



ST CATHERINE'S HOSPICE

**REPORT AND ACCOUNTS
2019-2020**

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LEGAL AND ADMINISTRATIVE INFORMATION

Directors and Trustees:

Chairman

Terence O'Leary

Catherine Blackburn

Lisa Compton

Alison Crombie

Jan Dowding

Alison Livesley

Christine Maclean

Gregory Andrews

Kate Midgley

Nicola Wiltshire

Officers:

Chief Executive

Giles Tomsett

Medical Director

Patricia Brayden

Director of Care Services

Carol Harris

Director of Income Generation and Marketing

Claire Irving

Finance Director

Cathy Heard

People Director

Elly Powis

Director of New Hospice Delivery and Support Services

Paul Rycroft

Interim Director of Wellbeing

Katy Cox

Registered Office:

Malthouse Road

Crawley

West Sussex

RH10 6BH

Company Number:

01525404

Charity Registration Number:

281362

Auditor:

Haysmacintyre LLP

Chartered Accountants

and Statutory Auditors

10 Queen Street Place

London

EC4R 1AG

Bankers:

Barclays Bank Plc

90-92 High Street

Crawley

West Sussex

RH10 1YX

Solicitors:

DMH Stallard LLP

Gainsborough House

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Crawley

West Sussex

RH11 7FZ

Investment Advisors:

Sarasin & Partners LLP

Juxon House

100 St Paul's Churchyard

London

EC4M 8BU

Rathbone Brothers plc

1 Curzon Street

London

W1J 5FB

TRUSTEES' / DIRECTORS' REPORT

The Trustees are pleased to present their report and the audited financial statements of the company for the year ended 31 March 2020, while noting that as the year drew to a close the Covid-19 pandemic materialised. In this regard, Trustees would like to pay tribute to the Executive leaders and the wider staff for their management of the crisis, maintaining the excellent standards of care we are known for, despite the critical safety measures that needed to be put in place. They also note the humbling contribution and ongoing support of our volunteers, despite the pandemic.

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's strategic report the Company's Strategic Report Information required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and the Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

OBJECTIVES AND ACTIVITIES

The Hospice is a company limited by guarantee, and is a registered charity governed by its Articles of Association.

The principal activity of the company is that of a Hospice, caring for people at the end of their lives and supporting their families, friends and carers across our catchment area of Surrey and Sussex by providing in-patient beds and community outreach services. In addition, there is a wholly owned subsidiary company, St Catherine's Hospice Trading (Sussex) Limited (Company number 2822933), which raises funds for the Hospice.

The Hospice's charitable objectives which were set by the Trustees, with due regard to the Charity Commission's guidance on public benefit, are:

- To relieve suffering, provide comfort and improve quality of life for people with progressive life limiting illness:
- To relieve the suffering of people facing or experiencing bereavement by the provision of counselling; and
- To advance research and education in palliative and end of life care.

St Catherine's Hospice services are provided equally to all members of its community with no charges levied

to patients or their families. The NHS provide partial funding of the health-related services provided, with requiring over 70% of the Hospice's expenditure to be met through Fundraising and Trading activities actively supported by the generosity of the local community and its donors.

Our Vision

A world where everyone can face death informed, supported and pain free.

Our Mission

Pioneering standards in expert support and care, for anyone facing death and bereavement.

Our Strategy

Before the Covid-19 pandemic, in St Catherine's catchment area there were approximately 5,600 deaths each year, of which 20-25% could be classed as sudden or not predictable. Approximately 4,000 local people would therefore benefit from palliative care as they approach the end of life. St Catherine's is currently only able to touch one third of these people. Obviously, we will seek to improve this position.

Projections of future palliative care requirements will increase demands on the hospice by patients with increased clinical complexities and the evidence base is awaited as to how Covid-19 will further inform this picture. The increasing need, even before the pandemic is driven by an aging population and advancing medical care enhancing the life expectancy of patients managing life limiting and terminal illness, who will also live with greater co-morbidities. To support this, the Trustees recognise their responsibility to ensure that the Charity maintains its high levels of care whilst developing its expertise and reach to support its community further. Again, the implications for our service because of the palliative needs of survivors of Covid-19 is a new factor to consider and we will continue to work with NHS leaders and the broader hospice sector to consider this important emerging dynamic.

In the meantime, the Covid-19 pandemic has meant we have and will continue to actively review our three to five year strategic plan, to ensure the charity can best meet the needs of our local community. This includes our plans to transition to a new hospice at Pease Pottage.

OUR STRATEGY 2019 - 2025

OUR VISION

A world where everyone can face death informed, supported and pain-free.

HOW WE WILL ACHIEVE IT

Provide outstanding care and support to more people, underpinned by education and research with a commitment to working in partnership.

WHAT WE WILL DO TO IMPROVE END OF LIFE CARE

Build on our current level of expertise and develop services to take full advantage of the additional space at our new hospice.

Increase provision to 24 beds and provide for respite and/or step down care.

Align our community service with NHS community provision and work alongside health and social care colleagues to provide end of life care.

Work with others to meet the needs of people with frailty and multiple conditions, particularly those in care homes, as they approach end of life.

Enhance wellbeing services so more people facing end of life can have as good a quality of life as possible for the time they have remaining.

Improve the confidence and resilience of carers to help them provide the best possible care and support them throughout bereavement.

WHAT WILL SUPPORT IT



Champion and lead end of life care.



Realise the potential of our people.



Develop premises fit for serving our community.



Raise the income to serve our community now and in the future.

OUR VALUES:

HUMAN | EXPERT | COURAGEOUS | CONNECTED | ENERGETIC

OUR VALUES

The Charity has aligned its values to deliver its strategy. These values are embraced within the organisation defining who we are and how we act.

Human

We treat people with understanding, patience, respect and above all dignity. We are the welcoming smile, the talk over a cup of tea, the human touch.

Courageous

We stand firm, we do not flinch in the face of hard news, but always with humanity, sensitivity and respect for our community.

Energetic

Whether we're out running a fun run or at the hospice greeting our patients, we bring the energy and the optimism to make the most of every day.

Connected

We are not an island, we thrive on partnerships and working with others, we believe we're better and stronger together.

Expert

We are looked up to by our community and our peers as the organisation to go to for knowledge, training, best practice and latest techniques.

STRATEGIC REPORT

Achievements and Performance

St Catherine's has continued to demonstrate significant impact in its community as shown below:



OVER 200 PATIENTS WERE GIVEN SUPPORT BY OUR PRACTICAL CARE TEAM TO ENABLE THEM TO REMAIN AT HOME



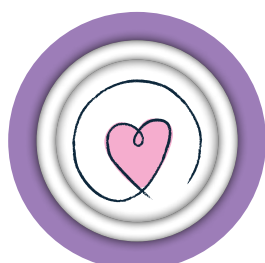
OUR SHOP VOLUNTEERS PROVIDED APPROXIMATELY 27,000 HOURS OF VOLUNTEERING SUPPORT SORTING AND SELLING DONATED GOODS



OVER 1,900 COUNSELLING SESSIONS WERE PROVIDED TO PATIENTS AND FAMILY MEMBERS



APPROXIMATELY 12,000 HOME VISITS WERE MADE TO PATIENTS



40% OF PEOPLE CARED FOR HAD A DIAGNOSIS OTHER THAN CANCER



APPROXIMATELY 1,300 PEOPLE WERE PROVIDED WITH END OF LIFE CARE



RAISED MORE THAN £11M TO KEEP THE HOSPICE RUNNING

STRATEGIC ACHIEVEMENTS

Developing a Compelling Service Proposition

Our key service priorities remain as follows:

- Inpatient Services – Maintain our expertise in the provision of complex care for those approaching end of life rebuilding capacity for offering respite and step-down care.
- Community Services – Aligning our services to deliver care more effectively and efficiently alongside statutory and other health and social care colleagues, reaching beyond cancer to those who are frail and living with multi-morbidity.
- Wellbeing Services – Strengthening our wellbeing and group support capabilities for those facing death in tandem with increasing the scope and scale of our carer and wider community support services.

In support of the strategy, our education team has continued to work with local sister hospices to better enable the Charity to share its specialist knowledge and expertise externally in end of life care.

The Hospice has also continued to receive funding from the Horsham Hospital League of Friends to deliver a pilot project to support carers. Supported by research into carer needs, including focus groups with bereaved carers, the Hospice has successfully rolled out year 2 of this pilot to consider the use and impact of a validated carer needs assessment tool to identify individual carer support needs and agree plans to help them. This project is being piloted in Horsham and the learning will inform the development of future carer support services. The League of Friends report considerable satisfaction with progress in the year, though the pandemic's emergence at the end of the financial year necessitated a pause in this important work.



Investing in New Premises

The Trustees express their huge appreciation to Mr Bill Bridges for his donation of land and, before him, to Mr John Shemeld (who donated in excess of £6m in 2014), for their incredible generosity in support of care for those in end of life care and bereavement. These donations are the corner stone of our aspiration to build and run a new hospice at Pease Pottage, just 2 miles away from the current main hospice site in Crawley.

The Charity has agreed to support the new development by investing £11m of its reserves, including the funds donated by Mr Shemeld. In addition, the New Horizons Committee, a long-standing group of volunteers raising money to support the long-term future of the Charity, has transferred £1m of designated funding to further bolster our target to deliver a £17m new build programme. As part of this, our capital appeal made solid early progress enthusing many with the message that a state-of-the-art facility will help ensure the charity can support more patients and service users in the future. At the close of the year, nearly £2m has been raised or pledged so far. Meanwhile, we have

progressed the design of the new Hospice with significant ongoing input as to how it should be designed from staff, volunteers and the Voices of Experience Group.

The project has been agreed as a 'design and build' and following a competitive tender, our selected partner is Barnes Construction Ltd who bring considerable relevant experience in the delivery of hospice projects. Through the year, they have worked with us to consider the design and make improvements. The Covid-19 emergency has necessitated a delay in the new build programme and the Board will seek to finalise on its decision around the affordability of the proposed scheme in the new financial year. All relevant stakeholders have recognised this position and it is important to reflect on the learnings that can and will be drawn from the care of patients throughout the pandemic emergency in our plans for the new premises.

Providing Leadership in End of Life Care

The Trustees recognise the importance of being a core and integrated part of the healthcare infrastructure to maximise the care and support given to the community it serves. The Charity collaboratively works with and is supported by six NHS Clinical Commissioning Groups and also with emerging new NHS structures. In this regard, several executives continue to participate in several senior leadership local statutory system level forums and boards – helping to improve service integration so that all those with life limiting illness and terminal needs get the very best from local services including this Charity.

Of note, the Charity's Medical Director has remained the End of Life Care Clinical Lead for East Surrey and for Crawley and Horsham and Mid Sussex. In this role she has provided support to a range of boards, networks, clinical groups as to the importance of defining clear priorities for improving end of life care locally. In this regard, the charity has remained active in a fully commissioned domiciliary care pilot for people approaching end of life across West Sussex and in considering the same for Surrey. We are also working closely to consider the Charity's contribution to the new Primary Care Networks in our local area, focussing particularly on models which better identify – and provide integrated support to – people with clinical frailty (including those in care homes).

