5,694,212 |
| | <hr/> | <hr/> |

Holiday pay accrued as at 31 March 2018 was £24,132 (2017: £13,273).

Agency costs include temporary staffing costs and employment costs recharged to the Hospice in respect of our Medical Director and Specialist Registrars whose employment contracts are held by the NHS.

No remuneration was paid to any Board Member during the year or to persons with a family or business connection with any Board Member.

During the year, no (2017: 1) Board Members received expenses for the attendance at Board Member meetings (2017: £1,439). Trustee indemnity insurance was provided at an annual cost to the Hospice of £484 (2017: £420) with a limit of indemnity of £1 million (2017: £1 million).

The number of employees (which excludes those remunerated through a service level agreement) earning over £60,000 pa, excluding employers' NI and pension contributions, was:

| | 2018 | 2017 |
|---------------------|-------------|--------|
| | Number | Number |
| £60,001 - £70,000 | 1 | 1 |
| £70,001 - £80,000 | 1 | - |
| £80,001 - £90,000 | - | - |
| £90,001 - £100,000 | - | 1 |
| £100,001 - £110,000 | 1 | - |
| | <hr/> | <hr/> |

Pension contributions for the above employees amounted to £22,680 (2017: £20,303). The employees were members of the defined contribution scheme.

Remuneration and benefits which include employers' NI and employers' pension were paid to 5 key management personnel during the year. The total amount paid was £486,392 (2017: £424,744). This includes the remuneration of one member of key management who is remunerated through a service level agreement with University Hospital Birmingham.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

10 TANGIBLE FIXED ASSETS

| Group | Freehold Land £ | Freehold Property £ | Short leasehold improvements £ | Fittings equipment & motor vehicles £ | Total £ |
|-----------------------|-----------------------|---------------------------|---|---|------------|
| Cost | | | | | |
| At beginning of year | 500,000 | 5,621,386 | 198,979 | 1,981,165 | 8,301,530 |
| Additions | - | 50 | 4,807 | 123,502 | 128,359 |
| Disposals | - | - | - | (11,825) | (11,825) |
| At end of year | 500,000 | 5,621,436 | 203,786 | 2,092,842 | 8,418,065 |
| Depreciation | | | | | |
| At beginning of year | - | 2,880,813 | 150,598 | 1,580,897 | 4,612,308 |
| Provided for the year | - | 129,297 | 17,576 | 131,550 | 278,423 |
| Disposals | - | - | - | (10,238) | (10,238) |
| At end of year | - | 3,010,110 | 168,174 | 1,702,209 | 4,880,493 |
| NBV | | | | | |
| As at 31 March 2018 | 500,000 | 2,611,326 | 35,612 | 390,633 | 3,537,572 |
| As at 31 March 2017 | 500,000 | 2,740,573 | 48,381 | 400,268 | 3,689,222 |

| Company | Freehold land £ | Freehold property £ | Fittings equipment & motor vehicles £ | Total £ |
|-----------------------|-----------------------|---------------------------|---|------------|
| Cost | | | | |
| At beginning of year | 500,000 | 5,570,151 | 1,727,283 | 7,797,434 |
| Additions | - | 50 | 101,405 | 101,455 |
| Disposals | - | - | (11,340) | (11,340) |
| At end of year | 500,000 | 5,570,201 | 1,817,348 | 7,887,549 |
| Depreciation | | | | |
| At beginning of year | - | 2,835,606 | 1,392,799 | 4,228,405 |
| Provided for the year | - | 127,178 | 103,793 | 230,971 |
| Disposals | - | - | (10,044) | (10,044) |
| At end of year | - | 2,962,784 | 1,486,548 | 4,449,332 |
| NBV | | | | |
| As at 31 March 2018 | 500,000 | 2,607,417 | 330,800 | 3,438,217 |
| As at 31 March 2017 | 500,000 | 2,734,545 | 334,484 | 3,569,029 |

The freehold land and buildings at 176 Raddlebarn Road were gifted by Birmingham Archdiocesan Trust during the previous financial year, with formal transfer completing on 21st June 2017.

All improvements relating to the land and buildings at 176 Raddlebarn Road are accounted for within freehold property, having been transferred in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

11 FIXED ASSET INVESTMENTS

Group

a) *Investment in joint venture*

St. Mary's Hospice (Trading) Limited owns a one third share in the net assets of TLC Lotteries Limited, a company incorporated in England. This joint venture promotes a commercial lottery game, which aims to generate profits for the benefit of its affiliated charities.

