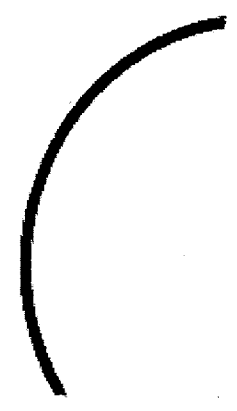
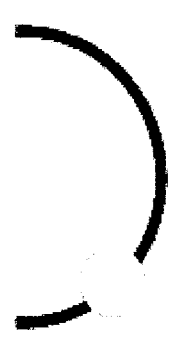




# DougieMac

## **Douglas Macmillan Hospice**

**Trustees' report & financial  
statements for the year  
ended 31<sup>st</sup> March 2021**



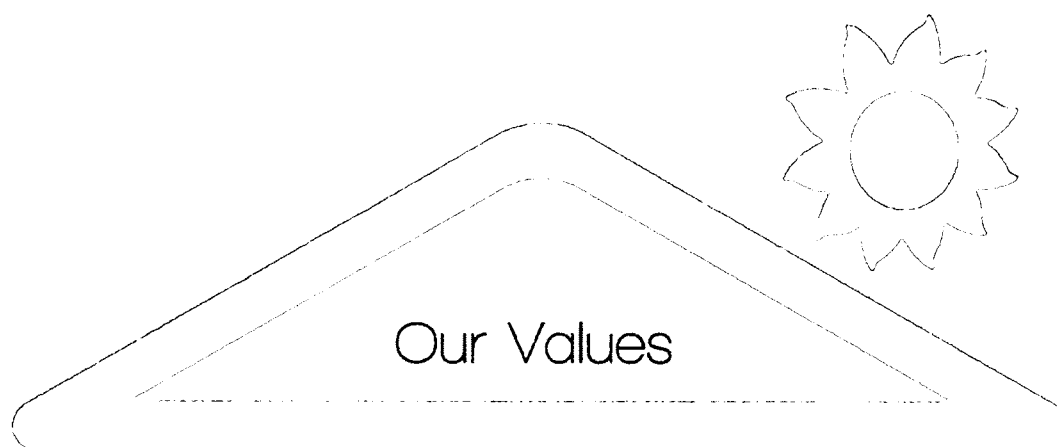
Charity Registration No. 1071613  
Company Registration No. 03615904 (England & Wales)



# DougieMac Vision, Mission & Values

Our Vision is... To be admired as a centre of excellence for palliative and end of life care.

Our Mission is... To respond to the increasing needs of our patients in our heartland by growing as a sustainable organisation, delivering outstanding value for money for all our funding sources and always remaining true to our core values.



**C**ompassion

Working together by considering the views of others, understanding the challenges they face and providing support.

**A**ccountability


Taking personal responsibility for our actions, owning our decisions and behaviours.

**R**espect

Always trusting, listening and challenging each other. Understanding that we are at our best as individuals whilst working as a team.

**E**xcellence

Embracing excellence by empowering and motivating each other to be the best that we can be.



**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

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## **DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

### **REFERENCE AND ADMINISTRATIVE INFORMATION**

**FOR THE YEAR ENDED 31 MARCH 2021**

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Douglas Macmillan Hospice is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association.

#### **Officers**

The current Trustees (Directors) and those who held office during the financial year to 31st March 2021 are listed below:

Mr D Platt (Chair)  
Mr K Brown  
Mrs J Neyt  
Ms L Rowley  
Dr E Slade  
Mrs K McKenzie

Mrs S Evans (Vice Chair)  
Mrs J Miller  
Mrs M Rathbone  
Dr J Sissons  
Mr T Stanway

Company Secretary  
Chief Executive Officer  
Director of Care  
Director of HR & Support Services  
Director of Income Generation  
Director of Finance

Mr D Webster  
Mr D Webster  
Mrs J McCartney  
Mrs C Hammond  
Mrs K McKenzie  
Mrs V Dean

#### **Legal and Administrative Information**

Company Number  
Charity Number  
Registered Office

3615904  
1071613  
Barlaston Road  
Stoke-on-Trent  
ST3 3NZ

Auditors

Geens Limited  
Chartered Accountants  
68 Liverpool Road  
Stoke-on-Trent  
ST4 1BG

Principal Bankers

Lloyds Banking Group  
46 High Street  
Newcastle-under-Lyme  
ST5 1QY

Solicitors

Tinsdills Limited  
Hays House, 25 Albion Street  
Hanley

## **DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

### **TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 MARCH 2021**

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As Chairman of the Trustee Board of Douglas Macmillan Hospice it is my great pleasure to present the Annual Report and Audited Financial Statements for the financial year ended 31 March 2021, on behalf of the Board of Trustees who are also Directors of the charity for the purposes of the Companies Act 2006.

Douglas Macmillan Hospice, or Dougie Mac as we are colloquially known, was formed in 1973 but in the 48 years since then there has been no other year like the one we have just experienced. The impact of the global pandemic, Covid-19, was profound and unprecedented, altering so many of the personal freedoms we had previously taken for granted. It has been crucial to protect the most vulnerable in our society, and to do so via collective responsibility, most notably through the successful roll out of the vaccination programme in the UK. Covid-19 inevitably changed the way the hospice operated in 2020/21 but the degree to which we impacted our local community and supported our local health system has rarely been more vividly exemplified than during the pandemic.

### **THE DIFFERENCE WE MAKE**

As a consequence of Covid-19, face to face contact with patients and their families was constrained and the number of admissions to our Inpatient Unit fell by 40% from the previous year from 526 to 313. Similarly, our community based Palliative Care Nurse Specialists were able to visit fewer patients at home during the pandemic but still undertook 5,198 visits, although this was dramatically fewer than during a more normal year (2019 – 14,594). However, these statistics tell only a part of the story; by reshaping our clinical resources to focus on telephone and 'virtual' support we were able to triple the number of contacts to patients to a staggering 46,939 contacts during the course of the year, and to handle 10,020 calls to our 24/7 Advice Line, an increase of 60% on the previous year. This illustrates the way our hospice adapted to the local demand for palliative and end of life care during the pandemic and demonstrates the flexibility that was vital in playing our part in supporting our local NHS. We are grateful to the NHSE for awarding funding to allow the hospice to make available bed capacity and community support from April 2020 to July 2020 to provide support to people with complex needs in the context of the Covid-19 situation and to provide bed capacity and community support from November 2020 to March 2021 for the same purpose (see note 3 in the Financial Statements). Clearly the ramifications of Covid-19 will be a feature of our society for some time to come, and it would be unwise to assume that the pandemic's potency has diminished but the manner in which Dougie Mac adapted at pace to the demands of such a fierce challenge is a source of pride to everyone at our hospice. The Board of Trustees feels hugely indebted to the hospice staff for their dedication and commitment during such turbulent times.

### **OUR LANDMARK MERGER**

On 19<sup>th</sup> March 2021 Dougie Mac completed a merger with the local children's hospice The Donna Louise Trust, following a protracted period of due diligence and legal work, which was inevitably impeded by Covid-19. Since then, our focus has been on the recruitment of much needed registered children's nurses and other clinical staff so that we can return the children's hospice to a 7 day/night service, and also on the re-modelling of non-clinical and support services within Dougie Mac to facilitate a smooth transition to a 'single hospice' organisation with the extended purpose of caring for children and young adults as well as adults with life-limiting, palliative and end of life needs.

### **FINANCIAL REVIEW**

The financial statements for the year have been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities (Charities SORP) and comply with all statutory requirements and the hospice's governing document. The financial statements consolidate the results of Douglas Macmillan Hospice and its trading subsidiaries.

At the end of an unprecedented challenging year the Trustees are pleased to report a resilient financial performance that far exceeded our expectations. During the 12 months to 31 March 2021, we're happy to report a net increase to overall funds for the year of £9.07 million (2019/20: £1.05 million decrease) and an overall funds balance of £21.2 million at 31 March 2021 (£12.2 million at 31 March 2020).

## **DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 31 MARCH 2021**

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Total consolidated income for the year was £18.9 million, an increase of £6.3 million on the previous year. Total consolidated expenditure decreased by £1.3 million from 2019/20 (£12.9 million) to £11.6 million. From an operating perspective, 2020/21 showed a surplus of £7.3 million before investment gains and pension liability movements of £1.8 million (2019/20: £0.345 million deficit); the reasons for this are outlined below.

