

Company Registration No: 03755216

Charity No: 1075653

THE EAST LANCASHIRE HOSPICE

(A registered charity and company limited by guarantee)

**Annual Report of the Trustees
and Financial Statements**

**For The Year Ended
31 March 2021**

THE EAST LANCASHIRE HOSPICE

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THE EAST LANCASHIRE HOSPICE

REFERENCE AND ADMINISTRATIVE INFORMATION

Trustees

Mr F G Parr (Chairman)
Mr T Kennedy (Vice Chairman)
Mrs A R Pallister (Secretary)
Mr R J Sutlieff
Councillor Y Jan Virmani
Mrs G M Leacy
Mr I M Willock
Mr D McDonough

Key Management Personnel:

Chief Executive Officer	Mrs L Stevenson
Medical Director	Dr K Hogarth
Clinical Services Lead	Mrs C Evans
Fundraising & Lottery Lead	Mrs S Plunkett

Company Number	3755216
Registered charity number	1075653
Tax exemption number	XR 32869
Registered office	The East Lancashire Hospice Park Lee Road Blackburn BB2 3NY

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www.eastlancshospice.org.uk

Auditor

MHA Moore and Smalley
Chartered Accountants &
Statutory Auditor
Richard House
Winckley Square
Preston
PR1 3HP

THE EAST LANCASHIRE HOSPICE

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The Trustees, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ending 31 March 2021, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 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 published in October 2019.

Structure, Governance and Management

Governing Document

The charity is a charitable company limited by guarantee and not having a share capital is exempt from the requirement to use the word 'limited' as part of its name. It is governed by a memorandum and articles of association and was incorporated on 20 April 1999 to take over, from 1 July 1999, the activities of The East Lancashire Hospice Fund, an unincorporated association which was originally founded in 1981.

The charity was entered in the Central Register of Charities with effect from 24 May 1999 and accepted by HM Revenue & Customs as a charity for tax purposes.

Recruitment and Appointment of Trustees

The Board of East Lancashire Hospice is made up of 8 trustees who are all registered volunteers. Recruitment is undertaken via a formal, inclusive process and positions are advertised in a targeted way in order to reach a specialist audience to maximise the securing of appropriate skills and diversity mix.

Potential candidates are invited to apply by a CV, and a formal process takes place including interview with a panel of Trustees. Trustees are appointed for a period of three years and may be re-elected after this period for a further three.

Trustee induction consists of an induction pack, this incorporates key information on the charity, and the responsibilities of being a Trustee. The induction process provides opportunities to meet staff and Service Leads in order to gain a greater understanding of the hospice. Trustees are also supported to attend appropriate external training events that will assist them with their role. They also undertake organisational mandatory training as appropriate to their role.

Organisational

Due to the Covid-19 pandemic the past year has evolved into unprecedented times for us both within our community and inpatient settings bringing difficulties and challenges and at times sadness for far too many. As a consequence we have had to adjust our entire way of working and living, the consequences of which we are yet to fully realise.

Whilst we have felt that everything around us has changed some things have remained constant. East Lancashire Hospice has continued to provide vital care and support to people living with a terminal illness and bereavement in Blackburn, Darwen, Hyndburn and the Ribble Valley. We have continued to do this 365 days a year over 24hrs 7 days a week as we have always done.

However it has changed as the communities we serve are constantly facing new and different demands due to the pandemic, sometimes on a daily basis. In this context we have looked at ourselves as an organisation to ensure we have been flexible and adaptable to enable us to meet these different demands.

Our priority has been to keep as many services open and accessible as possible for those people who need us, as well as developing new service models according to the needs of the communities we serve whilst supporting our NHS colleagues.

Such vision and rapid delivery of new and changed services has taken bravery, decisiveness and real commitment by all our staff and we would want to publicly acknowledge and applaud all our staff who have given so much during this time to make things happen.

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Organisational (continued)

We have had to adopt new methods to ensure we continue to have a robust framework for governance which has meant that the majority of the governance arrangements have taken place by Zoom, but in essence their terms of reference and purpose have remained the same with the addition of the added demands responsibilities and challenges that the pandemic brought us.

The Board of Trustees have continued to meet on a bi-monthly basis to direct and manage the governance of the hospice. The Trustees have ultimate responsibility for setting the strategic direction of the hospice and their role is to ensure that the hospice is financially viable, well run and that it meets the needs for which it was set up. A CEO is appointed by the board to operationally manage the hospice supported by a Senior Leadership Team with predetermined levels of authority. Matters such as policy, strategy and budgets are prepared for consideration and approval by the trustees who monitor the implementation of these plans.

Departmental Leads are responsible to the appropriate Service Lead, who are responsible to the CEO who is in turn responsible to the Board of Trustees.

We continued to have four governance committees covering all aspects of the organisation although risk and clinical combined over the past year to more effectively deal with the challenges of the pandemic: -

- Clinical Governance Committee
- Finance Governance Committee
- Risk Governance Committee
- Corporate Governance Committee

Each committee worked to its original terms of reference each taking on the additional governance responsibilities associated with the pandemic. The membership consists of elected members of the Board of Trustees, Senior Leadership Team, and Departmental Leads who have been selected for their particular skills, experience and knowledge. Committees meet at least once per quarter and report into the Corporate Governance Committee which in turn reports into the main board meeting on a quarterly basis.

The Senior Leadership Team, Finance Lead and Quality and Compliance Lead presents quarterly comprehensive written reports to the Board of Trustees. The report covers key risk issues which are inclusive of all aspects of governance providing both qualitative and quantitative data. To support management and Governance during the pandemic additional briefing/ situational reports have been presented to the Board of Trustees on a monthly basis.

To support our governance arrangements during the pandemic we worked with our partner organisations across East Lancashire having daily situational update meetings.

We meet quarterly with our Clinical Commissioning Group where the content of the report forms the basis of discussion and review.

Related Parties and Cooperation with Other Organisations

This year the importance of working with others cannot be over emphasised, and the hospice has continued to work to maintain strong relationships and partnerships with local organisations and our local community, and it is these key partnerships and relationships that has helped us to meet the many challenges we have faced throughout the pandemic. We endeavour to give a genuine sense that the hospice belongs to our community in order to be able to provide a service which really makes a difference to the quality of the lives of patients and their families, which has been crucial during this past year as many of our patients have faced isolation along with disruption to their normal support and care systems.

Throughout the last year we have worked on a daily basis with local key providers both in hospital and the community the aim being to keep palliative and end of life patients at home and out of hospital, often changing our services at short notice to meet with the constant changes in demand. Working collectively to improve what we could offer ensuring patients and their families were at the centre of what we did.

Key members of staff continued to be involved in local, regional and national network groups, which supported the sharing of best practice, bench marking and mutual support in last year's ever-changing landscape.

We continue to have integrated working arrangements which has helped and supported patients and their families by enabling them to receive the right care at the right time and in the right place.

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Pay Policy for Staff

All Trustees give their time freely and Trustees received no remuneration in the year and nor have they received any payment for expenses throughout the year.

The Trustees consider the Senior Leadership Team to be the key management personnel of the charity, in charge of directing, controlling, running and operating the charity on a day-to-day basis.

All employed staff are remunerated according to the responsibilities of their job description. Job descriptions are reviewed on an annual basis as part of the PDR process.

Benchmarks are used nationally, regionally and locally.

All staff including the CEO and Senior Leadership Team receive the same annual cost of living pay increases and other benefits of employment that are agreed annually by the Board of Trustees.

