

**ST DAVID'S FOUNDATION
HOSPICE CARE**

**TRUSTEES' ANNUAL REPORT AND
CONSOLIDATED FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH
2017**

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YEAR ENDED 31 MARCH 2017

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The Trustees are pleased to present their annual report with the audited, consolidated financial statements of St David's Foundation Hospice Care ("the hospice") for the year ending 31 March 2017.

This Trustees report incorporates the requirements of a Directors' report required by company law.

Objectives and activities

The principal objective of the hospice is to relieve sickness and pain among persons who are suffering from any chronic or life-threatening illness in England and Wales. The hospice currently confines its work to the Unitary Authorities of Caerphilly, Monmouthshire, Newport and Torfaen and South and Mid Powys.

The hospice provides a specialist, multi-professional palliative care service in community, Day hospice and in-patient settings.

The main focus of our work is to provide 24-hour supportive palliative nursing care in patients' own homes via our Clinical nurse specialists, Hospice at home team, our In-patient unit, our Day hospices and to provide support through our Family support team.

The hospice aims to meet this objective by:

Putting patients and their carers first

- delivering excellent high quality and responsive care, free of charge at the right time and in the right place;
- providing bespoke care that meets the individual needs of patients, carers and their families;
- working with Health Boards and other health and social care professionals to support and care for those who need our service;

Supporting and empowering staff and volunteers

- developing a workforce with the skills and ability to deliver our purposes;
- creating a supportive, respectful, listening environment for our valued staff and volunteers;

Strengthening our foundations as a charitable organisation

- making the best use of existing resources to ensure efficiency and effectiveness;
- maximising and diversifying our income generation to fund and develop our services;

Engaging with our communities

- working with and developing mutually beneficial relationships;
- building on and enhancing our excellent reputation and profile;
- being committed to widening access and being inclusive;

Looking forward

- responding and adapting to external influences and changing in a timely manner;
- being innovative and pro-active leaders in our field;
- developing a hospice for the future by always seeking to improve methods and practices;

Striving to be the best at what we do

- aspiring to always exceed quality standards for all aspects of the care and services that we deliver;
- listening and responding to the needs of our patients and communities to keep them at the heart of everything we do;
- being a developing and learning organisation through evaluating our delivery and sharing best practice.

The hospice undertakes 6 core charitable activities to meet its objectives:

- Community clinical nursing specialists
- Hospice at home
- The Day hospices
- Fifteen bed In-patient unit
- The Family support team
- Education

Community clinical nursing specialists

The hospice employs 19 Clinical Nurse Specialists. They are highly trained, skilled palliative care professionals. The Clinical Nurse Specialists are allocated to GP practices and work as core members of the primary healthcare team. The role of the Clinical Nurse Specialists is to:

- support the patient and family by managing symptom control such as pain and nausea;
- provide information regarding diagnosis and treatment;
- liaise with the Primary Healthcare Team on a plan of care;
- be the key worker within the hospice and refer patients to other hospice services and other community services.

Hospice at home

The hospice at home team aims to provide end of life care at home and to enable patients to have choice about where they die. The service also provides respite care to patients to help relieve carer fatigue. The service is delivered with a skill mix of qualified palliative care nurses and health care assistants. Each patient and their family are assessed individually to ensure the hospice develops the best possible package of care for each situation.

Day hospices

We have 4 Day hospices which run throughout the week with patients attending between 10am and 4pm at the one most local to them. They are:

- Ysbyty Ystrad Fawr, Ystrad Mynach
- County Hospital, Pontypool
- Usk House, Brecon
- Blackett Avenue, Newport

Day hospice is a friendly and comfortable place for patients to meet and gain support from others who are in a similar situation, and take part in a range of activities and interests. Patients are able to choose breakfast and lunch from our menu and can enjoy a relaxing bath at any of the locations. Group or individual relaxation sessions and complementary therapy treatments are also available.

There is always a Palliative Care Nurse on hand for patients to discuss their condition or medication.

In-patient unit

The In-patient unit is a Consultant led Specialist Palliative Care unit with 10 beds for adult patients who suffer from progressive life limiting conditions and live within the five localities of Aneurin Bevan University Health Board (ABUHB). The service is free for patients and families who fulfil the criteria for admission, which include short term care for the management of complex symptoms, assessment, emotional/psychological distress, rehabilitation following treatment and care at the end of life. The In-patient unit does not provide long term nursing care. Holistic care is co-ordinated by a multi-professional team, with a mix of skills that encompass the physical, spiritual, psychological and social requirements of patients and families.

The Family support team

The Family Support Team are part of the multi-professional team supporting patients and their families with a wide range of social, financial, practical and emotional needs. The team includes:

- Complementary Therapists;
- Social Workers;
- Welfare Rights Advisors;
- Carer support;
- Bereavement support;
- The Unicorn Service supporting children, young people and their families.

Social workers work across the community and in patient services supporting patients, families and carers with a wide range of issues. Quote: " I dread to think what quality of life I would have had if I hadn't met you, you helped me so much".

Welfare rights workers ensure that our patients and families have support to navigate the welfare reforms, access their full entitlements and have less money worries.

The bereavement service provides support to anyone coping with the loss of a patient of the hospice.

"..without this support I fear I may have become very depressed. I will always be extremely grateful that you helped me find my way at such a difficult time in my life"

A bereaved relative

Education

The Education Department works closely with local Universities both from endorsements of specific courses and mentoring of student nurses. A wide range of teaching strategies are used to improve the knowledge and skills of staff to care for people, their families and carers facing a progressive life-threatening illness which is no longer

curable. Regular courses are provided for nursing and residential homes in palliative care.

Public benefit

Our charitable services are provided without charge to all members of the public with a life threatening illness who are referred by a health care professional and who live in the Unitary Authorities of Caerphilly, Monmouthshire, Newport and Torfaen and South and Mid Powys.

The Trustees are of the opinion that they have complied with their duties to have due regard for the guidance on public benefit. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the hospice's aims and objectives and in planning our future activities.

Statement of purpose

St. David's Hospice Care aims to:

- provide a comprehensive range of holistic hospice and palliative care services within the unitary authorities of Caerphilly, Monmouthshire, Newport, Torfaen and in South & Mid Powys;
- ensure all staff are appropriately trained and encouraged to participate in continued professional development;
- respect the dignity and privacy of service users at all times and respect the individuals' rights and choice in their care;
- receive referrals of patients who have a diagnosis of a life-threatening illness (either cancer or non-cancer of patients aged 17 years and over);
- promote and disseminate current research and good practice to the wider healthcare community;
- work within the requirements of the Care Standards Act 2000, the Nurses Agencies (Wales) Regulations 2003, the Domiciliary Care Agencies (Wales) Regulations 2004 and the National Minimum Standards for Independent Health Care Services in Wales 2011;
- support the need of patients' carers and families during the patients' illness and into bereavement;
- provide personal care to young people and adults (aged 17 years and over) within an agreed criteria;
- provide respite care through Day hospice, Hospice at Home, in-patient care and carer support.

Strategic report

The strategic report required under company law comprises the three sections *Achievements and performance*, *Financial review* and *Plans for future periods* below.

Key performance indicators

The hospice uses a range of performance measures to monitor its performance. The key measures related to its charitable work are given in the achievements and performance section starting on page 4. The key financial performance indicators, including the hospice's reserves, are disclosed in the financial review starting on page 8.

Achievements and performance

In last year's financial statements we set out the following priorities for the forthcoming year:

Priority	Outcome
Implement the final year of the three year strategic plan and work on the next 3 year plan;	The previous three year plan has been implemented and achieved. Meetings and consultations with staff and Trustees are currently taking place to start developing the next three year plan.
Complete the new build on time, within budget and finalise the service model.	The build was completed a short time after the end of the financial year. There was a small overspend due to increased unforeseen groundworks. The service model has been finalised although medical staffing remains an ongoing issue.
Finalise the Day hospice review.	The Day Hospice review commenced in early 2017 and will continue throughout the next year.
Focus on improving IT connectivity within the hospice;	The hospice is working closely with ABUHB and NWIST to develop ICT. An internal intranet designed to improve communication with staff has been developed in the year and is planned to go live in the first half of the new year.
Work with our Health Board and other partners to improve End of Life Care for all.	The hospice is working closely with ABUHB on the Gwent wide palliative care strategy. The hospice is working with Powys Health Board on delivering services.