The Charity has also remained active in palliative care research and hosts a National Institute for Health Research senior research nurse who holds the role of Sub-specialty Lead for Cancer, Palliative and Supportive Care for Kent, Surrey and Sussex. To support this colleague, a further research co-ordinator has also joined the Charity's research effort to support the NIHR expand and better co-ordinate research into more and more local hospices. In this regard, the Charity has demonstrated considerable leadership.

The Trustees were also delighted to contribute to a formalised (and agreed by all seven Sussex Hospice Boards) collaboration plan with the seven Sussex based Hospices, understanding the opportunities and risks in the contextual framing of future Hospice care. The collaborative opportunities being:

- External Education – developing a common approach to supporting care homes
- Workforce – developing common management development programmes
- Quality – developing common service impact data and delivery insights
- Statutory Sector Leadership – building a shared and more cohesive approach to our hospice contribution within new emerging NHS structures so as to champion end of life care requirements within the local health and social care economy.
- Governance – ensuring effective collaborative oversight and assurance

To support this shared initiative, thought is also being given to deploying expertise from one or more hospice to help project manage the progress of these collaborative initiatives.

Focus on developing Staff and Volunteers

The pillar to all our success remains our staff and our dedicated volunteers. The Trustees recognise that investing in our people is key to maintaining the excellent service provided.

During the year the People Strategy has been further developed taking into account the views of the staff and volunteers who have been actively engaged in its development and Trustees are grateful to the several staff who fed in to focus and other groups to define areas for priority action – most especially in relation to our pay and reward.

The key areas of focus remain:

- Pay and Rewards – rolling out our proposed new arrangements in 2020
- Workforce Planning – working with the entire manager team to support the development of our strategy for services even in the competitive health care sector locally
- Improved Communication and Engagement – ensuring our staff and volunteers feel engaged through greater involvement including enabling safe and secure methods for feedback and ideas
- Succession Planning and Progression – enabling our organisation to build its resilience through depth
- Management Training – ensuring our managers are confident in their roles and can meet the challenges of these roles but also drive and lead required change
- Expanding the engagement of Volunteers within the Hospice – ensuring the valued contribution of volunteers is maximised

The pandemic placed considerable burdens on staff through the decision to furlough many but also because it required, rapid new learning and the immediate deployment of new ways of working and an absolute focus on safe care through infection prevention and control discipline. The impact on staff morale and confidence could have been severe and the People team sought to reinforce all their colleagues through a range of wellbeing centred measures and sound crisis leadership day to day. The majority of staff therefore report a high degree of satisfaction (and pride) in the way the organisation has responded to the pandemic while ensuring the highest standards of care for our patients and for each other.



Increasing Income

The current funds available to the Charity mean that for every person it currently supports, there are a further two who are unable to receive hospice care when they need it the most. This means that two in three terminally ill people in the Charity's community are being left to manage their illness and bereavement without hospice support.

The Full Circle Appeal was launched to help expand our services to meet the Charity's Vision, so no one has to face death and loss alone. During the year progress has been made with significant donations gratefully received from individuals, Trusts and the local community, with further sums already pledged. In response to a range of direct marketing activities, by playing the Hospice Lottery, by taking part in events and particularly through donations made in-memoriam, a number of new donors have also engaged with the Charity for the first time this year. Keeping our donors engaged so that they are inspired to give – and give again, is a key facet of the Charity's stewardship programme, led by the fundraising team, and the work of this team has again seen growth in our income and maintenance of a strong,

active supporter base. This said, as the UK went into lockdown in late March 2020, there will inevitably be an impact on our future funding and income generation. In light of the impact of COVI-19 on traditional charity income streams, both the fundraising and retail teams are working to evolve our income generation, and Trustees are cognisant of the need to track this emerging picture and consider a best response

In the year, St Catherine's has again been supported by excellent relationships with companies including Gatwick Airport Ltd, Deloitte LLP, Irwin Mitchell LLP and Thakeham Homes. In addition, the Charity has been supported through key relationships with Trusts, including Ernest Kleinwort Charitable Trust, F G Roberts Charitable Trust and Netherby Trust. Throughout the year, St Catherine's continued to be supported by generous individuals, by people playing our lottery and by those undertaking community events, including as a part of a Friends Groups. During 2019, a number of successful events have been carried out to raise funds, including the Midnight Walk through Horsham and the very successful Dragon Boat Festival in Crawley. These established events were augmented by events to enable those

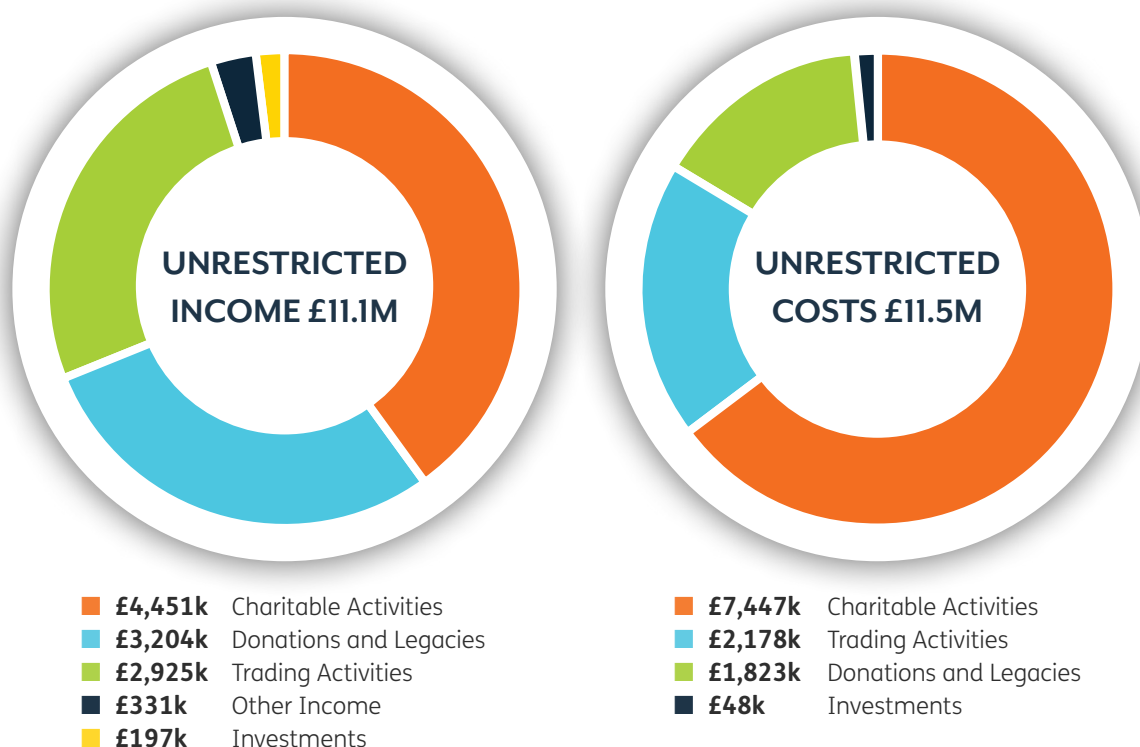
who are bereaved to remember loved ones – held in Reigate over the summer and in Crawley at Christmas time, these events supported over 1000 people with their grief and loss and were both warmly received.

Key to the Charity's success is the generous donations left to St Catherine's in Wills. Remembering the Charity with a gift in a Will is a simple way of helping us to be there for future generations and to ensure the donor's care for their own loved ones and their community will live on. The Trustees are profoundly grateful to every person who chooses to support the Charity in this way. In this regard, the Trustees extend their sincere appreciation to every donor who has made a contribution to the Charity. It is only through this support that the Hospice can provide our care for the community it serves when people need it the most.

FINANCIAL REVIEW

The Statement of Financial Activities on page 24 provides the detail of financial performance.

- The Charity recognised income of £12.5m in the year (2019 - £12.4m), an increase of 0.8%
- Total expenditure was £11.9m (2019 - £10.6m), an increase of 12.3%.
- Investment gains were £0.1m (2019 - £0.3m).
- The resultant net income for the year was £0.69m (2019 - £2.06m)
- Unrestricted Income was £11.1m (2019 £10.6m), an increase of 4.7%, with unrestricted expenditure of £11.5m (2019 - £10.2m).



Donations increased by £0.3m in year, although this was offset by a drop in Legacy income £0.2m. Legacy income was impacted by changes in the notification process, together with delays in the probate service and economic uncertainty slowing the housing market. Towards the end of the financial year further impact was seen as a result of COVID-19 which is expected to impact 20/21.

Trading activity income was £2.9m in the year (2019 - £3.5m).

Retail shops have been impacted by the economic uncertainty and further impacted by COVID-19 with all retail shops and the Hospice's coffee shop being closed in line with Government guidelines in March 2020. Shops

remained closed throughout Q1 - a phased reopening of all shops will not be complete until Q2 and the impact of COVID-19 on the retail sector is expected to last until at least the end of 2020/21.

Fundraising Events during the year were well supported with income achieving expected forecasts. Additional income in the year was gained from the HeART to Heart Trail which saw 26 fibreglass Heart sculptures and 11 wire hearts designed by local school children displayed across the Hospice's community. Each Heart was sponsored and ultimately auctioned and the trail itself engaged many thousands of local people with the hospice. However, the final quarter of the year was impacted by COVID-19

with events cancelled as a result of Government guidelines. This revenue stream is further impacted in to 20/21 with key fundraising events during the summer period being cancelled.

Throughout the year, general donations and donations in-memoriam were strong - this method of giving is often a reflection of the excellent care provided to beneficiaries. Direct Marketing and Trusts and Foundations and Corporate fundraising all achieved expected income forecasts. The Hospice's lottery, now in its 22nd year, also performed well with continued supporter loyalty and good numbers of new players joining the weekly draw.

Charitable Activity Income was £4.5m in the year (2019 - £3.7m), as a result of agreed changes in the timing of NHS contractual payments.

The Hospice has experienced increases in staffing costs in support of new initiatives and strategic development in the care of patients, carers and bereaved relatives. Staff costs in the year were £8.1m (2019 - £7.8m).