Public Benefit Statement

The Trustees have complied with the Charities Act to have due regard to the public benefit guidance published by the Charity Commission. The Trustees believe that the charity provides a public benefit as its principal activity is to enhance the quality of life for individuals with a life limiting illness. The aim being to provide specialist, supportive and end of life palliative care to any adult in the communities we serve, without discrimination, in the place of their choice, and to offer support to them, their relatives, carers and friends. This is provided in various settings including, in the hospice (Inpatients, Specialist and Supportive outpatients and a huge variety of support and wellbeing services), and in patients' own homes (Specialist Clinical Nurses and Hospice at Home). We also provide specialist, generalist and end of life palliative care education within the organisation and to the wider community. Over the past year these activities and services have been adapted to ensure they are delivered in a Covid safe environment working to national and local guidelines.

Our Staff and Volunteers

The hospice is committed to an equal opportunities approach in everything it does. This means that we seek to ensure that anyone connected to us, from patients and families through to donors, supporters, volunteers and staff are treated fairly, appropriately and with dignity and respect. From our day-to-day operational management to our strategic decision-making, we consider how we work may affect different groups and actively eliminate or reduce negative impact and discrimination.

All our staff from all departments of the organisation have had to work flexibly and creatively adapting to new and different ways of working and in some cases taking on new roles and responsibilities as we strove to ensure everyone received the care they needed. Every single one of our staff played a vital role in helping patients and families throughout this very difficult year.

Throughout the pandemic we have been fortunate and extremely grateful to continue to be supported by a small team of highly dedicated, hardworking and skilled volunteers and we are now putting plans in place to welcome our volunteers back in supporting us in new ways of working. One thing we are sure of is that they have been greatly missed by everyone in supporting our staff and patients in the many areas of the hospice they truly are amazing people.

We continue to be proactive in gaining feedback from our staff and volunteers and we completed a staff post Covid-19 survey with the recommendations currently being implemented. We constantly strive to engage with as wide a range of people as possible in all aspects of the hospice, to enable us to develop in a way which builds our organisation's learning, understanding, trust and responsiveness.

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Objectives and Activities

The principal objectives of the charity as set out in the Memorandum and Articles of Association is to provide specialist, supportive and end of life care for adults who are suffering from a life limiting illness to the communities we serve in Blackburn, Darwen, Hyndburn and the Ribble Valley.

We also aim to collaborate and form partnerships with other providers of palliative care, different faith groups, cultural communities as well as diverse organisations that support patients and their families living with a life limiting illness and make our specialist resources available to them.

Quality of care for patients and their families is at the heart of what we do at East Lancashire Hospice and our charitable activities are focused on offering free care and support to patients and their families from the moment they are informed that their illness is incurable regardless of diagnosis. Referrals are accepted from a variety of health care professionals and patients can self-refer to many of our services with places allocated according to need.

The activities supporting these objectives are -

- A ten-bedded Inpatient Unit where specialist palliative care is delivered by a multi-disciplinary team
- A community team, which consists of Clinical Nurse Specialists who work with General Practitioners and other Health Care Professionals, and a Hospice at Home team who support the provision of palliative and end of life care in people's own homes.
- Support and Wellbeing Services consisting of
 - Creative and Supportive Therapy
 - Counselling
 - Family Support
 - Complementary Therapies
 - Physiotherapy
 - Outpatients

Our services help support people with a life limiting illness from the first days of uncertainty through to the last days of life, death and bereavement.

These services are offered irrespective of background or belief and we are committed to offer care based on need not diagnosis and we recognise the increasing need for high quality palliative care for people living with multiple conditions not just a single diagnosis such as cancer.

We have a multi-disciplinary team covering all aspects of the work we do. Our philosophy of care is that we care for the whole person, and their family friends and carers. The wishes of each patient and their family is carefully assessed with relevant members of the multidisciplinary team so that they can be supported in the way they want, be it physically, socially, emotionally, psychologically and /or spiritually. We respect each patient's priorities and strive to enable them to achieve their personal goals. Our clinical teams are supported by a range of support services including facilities, domestic, catering, administration, finance and volunteers all play a key role in ensuring that patients and their families have the best possible care.

The Care Quality Commission has a record of our activities and monitors us through information supplied directly to them in the statutory notifications we make, in writing about events and changes to service.

The Care Quality Commission inspects the hospice and their report is posted on the commissions' website. There is a programme of planned reviews, which take place on unannounced visits. On our last inspection, we were classed as Outstanding in Caring, Effective and Responsive and received an overall rating of Outstanding for the organisation.

We have a comprehensive annual audit programme, to ensure compliance with legislation and best practice covering all aspects of the organisation including clinical and non-clinical activities. These are implemented and monitored through our Governance structure to provide the Trustees with assurances that we are compliant with our legal and statutory obligations.

The hospice continues to play a part in the wider healthcare agenda through Palliative Care Locality Groups with East Lancashire and through the wider Network groups within Lancashire and South Cumbria.

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Strategic report

Achievements and Performance

We are proud to continue to have a CQC rating of outstanding and despite this reassuring result we continue to review and act upon feedback as well as reviewing the effectiveness and efficiencies of what we do.

Despite the many challenges that the pandemic has brought to us we have continued to operate our services to the people of Blackburn, Darwen, Hyndburn and the Ribble Valley. In order to achieve this, we have had to in many ways adjust the way we work and deliver our services throughout the organisation, however one thing has remained unchanged is that we have continued to care and support people living with a terminal illness. We did this by looking into ourselves as people and as an organisation to ensure that we were able to do what we do best give excellent care and support to those who need us at the right time, in the right place, by the right people.

We continue to have an honest and open relationship with our 2 local CCGs with a joint desire to enable everyone to access good end of life care provision. We have worked closely with them to ensure future services are designed to meet the needs of the local population and are currently implementing a single point of access with to improve co-ordination of care within the community.

We continued to work with our Pandemic Plan which was designed to support the hospice through the changes we envisaged we would face in delivering services and ensuring our sustainability. It primarily focused on risk management and how we would protect patients, staff and volunteers to provide safe services in the wake of the pandemic.

Whilst the focus during this time was adapting services to meet changing demands, we also considered our future financial sustainability, the scale of the challenge and consideration of the future. We re-assessed our fundraising strategy adapting and changing the ways we generated income making a new survival plan for the year whilst acknowledging the future changes needed as the pandemic continues to an effect within the public arena and the way we live and work.

- The hospice continues to play a role in the wider healthcare agenda through Palliative Care locality groups in the Lancashire and Cumbria Clinical Commissioning Group areas engaging with local commissioners around the sustainability and transformation plan.
- We have continued with our premises modernisation programme, although if somewhat at a slower pace, which has enhanced the environment and facilities for patient's relatives and staff.
- We have worked with our commissioners to implement a single point of access for patients within the community setting.
- Changed and adapted service delivery throughout hospice services to meet the changing demands of patients and their carers.
- Supported our NHS colleagues stepping up our services to support caring for patients in the community to support unavoidable admissions to hospitals.
- Reacted quickly to emerging priorities to ensure continuity of services both within the hospice and the community.
- Developed new models of care for patients which enabled care and support to be delivered safely and ably for all concerned.
- Developed new model of staff engagement and support at all levels throughout the organisation to support the changes and challenges this brought to staff and their families.
- Engaged with staff re survey to build an understanding of the cause and effect that the pandemic had.
- Invested in new ways of communication to build understanding and support.
- Reviewed our Income Generation strategy redesigning our retail and community fundraising services, focussing on marketing and social media.