Community clinical nursing specialists

	2017	2016
Number of patients	3,192	3,351
New referrals	2,149	2,338
Discharges	366	302
Deaths	1,548	1,341
Deaths at home	1,071	961
% died at home	69%	72%

"She was the most compassionate, understanding lady. She made me feel I had support at all times"

A St David's patient

- The four teams work through Monmouthshire, Torfaen, Caerphilly and Newport. Each Clinical Nurse Specialist (CNS) is assigned to one or more GP surgeries. The CNS team cared for 3,192 patients which is a decrease on previous year (2016 – 3,351).
- Overall referral falls to 2,149 from 2,338 from 31 March 2016.
- We aim to ensure across the service that at least 60% of patients die in their usual place of residence (excluding Hospice at home). In 2017 we achieved this with 69% (2016 – 72%).
- Key Performance Indicators are set by the Clinical Governance Committee and the teams are measured against these performance indicators.

"Every time the CNS visits she brings calmness amongst chaos. Although our lives will never be the same again the CNS always tries to bring back to us (through help and medication) the best we can have of "J" again. The CNS not only supports "J", she supports all of us with help and understanding of our every need. In addition to this it is a massive relief that all the care team are there 24/7 and listen and help you as to what is needed at any particular time. It is so reassuring and welcoming to have this extremely high standard of support."

A family member of a patient

Hospice at home

	2017	2016
Average monthly caseload	35	46
Referrals	750	753
Hours of care	54,063	58,437

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"A very professional, caring service. Invaluable to me to allow my care to continue at home."

A Hospice at Home patient

- The highly valued team support offered by the Hospice at home remains at the core of what the hospice aims to achieve, ensuring patients have *real* choice about where to receive their end of life care.
- There has been a decrease of 7.5% in the number of hours provided compared to last year (2016 - 4.1% increase), with a total number of 54,063 hours of care provided (2016 – 58,437).
- We continue to offer a flexible bespoke service which is tailored to each individual patient and their family.
- Our Hospice at home service is registered with CSSIW. Our latest inspection can be found on CSSIW's website at: cssiw.org.uk.

Day hospice

	2017	2016
Number of patients	443	427
New Referrals	306	268
Attendances	3,581	4,222

"I always feel so welcomed and can talk about any worries, share any successes, and be listened to and uplifted which makes it easier to face each day. Thank you"

A Day hospice patient

- Although the number of attendances has fallen to 3,581 (2016 – 4,222) the Day hospice has seen new referrals increase to 306 (2016 -268) and the number of patients attending increase to 443 (2016 – 427).
- The review on Day hospice services will continue through 2017.

Complementary therapy

- The Complementary therapy team have given 2,011 treatments in the year. The average caseload in the year was 61.

Family support team

	2017	2016
Social Work		
New referrals	184	215
Welfare Rights		
New referrals	638	685
Bereavement service		
Average caseload	81	125
Visits	1,109	1,255
Group attendances	208	139
Children's bereavement service (Unicorn)		
Average caseload	84	81
New referrals (families)	179	162

- Welfare rights referrals have decreased from 685 in 2016 to 638 in 2017. This is mainly due to changes in the way in which the benefits are now claimed in line with the Department of Work and Pensions.
- Caring for the family after a death is a key component of the hospice's work. Visits by the service have decreased from 1,255 to 1,109 but group attendances have increased by 49.6% (2016 - 47%) from 139 to 208. This reflects a planned change in focus on how the service is delivered.
- Referrals to the Unicorn Service continue to rise (from 162 to 179) meaning year on year more children and young people are able to get help with the impact of serious illness and death on them and their families.
- Following an application to BBC Children in Need we were pleased to learn in June 2016 that a total grant of £106,270 had been awarded over 3 years, after several years without any additional financial support for the running of this life altering service.

"He has got his sparkle back in his eyes, he can now laugh freely without guilt and most importantly he can talk about how he feels"

A parent whose child benefitted from the Unicorn project

In-patient unit

	2017	2016
Referrals	263	280
Admissions	157	175
Discharges	69	77
Deaths	86	96
Average length stay in days	19	16
Average bed occupancy	74%	73%

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"The staff have done everything that Mum has needed. Equally they have been tremendously supportive to me."

A family member of an In-patient unit patient

- The number of referrals to the hospice In-patient unit has decreased from 280 to 263.
- The bed occupancy, however has increased from 73% to 74%. The average length of stay has increased from 16 days to 19 days.
- Various factors have influenced the performance, in particular, some issues with transfer to another care environment, complexity of some cases and changes in key medical personnel.
- The In-patient unit hospice is regulated by Healthcare Inspectorate Wales and was inspected in July 2015; a copy of the report can be found at the by Healthcare Inspectorate Wales website at www.hiw.org.uk.

"I have absolute confidence in all the staff here – a wonderful group of people who have the patient's wellbeing at the centre of everything they do."

An In-patient unit patient

Education

The Education department has continued to offer training to a range of organisations. During the year, the Education department moved to its own dedicated training centre where a wider variety of courses to more people and organisations can be delivered.

Out of hours – on call

This 24-hour a day advice line provides invaluable support to patients, families and healthcare professionals. The service continues to grow and demand is increasing. We have seen an 8% increase in calls, a total of 2,420 (2016 – 2,244).

Clinical risk management

- The team managers complete quality and patient safety reports monthly and these are assessed and actioned at a monthly Quality and Assurance meeting.
- Senior clinical managers meet weekly to discuss and action any issues arising.
- Policies and procedures are updated regularly.
- The Trustee clinical governance sub-group meets three times a year.
- Risk assessments are completed on every patient and their family.

Compliments and complaints

Although the hospice aims to provide the very best care to our patients and families there are rare occasions where we do not meet the standard we would expect. As a hospice we take every complaint or concern very seriously and aim to learn from these occasions. A copy of our complaints policy can be obtained from the hospice.

We receive many compliments and always take the opportunity to learn from these situations and share good practice.

I want great care

We continue to take part in 'I want great care' a platform for collecting and reporting continuous real-time patient feedback. Some of the patient quotations in this report are taken from the 'I want great care' platform.

New 15 bed in-patient unit

The In-patient unit was completed on time and is truly a beautiful and calm environment for patients and relatives. The new hospice has been completed with co-operation from many different organisations, trusts and companies. It is with grateful thanks that we acknowledge the financial support of:

The Welsh Government;
Newport City Council
The Big Lottery Fund;
Garfield Weston Foundation;
The Wolfson Foundation;
The Will Charitable Trust;
Moondance Foundation;
The Albert Hunt Trust;
The Dezna Robins Jones Charitable Foundation;
The February Foundation;
The Crane Fund for Widows and Children.

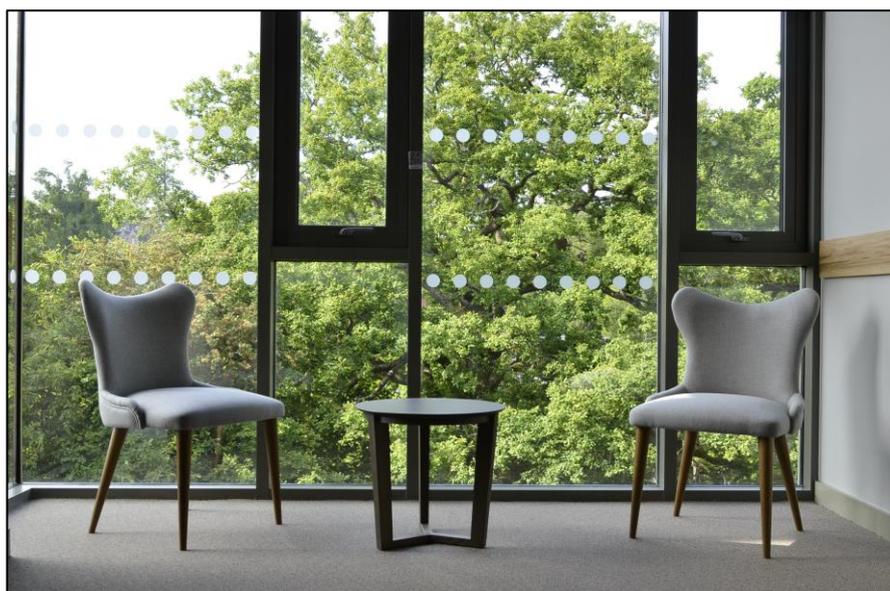
We would like to thank:

St Joseph's Hospital for their continued support;
ABUHB especially Judith Paget, Bobby Bolt, Sian Miller, Aruna Sanikop, Colin Powell and Richard Davies;
Newport Norse in particular Don Waters;
Chris Brown from NWIS;
KKE Architects Ltd;
Whitehead Building Services Ltd;
Structural Solutions Management Ltd;
Rhomco Consulting Ltd;
Andrew Scott Ltd.

The hospice started caring for patients in the new in-patient unit in June 2017.

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Our new In-patient unit

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Financial review

Overall the hospice's income increased from £8,700,000 to £11,860,000. The hospice's total expenditure increased by £222,000 to £7,641,000. The hospice increased its spending on charitable activities by £145,000 from £4,460,000 to £4,605,000.