The directors consider that the value of £16,407 (2017: £15,301) which equates to the group's share of the underlying net assets of the joint venture to be the best estimate of its market value at 31 March 2018. The historical cost of the investment is £5,100.

| TLC Lotteries Ltd | 2018 | 2017 |
|--|---------------|---------------|
| | £ | £ |
| Group share of net assets | | |
| As at 1 April | 15,301 | 17,850 |
| Share of profit | 133,746 | 137,466 |
| Amounts withdrawn under gift aid | (132,640) | (140,015) |
| | <u>16,407</u> | <u>15,301</u> |
| Represented by: | | |
| Share of gross assets | 60,180 | 67,688 |
| Share of gross liabilities | (43,773) | (52,387) |
| | <u>16,407</u> | <u>15,301</u> |
| Charity | | |
| Shares in subsidiary undertaking at cost | <u>1,000</u> | <u>1,000</u> |

St Mary's Hospice Limited has a wholly owned subsidiary, St Mary's Hospice (Trading) Limited, a company incorporated in England. Details may be found in Note 2.

St Mary's Hospice Limited controls the St Mary's Hospice Charitable Trust Fund. The Charitable Trust Fund is an unincorporated decision-making body with the purpose of managing the investment fund for St Mary's Hospice Limited.

| The St Mary's Charitable Trust Fund | 2018 | 2017 |
|--|------------------|------------------|
| | £ | £ |
| Income | 106,525 | 78,377 |
| Expenditure | (62,915) | (1,489) |
| (Losses)/gains on investments | 110,684 | 399,842 |
| Net movement in funds | <u>154,294</u> | <u>476,731</u> |
| Current assets | 3,411,218 | 3,437,424 |
| Creditors falling due within one year | (380,860) | (561,360) |
| Unrestricted funds | <u>3,030,358</u> | <u>2,876,064</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

11 FIXED ASSET INVESTMENTS - (continued)

b) Listed investments

| | Group 2018 £ | 2017 £ |
|----------------------------------|--------------------|-----------|
| Listed investments at fair value | 3,403,087 | 3,436,044 |

The investments are held in accordance with the Board of Trustees' powers and valued at the year end by external investment brokers. At 31 March 2018, the cost of listed investments was £2,694,390 (2017: £2,638,416) giving an unrealised gain of £665,293.

There were seven material individual holdings with market values at 31 March 2018 as follows:

| | |
|------------------------------------|----------|
| • HSBC ETFS | £187,925 |
| • Royal Dutch Shell | £131,070 |
| • Mercantile Investment Trust | £124,200 |
| • Henderson Global Inv UK Property | £109,439 |
| • River & Mercantile Funds ICVC | £107,332 |
| • Axa Investment Managers UK Ltd | £103,493 |
| • F&C Fund Management Ltd | £103,146 |

(2017: HSBC ETFS £189,620, Royal Dutch Shell £131,070, HSBC Holdings £113,908, Mercantile Investment Trust £109,320, Axa Investment Managers UK Ltd £106,149, NB Private Equity Partners £105,603 and Henderson Global Inv UK Property £103,716).

| | Group 2018 £ | 2017 £ |
|-----------------------------|--------------------|-----------|
| Fixed Interest | 183,183 | 283,890 |
| UK Equities | 1,421,059 | 1,746,820 |
| Overseas Equities | 1,089,904 | 842,016 |
| Hedge/Absolute Return Funds | 56,380 | 56,523 |
| Commercial Property Funds | 350,817 | 268,858 |
| Commodities | 97,000 | 105,603 |
| Infrastructure | 117,180 | - |
| Cash Holdings | 87,564 | 132,335 |
| Total funds | 3,403,087 | 3,436,044 |

Movement in listed investments

| | | |
|--------------------------------------|-----------|-----------|
| Fair value at beginning of year | 3,436,044 | 2,380,319 |
| Additions at cost | 749,085 | 1,047,181 |
| Proceeds received on disposals | (848,594) | (390,899) |
| Proceeds received on reconciliations | 637 | 152 |
| Realised surplus of disposals | 154,844 | 50,664 |
| Unrealised gain/(loss) for the year | (44,159) | 349,178 |
| Cash movement | (44,771) | (550) |
| Fair value at the end of the year | 3,403,086 | 3,436,044 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

12 INVENTORIES

| | Group 2018 £ | 2017 £ | Charity 2018 £ | 2017 £ |
|---------------------|--------------------|-----------|----------------------|-----------|
| Merchandising goods | 23,190 | 52,786 | - | - |

There is no material difference between the replacement cost and the value given to goods in stock.