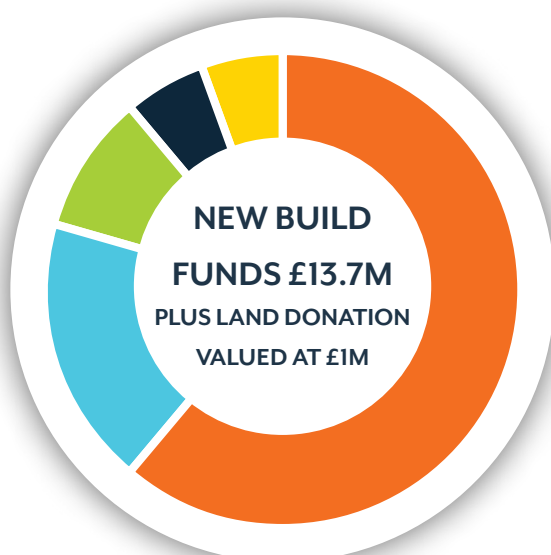
COVID-19 impacted cost in the final quarter of the year with changes in working practices requiring increased PPE and other clinical supplies, together with IT costs related to remobilising staff to work from home as well as supporting virtual arrangements for communication channels., which are expected to continue into 20/21 as new ways of working related to the pandemic unfold and are embedded across the Hospice and its community.

Increased designated costs during the year were a result of fundraising costs related to the Capital Appeal of £126k. The Trustees have agreed to meet the cost of this appeal through its reserves, ensuring that all funds raised in support of the new Hospice are used for that purpose. In addition, a number of key projects have been in place to support the strategic direction of the hospice including technological upgrades and we will confirm our selection for a new Electronic Patient Records ICT system in the next financial year.

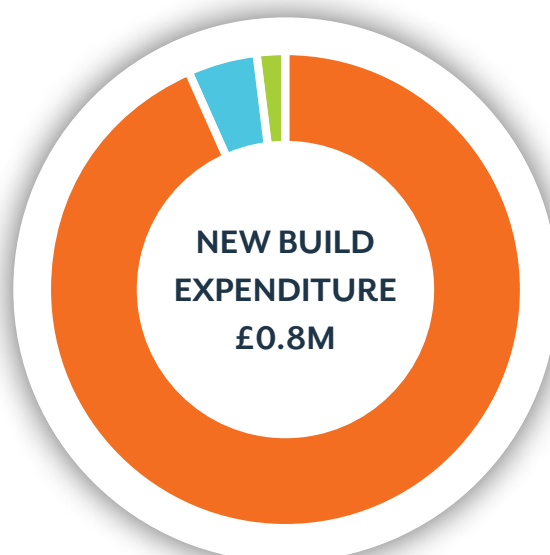
Restricted income in the year, excluding that related to the Capital Appeal, totalled £286k. A legacy of £126k in support of day hospice services was received as well as funding for a new minibus, donated by the FGR Trust which was purchased

in Q1 20/21. League of Friends of Horsham Hospital (a carers support project) continues to be funded as part of a three-year scheme initially. The restricted fund is managed through a governance group with expenditure aligned to donations. Income and Expenditure by fund is illustrated below.

Plans for the New Hospice at Pease Pottage progressed well during the year, with the final decision targeted for Q1 20/21 following a robust review of operational forecasts to 23/24 and option appraisal for the transfer and growth of the organisation into the new facility, in line with the Hospice's strategic direction, carried out by the SMT and Trustees.



- **£11,000k** Designated Funds
- **£3,313k** Capital Appeal to Raise
- **£1,687k** Capital Appeal
- **£1,000k** Land Donation
- **£1,000k** Restricted Funds



- **£15,893k** Remaining Expenditure
- **£807k** Expenditure to Date
- **£300k** Committed Expenditure

The Capital Appeal progressed well during the year with restricted donations of £1.1m, bringing the total raised to £1.7m against the target of £5.0m. Funds raised to support the New Build are described under Reserves below.

Spend against the project totalled £0.8m at the end of 19/20 with £0.3m agreed to complete plans

to RIBA stage 4, prior to contract agreement with the main contractor on completion of final cost of the project.

The COVID-19 pandemic has severely impacted the Capital Appeal which has been paused while the Hospice's leadership team evaluate and revise the timelines for the New Hospice build in tandem with its projected

operational performance rebalance. The support of all donors is warmly recognised by the Trustees as ensuring we progress the new venture fully informed will best maximise the invaluable donor contribution that underpins this project.

Reserves and Going Concern

During the financial year robust forecasts were produced to 23/24 supporting the strategic direction of the Hospice informing the Trustees decision making process in the New Hospice development. The impact of COVID-19 and the resultant COVID-19 centred risk register have focused the Trustees and Senior Management's attention to monthly reforecasts, especially for the current year as well as providing a view to the next two years based on the information known as we navigate this pandemic. Clearly, our support of any further waves is also a key consideration.

These forecasts have informed and supported the prudent approach by the SMT and Trustees to put the New Build on hold allowing time to navigate the options available to deliver the Hospice's strategic goals, both in terms of income generation cost containment through efficiencies. This approach, which is being developed during Q1 and Q2 of 20/21, will enable the Hospice to future proof its operational performance, minimising the impact

on free general reserves to ensure it remains a going concern to realise its ultimate vision to build the New Hospice while operating an efficient model which is fit for purpose given the changing landscape experienced as a result of the COVID-19 pandemic.

Having reviewed and formally agreed the forecasts prepared in February 2020, and the monthly updates reviewed during the pandemic, together with the Senior Management's recovery plans, the Trustees believe, to the best of their knowledge, that the Charity remains a going concern for the 12-18 month period from the date of approval of the financial statements.

St. Catherine's reserves policy is to maintain free reserves at a level that is sufficient to protect services from the potential financial impact of known significant risks over the short to medium term. The assessment of risks to inform the reserves policy is derived from the corporate risk register and is reviewed at least annually or more frequently if there is a major change in circumstances. In addition to known and approved capital and other

commitments, which are set aside as Designated Funds, the Charity's policy is to hold between £4 and £9 million in general reserves. This policy remains valid having overlaid and tested the COVID-19 risk register and associated financial impact.

The net movement in reserves in the year is set out in Notes 17 and 18 to the accounts. Total reserves at 31st March 2020 were £23.3m, (2018 - £22.7m), with available reserves of £19.6m as detailed in the table below.

	Restricted Funds				Unrestricted Funds				
	Foundation Fund	Other Restricted Funds	New Hospice Fund	Restricted Funds	General Reserves	Designated New Hospice Fund	Designated Strategic Delivery	Unrestricted Reserves	Total Funds
Balance as at 01/04/19	0	255	2,577	2,832	8,009	10,312	1,498	19,819	22,651
Net Operating Inc / (Exp)	7	145	1,110	1,262	(389)	0	(277)	(666)	596
Unrealised Gains / (Losses)	0	0	0	0	73	0	0	73	73
Net Inc / (Dec) in Reserves	7	400	3,687	4,094	7,693	10,312	1,221	19,226	23,320
Transfers	0	0	0	0	(388)	688	(300)	0	0
Net Inc / (Dec) in Reserves	0	0	0	0	(388)	688	(300)	0	0
Balance as at 31/03/20	7	400	3,687	4,094	7,305	11,000	921	19,226	23,320
Less:									
Fixed Assets	0	77	1000	1,078	1,798	0	0	1,798	2,876
Construction in Progress	0	0	807	807				0	807
Available Reserves	7	323	1,880	2,209	5,507	11,000	921	17,428	19,637

Foundation Fund

£7k surplus in the year.

New Hospice Fund

Restricted Funds refer to the Capital Appeal for the New Hospice at Pease Pottage and includes the transfer of £1m by the New Horizons Committee in support of the appeal.

Following the Trustees' valuation of the land donated by Mr Bill Bridges at Pease Pottage, which was carried out by a professional independent valuer, restricted funds include £1m as a gift in kind.

Designated Funds include the legacy donation from Mr John Shemeld, together with the Charity's general reserves agreed to be designated for the New Hospice Fund, totalling £11.0m at 31 March 2020. £0.3m of funds were transferred from designated strategic reserves and £0.4m from general reserves to meet this requirement.

The combined designated reserve at the end of the period was £11.5m.

Restricted Funds - Other

From time to time, the Hospice may receive grants or donations whose use is restricted by the donor. In these circumstances, the funds are shown as restricted.

Strategic Delivery Fund

Designated funds have been agreed by the Trustees to support costs in the delivery of its strategic goals detailed in Future Plans on Pages 16 to 18, forecast currently at approximately £0.9m.

General Reserves

This is an unrestricted reserve and is available to be used for:

- The day to day running of the hospice;
- The costs of any capital projects in whole or in part where the cost is not met from any other fund; and
- For any other purpose as the Directors see fit to fulfil the objectives of the hospice.

The Hospice's "free" reserves (unrestricted general reserves less the value of unrestricted fixed assets) at 31 March 2019 were £5.5m, which aligns with the Charity's Reserves policy.

Market Value of Land and Buildings

Freehold land in Crawley was donated to the hospice and valued at £60,000 by the Directors in December 1983. All other freehold land and buildings shown in Fixed Assets in the Balance Sheet are included in the financial statements at cost or open market value if lower. In the opinion of the Directors, the open market value of the freehold land and buildings is not less than the amounts shown in the financial statements.

Investments

The overall objective of the Charity for its investments, which represent reserves held consistent with its reserves policy, is to provide financial security and stability, recognising that the charity is exposed to a degree of financial risk due to the variable and uncertain nature of its income streams.

The Trustees have agreed that the Charity's assets can be invested widely and should be diversified by asset class, by manager and by security. Asset classes could include cash, bonds, equities, property, hedge funds, structured products, private equity, commodities, and any other asset that is deemed suitable.

The Charity seeks to produce the best financial return within an acceptable level of risk. The Charity has adopted an ethical investment policy to ensure that its investments do not conflict with its aims or can lead to reputational damage. The investment objective for the long-term fund is returns which over a rolling 5 years achieve of CPI +4%.

The Financial Sustainability Committee has responsibility for agreeing the investment strategy, setting benchmarks and monitoring the investment assets on a quarterly basis.

A formal evaluation of each fund managers' performance and consideration of the need to undertake full market testing is undertaken every 3-5 years. The Financial Sustainability Committee will give consideration to the timing of this evaluation at the same time as it reviews the overall investment policy.

Note 12 gives further information on the Investment position as at 31 March 2020.

A significant element of the Charity's investments are held with Rathbone Investment Management and Sarasin and Partners LLP. Towards the end of 2019, in order to protect the value of investments required for the new hospice build from near term market volatility, the Financial Sustainability Committee agreed substantial de-risking of investment portfolio into short-term cash deposits. As a result of this, the Hospice's investments were protected from market volatility at the outbreak of COVID-19.

QUALITY

Throughout the year, St Catherine's continued to focus on the quality and reach of its service, income generation development, strengthening its supporting activities and developing its integrated governance framework. An ethos of continuous quality improvement is embedded across the organisation ensuring a "Board to Ward" approach.

The Hospice holds the following accreditations:



A CQC inspection was carried out in 2016 with an overall rating of Outstanding. Moreover, ongoing relationship management contacts with the CQC inspection regime continue to offer assurance that the organisation remains committed to improving its quality. Clearly, it is likely that a further inspection will occur soon.