The Statement of Financial Activities is set out on page 13 of these financial statements, the financial position of the group is set out in the balance sheet on page 14. The Reserves Policy relating to the funds held by the hospice is described in the Reserves Policy on page 8

### **INCOME AND EXPENDITURE**

#### **Donations and Legacies**

Despite facing considerable hardship and uncertainty of their own, our local community continued to support the Dougie Ma throughout the most challenging of years. Whilst donations fell by just 8%, our legacy income grew by an impressive 12%. Once again words cannot express the gratitude we feel towards the generous people and businesses within North Staffordshire. Without your ongoing support we simply couldn't do what we do best!

#### **Charitable Activity Income**

During the pandemic Hospice staff were at the forefront of the battle with COVID-19, continuing to care for our patients and their families, whilst also easing the burden on the NHS. As a result, NHS England supported the Hospice with £2.5 million (13% of total income) emergency funding enabling the hospice to make available bed capacity and provide much needed community support for the period April 2020 to March 2021. Income from NHS Clinical Commissioning Groups (CCGs) fell to just 16% of total income for the year (2019/20: 21%); funding pressures continue to exist in the NHS with inflationary cost increases not being matched by increases in charitable activity funding.

To further improve access to hospice care, the final two weeks of the financial year saw the long awaited amalgamation of Douglas Macmillan Hospice and The Donna Louise Trust. The assets of the children's hospice were transferred, increasing our incoming resources and asset value by £5.3 million (28% of total income). The financial implications of the transaction for Dougie Mac are outlined in Note 6 of the Financial Statements and will assist in our objectives, these primarily centre around the provision of excellent, consistent and impactful children's hospice services.

#### **Income from Trading Activities**

It has been an incredibly tough 12 months for the hospice fundraising sector, since the first lockdown was introduced in March 2020, rising COVID-19 infections and the resulting measures decimated hospice fundraising. Shop closures and the cancellation of indoor and outdoor events meant our retail trading income fell by more than 70% and our fundraising income halved, every week that our shops were closed in 2020 cost us £75k; our income generating teams had to become creative and rotated towards a mostly virtual fundraising strategy.

2020 was the optimal year to further develop Dougie Mac online trading, a chance to reach a wider audience whilst its traditional high street and community shops were shut. Online platforms such as EBay were used to advertise goods to a wider range of consumers, bricks and mortar shops would always be the core of the charity retail sector, but an online option during lockdown was essential.

To replenish some of the lost trading income as a result of COVID-19, the government announced there would be grant support for small businesses in the retail sector; the grants offered a lifeline to retail businesses who were struggling to survive due to the coronavirus shutdown. Local Authorities were quick to act, making the first tranche of payments at the very beginning of the financial year; in total the Dougie Mac were fortunate enough to receive £0.5 million.

DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)

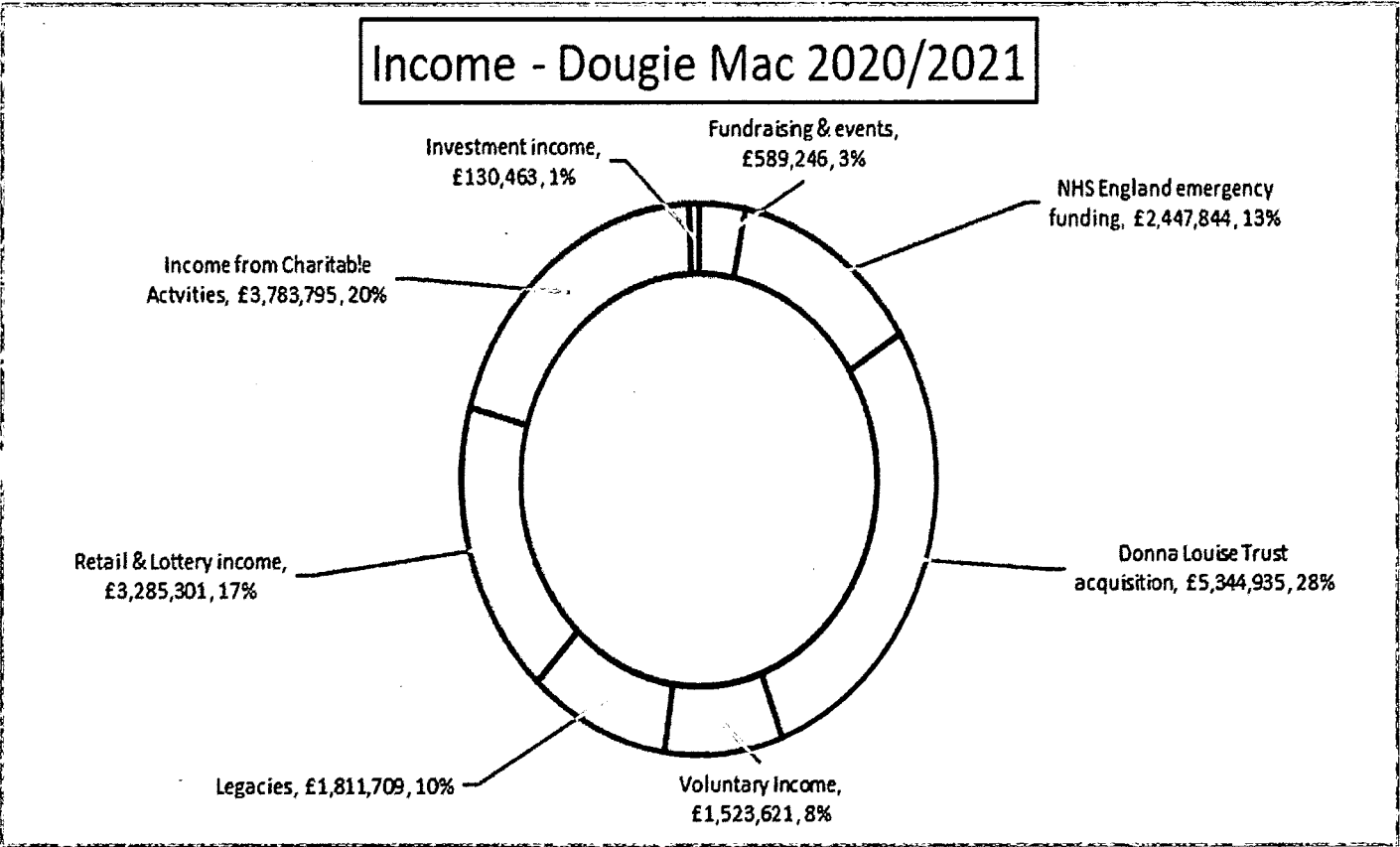
TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

During 2020 Dougie Mac Lottery continued to be a dependable source of fundraising. Whilst canvassing and cash collection activities were hampered by social distancing restrictions, leading to a fall in membership of 8%, our controls on expenditure led to an increase in net contribution of 3%. Following the loss of circa 2000 Lottery players, we're delighted to see a steady increase in Lottery players, with a return to "pre-Covid" supporter numbers forecast by the end of March 2022.

Expenditure

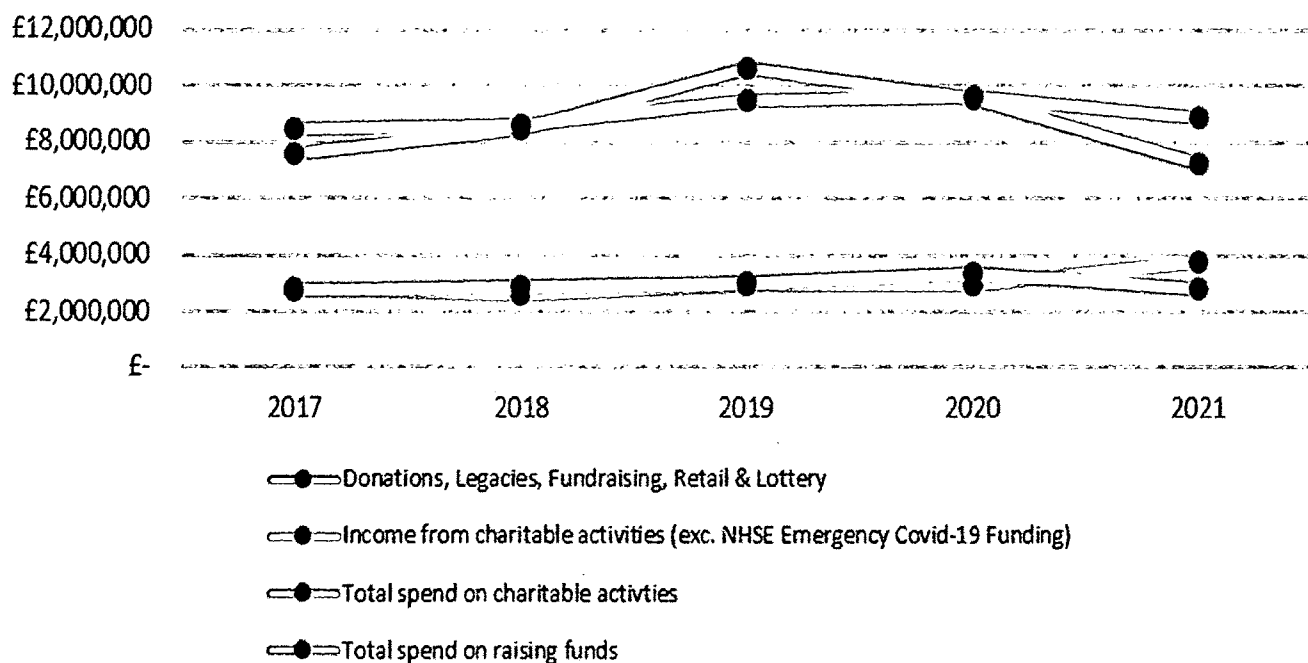
Following dramatic falls in retail and fundraising income, focus immediately turned to cost containment and the increasing need to "balance the books". Consequential cost saving was linked to restricted fundraising activities for example, shop closures, event cancellations and curbed face to face fundraising; other measures were more intentional for instance a temporary freeze on recruitment. Overall the costs of raising funds dropped by 18%. Whilst some hospice services were impacted by the need for clinically vulnerable patients to shield, other services were inherently impacted, this led to a fall in clinical activity costs of 8%. In total, expenditure for 2020/21 was £11.6 million, £1.3 million less than 2019/20.