13 DEBTORS

| | Group 2018 £ | 2017 £ | Charity 2018 £ | 2017 £ |
|-------------------------------------|--------------------|-----------|----------------------|-----------|
| Amounts owed by subsidiary | - | - | 99,325 | 139,401 |
| Amounts owed by related undertaking | - | - | 379,350 | 560,000 |
| Trade debtors | 69,728 | 178,384 | 46,256 | 173,785 |
| Other debtors | 122,120 | 293,323 | 87,684 | 261,270 |
| Prepayments | 148,897 | 180,676 | 75,846 | 96,931 |
| Accrued income | 507,645 | 383,849 | 500,120 | 373,926 |
| | 848,390 | 1,036,232 | 1,188,581 | 1,605,314 |

Other debtors for the group include £10,349 and £38,082 (2017: £32,052 and £158,334) in respect of VAT for St Mary's Hospice (Trading) Limited and St Mary's Hospice Limited respectively. Accrued income for the group and charity includes legacy income of £436,441 (2017: £348,634).

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group 2018 £ | 2017 £ | Charity 2018 £ | 2017 £ |
|------------------------------|--------------------|-----------|----------------------|-----------|
| Trade creditors | 200,086 | 274,943 | 166,619 | 225,814 |
| Other creditors | 55,811 | 84,600 | 55,810 | 84,600 |
| Taxation and social security | 120,668 | 102,736 | 120,668 | 102,736 |
| Accruals | 235,689 | 253,409 | 199,598 | 222,035 |
| Deferred income | 24,842 | 76,606 | 25,907 | 76,606 |
| | 637,096 | 792,295 | 568,602 | 711,792 |

Deferred income

| | 2018 £ | 2017 £ |
|---------------------------|-----------|-----------|
| At start of year | 76,606 | 1,630 |
| New provision in the year | 24,842 | 76,606 |
| Released in the year | (76,606) | (1,630) |
| At end of year | 24,842 | 76,606 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

15a ANALYSIS OF NET ASSETS BETWEEN FUNDS (CURRENT YEAR)

| | Unrestricted £ | Restricted £ | Total funds 2018 £ | Total funds 2017 £ |
|-------------------------|-------------------|------------------|--------------------------|--------------------------|
| The Group | | | | |
| Tangible fixed assets | 1,176,849 | 2,360,723 | 3,537,572 | 3,689,222 |
| Intangible fixed assets | 3,403,087 | - | 3,403,087 | 3,436,044 |
| Investments | 16,407 | - | 16,407 | 15,301 |
| Current assets | 1,690,131 | 354,440 | 2,044,571 | 1,934,349 |
| Current liabilities | (637,096) | - | (637,096) | (792,295) |
| Total net assets | 5,649,378 | 2,715,163 | 8,364,541 | 8,282,621 |
| The Charity | | | | |
| Tangible fixed assets | 1,077,494 | 2,360,723 | 3,438,217 | 3,569,029 |
| Investments | 1,000 | - | 1,000 | 1,000 |
| Current assets | 1,818,640 | 354,440 | 2,173,080 | 2,300,422 |
| Current liabilities | (568,602) | - | (568,602) | (711,792) |
| Total net assets | 2,328,532 | 2,715,163 | 5,043,695 | 5,158,659 |

Unrestricted funds include designated funds represented by:

| | Group | | Charity | |
|---------------------------------|------------------|------------------|------------------|------------------|
| | 2018 £ | 2017 £ | 2018 £ | 2017 £ |
| Tangible fixed assets | 1,176,849 | 1,202,569 | 1,077,492 | 1,082,374 |
| Investments | 16,407 | 15,301 | - | - |
| Unrealised gains on investments | 621,134 | 665,293 | - | - |
| Current assets | 400,000 | - | 400,000 | - |
| | 2,214,390 | 1,883,163 | 1,477,492 | 1,082,374 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

