



**ST DAVID'S FOUNDATION  
HOSPICE CARE**

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

**FOR THE YEAR ENDED 31 MARCH  
2016**

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YEAR ENDED 31 MARCH 2016

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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 2016.

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 empower 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
- St Anne's 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 a core member 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 10 am and 4 pm 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.

## St Anne's in-patient unit

St Anne's is registered for 10 beds within a Consultant led Specialist Palliative Care unit for adult patients who suffer from a 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. St Anne's 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 for children and young people affected by the illness of one of our patients

## 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.

## 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 7.

## Achievements and performance

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

Priority	Outcome
Continue to develop and implement the plan for the new in-patient unit.	Fully achieved. The business case for a new in-patient hospice was agreed with ABUHB and Welsh Government. Capital funding of £3 million has been agreed with Welsh Government.
Continue to implement the priorities set out in the three year strategic plan.	The plan has been partially achieved and work is ongoing: <ul style="list-style-type: none"> <li>• Services have increased in Powys to meet unmet need.</li> <li>• Non-cancer referrals have remained at a steady level.</li> <li>• Preferred place of care has been achieved in over 80% of patients.</li> <li>• Additional funding has been received from Welsh Government via the End of Life Care board.</li> </ul> <p>The hospice worked in partnership with ABUHB to develop a palliative care strategy for Gwent.</p>
Undertake a review of day hospice care provision.	Partially achieved. A new structure is in place and a review of services will commence in 2016.
Undertake a review of the hospice's investments and investment policy.	Fully achieved. The trustees have adopted a new investment policy set out on page 8.

### Community clinical nursing specialists

	2016	2015
Number of patients	3,351	3,346
New referrals	2,338	2,291
Discharges	302	304
Deaths	1,341	1,339
Deaths at home	961	961
% died at home	72%	72%

***"The commitment of [the] team has been nothing short of excellent and is very much appreciated."***

***A St David's patient***

- The four teams work through Monmouthshire, Torfaen, Caerphilly and Newport and are GP allocated. The Clinical Nurse Specialists (CNSs) cared for 3,351 patients which is a very slight increase on last year (2015 – 3,346).
- There was a slight increase on average monthly referrals to 194 per month (2015 – 190).
- Non-cancer referrals were also slightly lower to 27.7% (2015 -30.6%)
- 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 2016 we achieved this with 72% (2015 – 72%).
- The average caseload for the CNS teams for 2016 was 1,035 (2015 -1,041).

- Key Performance Indicators are set by the Clinical Governance Committee and the teams are measured against these performance indicators.
- During the year the CNS service was registered with CSSIW as a Nurses Agency and we await our first inspection. The CNS service works closely with Aneurin Bevan University Health Board (ABUHB) and has a one year service level agreement to provide community CNSs. We are also participating in ABUHB's specialist palliative care strategic plan.

***"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***

**TRUSTEES REPORT**

YEAR ENDED 31 MARCH 2016

**Hospice at home**

	2016	2015
Average caseload	795	802
Referrals	753	757
Hours of care	58,437	56,138

*"Attention to detail has been excellent. They have looked after me very well and took all my concerns away. I have had excellent care from them."*

*A patient*

- The highly valued 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.
- Yet again the service has seen an increase in care provided with a 7.1% increase in shifts offered to families and in increase in the number of hours provided by 4.1%, with a total number of 58,437 hours (2015 – 56,138).
- 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. We had a recent unannounced inspection and the report can be found on CSSIW's website at: [cssiw.org.uk](http://cssiw.org.uk).

**Day hospice**

	2016	2015
Number of patients	427	443
New Referrals	268	297
Attendances	4,222	4,522

*"A very caring team, mum always remarks on her return [from day hospice] how nice you all are. Thanks so much."*

*A family member of a day hospice patient*

- The review on day hospice has not yet been completed due to various changes in day hospice provision. This review will be completed mid-2016. The increase in demand at Blackett Avenue will form a key part of the review.
- We continue to work closely with Velindre NHS Trust and are pleased to have commenced a nurse-led transfusion service during 2015.
- The Complementary therapy team has seen referrals increase to 366 (2015 - 337). There has been a significant increase in the average caseload of 35.3% from 39 to 53 patients.

**Family support team**

	2016	2015
<b>Social Work and Welfare Rights</b>		
New referrals	845	855
<b>Bereavement service</b>		
Average caseload	125	133
Visits	1,255	1,429
Group attendances	139	94
<b>Children's bereavement service (Unicorn)</b>		
Average caseload	81	81
New referrals (families)	162	172

*"It has helped my son to vocalise his feelings...You could see the progress after each session...An excellent service provided...My son has his smile back so could not ask for more."*

*A parent whose son benefitted from the Unicorn project*

- Social work and welfare rights referrals have decreased from 855 in 2015 to 845 in 2016. This is mainly due to changes in the way in which the benefits are now applied for in line with the Department of Work and Pensions.
- Unicom, the specialist children's and young people's pre and post bereavement service continues to be highly in demand. The service continues to be funded entirely by the hospice with no statutory support.
- Caring for the family after a death is a key component of the hospice. Visits by the service have decreased from 1,429 to 1,255 but group attendances have increased by 47% from 94 to 139.