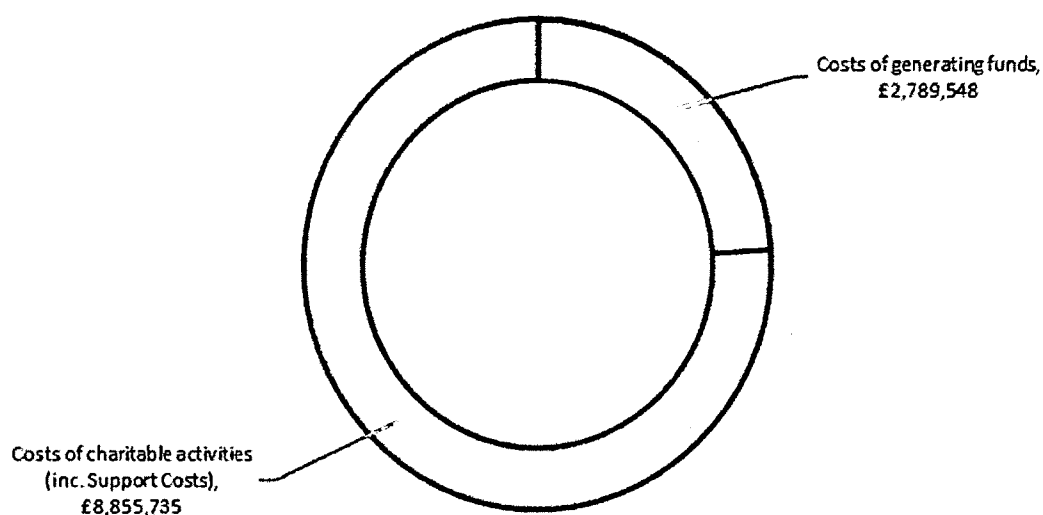
TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

### Dougie Mac Income & Expenditure



### Expenditure - Dougie Mac 2020/2021



How much of the donated £1 goes towards the cost of care? = 76p

## **DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

### **TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 MARCH 2021**

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#### **Defined Benefit Pension Scheme**

The actuarial gain in the pension fund is £0.402 million and is shown in the Statement of Financial Activities, the pension scheme liability in the balance sheet has fallen by £0.507 million since 2019/20. The pension liability and its impact on the hospice's financial position is monitored closely by the Hospice Trustees and also by the Trustees of the Federated Pension Scheme for the Douglas Macmillan Hospice.

#### **Investments**

Investment markets have recovered significantly from the depths of the COVID-19 reaction, reached at the end of last year, where our portfolio was valued at £5.7 million; at the end of March 2021 the investments had appreciated to an encouraging market value of £7 million. November 2020 brought announcements of vaccine development, a pathway to normality and a re-evaluation of how quickly we could realise a future with the pandemic contained. Markets reacted accordingly, making November one of the best months in history regarding investment returns. Whilst 2021 looks stable, we will almost certainly see inflation rise, this will be expected as the effects of last year begin to wear off however, with businesses still having the headroom to increase operations, we do not see the environment for inflation to rise sustainably; our well diversified portfolio of investments reduces the overall level of volatility and reduces potential risk.

#### **OUR STRATEGIC VISION**

The strategic priorities for Dougie Mac are cemented into our DMH@50 Strategic Plan which visualises the intended progress of the hospice as we look towards our 50<sup>th</sup> anniversary in 2023. These are:

- To maintain and enhance the quality of holistic personalised care for all our patients
- To strengthen the long term financial sustainability of the hospice
- To extend our impact on the local health economy by collaborating with other providers
- To improve access to hospice care for extended groups by greater integration in our local community
- To continue to develop our compassionate, committed, professional workforce
- To mould our response to the intensifying need for support and palliative care for people living with dementia

Our strategic ambitions have clearly been revised following the effects of Covid-19 but we anticipate an increase in demand this coming year for bed-based and home-based clinical services, which will return both those dimensions of our adult services to more conventional levels of face to face contacts with patients and families.

Additionally, it will be imperative to refresh our DMH@50 strategic plan to include the children's hospice care and our young adult service, both of which will extend the reach and impact of Dougie Mac. As a well-capitalised hospice with substantial cash-flows and an outstanding reputation for our clinical care, Dougie Mac is well placed to continue to make a formidable contribution to the health economy in our heartland.

#### **STRUCTURE AND GOVERNANCE**

##### **Board of Trustees**

The Board of Trustees is the governing body that administers the charity, sets the strategy, formulates policy and assesses procedures and risk management. The Board meets regularly, and the trustees are directors of the company but none of the trustees has a beneficial interest in the company and all are unpaid volunteers.

## **DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

### **TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 MARCH 2021**

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#### **Trustee Recruitment, Appointment and Induction**

The existing trustees of Douglas Macmillan Hospice are empowered under the Articles of Association to elect new trustees at our Annual General Meeting and to make co-options at any other time. Succession planning for trustees is an important dimension of governance as is a blend of skills in the Board of Trustees, so new trustees are recruited in a variety of ways including external advertising and previous interest in and involvement with the Hospice. Additionally potential new trustees are invited to attend Board meetings as an observer to assist them on deciding whether to agree to a nomination as a trustee. New trustees receive a full induction programme over an extended period, including briefings with senior executives and visits to the various parts of the organisation to gain an appreciation of the mosaic of aspects which contribute to the success of Douglas Macmillan Hospice.

#### **Subcommittees of the Board of Trustees**

To assist in the smooth running of the charity the Board is supported by seven subcommittees each of which meets at appropriately regular intervals and are chaired by a member of the Board. These subcommittees are:

- ❖ Investments, Finance & Internal Audit (IFIA)
- ❖ People & Values (P&V)
- ❖ Clinical Governance & Professional Standards (CGPS)
- ❖ Corporate Governance (CG)
- ❖ DMH Staffordshire Enterprises Ltd Board (DMHSEL)
- ❖ DMH Staffordshire Lotteries Ltd Board (DMHSLL)
- ❖ Information Governance (IG)

The trustees on each subcommittee have relevant interests and skills to ensure that they enhance the work of that committee. A scheme of delegation is in place so that day to day responsibility for the affairs of the charity, including all operational matters, rests with the Chief Executive Officer and the Executive team, which currently comprises:

- ❖ Chief Executive – David Webster
- ❖ Director of Care – Jeanette McCartney
- ❖ Director of Income Generation – Karen McKenzie
- ❖ Director of HR & Support Services – Cris Hammond
- ❖ Director of Finance – Vicki Dean

Both DMHSEL and DMHSLL develop commercial activities to support the charity and each covenants its surplus to the charity, and results are included within the Consolidated Financial Statements.

#### **Risk Management**

Governance of Douglas Macmillan Hospice is underpinned by a transparent culture of risk evaluation and risk management, enabling the Board of Trustees to consider all risks, both stated and emerging, and fulfil their responsibility for risks faced by the charity. A risk register identifies the potential and actual risks, their nature, likelihood and impact and then outlines the measures taken to mitigate those risks. Trustees review the risk register formally at Board meetings as well as assessing and updating it at appropriate subcommittees.