15b ANALYSIS OF NET ASSETS BETWEEN FUNDS (PRIOR YEAR)

| | Unrestricted £ | Restricted £ | Total funds 2017 £ | Total funds 2016 £ |
|-------------------------|-------------------|------------------|--------------------------|--------------------------|
| The Group | | | | |
| Tangible fixed assets | 1,202,567 | 2,486,655 | 3,689,222 | 3,137,806 |
| Intangible fixed assets | 3,436,044 | - | 3,436,044 | - |
| Investments | 15,301 | - | 15,301 | 17,850 |
| Current assets | 1,297,629 | 636,720 | 1,934,349 | 4,562,850 |
| Current liabilities | (792,295) | - | (792,295) | (522,392) |
| Total net assets | <u>5,159,246</u> | <u>3,123,375</u> | <u>8,282,621</u> | <u>7,196,114</u> |
| The Charity | | | | |
| Tangible fixed assets | 1,082,374 | 2,486,655 | 3,569,029 | 3,031,150 |
| Investments | 1,000 | - | 1,000 | 1,000 |
| Current assets | 1,663,702 | 636,720 | 2,300,422 | 1,987,635 |
| Current liabilities | (711,792) | - | (711,792) | (439,171) |
| Total net assets | <u>2,035,284</u> | <u>3,123,375</u> | <u>5,158,659</u> | <u>4,580,614</u> |

Unrestricted funds include designated funds represented by:

| | Group | | Charity | |
|---------------------------------|------------------|------------------|------------------|------------------|
| | 2017 £ | 2016 £ | 2017 £ | 2016 £ |
| Tangible fixed assets | 1,202,569 | 1,204,038 | 1,082,374 | 1,097,282 |
| Investments | 15,301 | 17,850 | - | - |
| Unrealised gains on investments | 665,293 | 316,115 | - | - |
| | <u>1,883,163</u> | <u>1,538,003</u> | <u>1,082,374</u> | <u>1,097,282</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018
16a MOVEMENTS IN FUNDS (CURRENT YEAR)

| | At 1 April 2017 £ | Income & gains £ | Expenditure & Losses £ | Transfers £ | At 31 March 2018 £ |
|--|-------------------------|------------------------|------------------------------|------------------|--------------------------|
| Restricted funds: | | | | | |
| Hospice capital projects | 1,111,103 | 45,050 | (141,345) | (8,155) | 1,006,653 |
| Extension fund | 662,807 | - | (15,480) | - | 647,327 |
| Hospice services fund | 309,951 | 238,146 | (321,459) | 8,155 | 234,793 |
| Henry Joesph conservatory fund | 31,766 | - | (920) | - | 30,846 |
| Education Centre fund | 22,983 | - | (12,681) | - | 10,302 |
| Service redesign fund | 244,764 | - | (194,722) | - | 50,042 |
| Freehold property fund | 740,000 | - | (4,800) | - | 735,200 |
| Total restricted funds | 3,123,375 | 283,196 | (691,407) | - | 2,715,163 |
| Unrestricted funds: | | | | | |
| Designated funds: | | | | | |
| Fixed Assets | 1,202,570 | - | (106,018) | 80,297 | 1,176,849 |
| Trust | 665,293 | - | (44,159) | - | 621,134 |
| TLC | 15,301 | - | - | 1,106 | 16,407 |
| Transformation and investment in services fund | - | - | - | 400,000 | 400,000 |
| Total designated funds | 1,883,163 | - | (150,177) | 481,403 | 2,214,390 |
| General funds | 3,276,083 | 8,101,425 | (7,461,117) | (481,403) | 3,434,988 |
| Total unrestricted funds | 5,159,246 | 8,101,425 | (7,611,294) | - | 5,649,378 |
| Total Funds | 8,282,621 | 8,384,621 | (8,302,701) | - | 8,364,541 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