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Reserves Policy and Going Concern

The Board of Trustees review the reserves policy of the charity annually. Finance Governance Committee monitors and reviews reserves reporting to board on a quarterly basis.

Reserves and investment reviews encompass all income and expenditure streams, the need to match variable income with fixed commitments and longer-term plans for a sustainable future. When deficits occur, we rely on our reserves to enable us to continue to provide hospice services for our patients and their families.

The prudent approach, taken by the Board of Trustees, takes into consideration the current potential unstable position, in that grants received may significantly drop and offer no security in terms of long-term financial planning. The general policy remains one of a cautious approach in the event of a drop in CCG grant funding and/or voluntary income.

Developments are planned for the upcoming years and include the following: -

- Review of community services to meet the changing needs of patients;
- Improving the garden and outdoor space for patients and their families;
- Replacements to patient equipment and enhancements to patients facilities;
- Continue to invest in educating our staff and volunteers to ensure we are fit for purpose;
- Continue to upgrade the hospice environment for patients and their relatives, carers and visitors.

In 2020/21 the hospice continued to ensure sufficient available funds to deliver a quality service focussed on sustainability. The hospice remains to be in a healthy position financially, to provide a buffer for uninterrupted services whilst ensuring the hospice remains a going concern. The hospice reserves policy is that it should maintain a minimum of 24 months running costs.

Total reserves as at 31 March 2021 were £15,128,675, of which £15,122,718 is unrestricted funds and £5,957 is restricted funds. After the deduction from total funds of restricted funds, designated funds and tangible fixed assets the total reserves are £13,481,551. This reserves value currently represents no more than 44 months of budgeted expenditure, which meets the reserves policy. Any unrestricted general funds, surplus to the minimum reserves policy, will be used to safeguard future financial sustainability and to finance the short and long term development plans, some of which will require significant levels of funding.

Reserves and investments are reviewed each quarter in light of the major challenges facing the organisation in terms of rising costs, patient expectations, and challenges we faced as a consequence of the pandemic.

Ensuring compliance with information governance and data protection remains high on the agenda and is incorporated into our 2020-2023 strategic objectives action plan.

An organisational risk register is monitored by the Governance framework.

Investment Policy

The Memorandum and Articles of Association of the East Lancashire Hospice hold no restrictions relating to investments.

The investments portfolio is monitored and managed on behalf of the Board of Trustees by the Finance Governance Committee which reports quarterly to the board. All investment proposals and movements are reported to the Board of Trustees for their approval, in order that the Trustees can discharge their responsibilities in accordance with Section 4 of the Trustee Act 2000.

The hospice aims to generate growth and maximise returns within the parameters of the risk profile. A combination of investments considered to be low risk (up to 80%) and medium risk (up to 20%).

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Investment Policy (continued)

The two Investment Management companies, appointed in 2015/16 and holding discretionary management of 20% of the overall investment portfolio within a medium risk profile, both performed extremely well throughout 2020 considering the turbulence the stock markets experienced in March 2020. Both investment portfolios took a rapid decline following the global financial impact of Covid-19, however soon returned to normality in the weeks following the March 2020 annual report. The Finance Governance Committee is kept well informed and receives quarterly valuations of portfolios.

The primary objective of the investment policy is to provide financial security and stability for the hospice. The investment approach also recognises that the hospice is exposed to the risk of a sharp fall in its income due to the variability of legacy income and donations and the uncertainty of funds from the NHS. To reflect this position the hospice continues to invest in a varied portfolio.

Financial review

This is our 36th year operating as East Lancashire Hospice and is our 13th year of being an independent charity. Overall, the hospice and shops have generated a net surplus of £2,445,246 (2019/20: total net surplus was £2,144), comprising a surplus of £2,487,889 in the hospice and a loss of £42,643 in shops. This is mainly due to investment gains of £1,833,804 in the year ended 31 March 2021. Total income, excluding unrealised gains on investments, has decreased overall this year by £327,039, and had we not received NHS England and furlough funding the 2020/21 year-end would have resulted in a deficit before investment gains of over £300K.

We are most grateful to all those that donate to the hospice and those who wish East Lancashire Hospice to benefit from their life savings by leaving a legacy to us in their will. The hospice highly depends on the goodwill of local communities to ensure sufficient funding is available for patient services to operate. In addition to our public donors and corporate supporters, hospice staff and volunteers frequently offer their time, treasure and talents to help plan and organise fundraising events and to promote hospice services.

Voluntary Income

Voluntary income remains under threat due to the increasing number of charities, both local and national, that are competing for the same 'donor pound'. This is why our 2020-23 strategy is focused on our own income generation activities, in addition to supporting our local communities and putting our patients at the centre of all that we do.

Donations are slightly up by £7K and the £309,886 includes £12K (2019/20: £101K) of donations representing the proceeds from the sale of donated goods within the shops on which Gift Aid has been claimed.

Legacy income is below budget and previous year's legacy income; when compared to last year the decrease of £622K is mainly due to receiving a large legacy with a value of £459K towards the end of the last financial year.

Grant Funding

Clinical Commissioning Group (CCG) funding equates to approximately 1/3rd of overall running costs, which means the hospice has to raise over £2m to achieve break-even. The Trustees are very grateful for the support provided by the 2 CCGs and they recognise the excellent working relationship that exists between the organisations. Future grant funding in the longer-term still remains uncertain, which is partly the reason why we are holding onto reserves, as well as holding investments to generate additional income for future years.

Investments note

Overall, gains on investments have significantly increased, this is mainly due to the timing of the portfolio valuations. Income generated from interest on deposit accounts this financial year is £63,980 being £30,172 less than last year (2019/20: £94,152), however gains on investments were valued at £1,833,804, being £2,293,760 more than last year (2019/20: loss of £459,956).

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Financial review (continued)

Income Generation

To enable us to continue to provide our excellent specialist supportive and end of life care our income generation team have had to work especially hard this year to deal with the enormous challenges that the pandemic brought with it in terms of working with our communities to generate the income we needed.

The Income Generation Team quickly adapted to face these challenges head on showing a commitment and determination to generate the income that was needed to make sure our patients received the care they needed

With income ceasing through community and hospice events and the closure of our stores and Café Retreat, engaging with our community in different ways meant there was a need for a rapid increase in our marketing activity to look at how we reached people within their own homes and provide channels and ways to support us from their own homes.

A family member, Steve Almond, allowed us to share the emotive story of his late wife Anita's journey with a terminal illness and describe what the difference the support of the hospice made throughout the journey. This was sent to 80,000 homes throughout the hospice footprint area and has to date generated £76,000. This will help us to care and to make the most of life, as is our hospice vision, for many others like Anita.

Recruitment to lottery membership via our door to door and in store canvassers had to be paused, but as our lottery members provide a sustainable income to our cause, this will be resumed as soon as it can safely do so. Our new restaurant, Café Retreat, that had only the year previously opened to the public, and had started to build a good reputation and customer base, overnight lost income, so ensuring a high social media presence throughout has been paramount to keeping it in the forefront of our customers minds and look forward to the day we can again open our doors.