The main risks that the charity faces are:

##### **a) Financial Sustainability**

This is mitigated by our robust fundraising strategy; built over many years of successful expansions of donated income, and by cultivating excellent relationships with statutory funding partners in the local health economy.

## **DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

### **TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 MARCH 2021**

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#### **b) Reputation**

The Hospice is held in high regard by local people and stakeholder partners and has been so for 48 years but protecting and polishing our reputation requires mitigating actions, notably in ensuring that all our systems, processes and support lead to the successful recruitment retention and development of outstanding people.

#### **c) Internal Infrastructure**

In a rapidly changing environment our mitigations involves continually assessing and modifying our infrastructure (including I.T.) to contend with contemporary and future needs. Cost containment and investment in new assets are kept in balance by constant monitoring.

#### **Reserves Policy**

Reserves are held to ensure that the charity has the ability to withstand any unforeseen drops in income, and to provide capital for future strategic growth, recognising that access to external capital is very limited. The Board of Trustees is satisfied that the current level of reserves provides an adequate buffer against risks that cannot be negated by other means, whilst underpinning the strategic plan for the future of the hospice.

#### **Remuneration Policy**

The People & Values subcommittee, which reports to the Board of Trustees, oversees all matters relating to executive remunerations and staff pay and benefits. External benchmarks and local market rates of pay are used as comparatives so that the Hospice can attract and retain high quality staff in both clinical and non-clinical roles. An annual appraisal process is in place to evaluate job performance at an individual level across the organisation.

#### **Disabled Persons Policy**

In terms of employment, the Hospice gives full and fair consideration to applications for employment from disabled persons, it is also committed to becoming more disability confident ensuring that disabled people, and those with lifelong health conditions, have the opportunities to fulfil their potential and realise their aspirations.

We support the ongoing training and development of persons disabled prior to appointment or who become disabled following appointment.

#### **Fundraising standards information**

We maintain the highest standards of practice in fundraising activities by:

- ❖ Complying with all relevant law, regulations and codes of practice
- ❖ Registering with the Fundraising regulator
- ❖ Employing suitably qualified and experienced fundraising staff
- ❖ Treating the information that supporters provide us with in line with our Privacy Policy
- ❖ Never selling or sharing supporters personal information to a third party
- ❖ Maintaining clear governance and management controls for the legal, sale and transparent raising of funds from a diverse range of sources
- ❖ Providing policies and guidance for working with supporters who are in vulnerable circumstances
- ❖ Having clear rules for when donations are returned to donors
- ❖ Seeking to engage with a diverse community of supporters; and
- ❖ Preparing a report on fundraising activity, including a quarterly summary of complaints and action taken to address them

#### **Trustees Responsibilities in Relation to Financial Statements**

The charity's trustees, who are also the directors of Douglas Macmillan Hospice for the purposes of company law, are responsible for preparing a trustees annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK generally accepted accounting practice).

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 MARCH 2021**

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Company law requires our trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group, and of the incoming resources and applications of resources, including the income and expenditure of the charitable group for that period.

In preparing these financial statements, the trustees are required to:

- ❖ Select suitable accounting policies and then apply them consistently
- ❖ Observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- ❖ Make judgements and accounting estimates that are reasonable and prudent
- ❖ State whether applicable UK accounting standards and statements of recommended practice have been followed, subject to any material expenditures disclosed and explained in the financial statements
- ❖ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue to operate

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the charity and to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group, and hence take reasonable steps for the prevention and detection of fraud and other irregularities. The trustees are responsible for the maintenance and integrity of the corporate and financial information included in the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from that in other jurisdictions.

In so far as the trustees are aware at the time of approving our trustees' report there is no relevant audit information of which our auditor is unaware, and trustees have taken all steps that they ought to have taken to make them aware of any relevant audit information. It is customary to place a resolution at our AGM proposing the appointment of Geens Ltd as our auditors and trustees will do so in the knowledge stated above.

Approved by the trustees on 27th September 2021 and signed on their behalf by:



David Platt  
Chairman of Board of Trustees

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOUGLAS MACMILLAN HOSPICE**

**FOR THE YEAR ENDED 31 MARCH 2021**

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**Opinion**

We have audited the financial statements of Douglas Macmillan Hospice and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the consolidated statement of financial activities, the consolidated balance sheet, 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 parent charitable company's affairs as at 31 March 2021, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

**Other information**

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

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 incorporating the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

## **DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOUGLAS MACMILLAN HOSPICE**

#### **FOR THE YEAR ENDED 31 MARCH 2021**

- 
- the trustee's report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on pages 8 to 9, 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 parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above. To detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- we enquired of management the systems and controls the charity has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, whether there was any known, suspected or alleged fraud. the charity did not inform us of any known, suspected or alleged fraud.
- we obtained an understanding of the legal and regulatory frameworks applicable to the charity. We determined that the following were most relevant: the Charity SORP, FRS 102, Charities Act 2011, Companies Act 2006.
- we considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- using our knowledge of the charity, together with the discussions held with the charity at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOUGLAS MACMILLAN HOSPICE**

**FOR THE YEAR ENDED 31 MARCH 2021**

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The key procedures we undertook to detect irregularities, including fraud, during the course of the audit included:

- identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates.
- assessing the extent of compliance, or lack of, with relevant laws and regulations.
- assessing the validity of the classification of income, expenditure, assets and liabilities between unrestricted and restricted funds.
- obtaining third party confirmation of material bank balances.
- documenting and verifying all significant related party balances and transactions.
- reviewing documentation such as charity board minutes for discussions of irregularities including fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable member's trustees 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.



**Karen Staley FCA (Senior Statutory Auditor)**  
**for and on behalf of Geens Limited**

**Chartered Accountants**  
**Statutory Auditor**

27<sup>th</sup> September 2021

68 Liverpool Road  
Stoke on Trent  
Staffordshire  
ST4 1BG

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(Including consolidated income and expenditure account)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total funds £ 2021	Total funds £ 2020
<b><u>Income:</u></b>						
Donations and legacies	2	1,521,966	1,811,709	1,655	3,335,330	3,263,161
Charitable activities	3	3,783,795	-	2,447,844	6,231,639	2,915,501
Other trading activities	4	3,874,547	-	-	3,874,547	6,239,270
Investment income	5	130,463	-	-	130,463	198,467
Other	6	5,344,935	-	-	5,344,935	-
<b>Total income</b>		<b>14,655,706</b>	<b>1,811,709</b>	<b>2,449,499</b>	<b>18,916,914</b>	<b>12,616,399</b>
<b><u>Expenditure</u></b>						
Costs of raising funds	7	2,789,548	-	-	2,789,548	3,386,310
Charitable activities	8	5,998,361	409,530	2,447,844	8,855,735	9,574,634
<b>Total expenditure</b>		<b>8,787,909</b>	<b>409,530</b>	<b>2,447,844</b>	<b>11,645,283</b>	<b>12,961,007</b>
Net gains/ (loss) on investments	17	1,397,069	-	-	1,397,069	(577,193)
<b>Net income / (expenditure)</b>		<b>7,264,866</b>	<b>1,402,179</b>	<b>1,655</b>	<b>8,668,700</b>	<b>(921,801)</b>
<b>Transfers between funds</b>	25/26	<b>(2,366,262)</b>	<b>2,550,222</b>	<b>(183,960)</b>	<b>-</b>	<b>-</b>
<b><u>Other recognised gains and (losses)</u></b>						
Actuarial gain / (loss) on defined benefit pension schemes	21	402,000	-	-	402,000	(127,000)
<b>Net movement in funds</b>		<b>5,300,604</b>	<b>3,952,401</b>	<b>(182,305)</b>	<b>9,070,700</b>	<b>(1,048,801)</b>
<b><u>Reconciliation of funds:</u></b>						
Fund balances brought forward		1,895,425	10,060,866	227,308	12,183,599	13,232,400
<b>Fund balances carried forward</b>		<b>7,196,029</b>	<b>14,013,267</b>	<b>45,003</b>	<b>21,254,299</b>	<b>12,183,599</b>

All of the above results were derived from continuing operations. All gains and losses recognised in the year are included above.

The notes on pages 16 to 33 form an integral part of these financial statements.