With this in mind, the CHKS inspection framework informs the Charity's internal Quality Management System, which is recognised by CHKS as the embedded approach across the entire organisations' activities. Recent visits from the CHKS team to investigate our progress and compliance with their approach have gone extremely well.

The IIP accreditation reminds the organisation of the requirement for a comprehensive People Plan, something the Charity is fully committed to not least in recognising the additional safety, welfare and activity/service delivery pressures placed on all our staff and certain volunteers through the Covid-19 emergency.

The Charity has an assurance framework in place to ensure it is compliant with GDPR requirements and the Data Protection Act 2018. A new approach to information governance training has been implemented and

a robust approach to the use of data protection impact assessments and legitimate interest assessments is in place.

Family and Carer feedback is important to the Hospice. 96% of feedback received said that they would recommend St. Catherine's to friends or family.

The Charity supports a "Voices of Experience" group which meets periodically to discuss patient, carer and family experiences to assist the hospice in enhancing the quality of its service and providing the care required to meet the needs of its community. Clearly, the ability to engage with this group will be more constrained as we consider our service priorities in the post Covid-19 care environment.

As part of the Quality improvement programmes, measuring outcomes is key to ensuring it meets the needs of individual patients and making a positive difference to people (and their families) who receive care from St. Catherine's. Three tools have been identified to assist in measuring the impact of the clinical services delivered: helping carers to identify and meet their needs, improving pain management, and ensuring services are directed appropriately, effectively and efficiently.

In delivering its plans to increase revenue and capital income, the Charity fundraises ambitiously, responsibly and in accordance with the Charities Act, Codes of Fundraising Practice set out by the Fundraising Regulator and Gambling Commission. The charity is registered with the Fundraising Regulator. The Charity also works with organisations raising money on behalf of the hospice whilst proactively monitoring their activities, ensuring compliance, robust reporting and protection of vulnerable people. This is carried out through a variety of methods including face to face meetings, contact and follow up with donors, a robust complaints system, mystery shopping and audit. During the financial year 2019/20 the Charity received and managed 2 complaints (2019: 8 complaints) about its fundraising activity.

The Charity is committed to the efficient use of all funds raised to maximise the reach of people it can support. In this endeavour the Charity is a partner with the Hospice Quality Partnership and is currently active in developing contractual partnerships with the organisation's supplier partners to drive cost efficiencies most notably through improved insurance arrangements.

Principal Risks and Uncertainties

The Trustees regularly assess the major risks to which the Charity is exposed, both operationally and financially. A formal strategic risk register is maintained and regularly reviewed during the year by the Senior Management Team and appropriate Committees, chaired by a Trustee. The Trustees recognise that effective risk management is integral to the achievement of the Charity's strategic and operational objectives.

A comprehensive risk management framework is in place to ensure the effective management of both strategic and operational risks. Training is in place for managers as part of the Charity's management training programme.

As stated above, in response to the Covid-19 emergency, this additional risk profile (with all its various factors) was managed by the SMT. It should be noted though that our assurance and quality management processes needed to be flexed to meet the emergency but thanks to the dedication and

efforts of executive officers and staff, stood up very well in face of the unprecedented issues that befell the UK healthcare system. During the initial weeks of COVID-19 the Hospice reacted with the provision of a COVID-19 risk register supported by financial impact assessment and forecast revisions, reviewed through daily SMT emergency management meetings and monthly Board oversight.

The principle risks aligned to COVID-19 and managed were:

Strategic Risks	Controls & Mitigations
Inability to provide safe environment to support treatment of patients and provide quality of EOLC both at the Hospice and in the Community	<ul style="list-style-type: none"> • PPE used for all patients, treating as COVID-19 positive. • Zonal segregation of the premises and teams to support social distancing. • Visitor restrictions and screening. • IT support to enable remote communication with patients and families in the community.
Inability to provide adequate staffing and keep our staff safe.	<ul style="list-style-type: none"> • Working from home directive for staff for appropriate staff • Communication structure strengthened with daily / weekly comms with social distancing measures in place at work. • Policies in place to support self-isolation, testing of staff etc
Inability to maintain our Free Reserves position within our policy requirements	<ul style="list-style-type: none"> • Focus on changing landscape for fundraising and retail efforts to mitigate challenges posed by COVID-19 and seize opportunities to secure future fundraising efforts. • Investments held in low risk portfolio's with New Build funds held as near cash equivalent. • Support of Government initiatives. • Focus on operational forecasting to adapt and secure future ambitions.
Impact of COVID-19 on New Build	<ul style="list-style-type: none"> • Capital Appeal and Build programme put on hold as operational financial position is secured. • RIBA stage 4 to be completed with full costings, allowing Board decision to be made during the financial year 20 21.

As the impact of COVID-19 becomes a part of our new normal ways of managing the organisation, the risk register above will be subsumed into the Hospice's strategic and operational risk register. In this regard, the table below highlights the significant risks identified on the Charity's Risk Register and agreed by the Trustees:

Strategic Risks	Controls & Mitigations
Losing relevance as a key provider in the local health and social care economy impacting funding and referrals	<ul style="list-style-type: none"> • Active support and collaboration with local NHS and social care commissioners • Ensuring active involvement in local NHS ICS processes • Providing leadership in end of life care with NHS commissioning groups and newly emerging NHS structures
Inability to recruit & retain key staff and / or maintain the critical skills required to maintain service levels in the organisation	Introduction of People Strategy, includes: <ul style="list-style-type: none"> • Focus on performance development and succession planning • Training and Management development programme • Salary and Rewards review
Significant failures in care	<ul style="list-style-type: none"> • Robust clinical director and management structure • Investment in the Hospice's Quality Management System including utilisation of Datix – incident reporting process • Maintenance of a comprehensive service specification • Recruitment, Retention and Training / Education programmes • Policies and Procedures in place and reviewed with appropriate audits • Close collaboration with statutory and other partners working to deliver care across our community • Bespoke patient records system
Significant loss, theft or misappropriation of data	<ul style="list-style-type: none"> • Range of controls back-ups and data encryption • External contractors to advise and test systems • Mandatory GDPR and Data Protection training for all staff and audit
Failure to secure and fund new hospice	<ul style="list-style-type: none"> • Full planning approval secured • Robust legal agreement in place between relevant parties • Ensuring trustee steering committee has relevant expertise • Externally validated business case • Robust fundraising strategy • Flexible building design • Implementation of a robust business & financial plan with cashflow forecasts and scenario planning to mitigate any deviance.

FUTURE PLANS

The strategic priorities for the charity have not changed as a result of the COVID-19 pandemic but the charity will need to take stock in light of the likely financial impact and any emerging clinical needs arising from it in relation to life limiting disease management and the delivery of care to people who are at their most vulnerable.

Developing a Compelling Service Proposition

The Covid-19 emergency has and will continue to present a range of challenges not least in ensuring compassionate safe care and support to patients at end of life. The Inpatient Nursing team will be strengthened with the development of advanced nurse practitioner and nurse practitioner roles to work on the wards and whose experience will strengthen our overall resilience. This will increase the level of nursing expertise available and provide an enhanced career development pathway for nurses. A full review of staffing and skill mix will be undertaken in order to adapt to the pandemic and plan for our new hospice.

The community teams will collaborate closely with emerging primary care networks, in order to ensure that its services are fully aligned with primary and community care health and social care teams and that Covid-19 considerations are fully factored into our care and support service delivery. Work will continue to build on a pilot project which aims to identify more people in the last year of life and to support them appropriately through collaboration with primary care colleagues.

Recognising that wellbeing and carer support are a real opportunity to complement our clinical services we will investigate the benefits of a social prescribing approach as well as developing more and deeper links with our community.

Investing in New Premises

In view of the Covid-19 emergency, the Main Contractor will deliver the final contract by the end of 2020 having completed a full value engineering exercise and finalising costs. The build programme timeline will then be agreed subject to the wider considerations arising from the Covid-19 emergency. During this time the Charity will continue to explore a valuation and disposal strategy for its current Crawley site. It is key that the ethos that encapsulates the hospice at Malthouse Road, including all learnings from the pandemic, is breathed into the new facility and every care will be taken to ensure its delivery.

Providing Leadership in End of Life Care

The Charity will continue to work in collaboration with the local NHS to highlight the needs of people facing end of life and those close to them. We will continue to promote better identification of people who are in the last year of life, improved care co-ordination across all settings and to encourage honest conversations and advance care planning.

Clinicians from the charity will continue be involved in collaborative clinical leadership projects in local primary care networks. At the same time the Chief Executive, Medical Director and other leaders will play a part in defining the future priorities for the local system (NHS and social care) across eastern Surrey and northern West Sussex alongside statutory system leaders through our engagement with the local Integrated Care Partnership Board..

Focus on developing Staff and Volunteers

The key focus will be on delivering the People Plan, which immediately focuses on the safety and wellbeing of our staff so they can continue to offer our patients safe and effective care and workforce planning, reviewing the organisational structures and roles within it in light of the Covid-19 emergency.

The Charity has invested in a new HR system which has significantly improved efficiency in almost all our HR processes with continued enhancements incorporated during the coming financial year.

The Hospice will continue to work collaboratively with other hospices and most especially to attract and develop leaders and new clinical education approaches.

Once we have considered the impact of the Covid-19 emergency, the Charity will refocus on expanding the use of volunteers where safe and appropriate to do so in areas such as our wellbeing service.



Increasing Income

The Full Circle Appeal, launched to achieve both revenue and capital income growth, is integral to generate the income to fund the hospice now and in the future, including funding the new hospice at Pease Pottage. The Covid-19 crisis is forecast to impact the Charities ability to generate voluntary income in the traditional way, and both senior leadership and Trustees are aware of a refocus in our fundraising efforts towards, and in order to re-establish, the most sustainable income streams.

Support from individuals donating to the Charity in-memorium, in response to direct marketing appeals or through committed monthly giving programmes, including the lottery, are fundamental to achieving income growth. The Charity, through the fundraising team, will prioritise excellent supporter stewardship and personalised donor journeys in order to maximise retention and increase income.

The Charity will maintain relationships with key Corporate and Trust supporters as well as developing the support generously offered by Deloitte as part of a partnership programme running until June 2022. Gifts in Wills remain an integral part of our income generation with an online Will writing scheme and additional promotion of legacy fundraising being launched in 2020/21.

In accordance with Government guidance around Covid-19, all fundraising events in Spring/Summer 2020 have been cancelled and those in late 2020 and early 2021 remain at high risk of cancellation. Equally traditional community fundraising events and activities are hugely restricted. Both will impact income generation in these areas. The Charity will develop new avenues to engage these audience, such as trialling virtual events, but Trustees will need to be cognisant of the ongoing impact.

Covid-19 has had a profound impact on the retail sector and our shops are likely to feel the effects of the crisis throughout the year. The Charity must reopen shops safely and are introducing a number of innovative opportunities to re-establish retail income, such as flash sales and pop-up shops.