The new In-patient unit

During the year the development of the new In-patient unit neared completion. Following the hospice's success in securing a £3 million capital grant from The Welsh Government for the project the hospice was awarded £500,000 from the Big lottery fund and £563,000 from other trusts. A further £20,000 has been secured from trusts and a room sponsorship appeal for equipment in the new build. The balance of the £4.8 million project has been funded from the hospice's reserves. The expenditure related to the actual build has been capitalised and included under "Assets under construction" in note 13.

Legacy income

The hospice has recognised legacy income of £956,000. This represents the highest legacy income received in a year by the hospice and follows a record income of £763,000 for the year ended 31 March 2016. It compares to an average per year over the five years to 31 March 2016 of £531,000.

Funding sources

The hospice receives funding to provide its services from a variety of sources. The hospice received the following from the Welsh Government and NHS Health Boards under long term agreements:

	Income		% of the expenditure	
	2017	2016	2017	2016
NHS service level agreements	1,714	1,594	37%	36%
Welsh Government funding	25	24	1%	1%
	1,739	1,618	38%	37%

The hospice receives additional NHS funding for individual continuing health care packages. This funding is not subject to a long term agreement.

	Income		% of the expenditure	
	2017	2016	2017	2016
Care packages	328	425	7%	10%

The hospice augments this public funding with donations, legacies and grants from trusts. In addition the hospice operates three core fundraising activities:

- running a network of charity shops;
- organising fundraising events;
- and operating a lottery;

Charity shops (retail trading)

The hospice operates 37 (2016 - 36) charity shops. The shops primarily sell second hand goods donated by members of the public. In addition new goods are sold by the hospice's trading subsidiary within the shops. The sale of new goods represented 5% (2016 - 5%) of retail trading income.

The price the hospice receives from recycled textiles remained at a historic low for most of the year.

The net surplus from retail trading after allocation of support costs was £934,000 (2016 - £943,000). This represents a surplus margin of 29% (2016 - 29%).

Fundraising

The fundraising department incorporates both the work associated with appealing for donations and the subsequent administration together with the work associated with organising fundraising events. The net surplus from all fundraising after the allocation of support costs was £5,598,000 (2016 - £2,494,000). This represents a surplus margin of 92% (2016 - 86%).

Fundraising income included capital grants from Welsh Government of £2,404,000 (2016 - £596,000) and grant income from trusts and foundations for the capital build of £1,062,000 (2016 - £10,000). This income can be considered non-recurring as it was related to the construction of the new hospice, a once in a generation development.

Lottery

The hospice operates a weekly lottery draw. Most members play every week. Twice a year extra prizes are awarded for the draw. On these weeks additional tickets are sold more widely to the general public. The net surplus from the lottery after the allocation of support costs was £166,000 (2016 - £203,000). This represents a surplus margin of 39% (2016 - 46%).

VAT

The hospice continues to benefit from the VAT refund scheme for palliative care charities which means it has

been able to reclaim the VAT on its non-business activities. The additional VAT that the hospice would not otherwise have been able to recover was £108,000 (2016- £84,000). The hospice continues to suffer irrecoverable VAT on some of its expenditure notably expenditure on its lottery and on most fundraising events.

Investment policy

The Trustees reviewed and approved the investment policy on 23 February 2017.

Purpose of the hospice's investment

The hospice's investment policy is closely aligned with its reserves policy which sets out that free reserves are primarily held to cover an unexpected reduction in income over the forthcoming twelve months. As such the hospice's policy is to keep most surplus cash on deposit with UK based institutions. The terms of deposits may range from instant access to twelve months term deposits to ensure the funds are available if required without loss of capital or interest.

However in order to mitigate the risk of a real term loss in the value of reserves due to inflation the hospice will invest a limited proportion of reserves in asset classes other than cash (the investment portfolio).

The hospice calculates a risk based, free reserves requirement every year as set out in the reserves policy. This sets out the level of free reserves that the hospice will seek to hold. The hospice will retain at least 75% of the free reserves requirement as cash on deposit. Any additional funds may be invested in the portfolio at the discretion of the Senior Management Team.

The level of funds invested in the portfolio will be reported to the Governance Committee as part of the routine management accounts reporting.

Investment Manager

The investment portfolio will be managed on a discretionary basis which means the buy and sell decisions will be made by an Investment Manager subject to the conditions and ethical considerations set out in this policy. The Investment Manager will be appointed by the Governance committee.

The Governance committee will review the appointment of the Investment Manager at least every five years. This review may include a formal tender for the role at the discretion of the committee.

Objectives of the investment portfolio

Funds in the investment portfolio will be invested to produce the best financial return with an acceptable level of risk.

In the short term, income from the investment portfolio will not be used to fund charitable activities. The investment objective is therefore to increase the overall total return of the fund. Since the expectation is that any income from the investment portfolio will be reinvested in

the portfolio, the hospice does not have a preference for either income or capital growth.

To meet its objectives the hospice investment portfolio can be invested widely according to the general power of investment and should be diversified by asset class, and by security. Asset classes could include cash, bonds, equities, commodities and any other assets that are deemed suitable for the hospice. The weighting of the classes of assets will be at the discretion of the Investment Manager subject to the conditions of this policy.

It is anticipated that investments will primarily be in UK based assets.

Risk

Giving due consideration to the proportion of the overall free reserves the investment portfolio represents, the low risk to which the rest of the free reserves are subject and the acceptance of risk identified following the analysis undertaken the risk level has been set as medium high.

A medium high risk level means that a large proportion of the investment portfolio may be held in equity investments. A broader range of equity markets and sectors is likely to be used. However fixed interest and non-equity investments may form part of the portfolio.

Time horizon

The hospice is expected to exist in perpetuity therefore the hospice can adopt a long term investment time horizon. For the purpose of this policy, the anticipated investment time horizon is over ten years.

Reporting and monitoring

The Investment Managers will be required to produce a valuation and performance report every month.

The Investment Managers will present a performance report at least once a year.

The Governance committee have responsibility for agreeing the investment objectives and monitoring the investment assets. The committee will meet at least once a year to review the portfolio, including an analysis of return, risk and asset allocation and to review this policy.

Benchmarking

Performance of the investment portfolio will be monitored against the FTSE WMA balanced index.

Restricted funds

The investment portfolio will not include any restricted funds of the hospice.

Ethical investment policy

The hospice will not invest in companies that produce more than 5% of their revenues from the production and distribution of tobacco and alcohol products. This is in line with the overall objectives of the hospice.

Principal risks and uncertainties

Financial risks

The Trustees identify the financial risks facing the hospice as part of the review of the reserves policy. The risk based policy identifies over 20 potential risks to the hospice's income and expenditure. These may be general, covering a broad class of income or expenditure, or may identify a more specific risk. The principal risks by value are:

- a general risk of over estimation of charity shop sales due to unforeseen external market conditions;
- a risk of an unforeseen reduction of the quality and quantity of stock donations to our shops;
- a general risk of spending over budget within retail shops due to necessary but unbudgeted costs;
- a risk of increased demand to the hospice at home service leading to unbudgeted additional costs.

The hospice primarily mitigates these risks by a regular review of the reserves policy which is aligned closely with the risks identified. Action is taken to ensure reserves remain sufficient. Regular management accounts and other management information is prepared monthly and reviewed by management and Trustees to monitor whether, in light of any risks occurring, any mitigating action is necessary.

Non-financial risks

The hospice also faces non-financial risks. These may ultimately have a financial impact but would principally affect the services we provide in other ways. The principal non-financial risks are:

- the risk of reputational damage that negatively affects engagement with the hospice by the public, the NHS and other bodies caused by:
 - a clinical error or omission leading to the mistreatment of a patient;
 - injury or other harm coming to a patient or other member of the public, such as through abuse, by staff, volunteers or members of the public;
 - injury or other harm coming to a member of staff through a failure in their duty of care by management;
 - injury or other harm coming to a participant at a fundraising event.
- The risk to the hospice caused by the loss of senior staff.

The hospice's strategy for mitigating the impact of reputational risk is primarily to ensure appropriate clinical governance is in place to monitor and improve our service. The hospice follows best practice for protecting vulnerable adults and others. Monitoring of staff and public health and safety is core to governance at all levels and is supported by a qualified Health and Safety Officer.

Plans are in place in the case of the loss of a senior member of staff. The hospice has a strong senior team who would provide proficient management in the short term.

Risks and uncertainties of the construction of the new In-patient unit

The Practical Completion Certificate was presented on 18 April 2017. The risks related to the actual construction on the new In-patient unit are now not significant.

Risks and uncertainties with the ongoing operating costs of the new In-patient unit

A detailed budget has been completed for the on-going operating costs of the new In-patient unit. However uncertainties remain due to the increased beds and associated staffing costs.