*"I can't fault the service. It was a lifeline for me at a very difficult time."*

*A family member who accessed the bereavement support service*

**St Anne's hospice**

	2016	2015
Referrals	280	292
Admissions	175	208
Discharges	77	79
Deaths	96	111
Average length stay in days	16	13
Average bed occupancy	73%	77%

## TRUSTEES REPORT

YEAR ENDED 31 MARCH 2016

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*"We cannot speak highly enough of the care and attention that we have received as a family. You have all been marvellous."*

*A family member of a St Anne's patient*

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- The number of referrals to the hospice in-patient unit has decreased slightly by 4% from 292 to 280.
- The bed occupancy has also reduced by 5% from 77% to 73% but the average length of stay has increased from 13 days to 16 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.
- St Anne's 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](http://www.hiw.org.uk).

*"The care and attention has been second to none, every need has been fulfilled quickly, efficiently and with a smile."*

*A St Anne's patient*

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### Education

The Education department has continued to offer training to a range of organisations. During the year, plans were made to relocate the Education department to its own dedicated training centre where a wider variety of courses to more people and organisations can be delivered. This will take place in the first quarter of the new year.

### 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 a 6% increase in calls, a total of 2,901 (2015 – 2,741).

### 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 3 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. The patient quotations in this report are taken from the "I want great care" platform.

### New 15 bed in-patient unit

An exciting year started with confirmation of funding from Welsh Government to support the development of the hospice. We were thrilled with the £3 million secured following a rigorous process. The trustees and CEO would like to sincerely thank the Welsh Government for all their support. We were also very pleased to have been awarded £500,000 from The Big Lottery Fund. The trustees and CEO would also like to thank Newport City Council. Without their support in providing land development this project would not be possible.

Invitation to tender for the building contract was completed at the end of 2015 and we were pleased to appoint Andrew Scott Ltd. Building commenced in January 2016.

We are working hard to integrate and share services with ABUHB to ensure seamless care.

**TRUSTEES REPORT**

YEAR ENDED 31 MARCH 2016

**How the new in-patient unit will look****Financial review**

This exciting year for the hospice has been atypical financially due to two key factors:

- The hospice has recognised legacy income of £763,000. This represents the highest legacy income received in a year by the hospice. It compares to an average per year over the five years to 31 March 2015 of £427,000.
- The hospice has received £596,000 of an overall £3 million capital grant from Welsh Government to support the construction of the new in-patient unit. The related expenditure has been capitalised and included in fixed assets under "Assets under construction" in the financial statements.

Overall the hospice's income increased from £7,691,000 to £8,700,000. The hospice's total expenditure fell by £42,000 to £7,419,000. However the hospice increased its spending on charitable activities by £11,000 from £4,449,000 to £4,460,000.

**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 £000		% of the expenditure on charitable activities	
	2016	2015	2016	2015
NHS service level agreements	1,594	808	36%	18%
Welsh Government funding	24	653	1%	15%
	<b>1,618</b>	<b>1,461</b>	<b>37%</b>	<b>33%</b>

In 2016 "One Wales" funding that had previously been paid directly by Welsh Government was paid to health boards and was then subject to service level agreements between the hospice and the local health boards.

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

	Income £000		% of the expenditure on charitable activities	
	2016	2015	2016	2015
Care packages	425	426	10%	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 36 (2015 – 37) 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% (2015 – 4%) of retail trading income.

The price the hospice receives from recycled textiles remains at a historic low.

The net surplus from retail trading after allocation of support costs was £943,000 (2015 - £842,000). This represents a surplus margin of 29% (2015 - 27%).

## 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 £2,494,000 (2015 - £2,157,000). This represents a surplus margin of 86% (2015 - 83%).

## 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 £203,000 (2015 - £194,000). This represents a surplus margin of 46% (2015 - 43%).

## VAT

During the year the hospice benefitted, for the first time, from the VAT refund scheme for palliative care charities which means it has been able to reclaim the VAT on its non-business activities. In the past this VAT would not have been recovered by the hospice. The additional VAT that the hospice would not otherwise have been able to recover was £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 adopted a new investment policy on 26 November 2015. As part of this process the Governance committee undertook an analysis of the appropriate appetite for investment risk of the hospice and considered the various investment options available and the reasons for holding investments.

### *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 hospices 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 Governance committee have set the initial investment in the investment portfolio at £200,000. The investment portfolio will remain less than 20% of the hospice's free reserves.

### *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 quarterly.

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

#### **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 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 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 construction of the new in-patient unit presents the hospice with certain additional risks:

- the size of the project is large compared to the overall size of the hospice so there is a risk of management attention being drawn away from day to day activities;
- there is a risk of a lack of internal expertise in construction;
- there is a risk of unanticipated problems with the project leading to additional unfunded costs;
- there is a risk of financial failure or other negative impact from the external service providers upon which the success of the project heavily relies.

The trustees believe that they have appropriate strategies in place to mitigate these risks:

- The same management team who successfully delivered the construction of the first building at Blakett Avenue lead the project.
- Our professional advisors have a proven track record of delivering similar projects. The architects have a specific specialism in hospice construction and were involved in the first building.
- The project plan identified appropriate external professional support and this is fully budgeted.
- Sufficient evidence has been gained that the lead contractor and other service providers are financially

stable and able to deliver outcomes according to the project plan.

### Reserves policy

The trustees have determined that the hospice maintains reserves:

- to ensure the continuity of service in the event of a 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 and 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 requirements;
- a general provision of 5% of the basic risk requirement was then added to the total to give the total risk reserve requirement;
- finally, the reserves required for future fixed asset purchases was 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 £1,193,000 (2015 - £863,000). 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.