The capital appeal is currently paused, as the hospice agrees adjusted phasing of the New Build programme.

With the number of initiatives in place to deliver the Charity's strategy, the key successes will be made with careful planning and budgetary control to maximise the efficient use of funds available to further extend the Charity's reach in its community. This said, Trustees will need to consider the emerging impact arising from the Covid-19 emergency in looking at its fundraising plans and wider income position.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The directors are also the trustees of the charity for the purposes of company law and as such are responsible for the management of the hospital's affairs and its future strategy. The Trustees are required to hold at least four Board meetings a year. There are six committees, chaired by a Trustee which are attended by the appropriate Senior Management Team Member(s), which meet prior to and feed into each Board meeting.

- Financial Sustainability Committee (includes income generation activity)
- People and Development Committee
- Quality Committee
- Board Effectiveness Committee
- New Build Project Board
- Remuneration Committee (Chief Executive remuneration only)

Given his significant relevant experience, the Charity is delighted to enjoy the support of one of its Vice Presidents, Andrew Wates, who leads the New Build Project Board.

The Trustees who served St Catherine's Hospice during the year were as follows:

Terence O'Leary	Chairman of the Board & Chair Remuneration Committee
Catherine Blackburn	Chair People and Development Committee
Lisa Compton	Chair Quality Committee
Jan Dowding	Co-Chair Financial Sustainability Committee to June 2020
Gregory Andrews	Appointed November 2019 Chair Financial Sustainability Committee from June 2020
Alison Livesley	Chair New Build Committee to June 2020 Chair Board Effectiveness Committee from June 2020
Nicola Wiltshire	Chair New Build Committee from June 2020
Alison Crombie	
Kate Midgley	Appointed November 2019
Gemma Dawson	Trustee Elect from June 2020
Philip Ingleby	Trustee Elect from June 2020
Richard Griffin	Trustee Elect from June 2020
Christine Maclean	Resigned June 2020 Chair Board Effectiveness Committee to June 2020
Chris Shearn	Resigned January 2020
John Vickers	Resigned February 2020 Co-Chair Financial Sustainability Committee to February 2020

Two trustees have resigned during the year, with an additional resignation in June 2020. The trustees would like to thank these trustees for their valuable contributions during their time with St. Catherine's Hospice. Two Trustee elects were formerly appointed as Trustees at the General Meeting in November 2019. Three Trustee elects were recruited in June 2020 with their expected appointment at the General Meeting towards the end of 2020.

Following the changes in Trustee during the year and in line with the rotational expectations, a reorganisation of the committee chairs was made with those changes imposed from June 2020 as shown opposite.

Rotation, recruitment and appointment and induction of directors

The Trustees consider it essential that the Board is strong, well-balanced and effective comprising members with the requisite professional skills and experience in healthcare or local services to properly represent users of the charity's services.

Trustees are recruited through local advertising and a robust selection process. Trustees serve for a maximum of two terms of four years each.

An induction programme is provided to all new directors. They are advised of their responsibilities as directors and trustees, including their legal obligations under charity and company law and the Charity Commission guidance on public benefit, given copies of the charity's governing documents, and are appraised of the charity's aims and activities, current financial performance and its plans for the future. All trustees receive an annual performance review and are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Statement of Directors Responsibilities

The Board of Directors is responsible for the approval of the annual accounts, ensuring compliance with the Charities Act 2011, the Companies Act 2006 and the Memorandum and Articles of Association and Accounting and Reporting Statement of Recommended Practice applicable in the UK and republic of Ireland, FRS 102 which was effective from 1st January 2015.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- ensure compliance with the methods and principles in the Memorandum and Articles of Association and Accounting and Reporting Statement of Recommended Practice applicable in the UK and Republic of Ireland, FRS 102 which was effective from 1st January 2015.
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

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

Details of directors' interests in contracts and related party transactions are given in note 16 to the accounts.

Senior Management Team

The Board delegates the day-to-day management of the hospice to the Chief Executive, Giles Tomsett and the officers of the company:

- Medical Director
Patricia Brayden
- Director of Income Generation and Marketing
Claire Irving
- Finance Director
Cathy Heard
- People Director
Elly Powis
- Director of New Hospice Delivery and Support Services
Paul Rycroft
- Director of Care Services
Carol Harris
- Interim Director of Wellbeing
Katy Cox, Resigned July 2020

Claire Irving acted as Chief Executive for the period between February and June 2020, covering Giles Tomsett during an approved three-month unpaid sabbatical. Tom Abbott, Head of Fundraising, acted as Director of Income Generation during the same period. The Trustees would like to thank Claire and Tom for their significant contribution during this period.

The Charity has set up a clear pay progression arrangement for its senior leaders which reflects arrangements in place for all staff and managers. As the Charity strives to make its reward offer as competitive as it can afford, it will continue to consider managers and senior management remuneration. The pay points for the Senior Management Team are now in place having recently been agreed, using benchmarks for similar sized charities. Pay progression for these senior officers is delegated to the Chief Executive and reviewed by the People Committee before finalisation. The Chief Executive's pay is reviewed annually and finalised by the Charity's Remuneration Committee.



The Senior Management Team meets weekly, rotating meetings to review strategy and business plan delivery, the quality management system across all activities, risk management and operational service performance, including budgetary review and regular reforecasting.

Information is cascaded to the Heads of Department and key managers in two monthly interactive update sessions and to staff through appropriate staff meetings and departmental team meetings. During the year Trustees have attended several of these to assure themselves of the quality of communication, education and training that is being provided.

Statement as to disclosure to the Auditors

In so far as the Trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware, and the Trustees have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Haysmacintyre LLP have been re-appointed as auditor to the company under Section 485 of the Companies Act 2006.

The Report of the Board of Trustees, incorporating the strategic report, was approved by the Board on 15th September 2020 and signed on its behalf by:

Terence O'Leary

Terence O'Leary
Chairman

AUDITORS REPORT

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ST CATHERINE'S HOSPICE

Opinion

We have audited the financial statements of St Catherine's Hospice Limited for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Activities, the Group and Hospice Balance Sheets, the Consolidated Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2020 and of the group's net movement in funds, including the 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.

Basis for opinion

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing,

as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (which includes the strategic report and the directors' report for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Use of this Report

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



Anna Bennett
(Senior Statutory Auditor)
For and on behalf of Haysmacintyre
10 Queen Street Place
LLP Statutory Auditors
London
EC4R 1AG

Statement of Financial Activities for the year ended 31 March 2020

	Note	Restricted £'000's	Designated £'000's	Unrestricted £'000's	Total Funds 2019/20 £'000's	Total Funds 2018/19 £'000's
Income						
Donations & Legacies						
Donations		79	0	1,956	2,035	1,877
Legacies		126	0	1,137	1,263	1,352
Other Grants		32	0	111	143	175
Donations in Kind		0	0	0	0	1,000
Capital Appeal - Pease Pottage		1,110	0	0	1,110	552
		1,347	0	3,204	4,551	4,956
Charitable Activities						
NHS Contracts & Grants		0	0	4,433	4,433	3,666
Education		0	0	18	18	20
	2	0	0	4,451	4,451	3,686
Trading Activities						
Shops		0	0	1,343	1,343	1,528
Lottery		0	0	880	880	860
Fundraising Events		19	0	702	721	1,110
		19	0	2,925	2,944	3,498
Investments						
	3	0	0	214	214	239
Other Income						
		29	0	313	342	60
Total Income		1,395	0	11,107	12,502	12,439
Expenditure						
Raising Funds						
Donations & Legacies		0	20	1,389	1,409	1,093
Fundraising Events		0	4	434	438	579
Retail Shops		0	30	1,882	1,912	1,327
Lottery Costs		0	4	296	300	186
Capital Appeal - Pease Pottage		0	126	0	126	308
Investment Management		0	0	48	48	44
		0	184	4,049	4,233	3,537
Charitable Activities						
Inpatient Services		0	36	3,375	3,411	3,215
Community Services		0	36	2,734	2,770	2,776
Wellbeing Services		133	16	967	1,116	805
Education		0	5	371	376	306
		133	93	7,447	7,673	7,102
Total Expenditure	5	133	277	11,496	11,906	10,639
Net Income / (Expenditure) on Operational Activities						
		1,262	(277)	(389)	596	1,800
Net Gains / (Losses) on Investments	12, 13	0	0	73	73	258
Net Income / (Expenditure) for the Year	6	1,262	(277)	(316)	669	2,058
Transfer Between Funds	17, 18		388	(388)	0	0
Net Movement In Funds		1,262	111	(704)	669	2,058
Funds B/F as at 1st April		2,832	11,810	8,009	22,651	20,593
Funds Carried Forward as at 31st March		4,094	11,921	7,305	23,320	22,651

All gains and losses arising in the current and previous year have been recognised in the Statement of Financial Activities and arise from continuing activities.

The prior year comparators for each fund included above are included in notes 24 to 28

The notes on pages 27 to 46 form part of these financial statements.

Balance Sheets as at 31 March 2020

		Group		Hospice	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Notes	£'000	£'000	£'000	£'000
Fixed Assets					
Tangible Assets	11	2,876	2,905	2,876	2,905
Construction in Progress - Pease Pottage	11	807	410	807	410
Investments	12	15,862	15,454	15,912	15,506
		<u>19,545</u>	<u>18,769</u>	<u>19,595</u>	<u>18,821</u>
Current Assets					
Investments	13	263	90	263	90
Stock	14	3	5	0	0
Debtors	15	1,265	1,461	1,346	1,538
Cash at Bank		<u>3,130</u>	<u>3,098</u>	<u>3,015</u>	<u>2,896</u>
		4,660	4,654	4,625	4,524
Current Liabilities					
Creditors: amounts falling due within one year	16	724	585	722	580
Net Current Assets		<u>3,931</u>	<u>4,069</u>	<u>3,898</u>	<u>3,944</u>
Total Assets less Current Liabilities		<u>23,476</u>	<u>22,838</u>	<u>23,493</u>	<u>22,765</u>
Creditors: amounts falling due greater one year	9	161	187	161	187
Total Net Assets		<u>23,320</u>	<u>22,651</u>	<u>23,337</u>	<u>22,578</u>
The Funds of the Charity					
Restricted Funds	17	1,408	1,255	1,408	1,257
Restricted Funds - Full Circle Appeal - Pease Pottage		<u>2,687</u>	<u>1,577</u>	<u>2,687</u>	<u>1,577</u>
Restricted Funds	18	4,094	2,832	4,094	2,834
Unrestricted Funds					
Designated Funds		11,921	11,810	11,921	11,810
General Funds		<u>7,305</u>	<u>8,010</u>	<u>7,322</u>	<u>7,935</u>
Unrestricted Funds	18	19,226	19,819	19,243	19,745
Total Funds	19	<u>23,320</u>	<u>22,651</u>	<u>23,337</u>	<u>22,578</u>

The unconsolidated net income of the Hospice in 2019/20 was £ 598,000 (2018/19 £1,972,000).