The following measures are in place to mitigate this risk

- The budget is based on accurate, historical costs of running our current In-patient unit.
- Regular, detailed monthly reviews of budget variances will take place throughout the year.
- If necessary the Trustees may opt to designate an additional £150,000 to cover unexpected variations

Reserves policy

The Trustees have determined that the hospice maintains reserves:

- to ensure the continuity of service in the event of an unexpected reduction in income whilst alternative funding is sought or expenditure on services is modified;
- to provide funds to replace fixed assets without having to finance the purchase;
- to provide working capital so that the hospice can manage settling its liabilities when they become due efficiently.

As a mature organisation with a variety of established income streams and predictable, well-planned expenditure the Trustees consider it most appropriate for the hospice to operate a reserves policy centred on an analysis of the potential risks to the amounts of those income streams and of the potential risks of over-expenditure. In order to quantify the reserves required, the following steps were undertaken as part of the annual budgeting process:

- the expected income for the forthcoming year was identified and classified;
- the potential risks of each class of income were identified;
- the potential proportion of each class of income that was at risk of not being received was estimated and multiplied by the total expected income for that class of income to provide the value of income at risk for that class of income;
- a similar exercise was undertaken to identify and quantify the risk of over-expenditure for the different classes of expenditure;
- all the individual amounts were added together to give a basic risk reserve requirement;
- a general provision of 5% of the basic risk requirement was then added to the total to give the total risk reserve requirement;

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- finally, the reserves required for future fixed asset purchases were added to give the overall total reserves requirement.

It is the opinion of the Trustees that the total reserves requirement need only cover a 12 month period since this would provide sufficient time to reduce expenditure or seek alternative sources of income.

From this exercise the Trustees have determined that the hospice requires reserves of £1,358,000 (2016 - £1,193,000). The following table compares reserves required by the policy and reserves held. In accordance with Charities SORP (FRS 102) paragraph 1.48, reserves held are considered after making allowance for

- restricted funds;
- any fund that can only be realised by disposing of tangible fixed assets;
- and any designated funds that have been established.

	2017	2016
	£000	£000
Total funds	11,335	7,089
Less restricted funds	(4,111)	(628)
Less fixed assets held in unrestricted funds	(4,755)	(4,215)
Total reserves before designation of funds	2,469	2,246
Designated funds	300	800
Undesignated reserves	2,169	1,446
Reserves required by the policy	1,358	1,193
Undesignated reserves above policy	811	253

£800,000 was designated to part fund the construction of the new In-patient unit in year ended 31 March 2016. This has been reduced to £300,000 for the year ended 31 March 2017.

The hospice holds £811,000 (2016 - £253,000) of undesignated reserves above the policy. The Trustees believe the natural growth of current services over the next five years will bring reserves held into line with the policy without the need to plan for a major expansion of current services or the implementation of new activities.

The Trustees are mindful that the year has been exceptional in terms of legacy income and therefore it is appropriate that at this point undesignated reserves are in excess of the policy. It is expected that legacy income will not remain at this level in forthcoming years and will continue to be volatile.

In addition the operation of the new In-patient unit in the initial period necessarily involves a certain level of financial risk and senior management resources. Consequently the implementation of a major new project would be imprudent until the operation of the unit has stabilised.

Plans for future periods

Our key priorities for the forthcoming year are to:

- complete the new In-patient unit on time, within budget and finalise the service model;
- Ensure the safe running of the new hospice and aim to provide high quality appropriate palliative and end of life care;
- finalise the Day hospice review;
- finalise the three year strategic plan including a review of services in Powys;
- work closely with all our partners to improve End-of-life care for all.

Structure, governance and management**Governing document**

St David's Foundation Hospice Care is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association.

The hospice was incorporated on 24th March 1992 and its Memorandum and Articles of Association were altered by Special Resolutions passed on 9th January 1995, 29th March 2001, 26th May 2005 and 27th September 2007.

Operating name

The hospice operates under the name "St David's Hospice Care".

Directors and Trustees

The directors of the charitable company are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

Recruitment and appointment of Trustees

The Chair, Board and Chief Executive review the Board performance yearly through an appraisal system. During this process it is identified if there are any skills or experience gaps on the Board. If and when a vacancy becomes available the Board will look to recruit a member to the Board with the necessary knowledge and experience. Appointments are made via an application and interview process. References are obtained.

Anyone co-opted onto the Board during the year is formally elected at the AGM as set out in the Articles of Association.

Trustee induction and training

The hospice ensures each trustee has a comprehensive induction when appointed. Trustees are provided with various Charity Commission documents and guidelines to support them in their role. An annual appraisal system for Trustees highlights any training needs.

TRUSTEES REPORT

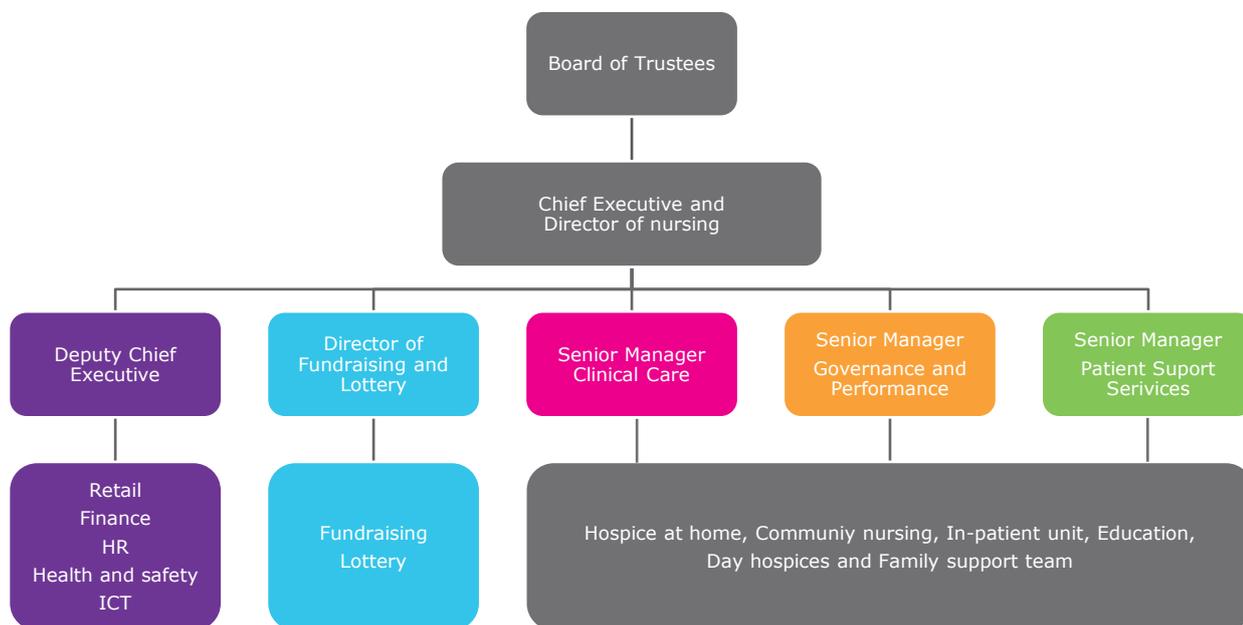
YEAR ENDED 31 MARCH 2017

Organisation

A Board of Trustees of fourteen voluntary members, who meet six times per year, administers the hospice. The following sub-groups advise the Board: Governance Committee; Retail; Clinical; and Income Generation. The remit of the Governance Committee includes Finance, Health & Safety, the reporting of Clinical Incidents and Risk Management. Health & Safety matters are discussed by an employee Health & Safety Committee in the first instance and issues are forwarded to the Governance Committee. The Governance Committee report back to the Board of the Trustees on a bi-monthly basis.

The Trustees appoint a Chief Executive to take overall responsibility for the management of the hospice by providing professional leadership through the development of strategic plans agreed with the Board of Trustees. The Chief Executive is supported by other members of the Senior Management Team, who prepare reports for the bi-monthly meetings of the Board of Trustees. The key management personnel comprise the Board of Trustees and the members of the Senior Management Team. The structure of the key management team is set out in the chart below.

The subsidiary company has two directors who are the Chair and Chief Executive of the hospice.



The key management personnel

Pay policy for key management personnel

The Trustees consider the Board of Trustees and the Senior Management Team comprise the key management personnel of the hospice.

All Trustees give their time freely and no trustee received remuneration in the year. Details of Trustees' expenses and related party transactions are disclosed in notes 28 and 29 of the accounts.

The pay of the Senior Management Team is benchmarked against similar roles in the NHS or other comparable organisations. There is an emphasis on ensuring value for money for the hospice whilst enabling the recruitment and retention of staff with appropriate skills and experience.

For the Chief Executive and Director of nursing this exercise may be undertaken by the Chair or an external consultant. Any increases are related to performance and approved by the Board of Trustees.

For other members of the Senior Management Team, benchmarking is undertaken informally by the Chief Executive and Director of nursing.