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Total funds	7,089	5,811
Less restricted funds	(628)	(11)
Less fixed assets held in unrestricted funds	(4,215)	(4,323)
<b>Total reserves before designation of funds</b>	<b>2,246</b>	<b>1,477</b>
Designated funds	800	-
<b>Undesignated reserves</b>	<b>1,446</b>	<b>1,477</b>
Reserves required by the policy	1,193	863
<b>Undesignated reserves above policy</b>	<b>253</b>	<b>614</b>

£800,000 has been designated to part fund the construction of the new in-patient unit. It is anticipated that this fund will be utilised within the next 12 months.

The hospice holds £253,000 (2015 - £614,000) 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 construction of the new in-patient unit 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 construction is completed.

### Plans for future periods

Our key priorities for the forthcoming year are to:

- implement the final year of the 3 year strategic plan and work on the next 3 year plan;
- complete the new build on time, within budget and finalise the service model;
- finalise the day hospice review;
- focus on improving IT connectivity within the hospice;
- work with our Health Board and other 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 24<sup>th</sup> March 1992 and its Memorandum and Articles of Association were altered by Special Resolutions passed on 9<sup>th</sup> January 1995, 29<sup>th</sup> March 2001, 26<sup>th</sup> May 2005 and 27<sup>th</sup> 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

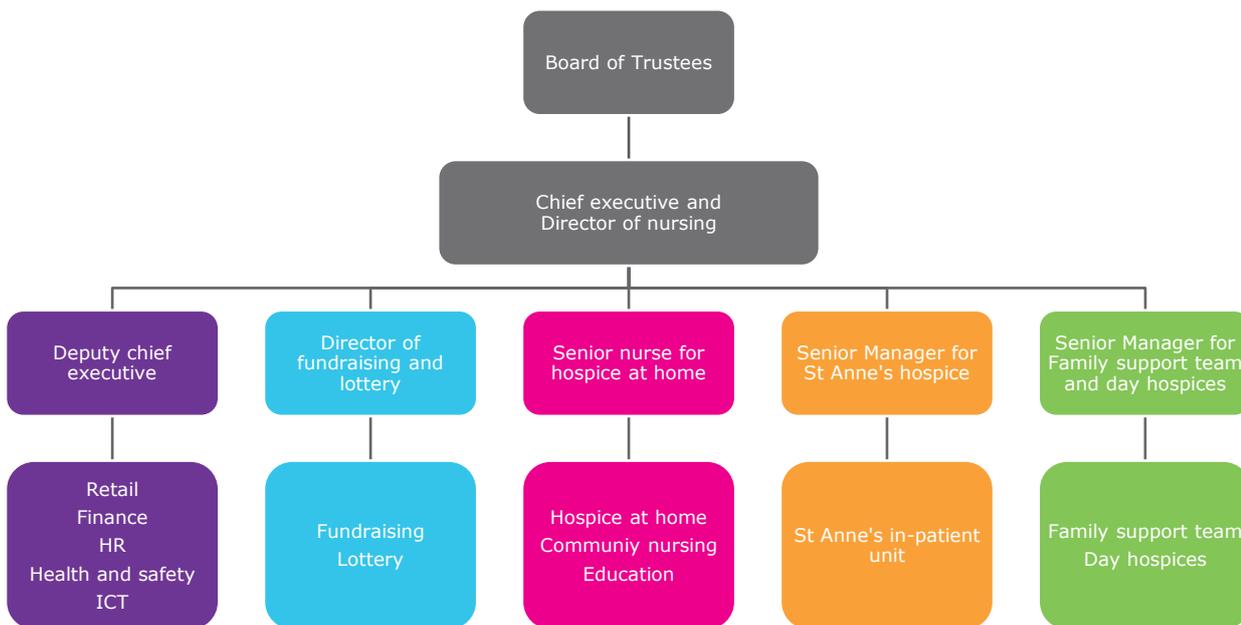
The hospice ensures each trustee has a comprehensive induction when appointed. Trustees are provided with various Charity Commission documents and guidelines to support them in their role. An annual appraisal system for trustees highlights any training needs

### 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 of their time freely and no trustee received remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in notes 30 and 31 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 29.

## **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 charity benefits greatly from the support of general volunteers who contribute throughout the organisation supporting both our charitable work and our fundraising activities. Roles include assisting in charity shops, marshalling at fundraising events, volunteering on reception and day hospice host.

## **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 2016

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### 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: Mr S. H. Boyle  
Treasurer: Mrs M. Van de Weyer

Trustees: Mr I. S. Burge (resigned 31 March 2016)  
Mrs J. E. Child  
Lt. Col. D. Evans  
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 for St Anne's hospice: Ms K. Hughes  
Senior nurse for hospice at home: Ms S. Thomas  
Senior manager for family support team and day hospices: 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

## 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 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:

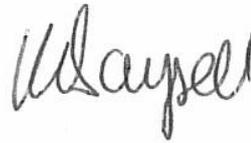
- A strategic plan and annual budget approved by the trustees;
- Regular consideration by the trustees of financial results, variances from budgets, non-financial performance indicators and benchmarking reviews;
- Delegation of day to day management authority and segregation of duties;
- Identification 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 28 July 2016.