The Financial Statements on pages 24 to 46 were approved by the Board of Directors and authorised for issue on 15th September 2020 and are signed on its behalf by:

G.E. Andrews

Gregory Andrews
Trustee / Director

The notes on pages 27 to 46 form part of these financial statements.

Consolidated Cash Flow Statement as at 31 March 2020

		31 March 2020 £'000	31 March 2019 £'000
	Notes		
Cashflows from Operating Activities			
Net Cash provided by / (used in) Operating Activities	22a	783	414
Cashflows from Investing Activities			
Gains / (Losses) on Investments		154	12
Purchase of Property, Plant & Equipment		(245)	(145)
New Build Construction in Progress		(397)	(410)
Proceeds from Sale of Assets		0	15
Net Cash provided by / (used in) Investing Activities		(488)	(525)
Change in Cash & Equivalents in the Reporting Period		295	(115)
Cash & Equivalents at the beginning of the Reporting Period		3,098	3,213
Cash & Equivalents at the end of the Reporting Period	22b	3,393	3,098

The notes on pages 27 to 46 form part of these financial statements.

Accounting Policies

Principal Accounting Policies

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

Basis of Accounting

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 (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Hospice meets the definition of a public entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy notes.

Legal Status of the Charity

The charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up the liability in respect of the guarantee is limited to £1 per member.

Going Concern

The trustees consider that there are no material uncertainties about St Catherine's Hospice Limited's ability to continue as a going concern. Free reserves stand at 7 months of ongoing expenditure and medium-term budget projections indicate that a net surplus will be achieved each financial year.

Material Areas of Judgement

The most significant area of judgement and key assumptions that affects items in the accounts is the estimation of income from Legacies. The estimated value of each outstanding legacy at 31 March is calculated in accordance with the principles set out in the Donation, Grants and Other Income section below. Another significant area of assumption is in respect of depreciation of Fixed Assets. The rates of write down are shown in the Tangible Fixed Assets section below. The Trustees are satisfied that these write down rates are a reasonable reflection of the expected useful life of the assets in each class

Group Financial Statements

These financial statements consolidate the results of the charity and its wholly-owned subsidiary St Catherine's Hospice Trading (Sussex) Limited on a line by line basis. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

Fund Accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations where the donor has specified they should only be used for particular areas of the hospice's work. The aim and use of each designated and restricted fund is set out in the notes to the financial statements. Investment income, gains and losses are allocated to the appropriate fund.

Donated Assets

Tangible assets donated to the Hospice are recorded at the original estimate of their value to the company.

A donation of land was received in the year and accounted for in accordance with this policy ensuring the valuation was a fair value, carried out by external professional valuers, as defined within FRS102 being the "amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction".

Tangible Fixed Assets

Fixed assets other than donated assets are stated at historical cost. All assets costing more than £2,000 are capitalised.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write down each asset to its estimated residual value evenly over its expected useful life, as follows:-

Freehold buildings	2% per annum on cost
Extensions and refurbishments	10% per annum on cost

Accounting Policies

Equipment (excluding leasehold improvements)	25% per annum on cost
Leasehold improvements	based on length of lease
Motor vehicles	25% per annum on cost

Taxation

The company is considered to pass the tests set out in the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly the company is potentially exempt from taxation on income or capital gains to the extent that such income or gains are applied exclusively to charitable purposes.

Operating Leases

Rental costs under operating leases are charged to the general fund operating account in equal annual amounts in accordance with the terms of the lease. Any benefits received or receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period of the lease.

Pension Contributions

The Charity operates a defined contribution pension scheme, the assets of which are held separately from those of the Charity in independently administered funds chosen by individual staff. Some staff participate in the NHS defined benefit pension scheme. Any resulting liabilities on this scheme would be met by the State. Therefore, contributions payable for the year in relation to either scheme are charged in the Statement of Financial Activities.

The company also participates in a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The Charity is also making additional payments into the fund in order to eliminate the deficit. These payments commenced in April 2013 and are currently scheduled to continue until January 2025. To recognise the future liability and in accordance with FRS 102 the Trustees have agreed to make a provision for the present value of the outstanding deficit contributions.

Further details including the current buy-out debt amount and value of the provision are given in Note 9.

Donations Grants and Other Income

Income is recognised in the Statement of Financial Activities when the charity is entitled to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Where income has related expenditure (as with fundraising or contract income) the income and related expenditure are reported gross in the Statement of Financial Activities.

- In the event that a donation or grant is subject to fulfilling performance conditions before the charity is entitled to the funds the income is deferred and not recognised until it is probable that those conditions will be fulfilled in the reporting period. Income from Gift Aid reclaims is recognised for any donations with relevant Gift Aid certificates recognised in income for the year. Any amounts of Gift Aid not received by the year end are accounted for in income accrued in debtors.
- Income from NHS contracts, government or other grants, whether capital or revenue in nature are recognised when the charity has entitlement to the funds, any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably.
- Income, including sponsorship received in advance for a future fundraising event or for a grant received relating to the following year is deferred until the criteria for income recognition is met.
- Items donated for resale through the retail shops are included in the accounts when the items are sold.

Accounting Policies

- Investment income is included when receivable and the amount can be measured reliably, usually when the notification of interest payable is received from the bank. Dividends are recognised once the dividend has been declared and notification has been received of the amount due.
- Income from legacies is determined on a case by case basis in accordance with the following principles. Pecuniary legacies are recognised once probate has been granted and notification has been received that payment will be received. Residuary legacies are recognised once probate has been granted, provided that sufficient information has been received to enable valuation of the Hospice's entitlement with sufficient certainty; amounts receivable are included at 90% of their valuation, to reflect the sector's experience of the uncertainty inherent in the administration of estates, subject to further reduction to reflect the impact of other factors such as the valuation of unrealised estate assets or subsequent adverse movements in property and investment markets. Where legacies have been notified to the charity or the charity is aware of the granting of probate and the criteria for income recognition have not been met then the legacy is treated as a contingent asset and disclosed if material.
- All subscriptions for the lottery draws are deferred, with income drawn down each week. All other income received in one period but relating to future periods is shown as deferred income under creditors.

Donated Goods and Services

Donations of goods and services, including seconded NHS doctors, are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from its use is probable and the economic benefit can be reliably measured. These items are included in income at the estimated value of the gift to the charity when received based on the amount the charity would have been prepared to pay had it been required to purchase them.

Volunteers

The value of the services provided by volunteers is not incorporated into these financial statements. Further details of their contribution are provided in note 10.

Expenditure

Expenditure is included in the Statement of Financial Activities on an accruals basis once there is a legal obligation to make a payment, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is categorised under the following headings:

Costs of raising funds comprises fundraising costs incurred in seeking donations, grants and legacies; investment management fees; costs of fundraising activities including the costs of goods sold, shop costs, commercial trading and their associated support costs. Fundraising costs do not include the costs of disseminating information in support of the hospice's charitable activities.

Expenditure on charitable activities includes the costs of providing specialist palliative care and support to patients, their families and the wider community; research and other educational activities undertaken to further the purposes of the charity and their associated support costs.

Support costs comprise those costs which are incurred directly in support of expenditure on the objects of the Hospice and include governance cost, finance and office costs. Governance costs are those costs incurred in connection with complying with constitutional and statutory requirements of the charity. Where practicable irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs are allocated to each of the activities on a variety of bases, principally head count, floor area or time spent on activities depending on the nature of the support costs, to best allocate the costs to each attributable heading. More details on the analysis and basis of allocation is given in note 5.

Financial Instruments

The Hospice only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at their transaction value and subsequently measured at their settlement value.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price, except for the shares in the trading subsidiary which are carried at cost. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their

Accounting Policies

purchase value if acquired during the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

The charity does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity and bond markets due to wider economic conditions, the attitudes of investors to investment risk and changes in sentiment concerning equities and other instruments within particular sectors.

Investment Properties

Investment properties are included in the Balance sheet at their open market value and are not depreciated. The assets are revalued every year on the basis of professional advice.

Stock

Stock of goods for resale is valued at the lower of cost and net realisable value. Stock donated for resale are not included in the financial statements until they are sold because the Trustees consider it impractical to be able to assess the amount of donated stocks as there are no systems in place to record these until they are sold and undertaking a stock take would incur undue cost and income loss for the charity which would far outweigh the benefits.

Debtors

Trade and other debtors are recognised at the settlement amount due after any discounts offered. Prepayments are valued at the amount prepaid net of any discounts due. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

Cash at Bank and in Hand

Cash at bank and cash in hand includes cash and short term highly liquid deposits with a short maturity of 95 days or less from the date of acquisition or opening of the account.

Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due for settlement can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discount.

Supporting Notes to Financial Statements

1 Income

Income derives from the group's principal activities carried on wholly in the United Kingdom.

2 Income from Charitable Activities

	2020 £'000	2019 £'000
NHS Block Contract / Grant	2,892	2519
NHS Contribution to Drug Costs	130	100
NHS Contribution to Lymphoedema Service	305	254
NHS Community Support Pilot	319	255
Income for Inpatient Beds from Continuing Healthcare (CHC)	230	168
Research Grant	55	53
Other Service Contracts	503	317
Education Income	17	20
	4,451	3,686

3 Income from Investments

	2020 £'000	2019 £'000
Listed Investment Income	197	221
Interest Received	17	18
	214	239

4 Trading Operations

The wholly owned trading subsidiary, St Catherine's Hospice Trading (Sussex) Limited, UK company registration number 02822993, pays all its eligible profits to the charity under Gift Aid. The company manages the sale of purchased goods through the Hospice retail shops and its Coffee Shop.

The charity owns the entire issued share capital of 50,000 shares of £1 each.

A summary of the trading results is shown below.