With all our shops having to close during the pandemic the Board of Trustees made a decision to redesign our retail services. This has been a huge change that has been necessary to ensure that retail remains a profitable source of income for the hospice. We have taken the very difficult decision to close three of our shops and build on the success of others in addition to opening a new 'Boutique Style' store that fits with the demographics of the area that it is situated and follows the demand for a new shopping experience from customers. We have also expanded our Ecommerce service as this has been the biggest area of growth in retail for the whole sector during the lockdown period and has changed the consumers shopping habits.

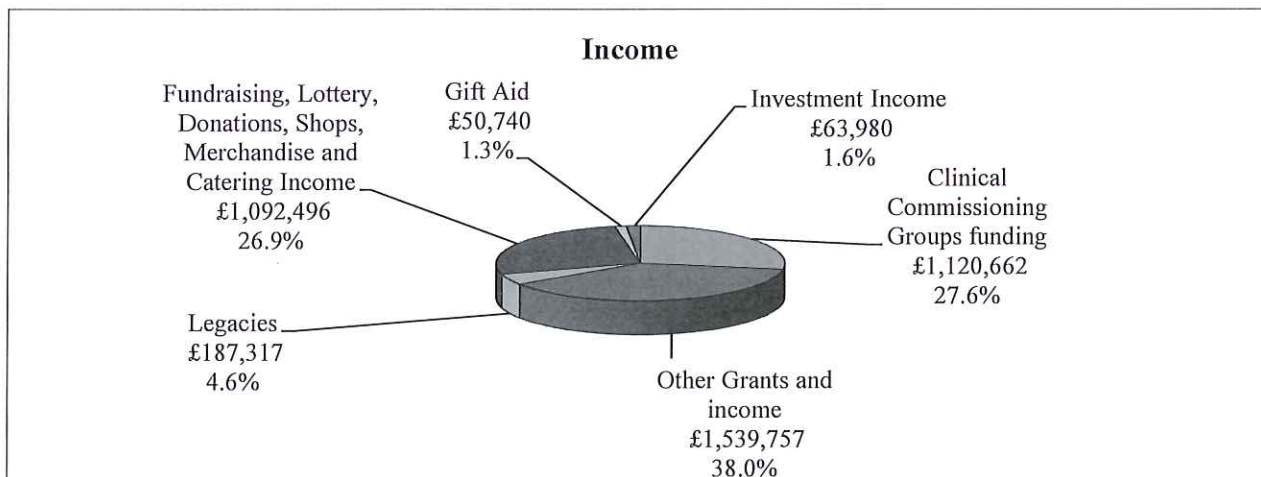
Being adaptable and reacting quickly to change has been the key over the last twelve months and we are now looking to the future to ensure our community can still support us through whichever method they choose, be it a lottery member, a customer in our Cafe or shops, make a donation or fundraise in a way they are able to do so, we are extremely grateful and dependant on their ongoing support.

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

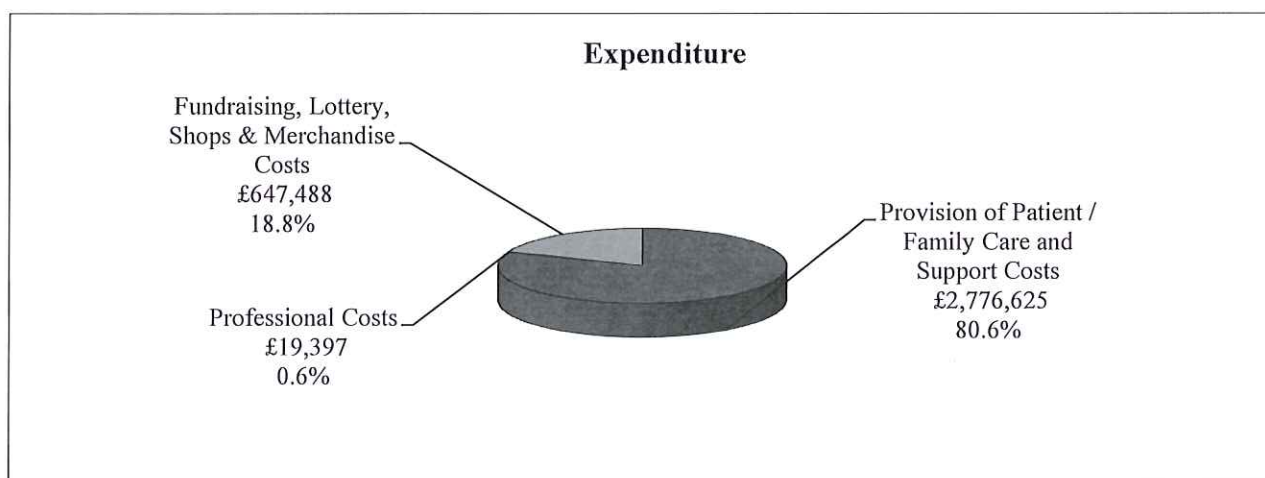
Financial review (continued)

More information is provided on pages 33 - 35 regarding restricted funds received.

Our sincere thanks go out to everyone who has contributed their time, treasure and talents to East Lancashire Hospice in the past, also to those that continue to support the hospice now and in the future.



Income for the financial year ended 31 March 2021 totalled £4,054,952, and the graph above shows percentages for each income stream.



Total expenditure for the year ended 31 March 2021 totalled £3,443,510, and the graph above provides details of the major breakdowns.

Total expenditure for this financial year decreased by £476,381, 81% of this year's costs related to charitable activities and the remaining 19% was used to generate income through fundraising and marketing. We envisage that costs to maintain quality services will increase in future years. In order for us to ensure that we deliver high standards of care and support to our patients and their families, one of the main strategic objectives over the next 2 years strategy is to concentrate on new or alternative ways of generating income through fundraising, the hospice lottery and our retail outlets.

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Plans for Future Periods

We continue to work to implement our strategic aims, but obviously the changes we needed to make in order for us to effectively deal with the pandemic have quite rightly taken priority. However we are optimistic that along with the challenges that the pandemic has brought us there has been opportunities to learn to work in different ways, form greater sustainable relationships with other providers and the community both in the way we provide services and our fundraising, and this will feed into our strategy as we begin to refocus on our objectives for the coming year.

Our vision continues to be to help everyone who comes into contact with the hospice to make the most of life. We do this by committing to care, listen, respect and work together to support people to live well until they die and support those affected by death. Our vision has not changed although due to the impact of Covid-19 the way we deliver services in the future potentially will.

This past year has shown what an incredible team we have and we will continue to challenge ourselves both as people as an organisation to ensure we are flexible and adaptable playing a key part in keeping our communities safe, cared for and supported in the best way we can.

Our overarching aim remains the same to reach and support more people within our community whilst ensuring we remain financially viable both now and in the future.

Our priorities for the year ahead will be: -

- Maintain East Lancashire Hospice's rating of Outstanding by safely delivering quality care to patients, to families and carers an appropriate range and quality of integrated services, which are structured to provide accessible responsive and achievable holistic centred care
- Work in partnership and collaboration with other providers to achieve a shared vision to enable the best outcomes for patients and their families within our communities focusing on providing the right care in the right place at the right time
- Review our IT infrastructure to enable us to be fit for purpose
- Deliver care and support through an integrated staff and volunteer workforce of empowered people which includes investing in our staff and offering quality and flexible opportunities for volunteers
- Retain and build upon maintaining a visible profile of being well known, respected and valued whilst continuing to develop new and sustainable relationships with key partners
- Develop and/or re-design existing community and support services to ensure we are fit for purpose, working with key stakeholders to ensure appropriateness of any proposed new service developments
- Continue to be financially robust and prudent in all that we do to ensure that we use all our resources as efficiently as possible to achieve the greatest impact for patients and their families
- Continue with our programme of refurbishment to ensure our patients have seamless care in a comfortable and therapeutic environment
- Implement sustainable income generation initiatives to work within our changed environment/ community

Principal Risks and Uncertainties

The Board of Trustees acknowledge their responsibility in identifying major risks to which the hospice may be exposed and there is a formal process of risk management throughout the organisation. The Trustees have examined the major strategic and business risks that the charity faces, and confirm systems are established to enable regular reports to be produced so that the reasonable steps can be taken to minimise risks.