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED BALANCE SHEET**

**AS AT 31 MARCH 2021**

		Group		Charity	
	Notes	2021 £	2020 £	2021 £	2020 £
<b>Fixed assets</b>					
Tangible assets	16	9,246,326	5,483,227	9,246,326	5,483,227
Investments	17	7,050,197	5,689,104	7,050,201	5,689,108
		<u>16,296,523</u>	<u>11,172,331</u>	<u>16,296,527</u>	<u>11,172,335</u>
<b>Current assets</b>					
Stocks	18	3,074	5,221	-	-
Debtors	19	2,911,641	1,123,783	3,428,406	1,123,783
Cash at bank and in hand		4,765,320	3,322,779	3,920,226	3,325,841
		<u>7,680,035</u>	<u>4,451,783</u>	<u>7,348,632</u>	<u>4,449,624</u>
<b>Creditors: amounts falling due within one year</b>	20	<u>(985,259)</u>	<u>(1,196,515)</u>	<u>(669,766)</u>	<u>(1,220,254)</u>
<b>Net current assets</b>		<u>6,694,776</u>	<u>3,255,268</u>	<u>6,678,866</u>	<u>3,229,370</u>
<b>Total assets less current liabilities</b>		<u>22,991,299</u>	<u>14,427,599</u>	<u>22,975,393</u>	<u>14,401,705</u>
<b>including net assets excluding pension liability</b>					
<b>Defined benefit pension scheme liability</b>	21	<u>(1,737,000)</u>	<u>(2,244,000)</u>	<u>(1,737,000)</u>	<u>(2,244,000)</u>
<b>Net assets including pension liability</b>		<u>21,254,299</u>	<u>12,183,599</u>	<u>21,238,393</u>	<u>12,157,705</u>
<b>Funds</b>					
<b>Income funds</b>					
Restricted funds	25	45,003	227,308	45,003	227,308
Unrestricted funds:					
Designated funds	26	14,013,267	10,060,866	14,013,267	10,060,866
Other charitable funds		<u>8,933,029</u>	<u>4,139,425</u>	<u>8,917,123</u>	<u>4,113,531</u>
<b>Total funds excluding pension reserve</b>		<u>22,991,299</u>	<u>14,427,599</u>	<u>22,975,393</u>	<u>14,401,705</u>
Pension reserve	21	<u>(1,737,000)</u>	<u>(2,244,000)</u>	<u>(1,737,000)</u>	<u>(2,244,000)</u>
<b>Total funds</b>		<u>21,254,299</u>	<u>12,183,599</u>	<u>21,238,393</u>	<u>12,157,705</u>

The financial statements were approved by the Board on 27th September 2021 and agreed on their behalf by:



**Mr D Platt - Chairman**

**Company Registration No. 03615904 (England & Wales)**

The notes on pages 16 to 33 form an integral part of these financial statements.

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	Group 2021 £	2020 £	Charity 2021 £	2020 £
<b>Net cash provided by operating activities</b>	28	5,361,229	9,361	4,513,073	69,937
<b>Cash flows from investing activities:</b>					
Dividends, interest and rents from investments		130,463	198,467	130,463	198,467
Purchase of property, plant and equipment		(4,172,629)	(147,639)	(4,172,629)	(147,639)
Proceeds from sale of property, plant and equipment		-	-	-	-
Proceeds on sale of investments		2,989,060	2,788,113	2,989,060	2,788,113
Purchase of investments		(2,865,582)	(2,718,748)	(2,865,582)	(2,718,748)
<b>Net cash used in investing activities</b>		<b>(3,918,688)</b>	<b>120,193</b>	<b>(3,918,688)</b>	<b>120,193</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>1,442,541</b>	<b>129,554</b>	<b>594,385</b>	<b>190,130</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>3,322,779</b>	<b>3,193,225</b>	<b>3,325,841</b>	<b>3,135,711</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>4,765,320</b>	<b>3,322,779</b>	<b>3,920,226</b>	<b>3,325,841</b>

The notes on pages 16 to 33 form an integral part of these financial statements.

# DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

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

#### 1a) Basis of preparation

The financial statements have been prepared in accordance with the Charity's memorandum and articles of association, the Charities Act 2011 and the Companies Act 2006 and "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 2019)". The Charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1.

These group financial statements consolidate the results of the charity and its wholly owned subsidiary undertakings for the year ended 31 March 2021 on a line by line basis. The trading results of the subsidiary undertakings are shown in note 13.

A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

#### 1b) Fund accounting

Unrestricted funds are available for use, at the discretion of the trustees, in furtherance of the general objectives of the charity and which have been designated for other purposes:

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors, or which have been raised by the charity for particular purposes.

#### 1c) Income recognition

All income is included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report.

Gifts in kind donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Where estimating the fair value is practicable upon receipt it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impracticable to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Fixed asset gifts in kind are recognised in full when receivable and are included at fair value.

**1 Accounting policies (continued)**

**1c) Income recognition (Continued)**

Legacies are recognised when both entitlement to receive the income has been established and when it is probable that the income will be received. Receipt is assessed to be probable when: there has been grant of probate; and the executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy. Legacies are measured at the fair value of income receivable based on available information.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

**1d) Expenditure recognition**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes the expenditure incurred related to fundraising activities and the costs relating to the trading subsidiaries;
- Expenditure on charitable activities includes the expenditure incurred relating to Inpatient Services, Medical, Day Hospice, Community, Hospice at Home, Wellbeing, Learning and Development and Children's Hospice Services; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

**1e) Support costs allocation**

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include finance costs, governance costs, information technology costs, HR and reception costs, facilities and health and safety costs, attributable depreciation, and general overheads including the defined benefit pension scheme cost. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to expenditure on charitable activities on an apportioned basis related to the expenditure as a percentage of total expenditure.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 9.

**1f) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

**1 Accounting policies (continued)**

**1f) Tangible fixed assets and depreciation (continued)**

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land is not depreciated	
Freehold buildings	3% p.a. straight line
Fixtures, fittings & equipment	25% p.a. straight line and reducing balance
Motor vehicles	25% p.a. reducing balance

**1g) Stock**

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Donated stocks are fair valued as described in section 1c) above.

**1h) Financial instruments**

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**i) Financial assets**

Basic financial assets, which include debtors, and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

Other financial assets, including short term highly liquid investments are initially measured at fair value, with subsequent changes in fair value recognised in the Statement of Financial Activities. These include cash on deposit and cash equivalents with a maturity of less than one year.

Investments in subsidiaries are measured at cost less impairment.

Financial assets measured at amortised cost are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Financial Activities.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charitable company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**ii) Financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**1 Accounting policies (continued)**

**1h) Financial instruments (continued)**

Basic financial liabilities, including creditors and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

**1i) Provisions**

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

**1j) Leases**

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the SOFA on a straight line basis over the period of the lease.

**1k) Pensions**

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

The charity also operates a defined benefit scheme which is closed to new members. The contributions made to the scheme are as recommended by the Scheme Trustees and the independent actuary. The regular cost of providing retirement pensions and related benefits is charged to the statement of financial activities over the employees' service lives on the basis of a constant percentage of earnings.

**1l) Tax**

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

**1m) Going concern**

At the time of approving the financial statements the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and not less than one year from the date of approval. The Trustees and executive team are constantly monitoring the position of the charity and the ongoing situation in respect of COVID-19 and are taking actions to minimise the effect of the pandemic on the long-term reserves. At the balance sheet date the charity has healthy reserves and healthy cash balances. Under all scenarios reviewed, the Hospice has sufficient reserves to enable it to continue as a going concern for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

**1n) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the charity's accounting policies, which are described above, the Trustee's are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both future and current periods.

In preparing these financial statements, the Trustees have made judgements in determining the:

- value of accrued legacy income. The value depends on decisions regarding entitlement to the gift, probability of receipt and ability to value it with sufficient accuracy;
- impairment of tangible fixed assets. Factors taken in to consideration in reaching the decision include the availability of resources to continue service delivery at previous levels;
- useful economic life of tangible fixed assets. The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates based on future investments, economic utilisation and physical condition of the assets.
- application of going concern. The main judgement is the assessment of the group's cash and investment reserves and whether they were considered sufficient to meet operational commitments for the foreseeable future; and
- value of the pension obligation. The value depends on a number of factors, determined on an actuarial basis, using a number of estimated assumptions. The assumptions used in determining the valuation of the pension scheme obligation include the discount rate of 2.05% (2020: 2.30%), the Retail Prices Index (RPI) rate of 3.35% (2020: 2.90%) and the mortality rates. The discount rate is determined by considering the market yields on high quality corporate bonds, at the reporting date. Other assumptions are based on current market conditions. Additional information and relevant sensitivities are disclosed in note 21.