	2020 £'000	2019 £'000
Turnover	123	140
Cost of Sales	49	43
Gross Profit	74	97
Other Operating Expenses (net)	84	90
Profit on Ordinary Activities	(10)	7
Donations under Gift Aid	7	0
Corporation Tax		0
Profit Retained in the Subsidiary	(17)	7

5 a) Expenditure

	Direct Costs £000's	Support Costs £000's	Depreciation £000's	Total 2020 £000's	Total 2019 £000's
Raising Funds					
Donations & Legacies	992	375	22	1,389	1,093
Fundraising Events	270	160	4	434	579
Retail Shops	1306	552	24	1,882	1,327
Lottery Costs	164	130	2	296	186
Full Circle Appeal - Pease Pottage	0	0	0	0	308
Investment Management	48	0	0	48	44
	2,780	1,217	52	4,049	3,537
Charitable Activities					
Inpatient Services	2693	632	50	3,375	3,215
Community Services	2127	562	45	2,734	2,776
Wellbeing Services	618	328	21	967	805
Education	278	89	4	371	306
	5,716	1,611	120	7,447	7,102
	8,496	2,828	172	11,496	10,639

b) Analysis of Support Costs

	Facilities & Hospitality £000's	Support Services £000's	Corporate Comms £000's	Governan ce £000's	Support Costs Total £000's
Raising Funds					
Donations & Legacies	65	237	56	17	375
Fundraising Events	65	55	35	5	160
Retail Shops	145	347	35	25	552
Lottery Costs	58	46	23	3	130
Full Circle Appeal - Pease Pottage	0	0	0	0	0
Investment Management	0	0	0	0	0
	333	685	149	50	1,217
Charitable Activities					
Inpatient Services	167	420	17	28	632
Community Services	87	429	17	29	562
Wellbeing Services	116	182	17	13	328
Education	22	55	8	4	89
	392	1,086	59	74	1,611
	725	1,771	208	124	2,828

6 Net Income / Expenditure

2020
£'000

2019
£'000

Net Income / (Expenditure) is stated after charging:

Tangible Fixed Asset Depreciation and amounts Written Off in the Period

Owned Assets	215	229
Operating Lease Rentals - Equipment	27	20
Operating Lease Rentals - Shops & Office	370	362

Auditors Remuneration	14	14
Other Services to Group	0	0

7 Employees

2020
FTE's

2019
FTE's

Average Weekly FTE's

Fundraising	31	26
Retail	29	29

Inpatient Services	54	47
Community Services	45	50
Wellbeing Services	15	12
Education	6	2

Support Services	47	41
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228

207

The Hospice employs a significant number of staff on a part-time basis. The average of number of paid staff in the charity and group in 2019/20 was 269 (2018/19: 259).

2020
£'000

2019
£'000

Staff Costs

Salaries	6,834	6,753
Social Security Costs	650	641
Other Pension Costs	603	438

8,087

7,832

The hospice made ex gratia payments to staff in 2019/20 of £20,000, (2018/19 £Nil). Pension costs for both years are shown net of NHS funding of £64,000. No emolument was paid during the year to any of the Directors (2018/19: £Nil) and no Director was reimbursed for expenses (2018/19: £Nil). Included in the staff costs above is £254,000

Supporting Notes to Financial Statements

(2018/19 £247,000) in respect of seconded NHS doctors paid from NHS funds.

The number of employees who received emoluments in the following ranges was:

	31 March 2020 £'000	31 March 2019 £'000
£60,001 - £70,000	1	2
£70,001 - £80,000	3	0
£80,001 - £90,000	1	0
£90,001 - £100,000	1	2
£100,001 - £110,000	1	2
£110,001 - £120,000	1	1
	8	7

All of the above higher paid employees are accruing retirement benefits under schemes treated as defined contribution schemes. The company made pension contributions of £92,000 on behalf of these staff in 2019/20 (2018/19 £74,000).

The Hospice considers that the key management personnel comprise the senior management team – who are the Chief Executive and 7 other key Directors and Heads of Service. The total employee benefits of the key management staff were £687,000 (2018/19 £634,000).

8 Related Party Transactions

During the year no Trustees received any remuneration or benefits in kind (2018/19 £Nil). Moreover, no Trustees received any reimbursement of travel expenses (2018/19 £Nil). Donations from trustees to the charity amounted to £65,000 in 2019/20 (2018/19 £96,000).

The Charity provided services during the year to its wholly owned trading subsidiary, St. Catherine's Hospice Trading (Sussex) Limited. The charge for those services amounted to £89,000 (2018/19 £79,000). A donation of £7,000 was made under gift aid from the trading subsidiary in the year (2018/19 £Nil).

9 Pension Contributions

The charity makes contributions to the National Health Service Pension Scheme for participating employees. The NHS Scheme is a defined benefit scheme. As the scheme is a multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities, this scheme is accounted for by the Charity as a defined contribution scheme. Any resulting liabilities on this scheme would be met by the State. Therefore, contributions payable for the year in relation to the scheme are charged in the Statement of Financial Activities.

The company participates in a pension scheme operated by the Pensions Trust called Growth Plan, with further details in accounting policies on Page 28.

The charity has been notified by The Pensions Trust of the estimated employer payment on withdrawal from the scheme as at 30 September 2017. As of this date the estimated employer payment for the Hospice was £513,265. The potential debt is not included in the financial statements.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)
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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Supporting Notes to Financial Statements

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present Value of Provision	2020	2019	2018
	£'000	£'000	£'000

Present Value of Provision	161	187	222
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Reconciliation of Opening & Closing Provisions	2020	2019
	£'000	£'000

Provision at start of Period	187	222
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Unwinding of Discount Factor (Interest Expense)	2	5
Deficit Contribution Paid	(32)	(30)
Remeasurement - Amendment to Contribution Schedule	(4)	(10)
Prior Year Adjustment	8	

Provision at End of Period	161	187
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Income & Expenditure Impact	2020	2019
	£'000	£'000

Interest Expense	4	5
Amendment to Contribution Schedule	(9)	(10)
Costs charged to Income & Expenditure Account	(5)	(5)

Supporting Notes to Financial Statements

A rate of discount of 2.5% has been assumed in both 2018/19 and 2019/20 representing the Hospice's estimate of the cost of money to the Charity.

The Hospice also participates in a defined contribution pension scheme operated by the Pensions Trust, the assets of which are held separately from those of the Hospice. Employees contribute between 3.2% and 6% of their salary with the charity contributing 150% of the employee contribution

The total pension cost charge of the group represents contributions payable by the charity and amounted to £544,000 (2019: £438,000). The figures have been shown net of NHS funding.

At the year-end contributions outstanding totalled £90,000 (2019: £75,000) and are included in the creditors. The estimated employer pension contributions payable by the company in 2020/21 is £550,000.

10 Volunteers

The Charity is dependent upon a team of part-time voluntary helpers who assist in all areas of the charity's care. Overall, St Catherine's is supported by over 1,000 volunteers who provided around 45,000 hours of support in 2019/20. There are three key types of volunteer:

Hospice Volunteers - providing a range of clinical services (e.g. complementary therapy, counselling, patient drivers) and support services (e.g. administration, hospitality, gardeners). Over 300 volunteers provided 16,500 hours.

Retail Volunteers - providing sorting and till support to 14 charity shops, our warehouse and e-commerce work. Over 300 volunteers provided around 26,500 hours.

Community - supporting our fundraising work through Friends groups, running street collections and supporting events (e.g. marshallings, registration, refreshments, game stalls). Over the year, at least 400 volunteers provided more than 2,000 hours.

11 Tangible Fixed Assets

Hospice & Group	Freehold Land & Buildings £'000	Equipment £'000	Motor Vehicles £'000	Construction in Progress £'000	Total £'000
Cost / Valuation at 1st April 2019	5,078	1,004	61	410	6,553
Additions	29	67	66	397	558
Disposals	0	0	0	0	0
Cost / Valuation at 31st March 2020	5,107	1,070	126	807	7,111
Depreciation at 31st March 2019	2,372	786	55	0	3,213
Charged in the Year	101	109	5	0	215
Depreciation at 31st March 2020	2,473	895	61	0	3,428
Net Book Value 31st March 2020	2,635	175	66	807	3,683
Net Book Value 31st March 2019	2,658	242	5	410	3,315

Supporting Notes to Financial Statements

All the tangible fixed assets of the group are part of the accounts of the main Charity.

Freehold land at Malthouse Road was donated to the Hospice and valued at £60,000 by the Directors in December 1983.

Freehold land at Pease Pottage was donated to the hospice in December 2018. The Trustees carried out a valuation, supported by a firm of independent advisors, who valued the land at £1,000,000. The basis of value is at a fair value, as defined within the Financial Reporting Standard FRS102, being "the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction". This valuation assumes that conditions within the transfer for starting the development are met such that the option to purchase for £1 is not exercisable. This option is exercisable should the development of the new hospice not take place and ceases 28 months after the transfer of the land.

All freehold land and buildings are included in the financial statements at lower of cost and open market value. In the opinion of the Directors, the open market value of the freehold land and buildings is not less than the stated value.

12 Fixed Asset Investments

Listed Investments £'000

Cost / Market Value 1st April 2019	15,454
Movement of Shares to Investments	188
Gains / (Losses) on Disposal	230
Unrealised Gains / (Losses)	(157)
Dividends & Interest	195
Management Fee	(48)
Cost / Market Value 31st March 2020	15,862
Historical Cost 31st March 2020	13,106

Investments held by the Charity also include an additional £50,000 (2019 - £50,000) investment in the subsidiary company at cost.

Subsidiary Company

Name	Country of Incorporation	Class of Holding	Proportion Held	Aggregate Capital & Reserves £'000	Result for Year £'000
St Catherine's Hospice Trading (Sussex) Limited	England	Ordinary	100%	50	-

13 Investments held as Current Assets

Cost / Market Value 1st April 2019	£'000 92
Shares transferred to Investment Portfolio	(92)
Short Term Deposits	263
Cost / Market Value 31st March 2020	263

14 Stock

	Group		Hospice	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Stock				
Goods for Resale	3	5	0	0
	3	5	0	0

15 Debtors

	Group		Hospice	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Debtors				
Trade Debtors	181	142	181	142
Accrued Legacy Income	413	1,080	413	1,080
Amounts due from Subsidiary Company	0	0	81	70
Other Prepayments & Accrued Income	107	136	107	136
Other Debtors	564	101	564	110
	1,265	1,459	1,346	1,538

16 Creditors: Amounts falling due within one year

	Group		Hospice	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Creditors				
Trade and Other Creditors	321	189	321	184
Taxation and Social Security Costs	260	239	260	239
Accruals & Deferred Income	143	157	141	157
	724	585	722	580

17 Restricted Funds: Group & Charity

	Balance 1 April 2019	Income in Year	Expenditure in Year	Transfers In / (Out)	Balance 31 March 2020
Foundation Fund	0	10	3	0	7
Inpatient services	23	10	8	0	25
Community Services	0	20	0	0	20
Wellbeing Services	39	168	17	0	190
Education	43	29	44	0	28
Capital & Equipment	118	36	41	0	113
Other	32	13	21	0	24
Total Operational Funds	255	286	134	0	407
Donations in Kind	1,000	0	0	0	1,000
New Horizons Donation to New Build	1,000	0	0	0	1,000
Capital Appeal - Pease Pottage	577	1,110	0	0	1,687
Total Funds	2,832	1,396	134	0	4,094

Foundation Fund

This exists primarily to support the running costs of the Hospice in the event of severe cash flow difficulties. Any balances at 31st March have been transferred to general reserves, as agreed with the New Horizons Committee.

New Hospice Fund: Capital Appeal – Pease Pottage

The generous donation of five acres of land as a gift in kind from Mr Bill Bridges as the site to build a new hospice has been valued as a gift in kind, by the Trustees supported by a firm of independent advisors at £1m.

Funds donated specifically towards the construction of a new hospice building. The Charity has launched its capital appeal to raise £5m to complete the construction of its new Hospice, supported by two key generous donations as detailed in note 18.