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Principal Risks and Uncertainties (continued)

Finance:

Good co-operation continues to exist with our two Clinical Commissioning Groups who support the grant funding of the hospice. The most significant risk to financial sustainability of the hospice is the potential for a rapid deterioration in income, followed immediately with a corresponding reduction in income. Therefore, our reserves are planned to cover the maximum foreseeable reduction in income over a period of 24 months.

Income Generation:

We are always conscious of minimising the costs of our fundraising activities to ensure we are making the best use of the generous donations we receive. We also work to ensure that we can report back to our donors on the results and impacts that their donations have on patients and their families.

All our income generation is managed internally by our Income Generation team who are responsible for all volunteers who support our fundraising.

We continue to hard to ensure our supporters data as well as developing our systems to ensure that our supporters can choose how they would like to be contacted and with what types of communication. We are also aware that we have increasing competition as more and more charities compete for the same pots of money.

Retail sales within the high street shops remains uncertain and this will be closely monitored as our shops re-open.

Data Protection and Confidentiality:

These are vital to our organisation and we are fully aware of the reputational risks posed by 'social media' such as 'Facebook' and 'Twitter'.

Approach to Fundraising

We are committed to practicing the highest standards and we take care to ensure all our fundraising activities reflect the hospice values. We are registered with the Fundraising Regulator and as such monitor ourselves against their recognised standards ensuring that all our fundraising activity complies with the Fundraising Regulators Code of Fundraising Standards.

How we work with and oversee any commercial participators/professional fundraisers

This is fully covered within our policies which are supported by a standard operating procedure which includes a formal agreement that is monitored within our Governance Framework.

Conformation to Regulations Standards

Compliance is managed by our Fundraising and Lottery Manager, and is governed through our Risk Management Governance Committee. This ensures that fundraising activity is fully compliant with legislation and regulations and we have internal policies which reflect these.

We have a risk management policy so as to minimise or as far as it is reasonably practicable eliminate any risks to patients, staff or volunteers, supporters and members of the public in relation to our fundraising activity.

Staff identify and assess risks and put necessary preventative controls in place.

Fundraising Complaints

No fundraising complaints have been received.

How We Protect Vulnerable People and Members of the Public

All our supporters are treated as individuals and we have policies and systems in place for ensuring that vulnerable people are recognised and treated accordingly.

THE EAST LANCASHIRE HOSPICE
TRUSTEES' ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

East Lancashire Hospice Lottery

External lottery canvassing was put on hold during 2020/21 due to national and local restrictions due to the pandemic.

On average, 78% of the money raised by the weekly lottery is profit, that's over twice the amount of some other lotteries, and means that this year over £300K has gone directly to helping to care for patients with life limiting illnesses. Of the remaining 22%, this is made up of draw prizes in the main, also promotion, regulation and investing in our lottery to ensure we have a sustainable income for years to come.

Statement of Trustees' responsibilities

The Trustees (who are also directors of The East Lancashire Hospice for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

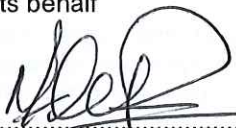
The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

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

Auditor

A resolution proposing that MHA Moore and Smalley be re-appointed as auditor of the charity will be put to the Annual General Meeting.

This report, which incorporates the Strategic Report, was approved by the board of Trustees on 19/10/21 and signed on its behalf



.....
Mr F G Parr – Chairman

THE EAST LANCASHIRE HOSPICE
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF THE EAST LANCASHIRE HOSPICE

Opinion

We have audited the financial statements of The East Lancashire Hospice (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2021, which comprise Group Statement of Financial Activities, Company Statement of Financial Activities, Group Balance Sheet, Company Balance Sheet, Group Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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. The trustees are responsible for the other information contained within the annual 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

THE EAST LANCASHIRE HOSPICE
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF THE EAST LANCASHIRE HOSPICE (CONTINUED)

Other information (continued)

We have nothing to report in this regard.

Opinion 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 strategic report and the directors' report) 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 have 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 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 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.

Respective responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, 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.

THE EAST LANCASHIRE HOSPICE
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF THE EAST LANCASHIRE HOSPICE (CONTINUED)

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 this Act.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations;
- Enquires with management about any known or suspected instances of fraud;
- Review of minutes of board meetings;
- Examination of journal entries and other adjustments to test for appropriateness and identify any instances of management override of controls;
- Review of legal and professional expenditure to identify any evidence of ongoing litigation or enquiries.

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. This 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. This description forms part of our auditor's report.

Use of report

This report is made solely to the charitable company's members, as a body, in accordance with the 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.



.....
Christine Wilson (Senior Statutory Auditor)
For and on behalf of
MHA Moore and Smalley
Chartered Accountants & Statutory Auditor

Richard House, Winckley Square, Preston, PR1 3HP

Date: 17/12/2021

THE EAST LANCASHIRE HOSPICE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2021

	Note	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Total funds 2020 £
Income from					
<i>Donations and legacies:</i>					
Donations and gifts		309,886	-	309,886	302,725
Legacies		187,317	-	187,317	809,878
<i>Charitable activities:</i>					
Clinical Commissioning Groups		1,120,662	-	1,120,662	1,105,190
Other grants		509,212	1,109	510,321	526,942
Catering and other income		42,895	-	42,895	89,828
<i>Other trading activities:</i>					
Goods for resale		12,938	-	12,938	22,156
Fundraising events		314,314	-	314,314	571,762
Lottery		429,292	-	429,292	442,903
Shop		33,911	-	33,911	336,455
<i>Investments</i>		63,980	-	63,980	94,152
<i>Other income</i>		336,023	693,413	1,029,436	80,000
Total income	2	3,360,430	694,522	4,054,952	4,381,991
Expenditure on					
Raising funds	3	647,488	-	647,488	823,833
Charitable activities	5	2,044,286	751,736	2,796,022	3,096,058
Total expenditure		2,691,774	751,736	3,443,510	3,919,891
Net income before other gains and losses		668,656	(57,214)	611,442	462,100
Gain/(loss) on investments		1,833,804	-	1,833,804	(459,956)
Net income for the year	7	2,502,460	(57,214)	2,445,246	2,144
Transfers between funds		-	-	-	-
Net movement in funds		2,502,460	(57,214)	2,445,246	2,144
Reconciliation of funds:					
Total funds brought forward		12,620,258	63,171	12,683,429	12,681,285
Total funds carried forward		15,122,718	5,957	15,128,675	12,683,429

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The surplus for the year for Companies Act purposes comprises the net incoming resources for the year net of unrealised profits and losses on investments and was £611,442 (2020: £462,100).