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**2 Donations and legacies**

	Unrestricted funds	Designated funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£	£
Donations and gifts	1,468,278	-	1,655	1,469,933	1,593,302
Legacies	-	1,811,709	-	1,811,709	1,616,171
Department of Health	53,688	-	-	53,688	53,688
	<u>1,521,966</u>	<u>1,811,709</u>	<u>1,655</u>	<u>3,335,330</u>	<u>3,263,161</u>

**For the year ended 31 March 2020**

Unrestricted funds	1,645,377
Designated funds	1,616,171
Restricted funds	1,613
	<u>3,263,161</u>

**3 Income from charitable activities**

	Unrestricted funds	Designated funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£	£
Charitable activities	3,783,795	-	2,447,844	6,231,639	2,915,501

**For the year ended 31 March 2020**

Unrestricted funds	2,915,501
Designated funds	-
Restricted funds	-
	<u>2,915,501</u>

Included within income relating to charitable activities are:

Clinical Commissioning Group	2,973,635	2,591,455
NHS England COVID 19	2,447,844	-
	<u>5,421,479</u>	<u>2,591,455</u>

NHS England awarded funding to allow the hospice to make available bed capacity and community support from April 2020 to July 2020 to provide support to people with complex needs in the context of the COVID-19 situation and to provide bed capacity and community support from November 2020 to March 2021 for the same purpose.

**4 Income from other trading activities**

	Unrestricted funds	Designated funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£	£
Fundraising events	589,246	-	-	589,246	1,357,801
Income from commercial activities:					
- Charity shops	1,939,340	-	-	1,939,340	3,335,581
- Lottery	1,345,961	-	-	1,345,961	1,545,888
	<u>3,874,547</u>	<u>-</u>	<u>-</u>	<u>3,874,547</u>	<u>6,239,270</u>

**For the year ended 31 March 2020**

Unrestricted funds	6,239,270
Designated funds	-
Restricted funds	-
	<u>6,239,270</u>

Included within income related to Charity shops are:

COVID 19 related Local Authority Retail Grants	503,233	-
Job Retention Scheme Grant	530,821	-
	<u>1,034,054</u>	<u>-</u>

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

5	Investment income	2021 £	2020 £
	Income from listed investments	123,145	181,926
	Interest receivable	7,318	16,541
		<u>130,463</u>	<u>198,467</u>

**For the year ended 31 March 2020**

Unrestricted funds	198,467
Designated funds	-
Restricted funds	-
	<u>198,467</u>

6	Other	2021 £	2020 £
	Transfer of assets from The Donna Louise Trust	<u>5,344,935</u>	-

In March 2021 the services of The Donna Louise Trust, a local children's hospice, were integrated in to the Douglas Macmillan Hospice. In connection with the integration of services assets with a value of £5,344,935 were transferred from The Donna Louise Trust to Douglas Macmillan Hospice. The assets transferred were comprised as follows:

Land and buildings	4,106,868
Other debtors	301,453
Cash at bank and in hand	936,614
	<u>5,344,935</u>

**7 Analysis of costs of raising funds**

	Direct costs £	Support costs £	Total 2021 £	Total 2020 £
Fundraising Costs	354,250	-	354,250	651,503
Costs of commercial activities:				
- Charity shops	1,955,710	-	1,955,710	2,055,481
- Lottery	479,588	-	479,588	679,389
	<u>2,789,548</u>	<u>-</u>	<u>2,789,548</u>	<u>3,386,373</u>

**For the year ended 31 March 2020**

Unrestricted funds	3,386,373
Designated funds	-
Restricted funds	-
	<u>3,386,373</u>

**8 Analysis of expenditure on charitable activities**

	Direct costs £	Support costs £	Total 2021 £	Total 2020 £
Inpatient Services	2,978,744	566,243	3,544,987	4,362,211
Medical	465,342	88,460	553,802	779,972
Day hospice	370,505	70,432	440,937	669,633
Community	2,143,979	407,559	2,551,538	2,351,733
Hospice at home	616,183	117,135	733,318	777,068
Wellbeing	695,296	132,172	827,468	556,097
Learning and Development	101,577	19,306	120,883	77,920
Children's Hospice	69,578	13,224	82,802	-
	<u>7,441,204</u>	<u>1,414,531</u>	<u>8,855,735</u>	<u>9,574,634</u>

Unrestricted funds	5,998,361	8,720,001
Designated funds	409,530	414,508
Restricted funds	2,447,844	440,125
	<u>8,855,735</u>	<u>9,574,634</u>

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**9 Allocation of support costs**

	Inpatient Services £	Medical £	Day Hospice £	Children's Hospice £	Community £
Governance	38,336	5,990	4,769	895	27,593
Finance	61,059	9,539	7,595	1,426	43,948
Information technology	135,778	21,211	16,888	3,172	97,727
HR & reception	99,328	15,517	12,355	2,320	71,492
Facilities & health and safety	67,815	10,594	8,435	1,584	48,811
Depreciation	163,937	25,610	20,391	3,828	117,995
General overheads	42,022	6,565	5,227	982	30,246
Defined benefit pension scheme	(42,032)	(6,566)	(5,228)	(983)	(30,253)
	<u>566,243</u>	<u>88,460</u>	<u>70,432</u>	<u>13,224</u>	<u>407,559</u>

**Allocation of support costs (Continued)**

	Hospice at home £	Wellbeing £	Learning & Development £	Total 2021 £
Governance	7,930	8,949	1,306	95,7
Finance	12,631	14,252	2,082	152,532
Information technology	28,088	31,693	4,631	339,188
HR & reception	20,547	23,185	3,387	248,131
Facilities & health and safety	14,028	15,829	2,313	169,409
Depreciation	33,912	38,266	5,590	409,529
General overheads	8,693	9,809	1,430	104,974
Defined benefit pension scheme	(8,694)	(9,811)	(1,433)	(105,000)
	<u>117,135</u>	<u>132,172</u>	<u>19,306</u>	<u>1,414,531</u>

Support costs are allocated in proportion to total expenditure. Salary, wages and related costs are allocated to the charitable activities undertaken on the basis of the direct salary, wages and related costs incurred by each charitable activities. Other non-salary support costs are allocated to the charitable activities undertaken on the basis of the total salary costs and direct costs incurred by each charitable activity.

**10 Analysis of governance costs**

		2021 £	2020 £
Salaries, wages and related costs	Allocated on time basis	32,453	33,968
Audit fees (parent company)	Cost incurred	9,250	9,000
Premises costs	1.125% of total premises costs	19,276	21,724
Overheads	10% of overheads not included above	34,789	49,268
		<u>95,768</u>	<u>113,960</u>

**11 Net income / (expenditure) for the year**

	2021 £	2020 £
Net income / (expenditure) is stated after charging:		
Depreciation	409,530	414,508
Loss on disposal of tangible fixed assets	-	8,689
Auditors' remuneration (group) - audit services	14,700	14,295
Auditors' remuneration (group) - non audit services	6,025	3,360
Operating lease charges - buildings	264,096	271,628

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

<b>12</b>	<b>Financial activities of the charity</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	Gross income	18,442,604	11,900,940
	Total expenditure on charitable activities	(8,960,735)	(9,666,637)
	Fundraising costs	(2,305,250)	(2,670,761)
	Unrealised gains/ (losses) on investment assets	1,397,069	(577,193)
	Net income/ (expenditure)	8,573,688	(1,013,651)
	Total funds brought forward excluding pension reserve	14,401,705	15,415,356
	Total funds carried forward excluding pension reserve	22,975,393	14,401,705
	Represented by:		
	Unrestricted income funds	8,917,123	4,113,531
	Designated income funds	14,013,267	10,060,866
	Restricted income funds	45,003	227,308
		22,975,393	14,401,705

**13 Trading subsidiaries**

The charity controls the companies listed below by virtue of holding a controlling interest in the equity share capital:-

<b>Name of subsidiary</b>	<b>Country of incorporation</b>	<b>% of equity share capital held</b>
Douglas Macmillan Hospice Staffordshire Enterprises Limited	England & Wales	100
Douglas Macmillan Hospice Staffordshire Lotteries Limited	England & Wales	100

**Douglas Macmillan Hospice Staffordshire Enterprises Limited**

**Summary of trading results**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>Restated £</b>
Turnover	20,617	62,117
Total expenditure	(4,710)	(36,223)
<b>Profit for the year</b>	<b>15,907</b>	<b>25,894</b>

The turnover from this entity is consolidated within total charity shop income reported in note 4 of these accounts.

All profits in this subsidiary are distributed to Douglas Macmillan Hospice after the year end.