The remuneration paid to key management personnel is set out in note 27.

Disabled employees

The hospice gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Volunteers

The hospice benefits greatly from the support of general volunteers who contribute throughout the organisation

TRUSTEES REPORT

YEAR ENDED 31 MARCH 2017

supporting both our charitable work and our fundraising activities. Roles include assisting in charity shops, marshalling at fundraising events, volunteering on reception and in our Day hospices.

Special acknowledgements

The Board wishes to record its appreciation for the generosity of the many supporters of St David's for their donations and bequests and to the hundreds of volunteers who give so willingly of their time and expertise. Thanks

are also expressed to the President, Vice-Presidents and Patrons who serve in an honorary capacity.

The Board also wishes to acknowledge the tremendous dedication of the clinical, fundraising, retail and administrative staff to fulfilling the objectives of the hospice. The continued increase in the level and quality of the service is a tribute to their commitment and loyalty.

TRUSTEES REPORT

YEAR ENDED 31 MARCH 2017

Reference and administrative details

Charity number: 1010576
Company number: 2700097
Registered Office: St David's Hospice Care, Blakett Avenue, Newport, NP20 6NH

President: Sir Richard Hanbury-Tenison KCVO

Vice-Presidents: Dr G. Anderson
Mr J. Capel
Mr W. Jenkyn-Jones
Mr R. Noble OBE
Mr I. S. Burge (appointed 31 March 2016)
Mrs G. A. Goodacre
Dr R. Lurvey MBE (appointed 26 May 2016)
Prof W. B. Peeling CBE

Patrons: Baron Touhig of Islwyn and Glansychan
Mr J. Over QPM, CPM, DL
Mrs S. Lloyd
Mr R. O'Shea
Mr A. Jones

Key Management Personnel: Trustees

Chair: Mr M. Davies OBE CSTJ
Vice- Chair: Sir S. H. Boyle KCVO
Treasurer: Mrs M. Van de Weyer

Trustees: Mr I. S. Burge (resigned 31 March 2016)
Mrs J. E. Child
Lt. Col. D. Evans (died 6 January 2017)
Rev Elaine Hills (appointed 26 January 2017)
Mr M. Hine
Mr D. F. Jessopp OBE
Mr J. O. Thompson
Dame R. Butler DBE (appointed 26 May 2016)
Mrs P. J. Davies
Dr C. C. Gaffney
Dr J. W. Holland
Dr R. Lurvey MBE (resigned 26 May 2016)
Mrs P. A. White MBE

Key Management Personnel: Senior Management Team

Chief Executive: Mrs K.E. Saysell MBE
Deputy Chief Executive: Mr A. Hadley
Director of Fundraising and Lottery: Mr K. Broome
Senior Manager Governance and Performance: Ms K. Hughes
Senior Manager Clinical Care: Ms S. Thomas
Senior Manager Patient Support Services: Ms G. Tanner

Advisors

Auditors: Advantage Accountancy & Advisory LLP, 38 Cathedral Rd, Cardiff, CF11 9LL
Bankers: National Westminster Bank plc, High Street, Newport, NP20 1GG
Solicitors: Robert Davies Partnership LLP, Wentwood House, Langstone Business Village, Newport, NP18 2HJ
Investment Managers: Charles Stanley & Co. Ltd, 7/8 Park Place Cardiff CF10 3DP

Trustees' responsibilities in relation to the financial statements

The Trustees (who are also directors of St David's Foundation Hospice Care for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Internal controls over all forms of commitment and expenditure continue to be refined to improve efficiency. Processes are in place to ensure that performance is monitored and that appropriate management information is prepared and reviewed regularly by both the Senior Management Team and the Board of Trustees. The systems of internal control are designed to provide reasonable, but not absolute assurance against material misstatement or loss.

They include:

- A strategic plan and annual budget approved by the Trustees;
- Regular consideration by the Trustees of financial results, variances from budgets, non-financial performance indicators and benchmarking reviews;
- Delegation of day to day management authority and segregation of duties;
- Identification and management of risks.

Statement of disclosure to our auditors

So far as the Trustees are aware, there is no relevant audit information of which the hospice's auditors are unaware, and they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the hospice's auditors are aware of that information.

In approving this Trustees' Report, the Trustees are also approving the Strategic Report (which comprises the three sections *Achievements and performance*, *Financial review* and *Plans for future periods*) in their capacity as company directors.

Approved by the Board of Trustees on 27 July 2017.



Mrs K.E. Saysell
Company Secretary
Registered Office
St David's Hospice Care
Blackett Avenue
Newport
NP20 6NH

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST DAVID'S FOUNDATION HOSPICE CARE

YEAR ENDED 31 MARCH 2017

We have audited the financial statements of St. David's Foundation Hospice Care for the year ended 31 March 2016 which comprise the Statement of Financial Activities, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also directors of the company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company and its group affairs as at 31 March 2016 and of its incoming resources and application of

resources, including its income and expenditure, for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



STEPHEN JOHN BICKERTON FCCA
Senior Statutory Auditor
For and on behalf of
ADVANTAGE ACCOUNTANCY & ADVISORY LLP
Chartered Certified Accountants & Statutory Auditor

38 Cathedral Road
Cardiff
CF11 9LL

4/8/17.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Including Income & Expenditure Account)

YEAR ENDED 31 MARCH 2017

		Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000
	Note						
Income							
Donations and legacies	3	1,946	3,571	5,517	1,776	709	2,485
Charitable activities	4	2,067	-	2,067	2,042	-	2,042
Other trading activities	5	4,239	2	4,241	4,119	1	4,120
Investments	6	26	-	26	22	-	22
Other	9	9	-	9	31	-	31
Total Income		8,287	3,573	11,860	7,990	710	8,700
Expenditure							
Raising funds	8	3,064	-	3,064	2,968	1	2,969
Charitable activities	9	4,535	70	4,605	4,373	87	4,460
Other	11	(28)	-	(28)	(10)	-	(10)
Total expenditure		7,571	70	7,641	7,331	88	7,419
Net gains / (losses) on investments	13	27	-	27	(3)	-	(3)
Net income		743	3,503	4,246	656	622	1,278
Transfers between funds	20	20	(20)	-	5	(5)	-
Net movement in funds		763	3,483	4,246	661	617	1,278
Reconciliation of funds:							
Total funds brought forward	20	6,461	628	7,089	5,800	11	5,811
Total funds carried forward		7,224	4,111	11,335	6,461	628	7,089

BALANCE SHEETS

YEAR ENDED 31 MARCH 2017

		Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
	Note				
FIXED ASSETS					
Tangible assets	13	8,818	4,811	8,955	4,873
Investments	14	287	254	287	254
		9,105	5,065	9,242	5,127
CURRENT ASSETS					
Stock and work in progress	16	40	58	2	3
Debtors	17	1,353	1,158	1,130	1,075
Cash at bank and in hand	18	1,982	1,820	1,979	1,819
		3,375	3,036	3,111	2,897
LIABILITIES					
Creditors: Amounts falling due within one year	19	1,012	938	760	799
NET CURRENT ASSETS		2,363	2,098	2,351	2,098
TOTAL ASSETS LESS CURRENT LIABILITIES		11,468	7,163	11,593	7,225
Creditors: Amounts falling due after more than one year	20	133	74	133	74
TOTAL NET ASSETS		11,335	7,089	11,460	7,151
THE FUNDS OF THE CHARITY					
Restricted income funds	21	4,111	628	4,111	628
Unrestricted income funds	21	7,224	6,461	7,349	6,523
TOTAL CHARITY FUNDS		11,335	7,089	11,460	7,151

Signed and authorised for issue on behalf of the Board of Trustees



Mr M Davies OBE CSTJ

Approved and authorised for issue by the Board on 27 July 2017.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by operating activities	A	4,361	1,019
Cash flows from investing activities			
Dividends, interest and rents from investments		26	22
Purchase of property, plant and equipment		(4,178)	(677)
Purchase of investments		(6)	(202)
Net cash used in investing activities		(4,158)	(857)
Cash flows from financing activities			
Repayment of finance leases		(32)	(34)
Finance lease interest paid		(9)	(10)
Cash inflows from new finance lease		-	3
Net cash used in financing activities		(41)	(41)
Change in cash and cash equivalents in the reporting period		162	121
Cash and cash equivalents at the beginning of the reporting period		1,820	1,699
Cash and cash equivalents at the end of the reporting period	B	1,982	1,820

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**A Reconciliation of net income to net cash flow from operating activities**

	2017 £000	2016 £000
Net income for the reporting period (as per the Statement of Financial Activities)	4,246	1,278
Adjustments for:		
Depreciation charges	170	185
Amortisation of negative goodwill	-	(26)
(Gains)/losses on investments	(27)	3
Dividends, interest and rents from investments	(26)	(22)
Interest payable	9	10
Loss on the disposal of fixed assets	1	5
Increase decrease in stocks	18	(34)
Increase in debtors	(195)	(724)
Increase in creditors	165	344
Net cash provided by operating activities	4,361	1,019

CONSOLIDATED STATEMENT OF CASH FLOWSYEAR ENDED 31 MARCH 2017

B Analysis of cash and cash equivalents

	2017	2016
	£000	£000
Cash in hand	182	351
Notice deposits (less than 3 months)	1,800	1,469
Total cash and cash equivalents	1,982	1,820

1. Accounting policies

Basis of Accounts 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) and the Companies Act 2006. .