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 2016

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 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

15/8/16

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

YEAR ENDED 31 MARCH 2016

		Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
	Note						
<b>Income</b>							
Donations and legacies	4	1,776	709	2,485	2,039	124	2,163
Charitable activities	5	2,042	-	2,042	1,258	-	1,258
Other trading activities	6	4,119	1	4,120	4,042	-	4,042
Investments	7	22	-	22	23	-	23
Other	8	31	-	31	205	-	205
<b>Total Income</b>		<b>7,990</b>	<b>710</b>	<b>8,700</b>	<b>7,567</b>	<b>124</b>	<b>7,691</b>
<b>Expenditure</b>							
Raising funds	10	2,968	1	2,969	3,012	-	3,012
Charitable activities	12	4,373	87	4,460	4,334	115	4,449
Other	13	(10)	-	(10)	-	-	-
<b>Total expenditure</b>		<b>7,331</b>	<b>88</b>	<b>7,419</b>	<b>7,346</b>	<b>115</b>	<b>7,461</b>
Net losses on investments	16	(3)	-	(3)	(1)	-	(1)
<b>Net income</b>		<b>656</b>	<b>622</b>	<b>1,278</b>	<b>220</b>	<b>9</b>	<b>229</b>
Transfers between funds	23	5	(5)	-	10	(10)	-
<b>Net movement in funds</b>		<b>661</b>	<b>617</b>	<b>1,278</b>	<b>230</b>	<b>(1)</b>	<b>229</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward	23	5,800	11	5,811	5,570	12	5,582
<b>Total funds carried forward</b>		<b>6,461</b>	<b>628</b>	<b>7,089</b>	<b>5,800</b>	<b>11</b>	<b>5,811</b>

**BALANCE SHEETS**

YEAR ENDED 31 MARCH 2016

		<b>Group 2016 £000</b>	<b>Group 2015 £000</b>	<b>Charity 2016 £000</b>	<b>Charity 2015 £000</b>
	Note				
<b>FIXED ASSETS</b>					
Intangible assets	14	-	(26)	-	(26)
Tangible assets	15	4,811	4,324	4,873	4,387
Investments	16	254	55	254	55
		<b>5,065</b>	<b>4,353</b>	<b>5,127</b>	<b>4,416</b>
<b>CURRENT ASSETS</b>					
Stock and work in progress	18	58	24	3	2
Debtors	19	1,158	434	1,075	411
Cash at bank and in hand	20	1,820	1,699	1,819	1,694
		<b>3,036</b>	<b>2,157</b>	<b>2,897</b>	<b>2,107</b>
<b>LIABILITIES</b>					
Creditors: Amounts falling due within one year	21	938	563	799	513
<b>NET CURRENT ASSETS</b>		<b>2,098</b>	<b>1,594</b>	<b>2,098</b>	<b>1,594</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>7,163</b>	<b>5,947</b>	<b>7,225</b>	<b>6,010</b>
Creditors: Amounts falling due after more than one year	22	74	136	74	136
<b>TOTAL NET ASSETS</b>		<b>7,089</b>	<b>5,811</b>	<b>7,151</b>	<b>5,874</b>
<b>THE FUNDS OF THE CHARITY</b>					
Restricted income funds	23	628	11	628	11
Unrestricted income funds	23	6,461	5,800	6,523	5,863
<b>TOTAL CHARITY FUNDS</b>		<b>7,089</b>	<b>5,811</b>	<b>7,151</b>	<b>5,874</b>

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 28 July 2016.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

YEAR ENDED 31 MARCH 2016

	Note	2016 £000	2015 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	A	1,019	223
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		22	23
Purchase of property, plant and equipment		(677)	(101)
Purchase of investments		(202)	-
<b>Net cash used in investing activities</b>		<b>(857)</b>	<b>(78)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowing		-	(189)
Repayment of finance leases		(34)	(47)
Loan interest paid		-	(7)
Finance lease interest paid		(10)	(10)
Cash inflows from new finance lease		3	-
<b>Net cash used in financing activities</b>		<b>(41)</b>	<b>(253)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>121</b>	<b>(108)</b>
Cash and cash equivalents at the beginning of the reporting period		1,726	1,834
<b>Cash and cash equivalents at the end of the reporting period</b>	B	<b>1,847</b>	<b>1,726</b>

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

	2016 £000	2015 £000
Net income for the reporting period (as per the statement of financial activities)	1,278	229
<b>Adjustments for:</b>		
Depreciation charges	185	221
Amortisation of negative goodwill	(26)	(139)
(Gains)/losses on investments	3	1
Dividends, interest and rents from investments	(22)	(23)
Interest payable	10	17
Loss on the disposal of fixed assets	5	-
Increase decrease in stocks	(34)	(4)
Increase in debtors	(724)	(78)
Increase/(decrease) in creditors	344	(1)
<b>Net cash provided by operating activities</b>	<b>1,019</b>	<b>223</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**YEAR ENDED 31 MARCH 2016

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**B Analysis of cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Cash in hand	351	127
Notice deposits (less than 3 months)	1,469	1,572
<b>Total cash and cash equivalents</b>	<b>1,820</b>	<b>1,699</b>

## 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.

An explanation of how the transition from previous UK Generally Accepted Accounting Practice (UK GAAP) has affected the hospice's reported financial position and financial performance is set out in note 2.

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 30 and the subsidiary undertaking table in note 16.

### 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.

**NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 MARCH 2016

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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.

**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 27.

**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 building 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 15.

**Investments****Investments 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.

**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2016

**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.

**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. Transition to FRS 102 and the Charities SORP (FRS 102)**

This is the first year that the hospice has presented its results under FRS 102 and the Charities SORP (FRS102) The last financial statements were presented under the previous UK Generally Accepted Accounting Practice (UK GAAP) and were for the year ended 31 March 2015. The date of transition to FRS 102 and the Charities SORP (FRS 102) was therefore 1 April 2014.

In accordance with the arrangements for the first time adoption of FRS 102 set out in section 35, comparative information in respect of the previous year has been presented in accordance with FRS 102.