The assets and liabilities of the Douglas Macmillan Hospice Staffordshire Enterprises Limited were:

Assets	133,356	33,089
Liabilities	(117,447)	(7,193)
<b>Funds</b>	<b>15,909</b>	<b>25,896</b>

**Douglas Macmillan Hospice Staffordshire Lotteries Limited**

**Summary of trading results**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>Restated £</b>
Turnover	1,345,961	1,545,888
Total expenditure	(451,084)	(679,389)
<b>Profit for the year</b>	<b>894,877</b>	<b>866,499</b>

The assets and liabilities of the Douglas Macmillan Hospice Staffordshire Lotteries Limited were:

Assets	1,207,829	1,187,041
Liabilities	(313,050)	(320,540)
<b>Funds</b>	<b>894,779</b>	<b>866,501</b>

**14 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel**

The total staff costs and employees benefits were:

	2021 £	2020 £
Wages and salaries	7,382,237	7,740,676
Social security costs	640,031	642,847
Pension costs	991,141	1,056,432
	<u>9,013,409</u>	<u>9,439,955</u>

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows:

	2021 Number	2020 Number
£60,001 to £70,000	1	1
£70,001 to £80,000	1	1
£80,001 to £90,000	-	-
£90,001 to £100,000	1	-
£100,001 to £110,000	1	1

The average monthly number of employees and full time equivalent (FTE) during the year was as follows:

	2021 Number	2021 FTE	2020 Number	2020 FTE
Raising funds	99	86	103	86
Charitable activities	239	200	239	202
Governance	1	1	1	1
	<u>339</u>	<u>287</u>	<u>343</u>	<u>289</u>

Included within the analysis of staff costs is redundancy pay of £47,944 (2020 - £nil).

The key management personnel of the charity comprise the members of its executive management team. The total employee benefits of the key management personnel of the charity were £428,109 (2020: £424,799).

The trustees neither received nor waived any remuneration during the year (2020:£Nil).

The trustees did not have any expenses reimbursed during the year (2020:£Nil).

The charity has received no donations with conditions from the trustees during the year (2020:£Nil).

**15 Pension costs**  
**FPS defined benefit scheme**

The charity contributes to a defined benefit scheme and the details are in note 21.

Contributions are made in accordance with the annual recommendations of a qualified independent actuary.

The contributions to this scheme in the year were £Nil (2020: £67,741). Also during the year shortfall payments in respect of a recovery plan have been paid totalling £154,671 (2020: £141,000).

Contributions are also made to a second plan (FPS Federated Flexiplan) in accordance with actuarial recommendations.

**NHS defined benefit scheme**

The charity also contributes to the NHS Pension Scheme, which is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2021, is based on valuation data as At 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The contributions to this scheme in the year were £249,421 (2020: £304,347).

**Aviva/Nest defined contribution schemes**

The charity also contributes to defined contribution schemes in respect of employees who do not qualify for the FPS scheme or the NHS scheme.

The contributions to these schemes in the year were £583,649 (2020: £546,593).

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

16	Tangible fixed assets Group and company	Land and buildings £	Fixtures, fittings & equipment £	Total £
	<b>Cost</b>			
	At 1 April 2020	8,446,382	1,519,957	9,966,339
	Additions	4,106,868	65,761	4,172,629
	Disposals	-	-	-
	At 31 March 2021	12,553,250	1,585,718	14,138,968
	<b>Depreciation</b>			
	At 1 April 2020	3,316,781	1,166,331	4,483,112
	Charge for the year	269,964	139,566	409,530
	Disposals	-	-	-
	At 31 March 2021	3,586,745	1,305,897	4,892,642
	<b>Net book value</b>			
	At 31 March 2021	8,966,505	279,821	9,246,326
	At 31 March 2020	5,129,601	353,626	5,483,227

17	Fixed asset investments	Cash £	Listed Inv. £	Total £	2020 £
	Market value at 1 April 2020	128,234	5,560,870	5,689,104	6,303,221
	Additions at cost	(2,865,582)	2,865,582	-	-
	Disposals at carrying value	2,989,060	(2,989,060)	-	-
	Change in value in the year	-	1,397,069	1,397,069	(577,193)
	Other movement in cash balance	(35,976)	-	(35,976)	(36,924)
	Market value at 31 March 2021	215,736	6,834,461	7,050,197	5,689,104
	Historical cost at 31 March 2021	215,736	6,111,462	6,327,198	6,355,345

The following investments made up more than 5% each of the total market value of listed investments or bonds at 31 March 2021.

	2021 £	2020 £
Maitland Institutional Services MI select Managers Fund	623,670	429,500
Vanguard Funds PLC S&P 500	541,819	600,400

**Summary of Investments**

	Group 2021 £	2020 £	Charity 2021 £	2020 £
Investment in subsidiary companies	-	-	4	4
Other investments	7,050,197	5,689,104	7,050,197	5,689,104
	7,050,197	5,689,104	7,050,201	5,689,108

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

<b>18</b>	<b>Stock</b>	<b>Group</b>		<b>Charity</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Stock in hand	3,074	5,221	-	-
		<u>3,074</u>	<u>5,221</u>	<u>-</u>	<u>-</u>
<b>19</b>	<b>Debtors</b>	<b>Group</b>		<b>Charity</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Trade debtors	358,682	1,221	358,682	1,221
	Amounts owed by subsidiary undertakings	-	-	516,765	-
	Other debtors	2,547,898	1,104,180	2,547,898	1,104,180
	Prepayments and accrued income	5,061	18,382	5,061	18,382
		<u>2,911,641</u>	<u>1,123,783</u>	<u>3,428,406</u>	<u>1,123,783</u>
<b>20</b>	<b>Creditors: amounts falling due within one year</b>	<b>Group</b>		<b>Charity</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Trade creditors	10,240	140,334	-	130,885
	Amounts owed to subsidiary undertakings	-	-	-	324,067
	Other creditors	590,611	400,568	292,163	116,240
	Taxes and social security	166,797	160,696	166,797	160,696
	Accruals and deferred income	217,611	494,917	210,806	488,366
		<u>985,259</u>	<u>1,196,515</u>	<u>669,766</u>	<u>1,220,254</u>
<b>21</b>	<b>Pension and other post-retirement benefit commitments</b>				
	<b>Employee benefit obligations</b>	<b>Defined benefit pension plans</b>			
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	<b>a) The amounts recognised in the balance sheet are as follows:</b>				
	Present value of funded obligations	11,497,000	10,841,000		
	Fair value of plan assets	(9,760,000)	(8,597,000)		
	Deficit	<u>1,737,000</u>	<u>2,244,000</u>		
	Present value of unfunded obligations	-	-		
	Unrecognised past service cost	-	-		
	Irrecoverable surplus	-	-		
	Net pension liability recognised before tax	<u>1,737,000</u>	<u>2,244,000</u>		
	<b>b) The amounts recognised in the statement of financial activities are as follows:</b>				
	Current service cost included in staff costs within total resources expended	-	-		
	Past service cost	-	-		
	Net pension finance costs included within total resources expended:				
	Interest on obligation	244,000	258,000		
	Expected return on pension scheme assets	(194,000)	(209,000)		
		<u>50,000</u>	<u>49,000</u>		
	Total	<u>50,000</u>	<u>49,000</u>		
	Actual return on scheme assets over the period	<u>1,487,000</u>	<u>(281,000)</u>		

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**21 Pension and other post-retirement benefit commitments (continued)**

**c) Included with other recognised gains and losses:**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Return on assets, excluding interest income	1,293,000	(490,000)
Impact of surplus restrictions	-	-
Change in irrecoverable surplus	-	-
Actuarial gains/(losses) on liabilities	(891,000)	363,000
	<u>402,000</u>	<u>(127,000)</u>

**d) Changes in the present value of the scheme liabilities:**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Opening liabilities	10,841,000	11,527,000
Current service cost	-	-
Past service cost	-	-
Interest cost	244,000	258,000
Contribution by scheme participants	-	-
Actuarial (gains) / Losses	891,000	(363,000)
Benefits paid	(479,000)	(581,000)
	<u>11,497,000</u>	<u>10,841,000</u>

**e) Changes in fair value of the scheme assets:**

	<b>£</b>	<b>£</b>
Opening fair value of scheme assets	8,597,000	9,318,000
Expected return	194,000	209,000
Actuarial gains	1,293,000	(490,000)
Contributions by employer	155,000	141,000
Contributions from scheme participants	-	-
Benefits paid	(479,000)	(581,000)
	<u>9,760,000</u>	<u>8,597,000</u>

**f) The major categories of scheme assets are as follows:**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Equity	3,535,000	2,690,000
Bonds	1,523,000	1,438,000
Diversified funds	3,658,000	3,073,000
LDI	984,000	1,357,000
Cash	43,000	15,000
Annuity contracts	17,000	24,000
	<u>9,760,000</u>	<u>8,597,000</u>