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

All financial information is rounded to the nearest £1000 except for the Trustees' expenses set out in note 28 and the subsidiary undertaking table in note 14.

Group financial statements

The financial statements consolidate the results of the hospice and its wholly owned subsidiary St David's Trading Limited on a line by line basis. A separate *Statement of financial activities and income and expenditure account* for the hospice has not been presented because the hospice has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

Income

Income arises when an event (such as a financial transaction) results in either an increase in the hospice's assets or a reduction in its liabilities. Income is recognised by the hospice when all of the following criteria are met:

- Entitlement – control over the rights or other access to the economic benefit has passed to the hospice.
- Probable – it is more likely than not that the economic benefits associated with the event will flow to the hospice.
- Measurement – the monetary value or amount of the income can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Legacies

Entitlement to legacy income is deemed to occur when either the hospice is aware probate has been granted, the estate has been finalised and the hospice has been notified by the executor that a distribution will be made or when a distribution is received from the estate if that is earlier.

Where legacies have been notified to the hospice or the hospice 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. This most commonly occurs when the hospice has been notified of residuary legacy but it is unable to reliably measure the amount of the income.

Grants

Grants are recognised when the hospice has entitlement to the funds. This includes grants received for the purpose of purchasing fixed assets. When a grant cannot be claimed until certain expenditure has been defrayed entitlement is not deemed to have passed to the hospice until the expenditure has been so defrayed.

Fundraising events

Fundraising income from the sale of entry fees for events is included in income when received even if this is before the event. The likelihood of cancellation of the event is remote so it is more likely than not that the economic benefit will flow to the hospice.

Donations that are closely associated with fundraising events such as sponsorship of event participants by their friends and family are included in fundraising within other trading activities.

Retail

The hospice receives a high volume of donations of low value second hand goods for resale in its network of charity shops. The Trustees consider it would be impracticable to recognise the income when the hospice becomes entitled to the economic benefit of the donated goods since the cost of doing so would outweigh the benefits. Therefore in accordance with FRS102 paragraph 34B.4 the income is recognised in the period in which the donated goods are sold.

The hospice operates a retail gift aid scheme. Under the scheme the legal form of the transaction is that the hospice operates as an agent on behalf of the donor. Once the goods have been sold on behalf of the donor, the donor offers to donate the proceeds of the sale to the hospice. This allows the hospice to claim gift aid on the cash donation. However the substance of the transaction is such that the donor is donating the goods to the hospice and is therefore treated as such.

NOTES TO THE FINANCIAL STATEMENTSYEAR ENDED 31 MARCH 2017

Lottery

Lottery tickets sold in advance are deferred and included in the period in which the draw takes place.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT

The hospice suffers from irrecoverable VAT due to the fact that it makes exempt supplies and therefore not all input VAT is recoverable. This is written off to the Statement of Financial Activities in the period in which it arises. Under sections 33C and 33D of the VAT Act 1994 the hospice can recover the VAT on its non-business transactions.

Support costs

Support costs are those costs that whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. These costs include Governance, Finance, Human resources, ICT and Health and safety as well as corporate costs including the costs of employing the Chief Executive, financing costs, insurance and legal and professional fees.

Where these costs are directly attributable to specific activities they have been included in those cost categories. Where these costs are attributable to more than one activity they are apportioned across cost categories on the basis of direct staff hours. The Trustees consider this to be the most equitable method of splitting expenditure attributable to more than one activity.

Pensions

Details of the pension schemes including the accounting policies adopted can be found in note 25.

Fixed assets***Intangible fixed assets***

Negative goodwill arising from business acquisitions is capitalised and amortised over 2 years.

Tangible fixed assets

Tangible fixed assets are recorded at cost, or in cases where fixed assets have been donated to the hospice, at valuation at time of acquisition. Fixed assets with an initial cost of less than £1,000 are not capitalised but are included in full in expenditure in the year of acquisition. Depreciation is charged to write off the cost of fixed assets over their estimated useful lives at the following annual rates:

Freehold buildings	2% Straight Line
Leasehold buildings	Life of Lease Straight Line (current leasehold buildings have a 99 year lease)
Fixtures, fittings and equipment	20% Straight Line
Computer equipment	33% Straight Line
Motor vehicles	20% Straight Line

Computer equipment is included within fixtures, fittings and equipment in note 13.

Investments***Investment properties***

Investment properties are included in the balance sheet at fair value. The hospice arranges a valuation by an independent valuer every five years. The next independent valuation will be at 31 March 2019.

Listed investments

Listed investments held are shown at fair value which is their market value.

Stock

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value. Donations of low value second hand goods that remain unsold at the balance sheet date are not included in stock since they are recognised when sold as set out above.

Funds structure

The hospice's funds are split into restricted funds and unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

Restricted funds

These are funds that can only be used for particular restricted purposes within the objects of the hospice.

Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Unrestricted funds

These funds are available for the general purposes of the hospice, to be used in accordance with the charitable objects at the discretion of the Trustees. From time to time the Trustees may allocate part of the unrestricted funds to be used for particular purposes within the hospice's objects. Such sums are described as 'designated funds'.

2. Auditor's remuneration

The net income for the year is stated after charging:

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000
Statutory audit fees	9	-	9	9	-	9
Other services	-	-	-	-	-	-

3. Donations and legacies

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000
Legacies	956	-	956	758	5	763
In memory	336	11	347	369	1	370
Individuals	292	4	296	273	1	274
Corporate, clubs and societies	99	3	102	57	3	60
Trusts and foundations	15	1,128	1,143	18	55	73
Welsh Government	25	-	25	24	-	24
Welsh Government capital	-	2,404	2,404	-	596	596
Community fundraising	223	21	244	277	48	325
	1,946	3,571	5,517	1,776	709	2,485

4. Income from charitable activities

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000
Service level agreements	1,714	-	1,714	1,594	-	1,594
Continuing health care	328	-	328	425	-	425
Other charitable activities	25	-	25	23	-	23
	2,067	-	2,067	2,042	-	2,042

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

5. Income from other trading activities

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000
Retail trading	3,268	-	3,268	3,242	1	3,243
Fundraising	546	2	548	431	-	431
Lottery	425	-	425	446	-	446
	4,239	2	4,241	4,119	1	4,120

6. Income from investments

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000
Interest received	15	-	15	16	-	16
Rent from investment property	4	-	4	4	-	4
Dividend income	7	-	7	2	-	2
	26	-	26	22	-	22

7. Support costs

The hospice allocates its support costs as shown in the table below in accordance with the basis of allocation set out in the accounting policies.

	Governance £000	Corporate £000	Finance £000	HR £000	Health and safety £000	ICT £000	Total £000
Raising funds							
Retail trading	11	31	22	14	8	5	91
Fundraising	1	4	3	2	1	1	12
Lottery	2	7	5	4	2	1	21
Investment management	0	0	0	0	0	0	-
Charitable activities							
Community nursing	8	24	17	12	6	4	71
Hospice at home	16	50	36	25	12	9	148
Day hospice	3	10	7	5	2	2	29
St Anne's in-patient unit	4	13	9	6	3	2	37
Education	0	0	0	0	0	0	-
Family support team	3	9	7	5	2	2	28
	48	148	106	73	36	26	437

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

8. Expenditure on raising funds

	Direct costs 2017 £000	Support costs 2017 £000	Total costs 2017 £000	Direct costs 2016 £000	Support costs 2016 £000	Total costs 2016 £000
Retail trading	2,243	91	2,334	2,143	157	2,300
Fundraising	455	12	467	407	15	422
Lottery	238	21	259	236	7	243
Investment management	4	-	4	4	-	4
	2,940	124	3,064	2,790	179	2,969

£nil (2016 – £1,000) of fundraising expenditure was from restricted funds. All other expenditure on raising funds is unrestricted.