THE EAST LANCASHIRE HOSPICE
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021

		Unrestricted funds	Restricted funds	Total funds 2021	Total funds 2020
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	12	1,641,167	4,384	1,645,551	1,750,677
Investments	13	9,649,353	-	9,649,353	7,779,936
		<u>11,290,520</u>	<u>4,384</u>	<u>11,294,904</u>	<u>9,530,613</u>
Current assets					
Stock		4,186	-	4,186	4,186
Debtors	14	468,158	-	468,158	690,182
Cash on bank deposit		3,946,043	-	3,946,043	3,051,042
Cash at bank and in hand		198,289	1,573	199,862	173,384
		<u>4,616,676</u>	<u>1,573</u>	<u>4,618,249</u>	<u>3,918,794</u>
Creditors: amounts falling due within one year	15	(784,478)	-	(784,478)	(765,978)
Net current assets		<u>3,832,198</u>	<u>1,573</u>	<u>3,833,771</u>	<u>3,152,816</u>
Net assets		<u>15,122,718</u>	<u>5,957</u>	<u>15,128,675</u>	<u>12,683,429</u>
Represented by:					
Total funds	16	15,122,718	5,957	15,128,675	12,683,429

These financial statements were approved by the Trustees on 19/10/21 and signed on their behalf by:


 Mr F G Parr - Chairman


 Mrs A R Pallister – Trustee

THE EAST LANCASHIRE HOSPICE

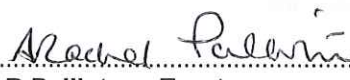
BALANCE SHEET

AS AT 31 MARCH 2021

		Unrestricted funds	Restricted funds	Total funds 2021	Total funds 2020
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	12	1,641,167	4,384	1,645,551	1,750,677
Investments	13	9,649,453	-	9,649,453	7,780,036
		<u>11,290,620</u>	<u>4,384</u>	<u>11,295,004</u>	<u>9,530,713</u>
Current assets					
Stock		3,000	-	3,000	3,000
Debtors	14	485,255	-	485,255	702,831
Cash on bank deposit		3,946,043	-	3,946,043	3,051,042
Cash at bank and in hand		190,803	1,573	192,376	146,397
		<u>4,625,101</u>	<u>1,573</u>	<u>4,626,674</u>	<u>3,903,270</u>
Creditors: amounts falling due within one year	15	(755,407)	-	(755,407)	(755,601)
Net current assets		<u>3,869,694</u>	<u>1,573</u>	<u>3,871,267</u>	<u>3,147,669</u>
Net assets		<u>15,160,314</u>	<u>5,957</u>	<u>15,166,271</u>	<u>12,678,382</u>
Represented by:					
Total funds		<u>15,160,314</u>	<u>5,957</u>	<u>15,166,271</u>	<u>12,678,382</u>

These financial statements were approved by the Trustees on 19/10/21 and signed on their behalf by:


Mr F G Parr - Chairman


Mrs A R Pallister - Trustee

Company Registration Number: 03755216

THE EAST LANCASHIRE HOSPICE
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Net income for the year	2,445,246	2,144
<i>Adjustments for:</i>		
Investment income	(63,980)	(94,152)
(Gain) / loss on investments	(1,833,804)	459,956
Depreciation	118,670	305,804
Profit on disposal of fixed assets	(4,350)	(100)
Decrease / (increase) in debtors	222,024	(347,738)
Increase in creditors	18,500	38,455
Net cash provided by operating activities	902,306	364,369
Cash flows from investing activities:		
Investment income	63,980	94,152
Purchase of tangible fixed assets	(13,544)	(91,750)
Receipts from sales of fixed assets	4,350	600
Purchase of investments	(521,528)	(3,678,716)
Proceeds from sale of investments	254,364	1,361,772
Movement in cash held as investments	231,551	(228,742)
Net cash provided by / (used in) investing activities	19,173	(2,542,684)
Change in cash and cash equivalents in the year	921,479	(2,178,315)
Cash and cash equivalents at the beginning of the year	3,224,426	5,402,741
Cash and cash equivalents at the end of the year	4,145,905	3,224,426
Analysis of cash and cash equivalents		
Cash in hand	1,149	2,764
Cash at bank	4,144,756	3,221,662
	4,145,905	3,224,426

Total group cash and cash equivalents includes a total of £1,573 (2020: £11,778) relating to restricted funds.

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

The East Lancashire Hospice meets the definition of a public benefit entity under FRS 102.

The Statement of Financial Activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The charity has availed itself of Paragraph 4(1) of Schedule 1 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone as permitted by Section 408 of the Companies Act 2006. The parent company's surplus for the year for Companies Act purposes was £2,487,889 (2020: £2,060).

Going concern

The trustees are required to assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation of the accounts. The ongoing impact of Covid-19 is not considered by the trustees to be likely to create material uncertainties in relation to going concern. The trustees and management have put plans in place to manage the situation and monitor reserves levels. At the date of approving these accounts, the trustees have a reasonable expectation that the charity will be able to manage the situation and that it has sufficient cash resources to enable it to meet its liabilities as they fall due for at least 12 months from the date of approval. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

Fund accounting

General funds are unrestricted funds, which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. Designated funds are set aside by the Trustees out of unrestricted general funds for specific purposes or projects. Restricted funds are those to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the accounts.

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (continued)

Income

Income is recognised when the charity has entitlement 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.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of an event or provision of other specific provision of other specified service it is deferred until the criteria for income recognition are met.

Trading income is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes where applicable. Income from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Lottery income is accounted for when received, to the extent that the company has a right to consideration arising from the performance of its contractual arrangements.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), no amounts are included in the financial statements for services donated by volunteers.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Expenditure

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

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources.

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (continued)

Expenditure (continued)

Detailed analyses of the expenditure, including irrecoverable VAT where applicable, are provided in the notes to the accounts.

Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected economic lives as follows:

- Short leasehold building improvements - over the period of the lease
- Fixtures, fittings and equipment - over 5 years

Investments

Investments are initially recognised at their transaction value and subsequently measured at their market value as at the balance sheet date. 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 purchase value if acquired subsequent to the first day of 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.

Stock

Stock is included at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed, on the basis that it is considered impractical to measure the fair value of goods donated for resale, and the costs of valuation outweigh the benefit to users of the accounts and the charity of this information.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors

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

Financial instruments

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

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (continued)

Operating leases

Rentals applicable to operating leases are charged to the SOFA on a straight line basis over the term of the lease.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the SOFA. The company also contributes to a multi-employer defined benefit scheme. As the proportion of the fund attributable to The East Lancashire Hospice cannot be calculated this scheme has been treated as if it was a defined contribution scheme.

Taxation

The company is a registered charity and therefore exempt from taxation.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Trustees do not believe that there are any estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

2 Income

	Unrestricted funds £	Restricted funds £	2021 £
Donations and legacies:			
Donations and gifts	309,886	-	309,886
Legacies	187,317	-	187,317
Charitable activities:			
Clinical Commissioning Groups	1,120,662	-	1,120,662
Other grants	509,212	1,109	510,321
Catering and other income	42,895	-	42,895
Other trading activities:			
Goods for resale	12,938	-	12,938
Fundraising events	314,314	-	314,314
Lottery	429,292	-	429,292
Shop	33,911	-	33,911
Investments	63,980	-	63,980
Other income (<i>see below</i>)	<u>336,023</u>	<u>693,413</u>	<u>1,029,436</u>
	<u>3,360,430</u>	<u>694,522</u>	<u>4,054,952</u>

Other unrestricted income comprises £228,439 (2020: £nil) Coronavirus Job Retention Scheme ('CJRS') income, £89,580 (2020: £nil) insurance proceeds due to business interruption, and £18,004 (2020: £80,000) of Retail Grants.