**g) Principal actuarial assumptions used by the actuary at the balance sheet date**

	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
Discount rate at 31 March	2.05	2.30
Rate of inflation (RPI)	3.35	2.90
Rate of inflation (CPI)	2.95	2.20
Rate of salary increase	2.50	2.50
Rate of increase to pensions in payment		
- Pre 1997 (Discretionary)	0.00	0.00
- 1997 - 2009 (RPI max 5%)	3.25	2.90
- Post 2009 (RPI max 2.5%)	2.20	2.10

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**21 Pension and other post-retirement benefit commitments (continued)**

**g) Principal actuarial assumptions used by the actuary at the balance sheet date (continued)**

Expected life expectancies on retirement at age 65 are:	<b>2021 Years</b>	<b>2020 Years</b>
Males retiring immediately	19.90	19.80
Females retiring immediately	23.20	23.10
Males retiring in 20 years time	21.80	21.70
Females retiring in 20 years time	25.10	25.00

**22 Financial commitments**

**Commitments under operating leases**

As at 31 March 2021 the group was committed to making the following payments under non-cancellable operating leases as set out below:

	<b>2021 Land &amp; buildings £</b>	<b>2021 Other £</b>	<b>2020 Land &amp; buildings £</b>	<b>2020 Other £</b>
<b>Group:</b>				
Operating leases which expire:				
Within one year	281,694	49,733	299,215	12,017
Between two and five years	311,075	92,377	471,178	2,681
After five years	16,667	-	36,667	-
	<b>609,436</b>	<b>142,110</b>	<b>807,060</b>	<b>14,698</b>
	<b>2021 Land &amp; buildings £</b>	<b>2021 Other £</b>	<b>2020 Land &amp; buildings £</b>	<b>2020 Other £</b>
<b>Company:</b>				
Operating leases which expire:				
Within one year	261,819	49,733	263,548	12,017
Between two and five years	300,575	92,377	445,699	2,681
After five years	16,667	-	36,667	-
	<b>579,061</b>	<b>142,110</b>	<b>745,914</b>	<b>14,698</b>

**23 Capital commitments**

	<b>Group and Company 2021 £</b>	<b>Group and Company 2020 £</b>
Contracted, not provided for	-	-
	<b>-</b>	<b>-</b>

**24 Company limited by guarantee**

Douglas Macmillan Hospice is a company limited by guarantee and accordingly does not have share capital. Every member of the company undertakes to contribute such amount as may be required not exceeding £10 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**25 Restricted funds**

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held for specific purposes:

	Movement in funds			
	Balances at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £
Inpatient unit refurbishment	34,607	-	-	(34,607)
NHS England	-	2,447,844	(2,447,844)	-
Other specific purposes	192,701	1,655	-	(149,353)
	<u>227,308</u>	<u>2,449,499</u>	<u>(2,447,844)</u>	<u>(183,960)</u>
				<u>45,003</u>

**Purposes of the funds**

The inpatient unit refurbishment fund represents donations received for refurbishment and modernisation of the inpatient unit.

NHS England awarded funding to allow the hospice to make available bed capacity and community support from April 2020 to July 2020 to provide support to people with complex needs in the context of the COVID-19 situation and to provide bed capacity and community support from November 2020 to March 2021 for the same purpose.

Specific purposes represents various donations made where the donors have asked that the monies be utilised to fund a specific aspect of the hospice's activities or to purchase particular items of equipment.

**26 Designated funds**

The income funds of the charity includes the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds			
	Balances at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £
Fixed assets fund	5,483,227	-	(409,530)	4,172,629
Legacy equalisation fund	4,577,639	1,811,709	-	(1,622,407)
	<u>10,060,866</u>	<u>1,811,709</u>	<u>(409,530)</u>	<u>2,550,222</u>
				<u>14,013,266</u>

The fixed assets fund has been set up to assist in identifying those funds that are not free funds and it represents the net book value of all assets.

The legacy equalisation fund has been designated by the trustees to provide for expenditure in future years. The trustees recognise the unpredictable nature of this source of income and have set aside funds to provide for expenditure not covered by income from other sources.

The transfer to the fixed asset fund is in respect of fixed asset additions in the year now designated by the trustees as part of the fixed asset fund and also fixed assets transferred from restricted funds.

The transfer from the legacy fund is to reflect the amount transferred to unrestricted income previously designated by the trustees. The amount is calculated on the multi year average of legacy income.

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**27 Analysis of group net assets between funds**

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 March 2021 are represented by:				
Tangible fixed assets	-	9,246,326	-	9,246,326
Investments	7,050,197	-	-	7,050,197
Current assets	2,868,091	4,766,941	45,003	7,680,035
Current liabilities	(985,259)	-	-	(985,259)
	8,933,029	14,013,267	45,003	22,991,299
Pension reserve	(1,737,000)	-	-	(1,737,000)
Group net assets	7,196,029	14,013,267	45,003	21,254,299

**28 Reconciliation of net movement in funds to net cash flow from operating activities**

	Group 2021 £	2020 £	Charity 2021 £	2020 £
Net income for the reporting period	9,070,700	(1,048,801)	9,080,688	(1,048,651)
<b>Adjustments for:</b>				
Depreciation charges	409,530	414,508	409,530	414,508
Loss on disposal of tangible fixed assets	-	8,689	-	8,689
Increase in investment cash balance	(87,502)	(32,441)	(87,502)	(32,441)
(Gains)/ losses on investments	(1,397,069)	577,193	(1,397,069)	577,193
Actuarial (gains)/ losses	(402,000)	127,000	(402,000)	127,000
Dividends, interest and rents from investments	(130,463)	(198,467)	(130,463)	(198,467)
Difference between pension charge and cash contributions	(105,000)	(92,000)	(105,000)	(92,000)
Decrease in stocks	2,147	7,800	-	-
(Increase)/ decrease in debtors	(1,787,858)	66,042	(2,304,623)	65,316
(Decrease)/ increase in creditors	(211,256)	179,838	(550,488)	248,790
<b>Net cash provided by operating activities</b>	<b>5,361,229</b>	<b>9,361</b>	<b>4,513,073</b>	<b>69,937</b>

**29 Analysis of net cash balances**

	1 April 2020 £	Cash flow £	Non-cash changes £	31 March 2021 £
Cash at bank and in hand	3,322,779	1,442,541	-	4,765,320
Fixed asset investments	5,689,104	(35,976)	1,397,069	7,050,197
	9,011,883	1,406,565	1,397,069	11,815,517

**DOUGLAS MACMILLAN HOSPICE (A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**30 Financial instruments**

The carrying amounts of the charity's financial instruments are as follows:

	Notes	Group 2021 £	2020 £	Charity 2021 £	2020 £
<b>Financial assets</b>					
Measured at fair value through net income / expenditure:					
Fixed asset listed investments	17	7,050,197	5,689,104	7,050,201	5,689,108
Debt instruments measured at amortised cost:					
Trade debtors	19	358,682	1,221	358,682	1,221
Amounts owed by subsidiary undertakings	19	-	-	516,765	-
Other debtors	19	2,547,898	1,104,180	2,547,898	1,104,180
		<u>2,906,580</u>	<u>1,105,401</u>	<u>3,423,345</u>	<u>1,105,401</u>
<b>Financial liabilities</b>					
Measured at amortised cost					
Trade creditors	20	10,240	140,334	-	130,885
Amounts owed to subsidiary undertakings	20	-	-	-	324,067
Other creditors	20	590,611	400,568	292,163	116,240
Taxes and social security	20	166,797	160,696	166,797	160,696
Accruals and deferred income	20	217,611	494,917	210,806	488,366
		<u>985,259</u>	<u>1,196,515</u>	<u>669,766</u>	<u>1,220,254</u>

The income, expenses, net gains and net losses attributable to the charity's financial instruments are summarised as follows:

	Notes	Group 2021 £	2020 £	Charity 2021 £	2020 £
Financial assets measured at fair value through net income / expenditure	17	1,397,069	(577,193)	1,397,069	(577,193)

**31 Funds held on behalf of third Parties**

Douglas Macmillan Hospice is providing administrative services to Symptom Control in Palliative Care. As part of this service Douglas Macmillan Hospice receives an administration fee.

Neither income nor the expenditure (with the exception of the administrative fee income) has been accounted for in the Statement of Financial Activities. Balances held in these bank accounts at the year end do not form part of the charity's assets and are not included in the balance sheet.

**32 Related party transactions**

There were no related party transactions during the year (2020: £Nil).