This note sets out:

- reconciliations of the hospice's funds at the date of transition and at the last reporting date under previous UK GAAP determined under previous UK GAAP to its funds determined under FRS 102 and the Charities SORP (FRS 102) at those dates;
- a reconciliation of the income and expenditure for the last period reported under previous UK GAAP determined under previous UK GAAP to its income and expenditure determined under FRS 102 and the Charities SORP (FRS 102) for that period;
- descriptions of the material changes in accounting policies under FRS 102 compared to previous UK GAAP.

**Reconciliation of funds as at 31 March 2014**

	Revaluation reserve £000	General fund £000	Total unrestricted funds £000	Restricted funds £000	Total funds £000
<b>Funds under previous UK GAAP</b>	<b>198</b>	<b>5,399</b>	<b>5,597</b>	<b>12</b>	<b>5,609</b>
Deem previous revaluation of fixed asset as cost	(198)	198	-	-	-
Holiday pay accrual March 2014	-	(27)	(27)	-	(27)
<b>Funds restated under FRS 102</b>	<b>-</b>	<b>5,570</b>	<b>5,570</b>	<b>12</b>	<b>5,582</b>

**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2016

**Reconciliation of funds as at 31 March 2015**

	Revaluation reserve £000	General fund £000	Total unrestricted funds £000	Restricted funds £000	Total funds £000
<b>Funds under previous UK GAAP</b>	<b>198</b>	<b>5,602</b>	<b>5,800</b>	<b>11</b>	<b>5,811</b>
Deem previous revaluation of fixed asset as cost	(198)	198	-	-	-
<b>Funds restated under FRS 102</b>	<b>-</b>	<b>5,800</b>	<b>5,800</b>	<b>11</b>	<b>5,811</b>

**Reconciliation of income and expenditure for year ended 31 March 2015**

	Unrestricted funds £000	Restricted funds £000	Total funds £000
<b>Net income under previous UK GAAP</b>	<b>203</b>	<b>(1)</b>	<b>202</b>
Holiday pay accrual	27	-	27
<b>Net income restated under FRS 102</b>	<b>230</b>	<b>(1)</b>	<b>229</b>

**Holiday pay accrual**

Holiday pay owing at the year end was originally accrued in the financial statements to 31 March 2015 but not in the financial statements to 31 March 2014. The employees who had untaken leave worked throughout the organisation, including for support departments. The impact of the reduction in staff costs in the year ended 31 March 2015 has therefore affected expenditure on raising funds and charitable activities direct costs and through the attributable support costs.

**Revaluation as deemed cost for tangible fixed asset**

Freehold land and buildings includes a freehold building "Usk House". The building was revalued on an open market basis when the asset was owned by Usk House (Powys) Limited. Usk House (Powys) Limited and St David's Foundation Hospice Care merged on 30 September 2010. The asset "Usk House" was included in freehold land and buildings at the revalued amount. Under previous UK GAAP the combined entity's policy, from the date of the merger, was not to revalue freehold land and buildings. Therefore further revaluations were not undertaken but a revaluation reserve was maintained in the new entity. On transition to FRS 102 the hospice has elected to use the previous valuation as the deemed cost per FRS 102 para 35.10(d).

**Governance Costs**

Under previous UK GAAP Governance costs were disclosed separately of The Statement of Financial Activities. Under FRS 102 Governance costs are included under support costs and apportioned across cost categories as set out in note 9.

**3. Auditor's remuneration**

The net income for the year is stated after charging:

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
Statutory audit fees	9	-	9	8	-	8
Other services	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2016

**4. Donations and legacies**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
Legacies	758	5	763	476	-	476
In memory	369	1	370	320	1	321
Individuals	273	1	274	311	1	312
Corporate, clubs and societies	57	3	60	45	2	47
Trusts and foundations	18	45	63	8	16	24
Welsh Government funding	24	-	24	653	-	653
Capital grants	-	606	606	-	-	-
Community fundraising	277	48	325	226	104	330
	<b>1,776</b>	<b>709</b>	<b>2,485</b>	<b>2,039</b>	<b>124</b>	<b>2,163</b>

**5. Income from charitable activities**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
Service level agreements	1,594	-	1,594	808	-	808
Continuing health care	425	-	425	426	-	426
Other charitable activities	23	-	23	24	-	24
	<b>2,042</b>	<b>-</b>	<b>2,042</b>	<b>1,258</b>	<b>-</b>	<b>1,258</b>

**6. Income from other trading activities**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
Retail trading	3,242	1	3,243	3,159	-	3,159
Fundraising	431	-	431	430	-	430
Lottery	446	-	446	453	-	453
	<b>4,119</b>	<b>1</b>	<b>4,120</b>	<b>4,042</b>	<b>-</b>	<b>4,042</b>

**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2016

**7. Income from investments**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
Interest received	16	-	16	20	-	20
Rent from investment property	4	-	4	3	-	3
Dividend income	2	-	2	-	-	-
	<b>22</b>	<b>-</b>	<b>22</b>	<b>23</b>	<b>-</b>	<b>23</b>

**8. Other income**

Included in other income is £26,000 (2015 - £139,000) amortisation of negative goodwill following the acquisition of St Anne's in-patient hospice. See note 14.