Other restricted income comprises £693,413 (2020: £nil) of NHSE funding.

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

2 Income (continued)

	Unrestricted funds £	Restricted funds £	2020 £
Donations and legacies:			
Donations and gifts	302,547	178	302,725
Legacies	809,878	-	809,878
Charitable activities:			
Clinical Commissioning Groups	1,105,190	-	1,105,190
Other grants	492,937	34,005	526,942
Catering and other income	89,828	-	89,828
Other trading activities:			
Goods for resale	22,156	-	22,156
Fundraising events	571,762	-	571,762
Lottery	442,903	-	442,903
Shop	336,455	-	336,455
Investments	94,152	-	94,152
Other income	80,000	-	80,000
	<u>4,347,808</u>	<u>34,183</u>	<u>4,381,991</u>

3 Expenditure

	Direct costs £	Support costs (note 4) £	2021 £
Expenditure on raising funds:			
Goods for resale	3,873	1,204	5,077
Fundraising events	219,683	28,907	248,590
Lottery	99,592	16,862	116,454
Shop	251,679	-	251,679
Investment management costs	25,688	-	25,688
	<u>600,515</u>	<u>46,973</u>	<u>647,488</u>
Expenditure on charitable activities:			
Hospice (note 5)	<u>2,361,215</u>	<u>434,807</u>	<u>2,796,022</u>
	<u>2,961,730</u>	<u>481,780</u>	<u>3,443,510</u>

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

3 Expenditure (continued)

	<i>Direct costs</i>	<i>Support costs (note 4)</i>	<i>2020</i>
	£	£	£
<i>Expenditure on raising funds:</i>			
<i>Goods for resale</i>	10,221	1,325	11,546
<i>Fundraising events</i>	244,124	31,796	275,920
<i>Lottery</i>	160,818	18,548	179,366
<i>Shop</i>	331,231	-	331,231
<i>Investment management costs</i>	25,770	-	25,770
	<u>772,164</u>	<u>51,669</u>	<u>823,833</u>
<i>Expenditure on charitable activities:</i>			
<i>Hospice (note 5)</i>	<u>2,617,791</u>	<u>478,267</u>	<u>3,096,058</u>
	<u>3,389,955</u>	<u>529,936</u>	<u>3,919,891</u>

All expenditure on raising funds was unrestricted in the current and previous year.

4 Support costs

	<i>2021</i>	<i>2020</i>
	£	£
Salaries	420,365	464,194
Motor and travel	222	638
Printing and stationery	9,474	13,152
Postage	7,092	11,531
Telephone	12,329	10,104
Computer support	24,486	20,890
Other staff costs	7,309	8,578
Sundry expenses	503	849
	<u>481,780</u>	<u>529,936</u>

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

5 Expenditure on charitable activities – Hospice

	Hospice and specialised palliative care services	
	2021	2020
	£	£
Salaries	1,914,510	1,968,784
Training and recruitment	8,668	14,525
Property costs	86,185	81,758
Provision of care services	85,823	96,290
Repairs and maintenance	88,250	94,757
Motor and travel	9,879	17,665
Sundry	25,437	13,931
Depreciation	118,670	305,704
Irrecoverable VAT	4,878	6,702
Governance costs (note 6)	19,397	18,205
Support costs allocated	434,325	477,737
	2,796,022	3,096,058

Expenditure on charitable activities was £2,796,022 (2020: £3,096,058) of which £2,044,286 was unrestricted (2020: £2,990,566) and £751,736 was restricted (2020: £105,492).

6 Governance costs

	2021	2020
	£	£
Audit	7,225	6,900
Trustees' liability insurance	907	907
Legal and professional fees	10,783	9,868
Support costs allocated	482	530
	19,397	18,205

7 Net income

	2021	2020
	£	£
<i>Stated after charging:</i>		
Depreciation	118,670	305,804
Operating leases	86,995	86,606
Cost of stock recognised as an expense	5,077	15,021
Audit fee – charity and consolidated accounts	5,550	5,300
Audit fee – subsidiary	1,675	1,600

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

8 Analysis of staff costs, Trustee remuneration and expenses, and cost of key management personnel

	2021 £	2020 £
Payroll costs were		
Wages and salaries	2,221,772	2,343,058
Social security costs	189,764	200,874
Pension costs	196,488	204,609
	<u>2,608,024</u>	<u>2,748,541</u>

The number of employees whose remuneration for the year exceeded £60,000 was:

	2021 £	2020 £
£90,000 to £99,999	2	2

Of the employees whose remuneration exceeded £60,000, there are two employees (2020: two) accruing benefits under defined benefit pension schemes.

8 Analysis of staff costs, Trustee remuneration and expenses, and cost of key management personnel (continued)

The Trustees were not paid or received any other benefits from employment with the charity or its subsidiary in the year (2020: £nil) neither were they reimbursed expenses during the year (2020: £nil). No charity Trustee received payment for professional or other services supplied to the charity (2020: £nil). Trustees made donations to the charity totalling £465 (2020: £1,126).

The key management personnel of the group comprise the key staff identified in the Trustees' Annual Report. The total employee benefits of the key management personnel of the group were £344,476 (2020: £309,685).

9 Staff numbers

The average monthly head count was 97 staff (2020: 111 staff), being 67 (2020: 77) care staff, 17 (2020: 19) fundraising staff, and 13 (2020: 15) administration staff.

10 Related party transactions

There were no related party transactions during the current or prior year, apart from any disclosed above relating to the Trustees.

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

11 Pension commitments

The charity participates in a multi-employer defined benefit scheme, operated through the National Health Service. The assets of the scheme are held separately by the National Health Service Superannuation Scheme. Contributions to the scheme are charged to the statement of financial activities as these are incurred. This pension scheme does not have a real pension fund but, as a statutory scheme, benefits are fully guaranteed by the Government. Contributions from both members and employers are paid to the Exchequer, which meet the cost of increasing benefits each year by the rate of inflation. This extra cost is not met by contributions from scheme members and employers. As a result of the nature of the pension scheme, there are no separately identifiable assets and liabilities which can be identified as relating to The East Lancashire Hospice. Therefore, as permitted by FRS102, the scheme has been accounted for as a defined contribution scheme.

The charity also operates a stakeholder defined contribution scheme.

The total contributions made during the year represent contributions to the funds of £196,488 (2020: £204,609). At the year end the charity had outstanding contributions of £26,782 (2020: £30,861).

12 Tangible fixed assets

	Short Leasehold Building Improvements	Fixtures, Fittings, Equipment & Motor vehicles	Charity Total	Subsidiary Fixtures, Fittings, Equipment & Motor vehicles	Group Total
	£	£	£	£	£
Cost					
At 1 April 2020	4,212,179	501,554	4,713,733	120,795	4,834,528
Additions	6,340	7,204	13,544	-	13,544
Disposals	-	-	-	(78,531)	(78,531)
At 31 March 2021	4,218,519	508,758	4,727,277	42,264	4,769,541
Depreciation					
At 1 April 2020	2,600,633	362,423	2,963,056	120,795	3,083,851
Charge for the year	61,658	57,012	118,670	-	118,670
Eliminated on disposals	-	-	-	(78,531)	(78,531)
At 31 March 2021	2,662,291	419,435	3,081,726	42,264	3,123,990
Net book value					
At 31 March 2021	1,556,228	89,323	1,645,551	-	1,645,551
At 31 March 2020	1,611,546	139,131	1,750,677	-	1,750,677

Total group fixed assets include a total of £4,384 (2020: £51,393) relating to restricted funds.