Restricted Funds Other

Inpatient Services Fund

In the year donations were received in support of clinical consumables.

Community Services Fund

Funds received for community nursing in the Reigate and Banstead areas.

Wellbeing Services Fund

Garden fund - monies raised to re-develop and enhance the Hospice garden.
Creative Therapies – funds to support creative activities primarily in the Day Hospice.
Further donations were received in the year in support of living well activities.

Education Fund

Day Hospice groups – donations provided to support the operation of Day hospice activity groups.
Horsham Carers Support – funds provided by Horsham Hospital League of Friends to provide support and practical skills training for carers in the Horsham area

Other Restricted Income

Other income of a restricted nature received and spent during the year.

Capital Expenditure Fund

This has been set up for the purchase of fixed assets from donations to restricted funds.

Capital and Equipment Fund

Represents monies raised to fund specific items of equipment.

18 Unrestricted Funds

	Balance 1 April 2019	Income in Year	Expenditure in Year	Gain / (Loss) on Investments in Year	Transfers In / (Out)	Balance 31 March 2020
Designated Funds						
Shemeld Legacy Capital	10,312	0	0	0	688	11,000
Strategic Delivery	1,498	0	277	0	(300)	921
Total Designated Funds	11,810	0	277	0	388	11,921
General Funds	8,009	11,107	11,496	73	(388)	7,305
Total Unrestricted Funds	19,819	11,107	11,773	73	0	19,226

The Shemeld Legacy Capital Fund

The Shemeld Legacy Capital Fund mainly constitutes the proceeds of a major bequest by John Shemeld and represents monies set aside to finance the future major capital developments that are required to maintain and enhance the services of the Hospice. As described in the Trustees' / Directors' report St. Catherine's will be building a new hospice at Pease Pottage following the generous donation of five acres of land from Mr Bill Bridges and donation from Mr John Shemeld in excess of £6m, which will part fund the project. This fund has been supported by the Charity's reserves and the Capital appeal which aims to raise £5m as detailed in note 17.

Strategic Delivery Fund

The Trustees have agreed to designate funds in support of the delivery of the Charity's strategic aims aligned to the transition to the new hospice and in support of extending reach in supporting its local community.

19 Analysis of Group Net Assets between Funds

	Unrestricted	Restricted	Total Funds 2020	Unrestricted	Restricted	Total Funds 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible Fixed Assets	1,798	1,078	2,876	1,818	1,087	2,905
Construction in Progress - Pease Pottage	0	807	807	0	410	410
Fixed Asset Investments	14,862	1,000	15,862	15,013	441	15,454
Current Asset Investments	263	0	263	92	0	92
Other Current Assets	3,188	1,209	4,397	3,668	894	4,562
Current Liabilities	(724)		(724)	(585)	0	(585)
Provisions	(161)		(161)	(187)	0	(187)
	19,226	4,094	23,320	19,819	2,832	22,651

Supporting Notes to Financial Statements

20 Members of the Hospice

As at 31 March 2020 there were 52 members (2019: 49) of the company who are required to contribute £1 each in the event of the company being wound up.

21 Operating Lease Commitments

At 31 March 2020 the group was committed to make the following payments in respect of operating leases:

Payments under operating leases are recognised as expenditure as they fall due. No provision has been made for future commitments.

	2020 £'000	2019 £'000
Land & Buildings		
Amounts due within One Year	358	274
Amounts due in Two to Five Years	961	688
Amounts due in over Five Years	493	237
Other		
Amounts due within One Year	27	28
Amounts due in Two to Five Years	60	47
	<hr/> 1,899	<hr/> 1,274

22 Cashflows

	2020 £'000	2019 £'000
a) Net Income / (Expenditure) for the Reporting Period	669	2,058
Adjust for:		
Depreciation	215	244
(Gains) / Losses on Sale of Assets	0	(15)
(Gains) / Losses on Investments	(173)	(258)
Dividends, Interest & Rental on Investments	(194)	(239)
Investment Management Fees	48	44
Non Cash Donations (Shares, Land & Property)	(95)	(1,066)
(Increase) / Decrease in Stocks	2	(3)
(Increase) / Decrease in Debtors	196	(245)
Increase / (Decrease) in Provisions	(26)	(35)
Increase / (Decrease) in Creditors	139	(71)
Net Cash provided by / (used in) Operating Activities	<hr/> 783	<hr/> 414

b) Analysis of Cash & Cash Equivalents

	2020 £'000	2019 £'000
Cash in Hand	3,130	359
Notice Deposits (less than 3 Months)	263	2,535
Total Cash & Cash Equivalents	<hr/> 3,393	<hr/> 3,098

Supporting Notes to Financial Statements

23 Capital Commitments

The Charity has entered into capital commitments of £500,000 in respect of initial scope of works to agree the design and build programme for the new Hospice, to RIBA Stage 4, with Barnes the approved contractor. The agreement of the formal contract for the new hospice build has been put on pause as result of COVID-19, whilst the Trustees consider the overall financial impact and timing, following which the formal contract will be executed with the full capital commitment of an estimated £14,000,000.

Supporting Notes to Financial Statements

24 SOFA prior Year Comparatives

	Note	Restricted £'000's	Unrestricted £'000's	Total Funds 2018/19 £'000's	Total Funds 2017/18 £'000's
Income					
Donations & Legacies					
Donations		219	1,658	1,877	2,427
Legacies		0	1,352	1,352	1,906
Other Grants		32	143	175	379
Donated Assets		1,000	0	1,000	0
Capital Appeal - Pease Pottage		552	0	552	0
		1,803	3,153	4,956	4,712
Charitable Activities					
NHS Contracts & Grants		0	3,666	3,666	2,345
Education		0	20	20	43
	2	0	3,686	3,686	2,388
Trading Activities					
Shops		0	1,528	1,528	1,188
Lottery		0	860	860	969
Fundraising Events		0	1,110	1,110	716
		0	3,498	3,498	2,873
Investments					
	3	0	239	239	241
Other Income					
		0	60	60	24
Total Income		1,803	10,636	12,439	10,238
Expenditure					
Raising Funds					
Donations & Legacies		0	1,093	1,093	1,012
Fundraising Events		0	579	579	405
Retail Shops		0	1,327	1,327	1,548
Lottery Costs		0	186	186	276
Capital Appeal - Pease Pottage		0	308	308	0
Investment Management		0	44	44	0
		0	3,537	3,537	3,241
Charitable Activities					
Inpatient Services		65	3,150	3,215	3,316
Community Services		29	2,747	2,776	2,584
Wellbeing Services		25	780	805	903
Education		24	282	306	255
		143	6,959	7,102	7,058
Total Expenditure	5	143	10,496	10,639	10,299
Net Income / (Expenditure) on Operational Activities					
		1,660	140	1,800	(61)
Net Gains / (Losses) on Investments	12, 13	60	198	258	123
Net Income / (Expenditure) for the Year	6	1,720	338	2,058	62
Transfer Between Funds	17, 18	(77)	77	0	
Net Movement In Funds		1,643	415	2,058	62
Funds Brought Forward as at 1st April		1,189	19,404	20,593	20,531
Funds Carried Forward as at 31st March		2,832	19,819	22,651	20,593

Supporting Notes to Financial Statements

25 Note 5 Expenditure – prior year

a. Expenditure

	Direct Costs £000's	Support Costs £000's	Depreciation £000's	Total 2019 £000's	Total 2018 £000's
Raising Funds					
Donations & Legacies	681	381	31	1,093	1,012
Fundraising Events	377	196	6	579	405
Retail Shops	710	585	32	1,327	1,548
Lottery Costs	39	144	3	186	276
Full Circle Appeal - Pease Pottage	131	177	0	308	0
Investment Management	44	0	0	44	0
	1,982	1,483	72	3,537	3,241
Charitable Activities					
Inpatient Services	2,493	650	72	3,215	3,316
Community Services	2,193	519	64	2,776	2,584
Wellbeing Services	412	363	30	805	903
Education	221	79	6	306	255
	5,319	1,611	172	7,102	7,058
	7,301	3,094	244	10,639	10,299

b. Analysis of Support Costs

	Facilities & Hospitality £000's	Support Services £000's	Corporate Comms £000's	Governance £000's	Support Costs Total £000's
Raising Funds					
Donations & Legacies	100	182	79	20	381
Fundraising Events	101	45	45	5	196
Retail Shops	241	271	45	28	585
Lottery Costs	76	37	27	4	144
Full Circle Appeal - Pease Pottage	114	17	45	1	177
	632	552	241	58	1,483
Charitable Activities					
Inpatient Services	278	320	18	34	650
Community Services	139	327	18	35	519
Wellbeing Services	189	141	18	15	363
Education	25	43	6	5	79
	631	831	60	89	1,611
	1,263	1,383	301	147	3,094

Supporting Notes to Financial Statements

26 Note 17 Restricted Funds - prior year

	Balance 1 April 2018	Income in Year	Expenditure in Year	Gain / (Loss) on Investments in Year	Transfers In / (Out)	Balance 31 March 2019
Foundation Fund	1,000	41	25	60	(1,077)	0
Inpatient services	4	0	4	0	0	0
Community Services	29	25	29	0	0	25
Wellbeing Services	48	16	25	0	0	39
Education	0	67	24	0	0	43
Capital & Equipment	83	36		0	0	118
Other	0	66	36	0	0	30
Total Operational Funds	1,164	251	143	60	(1,077)	255
Donations in Kind	0	1,000	0	0	0	1,000
Capital Appeal - Pease Pottage	25	552	0	0	1,000	1,577
Total Funds	1,189	1,803	143	60	(77)	2,832

27 Note 18 Unrestricted Funds - Prior Year

	Balance 1 April 2018	Income in Year	Expenditure in Year	Gain / (Loss) on Investments in Year	Transfers In / (Out)	Balance 31 March 2019
Shemeld Legacy Capital	10,312	0	0	0	0	10,312
Strategic Delivery	1,315	0	417	0	600	1,498
Total Designated Funds	11,627	0	417	0	600	11,810
General Funds	7,777	10,636	10,079	198	(523)	8,009
Total Unrestricted Funds	19,404	10,636	10,496	198	77	19,819

28 Note 19 Analysis of Group Net Assets between Funds - Prior Year

Supporting Notes to Financial Statements

	Unrestricted	Restricted	Total Funds 2019	Unrestricted	Restricted	Total Funds 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible Fixed Assets	1,818	1,087	2,905	1,933	82	2,015
Construction in Progress - Pease Pottage	0	410	410	0	0	0
Fixed Asset Investments	15,013	441	15,454	14,087	914	15,001
Current Asset Investments	92	0	92	26	0	26
Other Current Assets	3,668	894	4,562	4,236	193	4,429
Current Liabilities	(585)		(585)	(656)	0	(656)
Provisions	(187)		(187)	(222)	0	(222)
	19,819	2,832	22,651	19,404	1,189	20,593