**9. 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
<b>Raising funds</b>							
Retail trading	18	53	40	24	13	9	157
Fundraising	2	5	4	2	1	1	15
Lottery	1	2	2	1	1	-	7
Investment management	-	-	-	-	-	-	-
<b>Charitable activities</b>							
Community nursing	5	15	12	7	4	3	46
Hospice at home	11	32	24	14	7	6	94
Day hospice	3	10	7	4	2	2	28
St Anne's in-patient unit	6	18	14	8	4	3	53
Education	-	1	-	-	-	-	1
Family support team	2	6	4	3	1	1	17
	<b>48</b>	<b>142</b>	<b>107</b>	<b>63</b>	<b>33</b>	<b>25</b>	<b>418</b>

**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2016

**10. Expenditure on raising funds**

	<b>Direct costs</b>	<b>Support costs</b>	<b>Total costs</b>	<b>Direct costs</b>	<b>Support costs</b>	<b>Total costs</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Retail trading	2,143	157	2,300	2,164	153	2,317
Fundraising	407	15	422	421	15	436
Lottery	236	7	243	252	7	259
Investment management	4	-	4	-	-	-
	<b>2,790</b>	<b>179</b>	<b>2,969</b>	<b>2,837</b>	<b>175</b>	<b>3,012</b>

£1,000 (2015 – £nil) of fundraising expenditure was from restricted funds. All other expenditure on raising funds is unrestricted.

**11. Expenditure on charitable activities by cost type**

	<b>Direct costs</b>	<b>Support costs</b>	<b>Total costs</b>	<b>Direct costs</b>	<b>Support costs</b>	<b>Total costs</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Community nursing	899	46	945	935	49	984
Hospice at home	1,359	94	1,453	1,317	89	1,406
Day hospice	497	28	525	495	26	521
St Anne's in-patient unit	1,186	53	1,239	1,168	55	1,223
Education	46	1	47	47	1	48
Family support team	234	17	251	249	18	267
	<b>4,221</b>	<b>239</b>	<b>4,460</b>	<b>4,211</b>	<b>238</b>	<b>4,449</b>

**12. Expenditure on charitable activities by fund**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total funds</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total funds</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Community nursing	945	-	945	984	-	984
Hospice at home	1,428	25	1453	1,406	-	1406
Day hospice	512	13	525	511	10	521
St Anne's in-patient unit	1,191	48	1239	1,120	103	1223
Education	47	-	47	48	-	48
Family support team	250	1	251	265	2	267
	<b>4,373</b>	<b>87</b>	<b>4,460</b>	<b>4,334</b>	<b>115</b>	<b>4,449</b>

**13. Other expenditure**

Other expenditure comprises a decrease in the provision for the hospice's share of the deficit on the Flexiplan pension scheme due to a change in the recovery plan in 2015. Details of this scheme are set out in note 27.

**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2016

**14. Intangible fixed assets**

	<b>Negative goodwill £000</b>
<b>Asset cost</b>	
Brought forward	(278)
Additions	-
<b>Carried forward</b>	<b>(278)</b>
<b>Accumulated amortisation</b>	
Brought forward	(252)
Charge for the year	(26)
<b>Carried forward</b>	<b>(278)</b>
<b>Net book value</b>	
<b>Carried forward</b>	<b>-</b>
<b>Brought forward</b>	<b>(26)</b>

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

**15. Tangible fixed assets****Group**

	<b>Assets under construction £000</b>	<b>Freehold land and buildings £000</b>	<b>Leasehold land and buildings £000</b>	<b>Motor vehicles £000</b>	<b>Fixtures, fittings and equipment £000</b>	<b>Total £000</b>
<b>Asset cost</b>						
Brought forward	63	234	3,779	235	1,202	5,513
Additions	596	-	-	-	81	677
Disposals	-	-	-	-	(75)	(75)
Transfers	-	-	-	-	-	-
<b>Carried forward</b>	<b>659</b>	<b>234</b>	<b>3,779</b>	<b>235</b>	<b>1,208</b>	<b>6,115</b>
<b>Accumulated depreciation</b>						
Brought forward	-	27	108	160	894	1,189
Disposals	-	-	-	-	(70)	(70)
Charge for the year	-	4	37	29	115	185
<b>Carried forward</b>	<b>-</b>	<b>31</b>	<b>145</b>	<b>189</b>	<b>939</b>	<b>1,304</b>
<b>Net book value</b>						
<b>Carried forward</b>	<b>659</b>	<b>203</b>	<b>3,634</b>	<b>46</b>	<b>269</b>	<b>4,811</b>
<b>Brought forward</b>	<b>63</b>	<b>207</b>	<b>3,671</b>	<b>75</b>	<b>308</b>	<b>4,324</b>

**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2016

**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
<b>Asset cost</b>						
Brought forward	63	234	3,844	235	1,202	5,578
Additions	596	-	-	-	81	677
Disposals	-	-	-	-	(75)	(75)
Transfers	-	-	-	-	-	-
<b>Carried forward</b>	<b>659</b>	<b>234</b>	<b>3,844</b>	<b>235</b>	<b>1,208</b>	<b>6,180</b>
<b>Accumulated depreciation</b>						
Brought forward	-	27	110	160	894	1,191
Disposals	-	-	-	-	(70)	(70)
Charge for the year	-	4	38	29	115	186
<b>Carried forward</b>	<b>-</b>	<b>31</b>	<b>148</b>	<b>189</b>	<b>939</b>	<b>1,307</b>
<b>Net book value</b>						
<b>Carried forward</b>	<b>659</b>	<b>203</b>	<b>3,696</b>	<b>46</b>	<b>269</b>	<b>4,873</b>
<b>Brought forward</b>	<b>63</b>	<b>207</b>	<b>3,734</b>	<b>75</b>	<b>308</b>	<b>4,387</b>

The fixed assets of the hospice includes £62,000 (2015 - £63,000) 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 (2015 - £1,000) has been charged against this asset.