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

13 Fixed asset investments

	Group 2021 £	2020 £	Charity 2021 £	2020 £
Investments in subsidiary companies	-	-	100	100
Other investments	<u>9,649,353</u>	<u>7,779,936</u>	<u>9,649,353</u>	<u>7,779,936</u>
	<u>9,649,353</u>	<u>7,779,936</u>	<u>9,649,453</u>	<u>7,780,036</u>

All fixed asset investments relate to unrestricted funds in both 2021 and 2020.

Investments in subsidiary companies

The charity owns the whole of the issued share capital of The East Lancashire Hospice Shops Limited (company number 04660703), which is incorporated in England and Wales. The subsidiary is used for non-primary purpose trading, namely the sale of donated goods through several shops. All activities have been consolidated on a line by line basis.

In the opinion of the Trustees, the investment in the charity's subsidiary undertaking is worth at least the amount at which it is stated in the balance sheet of £100. A summary of the results for the trading company as show below:

	2021 £	2020 £
Turnover - shop sales	33,911	336,455
Cost of sales	<u>(5,077)</u>	<u>(15,021)</u>
Gross profit	28,834	321,434
Administrative expenses	(246,602)	(316,210)
Other operating income	<u>175,125</u>	<u>80,000</u>
(Loss) / profit for the year	(42,643)	85,224
Amounts gift aided to charity	<u>-</u>	<u>(85,140)</u>
Retained (loss) / profit for the year	(42,643)	84
Retained earnings brought forward	<u>5,047</u>	<u>4,963</u>
Retained earnings carried forward	<u>(37,596)</u>	<u>5,047</u>
The aggregate of the assets, liabilities and funds of The East Lancashire Hospice Shops Limited was:		
Fixed assets	-	-
Current assets	121,462	136,734
Current liabilities	<u>(158,958)</u>	<u>(131,587)</u>
Funds	<u>(37,496)</u>	<u>5,147</u>

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

13 Fixed asset investments (continued)

Other investments

Group and charity	2021	2020
	£	£
<i>Market value</i>		
As at 1 April 2020	7,779,936	5,694,206
Additions	521,528	3,678,716
Disposals	(254,364)	(1,361,772)
Movement in cash deposits held as investments	(231,551)	228,742
Change in market value	1,833,804	(459,956)
As at 31 March 2021	9,649,353	7,779,936

Listed investments are represented by:

	Group and Charity	
	2021	2020
	£	£
Fixed interest	765,648	583,163
Equities	1,864,131	1,341,505
Alternatives	324,251	221,444
Property	79,200	52,560
Investment trust and unit trust	6,527,855	5,261,445
Cash	88,268	319,819
	9,649,353	7,779,936

14 Debtors

	Group	2020	Charity	2020
	2021	£	2021	£
	£		£	
Trade debtors	43,645	17,732	38,424	17,582
Prepayments and accrued income	313,616	601,879	208,860	497,021
Amounts owed by group undertakings	-	-	129,887	121,210
VAT recoverable	110,897	70,571	108,084	67,018
	468,158	690,182	485,255	702,831

All debtors relate to unrestricted funds in both 2021 and 2020.

THE EAST LANCASHIRE HOSPICE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

15 Creditors: amounts falling due within one year

	Group 2021 £	2020 £	Charity 2021 £	2020 £
Lottery payments in advance	45,899	44,477	45,899	44,477
Accruals and deferred income	611,742	590,078	592,531	585,435
Trade creditors	75,082	82,853	65,222	77,119
Other taxes and social security	51,755	48,570	51,755	48,570
	<u>784,478</u>	<u>765,978</u>	<u>755,407</u>	<u>755,601</u>

All creditors relate to unrestricted funds in both 2021 and 2020.

16 Funds

Restricted funds

	Brought forward at 31 March 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Carried forward at 31 March 2021 £
Day Care Unit Building	51,393	-	(47,009)	-	4,384
Support & Wellbeing	464	-	-	-	464
ISSA Foundation	11,314	-	(11,314)	-	-
NHSE Funding	-	693,413	(693,413)	-	-
Co-op Community Fund	-	1,109	-	-	1,109
	<u>63,171</u>	<u>694,522</u>	<u>(751,736)</u>	<u>-</u>	<u>5,957</u>

Unrestricted funds

	Brought forward at 31 March 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Carried forward at 31 March 2021 £
Unrestricted fund	12,615,211	3,151,394	(2,440,095)	1,833,804	15,160,314
Non-charitable trading	5,047	209,036	(251,679)	-	(37,596)
	<u>12,620,258</u>	<u>3,360,430</u>	<u>(2,691,774)</u>	<u>1,833,804</u>	<u>15,122,718</u>

THE EAST LANCASHIRE HOSPICE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

16 Funds – prior year

Restricted funds

	<i>Brought forward at 31 March 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains, losses and transfers £</i>	<i>Carried forward at 31 March 2020 £</i>
Day Care Unit Building	116,279	-	(64,886)	-	51,393
Six Steps Project	6,212	-	(6,212)	-	-
Room Refurbishment	727	-	(727)	-	-
Support & Wellbeing	464	-	-	-	464
CLEARER Communication					
Skills Training	6,009	-	(6,009)	-	-
ISSA Foundation	4,789	31,005	(24,480)	-	11,314
European employee engagement	-	3,000	(3,000)	-	-
Catering donations	-	178	(178)	-	-
	<u>134,480</u>	<u>34,183</u>	<u>(105,492)</u>	<u>-</u>	<u>63,171</u>

Unrestricted funds

	<i>Brought forward at 31 March 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains, losses and transfers £</i>	<i>Carried forward at 31 March 2020 £</i>
Unrestricted fund	12,541,842	4,016,493	(3,483,168)	(459,956)	12,615,211
Non-charitable trading	4,963	331,315	(331,231)	-	5,047
	<u>12,546,805</u>	<u>4,347,808</u>	<u>(3,814,399)</u>	<u>(459,956)</u>	<u>12,620,258</u>

THE EAST LANCASHIRE HOSPICE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

16 Funds (continued)

Purpose of the restricted funds:

The Day Care Unit building fund was for the building of the Day Care Unit and largely relates to grants from the Community Fund (National Lottery Charities Board) towards the capital costs. The fund will be reduced by the related depreciation charge.

The Support & Wellbeing fund is a patient donation for patient activities. This remains unspent at 31 March 2021.

The ISSA Foundation is the charitable foundation of Euro Garages. £31,005 was received in the previous year to support a Family Therapist role throughout 2019/20. The fund was reduced by the salary costs up to 31 March 2020 and has now been fully spent on salary costs in the year to 31 March 2021.

The NHSE 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. This funding was fully spent in the year.

The Co-op Local Community Fund was funding received for the choir. This remains unspent at 31 March 2021.

17 Operating lease commitments

At 31 March 2021 the group had future minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings	
	2021 £	2020 £
Amounts due within one year	47,844	44,027
Amounts due between one and five years	38,875	65,335
Amounts due after five years	-	-
	<hr/> 86,719	<hr/> 109,362