16b MOVEMENT IN FUNDS (PRIOR YEAR)

| | At 1 April 2016 £ | Income & gains £ | Expenditure & Losses £ | Transfers £ | At 31 March 2017 £ |
|---------------------------------|-------------------------|------------------------|------------------------------|-----------------|--------------------------|
| Restricted funds: | | | | | |
| Hospice capital projects | 1,178,431 | 68,384 | (135,712) | - | 1,111,103 |
| Extension fund | 741,484 | - | (78,677) | - | 662,807 |
| Hospice services fund | 217,633 | 201,008 | (108,690) | - | 309,951 |
| Henry Joesph conservatory fund | 33,575 | - | (1,809) | - | 31,766 |
| Education Centre fund | 35,665 | - | (12,682) | - | 22,983 |
| Service redesign fund | 250,000 | - | (5,236) | - | 244,764 |
| Freehold property fund | - | 740,000 | - | - | 740,000 |
| Total restricted funds | 2,456,788 | 1,009,392 | (342,806) | - | 3,123,375 |
| Unrestricted funds: | | | | | |
| Designated funds: | | | | | |
| Fixed Assets | 1,204,038 | - | (103,908) | 102,440 | 1,202,570 |
| Trust | 316,115 | 349,178 | - | - | 665,293 |
| TLC | 17,850 | - | - | (2,549) | 15,301 |
| Total designated funds | 1,538,003 | 349,178 | (103,908) | 99,891 | 1,883,163 |
| General funds | 3,201,323 | 7,344,805 | (7,170,154) | (99,891) | 3,276,083 |
| Total unrestricted funds | 4,739,326 | 7,693,983 | (7,274,062) | - | 5,159,246 |
| Total Funds | 7,196,114 | 8,703,375 | (7,616,868) | - | 8,282,621 |

Purpose of funds

The Hospice has the following designated and restricted funds, created as a result of conditions imposed on income by donors:

- The transformation fund - the Trustees have designated funds to support transformation and investment in services;
- Hospice capital projects fund to cover the costs of specific items of capital expenditure, such as refurbishment, fittings, vehicles, computers and equipment. This includes major refurbishments of the inpatient unit and reception completed in 2009/10, the Day Hospice in 2010/11 and the Family Centre completed in 2013/14;
- Extension fund to help meet the costs of the Hospice extension and major refurbishment programme completed in 1997/98;
- Henry Joseph Conservatory Fund to fund the conservatory added to the inpatient unit in 1998/99;
- Education Centre fund to cover expenditure on the Hospice's education and conference facilities, completed in 1999/2000;
- Hospice services fund to help meet the direct revenue cost of a variety of projects including, a research nurse, child bereavement services, staffing for two Satellite Centres and creation of a new support at home service.
- Service Redesign fund to cover expenditure on transforming and expanding services;
- Freehold property fund represents the freehold land and buildings restricted by a covenant, that were gifted by the Birmingham Archdiocesan Trust on 21 June 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

17 CAPITAL COMMITMENTS

The group has no capital commitments at the year end (2017: £nil).

18 TAXATION

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

19 COMMITMENTS UNDER OPERATING LEASES

As at 31 March 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

| | 2018 | | 2017 | |
|-----------------------------------|-----------------------|------------|-----------------------|------------|
| | Land & buildings £ | Other £ | Land & buildings £ | Other £ |
| Expiring within one year | 171,675 | 5,853 | 182,613 | 8,195 |
| Expiring within two to five years | 343,875 | 1,294 | 381,075 | 7,147 |
| Expiring over five years | 47,042 | - | 88,042 | - |
| | 562,592 | 7,147 | 651,730 | 15,342 |

20 CONTINGENT LIABILITIES

There are no contingent liabilities at the year end (2017: £nil).

21 RELATED PARTY TRANSACTIONS

During the financial year ended 31 March 2018 the following transactions occurred between St. Mary's Hospice Limited and St. Mary's Hospice (Trading) Limited:

- The Trading Company made sales of donated goods on behalf of the hospice to the value of £223,758 (2017: £303,224).
- Staff costs of £701,247 (2017: £633,100) were incurred by the Hospice on behalf of the Trading company. These were recharged by the Hospice to the Trading company net of a management fee rebate that recognises that trading staff are working to generate funds for the Hospice, this rebate totalled £193,987 (£259,140).
- Rent of £9,500 (2017: £9,500) was charged by The Hospice to the Trading company for the rental of the Heeley Road shop.

At the 31 March 2018 St. Mary's Hospice (Trading) Limited owed St. Mary's Hospice Limited £99,325 (2017: £139,400).

During the financial year ended 31 March 2018 the Hospice received £nil (2017: £1,500) from TLC Lotteries Limited in respect of Chairmanship fees and recruitment services.

At 31 March 2018 The St. Mary's Hospice Charitable Trust owed St. Mary's Hospice Limited £379,350 (2017: £560,000).