Included in fixtures, fittings and equipment are assets that were acquired under finance leases with a net book value of £66,000 (2015 - £86,000). Included in motor vehicles are assets that were acquired under finance leases with a net book value of £10,000 (2015 - £21,000). The fixed assets acquired under finance leases are secured on the assets to which they relate.

**16. Investments****Group and company**

	Property £000	Listed £000	Total £000
Fair value brought forward	53	2	55
Additions	-	202	202
Losses	-	(3)	(3)
<b>Fair value carried forward</b>	<b>53</b>	<b>201</b>	<b>254</b>

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 are included in listed investments. The asset classes held in listed investments at 31 March 2016 are shown below:

**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2016

	<b>£000</b>
Fixed income	35
UK equity	74
International equity	53
Property funds	10
Absolute return funds	10
Infrastructure funds	11
Cash	6
<b>Held within investment portfolio</b>	<b>199</b>
UK equity held outside investment portfolio	2
<b>Total listed investments</b>	<b>201</b>

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.

	<b>Subsidiary undertaking £</b>
<b>Group</b>	
<b>Cost brought forward and carried forward</b>	<b>-</b>
<b>Charity</b>	
<b>Cost brought forward and carried forward</b>	<b>1</b>

**17. 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 2016 St David's Trading Limited had assets of £406,000 (2015 - £67,000) and liabilities of £406,000 (2015 - £67,000). Its funds at the end of the reporting period were therefore £nil (2015 - £nil). The turnover during the year was £743,000 (2015 - £181,000) and expenditure was £743,000 (2015 - £181,000).

**18. Stock and work in progress**

	<b>Group 2016 £000</b>	<b>Group 2015 £000</b>	<b>Charity 2016 £000</b>	<b>Charity 2015 £000</b>
Stock	29	24	3	2
Construction work in progress	29	-	-	-
	<b>58</b>	<b>24</b>	<b>3</b>	<b>2</b>

**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2016

**19. Debtors**

	<b>Group 2016 £000</b>	<b>Group 2015 £000</b>	<b>Charity 2016 £000</b>	<b>Charity 2015 £000</b>
Trade debtors	578	66	578	66
Amounts owed by group undertakings	-	-	-	5
Prepayments and accrued income	412	307	416	282
Other debtors	168	61	81	58
	<b>1,158</b>	<b>434</b>	<b>1,075</b>	<b>411</b>

**20. Cash at bank and in hand**

	<b>Group 2016 £000</b>	<b>Group 2015 £000</b>	<b>Charity 2016 £000</b>	<b>Charity 2015 £000</b>
Cash and bank balances	351	127	350	122
Cash on short term deposit	1,469	1,572	1,469	1,572
	<b>1,820</b>	<b>1,699</b>	<b>1,819</b>	<b>1,694</b>

**21. Creditors: Amounts falling due within one year**

	<b>Group 2016 £000</b>	<b>Group 2015 £000</b>	<b>Charity 2016 £000</b>	<b>Charity 2015 £000</b>
Trade creditors	507	163	153	153
Amounts owed to group undertakings	-	-	238	-
Accruals and deferred income	256	217	233	177
Taxation and social security	80	86	80	86
Obligations under finance leases	32	34	32	34
Pension liability	22	22	22	22
Other creditors	41	41	41	41
	<b>938</b>	<b>563</b>	<b>799</b>	<b>513</b>

**22. Creditors: Amounts falling due after one year**

	<b>Group 2016 £000</b>	<b>Group 2015 £000</b>	<b>Charity 2016 £000</b>	<b>Charity 2015 £000</b>
Obligations under finance leases	46	75	46	75
Pension liability	28	61	28	61
	<b>74</b>	<b>136</b>	<b>74</b>	<b>136</b>

**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2016

**23. Movement in Funds**

	Balance at 1 April 2015 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	Balance at 31 March 2016 £000
<b>UNRESTRICTED FUNDS</b>						
General fund	5,800	7,990	(7,331)	(3)	(795)	5,661
Designated: IPU new build	-	-	-	-	800	800
<b>Total unrestricted funds</b>	<b>5,800</b>	<b>7,990</b>	<b>(7,331)</b>	<b>(3)</b>	<b>5</b>	<b>6,461</b>
<b>RESTRICTED FUNDS</b>						
Blackett Avenue day hospice general	-	3	(3)	-	-	-
Complementary therapist	-	5	(5)	-	-	-
Friends of St Anne's	-	40	(40)	-	-	-
Fundraising barbeque	1	-	(1)	-	-	-
Hoist - Welsh Church Fund	1	-	-	-	-	1
IPU new build (Trusts)	-	10	-	-	-	10
IPU new build (WG)	-	596	-	-	-	596
Laptops for welfare rights advisors	-	1	(1)	-	-	-
Merthyr electrical work	-	1	-	-	-	1
Music therapy	1	-	-	-	-	1
New IPU equipment	-	8	-	-	-	8
Panteg day hospice general	-	-	-	-	-	-
Panteg garden furniture	1	-	-	-	-	1
Patient vehicle	-	5	-	-	(5)	-
Snowdrop respite hospice at home	-	25	(25)	-	-	-
Social worker fund	5	(1)	-	-	-	4
St Anne's hospice general	-	8	(8)	-	-	-
Syringe driver	1	-	-	-	-	1
Syringe driver Zurich community Trust	-	1	-	-	-	1
Unicorn project	-	4	-	-	-	4
Other restricted funds	1	4	(5)	-	-	-
<b>Total restricted funds</b>	<b>11</b>	<b>710</b>	<b>(88)</b>	<b>-</b>	<b>(5)</b>	<b>628</b>
<b>Total funds</b>	<b>5,811</b>	<b>8,700</b>	<b>(7,419)</b>	<b>(3)</b>	<b>-</b>	<b>7,089</b>

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.