9. Expenditure on charitable activities by cost type

	Direct costs 2017 £000	Support costs 2017 £000	Total costs 2017 £000	Direct costs 2016 £000	Support costs 2016 £000	Total costs 2016 £000
Community nursing	925	71	996	899	46	945
Hospice at home	1,279	148	1,427	1,359	94	1,453
Day hospice	460	29	489	497	28	525
In-patient unit	1,299	37	1,336	1,186	53	1,239
Education	80	-	80	46	1	47
Family support team	249	28	277	234	17	251
	4,292	313	4,605	4,221	239	4,460

10. Expenditure on charitable activities by fund

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000
Community nursing	996	-	996	945	-	945
Hospice at home	1,423	4	1,427	1,428	25	1453
Day hospice	475	14	489	512	13	525
St Anne's in-patient unit	1,315	21	1,336	1,191	48	1239
Education	80	-	80	47	-	47
Family support team	246	31	277	250	1	251
	4,535	70	4,605	4,373	87	4,460

11. Other expenditure

Other expenditure comprises a decrease in the provision for the hospice's share of the deficit on the Flexiplan pension scheme. The scheme trustee entered a buy-in covering the full scheme liabilities with an insurer in February 2017 and anticipates that the transition to achieve full buy-out will be finalised in the first half of 2018. Details of this scheme are set out in note 25.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

12. Intangible fixed assets

	Negative goodwill £000
Asset cost	
Brought forward	(278)
Additions	-
Carried forward	(278)
Accumulated amortisation	
Brought forward	(278)
Carried forward	(278)
Net book value	
Carried forward	-
Brought forward	-

Negative goodwill arose following the acquisition of St Anne's In-patient unit in June 2013.

13. Tangible fixed assets**Group**

	Assets under construction £000	Freehold land and buildings £000	Leasehold land and buildings £000	Motor vehicles £000	Fixtures, fittings and equipment £000	Total £000
Asset cost						
Brought forward	659	234	3,779	235	1,208	6,115
Additions	3,948	-	-	67	175	4,190
Disposals	-	-	-	(90)	(99)	(189)
Transfers	-	-	-	-	-	-
Carried forward	4,607	234	3,779	212	1,284	10,116
Accumulated depreciation						
Brought forward	-	31	145	189	939	1,304
Disposals	-	-	-	(82)	(94)	(176)
Charge for the year	-	5	38	24	103	170
Carried forward	-	36	183	131	948	1,298
Net book value						
Carried forward	4,607	198	3,596	81	336	8,818
Brought forward	659	203	3,634	46	269	4,811

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

Company

	Assets under construction £000	Freehold land and buildings £000	Leasehold land and buildings £000	Motor vehicles £000	Fixtures, fittings and equipment £000	Total £000
Asset cost						
Brought forward	659	234	3,844	235	1,208	6,180
Additions	4,024	-	-	67	175	4,266
Disposals	-	-	-	(90)	(99)	(189)
Transfers	-	-	-	-	-	-
Carried forward	4,683	234	3,844	212	1,284	10,257
Accumulated depreciation						
Brought forward	-	31	148	189	939	1,307
Disposals	-	-	-	(82)	(94)	(176)
Charge for the year	-	5	39	24	103	171
Carried forward	-	36	187	131	948	1,302
Net book value						
Carried forward	4,683	198	3,657	81	336	8,955
Brought forward	659	203	3,696	46	269	4,873

The fixed assets of the hospice includes £61,000 (2016 - £62,000) under Leasehold land and buildings which relate to depreciated, capitalised cost of services provided to the hospice by its subsidiary for the construction of the Blakett Avenue site. In the year depreciation of £1,000 (2016 - £1,000) has been charged against this asset.

The fixed assets of the hospice also includes £76,000 under Assets under construction which relate to capitalised cost of services provided to the hospice by its subsidiary for the construction of the new In-patient unit. No depreciation has been charged in the year.

Included in Fixtures, fittings and equipment are assets that were acquired under finance leases with a net book value of £46,000 (2016 - £66,000). Included in motor vehicles are assets that were acquired under finance leases with a net book value of £2,000 (2016 - £10,000). The fixed assets acquired under finance leases are secured on the assets to which they relate.

14. Investments**Group and company**

	Property £000	Listed £000	Total £000
Fair value brought forward	53	201	254
Additions	-	6	6
Gains	-	27	27
Fair value carried forward	53	234	287

Listed investments comprise an investment portfolio managed by an independent investment manager and listed investments held outside the investment portfolio. Cash held from time to time within the investment portfolio as part of normal trading within the portfolio is included in listed investments. The asset classes held in listed investments at 31 March 2017 are shown below:

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

	2017	2016
	£000	£000
Fixed income	39	35
UK equity	80	74
International equity	65	53
Property funds	10	10
Absolute return funds	10	10
Infrastructure funds	12	11
Mixed investment	6	-
Cash	9	6
Held within investment portfolio	231	199
Listed equity held outside investment portfolio	3	2
Total listed investments	234	201

The hospice owns the entire ordinary share capital in its subsidiary undertaking St David's Trading Limited (company number 05734138). This unlisted investment cannot be measured reliably at fair value so has been measured at cost.

	Subsidiary undertaking £
Group	
Cost brought forward and carried forward	-
Charity	
Cost brought forward and carried forward	1

15. Subsidiary company

St David's Trading Limited, the hospice's wholly owned subsidiary undertakes two core activities: the sale of new, bought in goods within the hospice's network of charity shops and the development of a new In-patient unit. Profits in St David's Trading Limited are remitted to the hospice by way of a gift aid payment. At 31 March 2017 St David's Trading Limited had assets of £217,000 (2016 - £406,000) and liabilities of £217,000 (2016 - £406,000). Its funds at the end of the reporting period were therefore £nil (2016 - £nil). The turnover during the year was £3,984,000 (2016 - £743,000) and expenditure was £3,984,000 (2016 - £743,000).

16. Stock and work in progress

	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Stock	40	29	2	3
Construction work in progress	-	29	-	-
	40	58	2	3

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

17. Debtors

	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Trade debtors	79	578	79	578
Amounts owed by group undertakings	-	-	49	-
Prepayments and accrued income	821	412	892	416
Other debtors	453	168	110	81
	1,353	1,158	1,130	1,075

18. Cash at bank and in hand

	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Cash and bank balances	182	351	179	350
Cash on short term deposit	1,800	1,469	1,800	1,469
	1,982	1,820	1,979	1,819

19. Creditors: Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Trade creditors	504	507	179	153
Amounts owed to group undertakings	-	-	-	238
Accruals and deferred income	371	256	444	233
Taxation and social security	89	80	89	80
Obligations under finance leases	22	32	22	32
Pension liability	-	22	-	22
Other creditors	26	41	26	41
	1,012	938	760	799

20. Creditors: Amounts falling due after one year

	Group 2017 £000	Group 2016 £000	Charity 2017 £000	Charity 2016 £000
Accruals and deferred income	109	-	109	-
Obligations under finance leases	24	46	24	46
Pension liability	-	28	-	28
	133	74	133	74

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

21. Movement in Funds

	Balance at 1 April 2016 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	Balance at 31 March 2017 £000
UNRESTRICTED FUNDS						
General fund	5,661	8,287	(7,571)	27	520	6,924
Designated: IPU new build	800	-	-	-	(500)	300
Total unrestricted funds	6,461	8,287	(7,571)	27	20	7,224
RESTRICTED FUNDS						
Blackett Avenue day hospice general	-	2	(2)	-	-	-
Children in Need - Unicorn	-	28	(21)	-	-	7
Community Choir	-	5	(2)	-	-	3
Friends of St Anne's	-	15	(15)	-	-	-
Hoist - Welsh Church Fund	1	-	-	-	-	1
Hospice at home general	-	3	(3)	-	-	-
Ipads for day hospice and welfare rights advisors	-	1	-	-	(1)	-
IPU new build (Trusts and donations)	10	1,053	-	-	-	1,063
IPU new build (WG)	596	2,404	-	-	-	3,000
IPU new build room sponsorship	-	28	-	-	-	28
Merthyr electrical work	1	-	-	-	(1)	-
Music therapy	1	-	(1)	-	-	-
New IPU equipment	8	-	-	-	(8)	-
Panteg Day hospice general	-	1	(1)	-	-	-
Panteg garden furniture	1	-	-	-	-	1
Patient vehicle	-	2	-	-	-	2
Sara Steady chair	-	1	(1)	-	-	-
Social worker fund	4	-	(1)	-	-	3
In-patient unit general	-	4	(4)	-	-	-
Syringe driver	1	-	-	-	-	1
Syringe driver Zurich community Trust	1	-	(1)	-	-	-
Tidenham parish patients	-	2	(2)	-	-	-
Trevor Gray Education Centre	-	9	-	-	(9)	-
Unicorn project	4	4	(8)	-	-	-
Usk House day hospice	-	8	(7)	-	(1)	-
Other restricted funds	-	3	(1)	-	-	2
Total restricted funds	628	3,573	(70)	-	(20)	4,111
Total funds	7,089	11,860	(7,641)	27	-	11,335