**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. It is expected that this fund will be utilised within 12 months.

**Restricted funds**

Blackett Avenue day hospice general

Funded from various sources to support our work in the Blackett Avenue day hospice.

**NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 31 MARCH 2016

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<b>Name of Fund</b>	<b>Description, nature and purpose of the fund</b>
Complementary therapist	From the Caron Keating Foundation to support complementary therapists working with day hospice patients.
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.
Fundraising barbeque	From the Coventry Building society to purchase a barbeque for fundraising events.
Hoist - Welsh Church Fund	Provided by Welsh Church Fund to fund a hoist.
IPU new build (Trusts)	Provided by the Albert Hunt Trust to support the construction of the 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.
Laptops for welfare rights advisors	Provided by the inner wheel club of Newport to purchase laptops for our Welfare rights advisors.
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.
Panteg garden furniture	To fund the re-development of the garden at Panteg.
Patient vehicle	Provided by Caldicott Methodist church and MonMotors Limited to purchase a vehicle for transporting patients.
Snowdrop respite hospice at home	A grant from Hospice UK to support "Snowdrop" our hospice at home respite service.
Social worker fund	This fund received from various sources is used to support patients who are facing financial hardship.
St Anne's hospice general	Funded from various sources to support our work in St Anne's in-patient unit.
Syringe driver	Provided by Ann Watkins and to fund the purchase of a syringe driver.
Syringe driver Zurich community Trust	For the purchase of a syringe driver.
Unicorn project	Fund to support the Unicorn project. Provided by various funders.
Other restricted funds	Other restricted funds with balances less than £500.

**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2016

**24. Analysis of group net assets between funds**

	Investments £000	Tangible fixed assets £000	Other net assets £000	Total £000
Restricted income funds	-	596	32	628
Unrestricted income funds	254	4,215	1,992	6,461
	<b>254</b>	<b>4,811</b>	<b>2,024</b>	<b>7,089</b>

**25. Commitments**

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

	Finance leases		Operating leases	
	2016 £000	2015 £000	2016 £000	2015 £000
Not later than one year	37	44	489	498
later than one year but not later than five years	61	95	673	747
later than five years	-	-	86	5
	<b>98</b>	<b>139</b>	<b>1,248</b>	<b>1,250</b>

The net book value of fixed assets held under finance lease are given in note 15.

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

**26. Staff costs**

	Total 2016 £000	Total 2015 £000
Wages and salaries	4,178	4,148
Social security costs	287	288
Pension costs	271	265
	<b>4,736</b>	<b>4,701</b>

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:

	2016	2015
£60,001 - £70,000	1	1
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	1	1

**27. 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.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

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### 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 164 (2015 - 158) employees who were members of the scheme. Employer contributions charged against income in the year were £115,000 (2015 - £119,000). Outstanding contributions at the balance sheet date were £12,000 (2015 - £13,000).

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 an 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 35 (2015 - 31) who were members of the scheme. Employer contributions charged against income in the year were £156,000 (2015 - £146,000). Outstanding contributions at the balance sheet date were £22,000 (2015 - £21,000).

### 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 Statement of Financial Activities 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.

#### **Actuarial Valuation as at 31 March 2015**

The latest actuarial valuation of the Plan was at 31 March 2015 and was conducted under the scheme funding regime introduced by the Pensions Act 2004. This requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their liabilities (or 'technical provisions'). The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in deferred pensions and pensions in payment and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date.

The technical provisions were calculated using assumptions that were chosen to produce a level for the technical provisions which was anticipated to be broadly in line with the cost of securing the Plan benefits with an insurer.

At the valuation date, the value of the assets of the Plan was £83,900,000 and the value of the Plan's technical provisions was £88,800,000 indicating a deficit of £4,900,000. The assets therefore were sufficient to cover 94% of the benefits that had accrued to members.

#### **Recovery Plan**

As the Plan was in deficit at the latest actuarial valuation a recovery plan was put into place. Under this recovery plan, contributions of £2,063,000 per annum are payable from 1 April 2016 to 31 March 2017 and £1,556,000 per annum are payable from 1 April 2017 to 31 March 2019.

The Company's agreed share of these contributions is £22,000 per annum from 1 April 2016 and £14,000 per annum from 1 April 2017 to 31 March 2019. No other contributions are due from the Company.

#### **Company contributions in the year**

The Company paid contributions totalling £22,000 in the year (2015 - £22,000).

The next formal triennial actuarial valuation is due at 31 March 2018. The contribution rate will be reviewed as part of each valuation.

## **NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2016

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### **28. Staff numbers**

The average number of staff employed by the hospice during the year was 277 (2015 – 283). Some of the hospice's employees do not undertake work every month. The average number of staff paid each month was 252 (2015 - 260).

### **29. Key management personnel**

The key management personnel comprise the trustees and the senior management team as set out on page 13. 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 30. The total employee benefits paid to the key management personnel was £366,000 (2015 - £362,000).

### **30. Trustees' expenses**

One trustee claimed travel expenses in the year of £276. In 2015 no trustees claimed expenses.

### **31. 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 £1,625 (2015 - £6,500). The lease expired in July 2015. Mr Burge resigned as a trustee on 31 March 2016.

### **32. 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.

### **33. 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.