During the year the balance of certain restricted funds were transferred to unrestricted funds. The original use of these funds was restricted to the purchase of fixed assets. Since the assets are held for a general and not a restricted purpose the balance has been transferred to unrestricted funds in accordance with Charities SORP (FRS 102) paragraph 2.26.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

Name of Fund	Description, nature and purpose of the fund
Unrestricted funds	
General fund	The undesignated unrestricted funds of the hospice.
Designated: IPU new build	Fund designated by the Trustees to part fund the construction of the new In-patient unit.
Restricted funds	
Blackett Avenue day hospice general	Funded from various sources to support our work in the Blackett Avenue Day hospice.
Children in Need - Unicorn	Provided by Children in Need to fund the Unicorn Children and young people's service.
Community Choir	Provided by The Big Lottery to fund our Community Choir.
Friends of St Anne's	Provided by the charity "The Friends of St Anne's" to support our work in the St Anne's In-patient unit.
Hoist - Welsh Church Fund	Provided by Welsh Church Fund to fund a hoist.
Hospice at Home general	Funded from various sources to support our Hospice at Home work.
iPads for Day hospice and welfare rights advisors	Provided by Coventry building society to fund the purchase of iPads.
IPU new build (Trusts and donations)	Provided by various Trusts and Foundations to fund the construction of our new In-patient unit.
IPU new build (WG)	Part of a £3m capital grant from Welsh Government to fund the construction of the new In-patient unit.
IPU new build room sponsorship	To fund the construction of the new In-patient unit and the equipment for the new unit.
Merthyr electrical work	A Big Heart grant to fund electrical work at our Merthyr Tydfil shop.
Music therapy	Provided by The D'Oyly Carte Charitable Trust to support a Music Therapy project.
New IPU equipment	From the February Foundation for equipment in the new In-patient unit.
Panteg Day hospice general	Funded from various sources to support our work in the Panteg Day hospice.

NOTES TO THE FINANCIAL STATEMENTS

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<i>Name of Fund</i>	<i>Description, nature and purpose of the fund</i>
Panteg garden furniture	To fund the re-development of the garden at Panteg.
Patient vehicle	Provided by Caldicot Methodist Church and MonMotors Limited to purchase a vehicle for transporting patients.
Sara Steady chair	Provided by Coventry Building Society to fund the purchase of a "Sara Steady chair".
Social worker fund	This fund received from various sources is used to support patients who are facing financial hardship.
In-patient unit general	Funded from various sources to support our work in our In-patient unit.
Syringe driver	Provided by Ann Watkins to fund the purchase of a syringe driver.
Syringe driver Zurich community Trust	For the purchase of a syringe driver.
Tidenham parish patients	Provided by the Poor's Allotment Trust to support our work in the parish of Tidenham
Trevor Gray Education Centre	Provided by The Trevor Gray Scholarship Fund to develop our dedicated training centre.
Unicorn project	Fund to support the Unicorn project. Provided by various funders.
Usk House day hospice general	Funded from various sources to support our work in Usk House Day Hospice.
Other restricted funds	Other restricted funds with balances less than £500.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

22. Analysis of group net assets between funds

	Investments £000	Tangible fixed assets £000	Other net assets £000	Total £000
Restricted income funds	-	4,063	48	4,111
Unrestricted income funds	287	4,755	2,182	7,224
	287	8,818	2,230	11,335

23. Commitments

The group and company's future minimum operating and finance lease payments are as follows:

	Finance leases		Operating leases	
	2017 £000	2016 £000	2017 £000	2016 £000
Not later than one year	29	37	441	489
later than one year but not later than five years	32	61	605	673
later than five years	-	-	68	86
	61	98	1,114	1,248

The net book value of fixed assets held under finance lease are given in note 13.

The group has entered into a non-cancellable contractual commitment to spend £3,716,000 on the construction of the new In-patient unit.

24. Staff costs

	Total 2017 £000	Total 2016 £000
Wages and salaries	4,237	4,178
Social security costs	324	287
Pension costs	263	271
	4,824	4,736

The number of employees, whose total employee benefits (excluding employer pension costs) for the reporting period, fell within each banding of £10,000 from £60,000 were as follows:

	2017	2016
£60,001 - £70,000	1	1
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	1	1

25. Pensions

The hospice contributed to two pension schemes in the financial year: the Royal London scheme and the NHS pension scheme. A third scheme, The Flexiplan scheme, is closed to new members.

Royal London scheme

The hospice operates a defined contribution pension scheme for its employees, where all the assets are held in a separately administered fund, which is outside the control of the hospice. At the year-end there were 154 (2016 – 164) employees who

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

were members of the scheme. Employer contributions charged against income in the year were £110,000 (2016 - £115,000). Outstanding contributions at the balance sheet date were £12,000 (2016 - £12,000).

Employees who are enrolled into a pension under "automatic enrolment" are enrolled into this scheme.

NHS scheme

Staff transferring from the NHS may continue to contribute to the NHS scheme. The scheme is a multi-employer, unfunded defined benefit scheme but the hospice is unable to identify its share of the underlying assets and liabilities of the Plan on a consistent and reasonable basis and therefore, as permitted by FRS 102 para 28.11, it accounts for the Plan as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the hospice's contributions payable to the Plan in respect of the accounting period. The employee contribution percentage rates under this scheme vary depending on pensionable earnings. At the year end there were 36 (2016 - 35) who were members of the scheme. Employer contributions charged against income in the year were £156,000 (2015 - £146,000). At the balance sheet date the hospice was owed £14,000 for overpaid contributions. Outstanding contributions at 31 March 2016 were £22,000.

Flexiplan scheme

The Federated Flexiplan No.1 ("the Plan") is a defined benefit pension scheme. It is a "last man standing scheme" which means that all participating employers are joint and severally liable for the Plan's liabilities. However, because of the non-associated multi-employer nature of the Plan, the Company does not have sufficient information available (in particular to identify its share of the underlying assets and liabilities of the Plan) to use defined benefit accounting. As such and as permitted by FRS 102, it accounts for the Plan as if it were a defined contribution scheme. As a result, the amount recognised in the profit & loss represents the Company's contributions payable to the Plan in respect of the accounting period.

Members of the Plan are entitled to benefits on either a "Pensions Capital" or "Target Pension" basis. Under the Pensions Capital basis, contributions paid by and in respect of members are accumulated up to retirement and then used to secure benefits for the member. Under the Target Pension basis, members receive a defined pension at retirement based on length of service in the Plan and their Pensionable Salary at date of leaving. The Plan is closed to new members and to future accrual of benefits.

Buy-Out of the Scheme Liabilities

The Scheme Trustee entered a buy-in covering the full Scheme liabilities with an insurer in February 2017 and anticipates that the transition to achieve full buy-out will be finalised in the first half of 2018. When that process is completed there will be no further legal or financial obligations to the Scheme.

Recovery Plan

As the Plan was in deficit at the latest actuarial valuation as at 31 March 2015 a recovery plan was put into place. Under this recovery plan, contributions of £2,063,417 per annum are payable from 1 April 2016 to 31 March 2017 and £1,555,556 per annum are payable from 1 April 2017 to 31 March 2019 by all the scheme members. However, the Scheme Actuary has now certified that no further contributions are required to be made in respect of the two years commencing 1 April 2017.

The hospice's agreed share of these contributions was £22,000 per annum from 1 April 2016. No other contributions are due from the hospice.

Company contributions

The Company paid contributions totalling £22,000 (2016 - £22,000) in the year.

26. Staff numbers

The average number of staff employed by the hospice during the year was 273 (2016 - 277). Some of the hospice's employees do not undertake work every month. The average number of staff paid each month was 252 (2016 - 252).

27. Key management personnel

The key management personnel comprise the Trustees and the Senior Management Team as set out on page 14. None of the Trustees were paid any remuneration or received any other benefits from an employment with the hospice or its subsidiary. Trustees' expenses are set out in note 28. The total employee benefits paid to the key management personnel was £376,000 (2016 - £366,000).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

28. Trustees' expenses

No trustee claimed travel expenses in the year. In the year ended 31 March 2016 one trustee claimed expenses of £276.

29. Related party transactions

In August 2010 the hospice entered into a lease agreement for a property that is used by the hospice as a shop. The property has four landlords including Ian Stanley Burge, a director and trustee, and Coralie June Burge, the wife of Ian Stanley Burge. During the year the hospice paid rent of £nil (2016 - £1,625). The lease expired in July 2015. Mr Burge resigned as a trustee on 31 March 2016.

30. Legal status of the hospice

St David's Foundation Hospice Care is a company limited by guarantee, not having a share capital, exempt from the requirement to use the word "limited" and is a registered charity. The liability of each member in the event of a winding-up is limited to £1.

31. Taxation

The company has obtained charitable status under Section 505(1a) and (1c) Income and Corporation Taxes Act 1988 and has only undertaken primary purpose activities during the year and is therefore exempt from Corporation Tax.